

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

December 31, 2021

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**INDEPENDENT AUDITOR'S REPORT**

Honorable Mayor and Town Council
Town of Telluride, Colorado

Report on the Audit of the Financial Statements***Opinions***

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 (the Town) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the 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, as of December 31, 2021, 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's, ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally



Honorable Mayor and Town Council
Town of Telluride, Colorado

accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-14 and 51-54 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in 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.



Honorable Mayor and Town Council
Town of Telluride, Colorado

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying non-major governmental funds budget to actual schedules, the capital and debt service 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. Such information 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. The 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 non-major governmental funds budget to actual schedules, the capital and debt service 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 fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 3, 2021, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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.
June 3, 2022

TOWN OF TELLURIDE

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Required Supplementary Information

December 31, 2021

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, 2021. 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 \$164,123,468 (i.e., net position) at the close of 2021 fiscal year, an increase of \$16,420,618 compared to 2020.
- Governmental funds reported combined ending fund balances of \$30,013,574 an increase of \$6,963,903 compared to 2020.
- Telluride's fund balance for the General Fund was \$9,513,475, an increase of \$2,529,720 compared to 2020.
- Telluride's general fund balance includes a restricted three percent emergency reserve of \$970,588, as required by Colorado state statute (TABOR), assigned \$314,272 and the unassigned fund balance of \$8,228,615.
- The Town's General Fund policy, as stated in the 2021 budget, is to have a minimum fund balance equal to at least 35 percent of the General Fund appropriations net of transfers. The 35 percent includes the required three percent state mandated emergency reserve.

B. OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town 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 2021, total net position was \$164,123,468, an increase of \$16,420,618 from prior year. The largest portion of net position is the net investment in capital assets (net of related debt) of \$126,969,403. 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 2021 and 2020.

STATEMENT OF NET POSITION

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

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets						
Current and other assets	\$ 35,614,829	\$ 29,565,240	\$ 10,269,370	\$ 3,786,283	\$ 45,884,199	\$ 33,351,523
Capital assets	116,624,416	106,887,525	54,142,053	52,874,779	170,766,469	159,762,304
Other Assets	8,072,712	116,981	6,549,467	12,058,691	14,622,179	12,175,672
Total assets	160,311,957	136,569,746	70,960,890	68,719,753	231,272,847	205,289,499
Liabilities						
Current liabilities	5,211,291	3,579,363	3,853,147	3,039,214	9,064,438	6,618,577
Non-current Liabilities:						
Due within one year	374,380	369,494	41,251	44,770	415,631	414,264
Due in more than one year	26,227,314	15,519,195	29,354,227	33,074,270	55,581,541	48,593,465
Total liabilities	31,812,985	19,468,052	33,248,625	36,158,254	65,061,610	55,626,306
Deferred Inflows						
Property taxes	1,529,568	1,403,270	558,200	557,073	2,087,768	1,960,343
Total Deferred Inflows	1,529,568	1,403,270	558,200	557,073	2,087,768	1,960,343
Net Position:						
Net Investment in capital assets, net of related debt	89,133,552	90,127,380	29,362,063	25,501,027	118,495,615	115,628,407
Restricted	15,354,778	9,956,336	71,459	1,429,943	15,426,237	11,386,279
Unrestricted	22,481,073	15,614,708	7,720,543	2,073,456	30,201,616	17,688,164
Total net position	126,969,404	115,698,424	37,154,065	32,004,426	164,123,469	147,702,850

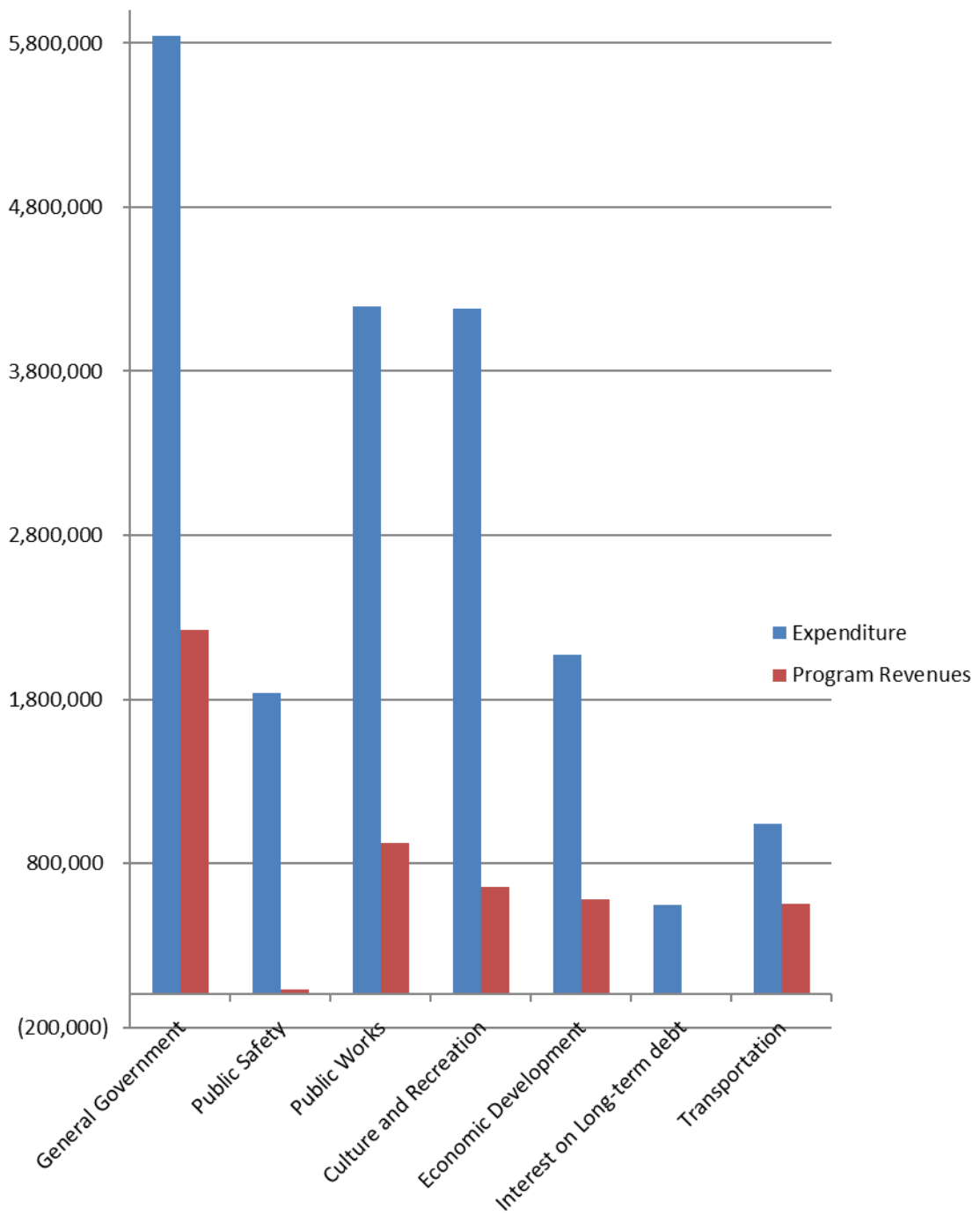
Changes in net position. Governmental and business-type activities increased the Town's net position by \$16,420,618 in 2021.

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.

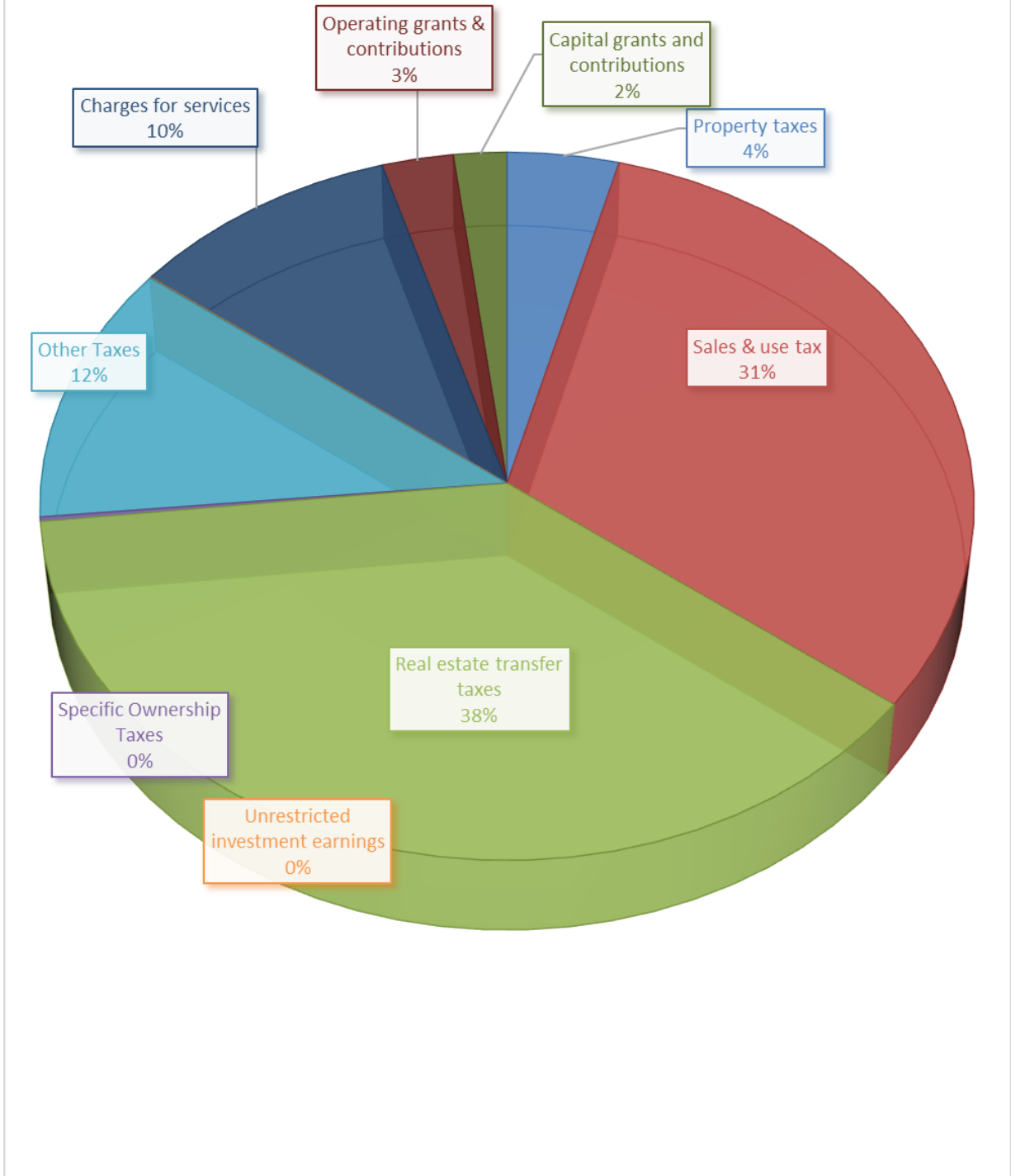
Town of Telluride, Colorado December 31, 2021 Changes in Net Position					
	Governmental Activities		Business-type Activities		Total
	2021	2020	2021	2020	2021
REVENUES					
Program revenues					
Charges for services	\$ 3,403,920	\$ 3,010,430	\$ 7,148,456	\$ 6,656,470	\$ 10,552,376
Operating grants and contributions	896,694	1,036,634	882,213	560,211	1,778,907
Capital grants and contributions	667,402	2,724,820	-	250,000	667,402
General Revenues					
Property taxes	1,399,269	1,379,200	581,309	664,963	1,980,578
Other taxes	27,606,803	26,027,996	-	-	27,606,803
Grants and contributions not restricted to specific programs	-	-	-	-	-
Grants restricted to specific programs	-	-	-	-	-
Other	94,782	428,643	813,707	2,866,187	908,489
Debt	-	-	-	-	-
Transfers	(3,084,714)	365,913	3,084,714	(365,913)	-
Total revenues	30,984,156	34,973,636	12,510,399	10,631,918	43,494,555
EXPENSES					
General Government	5,841,047	5,316,607	806,657	1,013,855	6,647,704
Public Safety	1,836,277	1,818,557	-	-	1,836,277
Public Works	4,195,202	3,702,454	3,780,919	4,269,199	7,976,121
Culture and Recreation	4,180,689	3,822,578	-	-	4,180,689
Economic Development	2,068,198	3,254,108	-	-	2,068,198
Transportation	1,043,659	913,661	-	-	1,043,659
Housing	-	-	2,773,184	2,416,858	2,773,184
Interest on Long-term debt	548,105	965,256	-	-	548,105
Total Expenses	19,713,177	19,793,221	7,360,760	7,699,912	27,073,937
Change in net position	11,270,979	15,180,415	5,149,639	2,932,006	16,420,618
Beginning net position-previous reported	115,698,424	100,324,275	32,004,426	28,973,143	147,702,850
Prior Period Adjustments	-	193,734	-	99,277	-
Classification Adjustments	-	-	-	-	-
Net Position - beginning as restated	115,698,424	100,518,009	32,004,426	29,072,420	147,702,850
Ending net position	\$ 126,969,403	\$ 115,698,424	\$ 37,154,065	\$ 32,004,426	\$ 164,123,468

Governmental activities. Governmental activities increased Telluride's net position by \$11,270,979 thereby accounting for an increase in assets.

2021 Expense and Program Revenues Governmental Activities

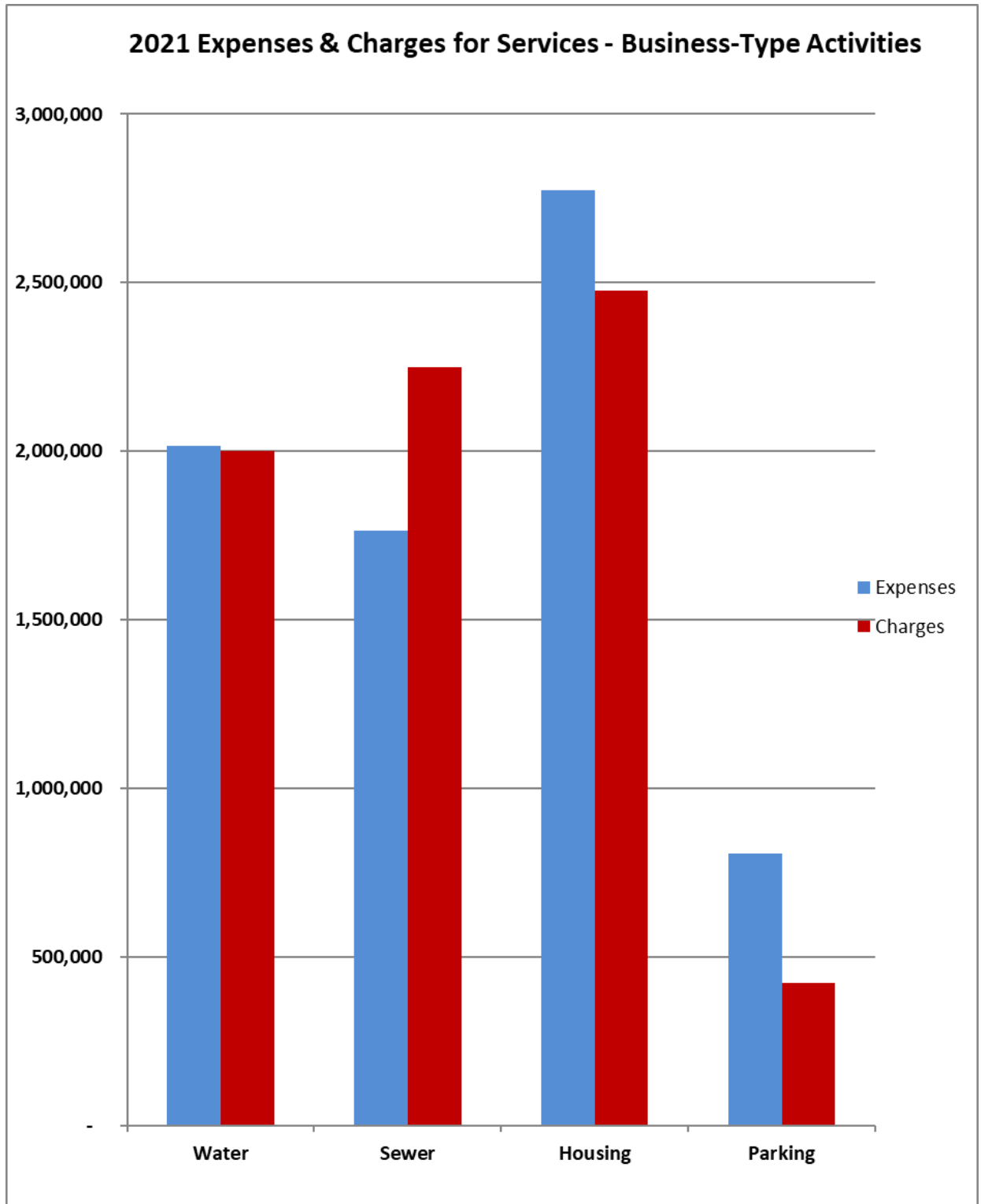


2021 REVENUES BY SOURCE GOVERNMENTAL ACTIVATES



Real estate transfer tax decreased in 2021 by 10.98 percent from 2020.
Sales and use taxes increased by 22.8 percent in 2021 from 2020.

Business activities. Business-type activities for the year resulted in an increase in net position of \$5,149,639 compared to 2020.



D. FINANCIAL ANALYSIS OF GOVERNMENT FUNDS

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

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

As of the end of 2021, the Town's governmental funds reported combined ending fund balances of \$30,013,574, an increase of \$6,963,903 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 2021, unassigned fund balance of the General Fund was \$8,228,615. The required Colorado TABOR emergency reserve balance was \$970,588 and an assigned balance of \$314,272 for a total fund balance of \$9,513,475. 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 \$2,529,720 during 2021.

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 2021, the Capital Improvement Fund balance was the same as the assigned balance of \$5,676,637. The Capital Improvement Fund balance decreased by \$1,163,006 during 2021.

The Debt Service Fund had a total fund balance of \$0 at the end of 2021, all of which is restricted for debt service.

The Open Space Fund had a total restricted fund balance of \$11,227,760 at the end of 2021. The fund balance is to be used for the acquisition and maintenance of open spaces. The fund is financed by 20 percent of unencumbered revenues generated from property taxes, sales and use taxes, real estate transfer taxes and business licenses. The fund balance increased by \$5,642,028.

The Affordable Housing Fund had a total fund balance of \$2,337,110 at the end of 2021. The fund balance decreased by \$166,311 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 2021 amounted to \$37,154,065 (Water Fund is \$15,586,237, Sewer Fund is \$11,290,729, THA Fund is \$6,095,982 and Parking Fund is \$4,181,117). Total net position increased by \$5,149,639 (Water Fund increased by \$2,605,090, Sewer Fund increased by \$1,688,999, THA increased by \$1,239,634, Parking Fund decreased by \$384,085).

E. CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The Town’s total capital assets for governmental activities in 2021 was \$116,624,416. This represents an increase of \$9,736,891. The Town’s total capital assets for business-type activities in 2021 was \$54,142,053, an increase of \$1,267,274.

Long-term debt. At the end of 2021, long-term liabilities totaled \$55,997,172.

F. 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 decreased in 2021 resulting in a decrease of 10.98 percent in real estate transfer tax revenues from 2020.
- In 2022 sales tax revenues are projected to be consistent with 2020 year-end actual.
- In 2022, the town will begin construction on new affordable housing projects, as well as continued improvements to the wastewater treatment plant which are required.
- In 2022 water rates increased 5% and wastewater rates increased 12%.

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, 2021

	Governmental Activities	Business- Type Activities	Total
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 9,040,812	\$ 8,299,006	\$ 17,339,818
Investments	21,615,350	-	21,615,350
Receivables			
Taxes	1,833,994	558,200	2,392,194
Accounts	2,634,397	1,384,854	4,019,251
Intergovernmental	162,818	320,722	483,540
Other	34,046	-	34,046
Internal balances	293,412	(293,412)	-
TOTAL CURRENT ASSETS	35,614,829	10,269,370	45,884,199
CAPITAL ASSETS			
Land	76,951,438	4,721,011	81,672,449
Construction in progress	7,575,157	2,986,033	10,561,190
Buildings and systems	12,428,403	29,331,492	41,759,895
Treatment plants and systems - Improvements	15,789,616	44,826,713	60,616,329
Equipment	6,115,572	1,071,757	7,187,329
Infrastructure	36,018,757	-	36,018,757
Accumulated depreciaton	(38,254,527)	(28,794,953)	(67,049,480)
NET CAPITAL ASSETS	116,624,416	54,142,053	170,766,469
NON-CURRENT ASSETS			
Restricted cash and investments	8,072,712	6,549,467	14,622,179
TOTAL NON-CURRENT ASSETS	8,072,712	6,549,467	14,622,179
TOTAL ASSETS	160,311,957	70,960,890	231,272,847
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and other liabilities	2,166,492	1,833,691	4,000,183
Accrued interest payable	78,355	108,283	186,638
Deposits	1,194,530	-	1,194,530
Unearned revenue	508,364	7,402	515,766
Current portion of long-term debt	1,263,550	1,903,771	3,167,321
TOTAL CURRENT LIABILITIES	5,211,291	3,853,147	9,064,438
LONG-TERM LIABILITIES			
Compensated absences	374,380	41,251	415,631
Long-term debt	26,227,314	29,354,227	55,581,541
TOTAL LONG-TERM LIABILITIES	26,601,694	29,395,478	55,997,172
TOTAL LIABILITIES	31,812,985	33,248,625	65,061,610
DEFERRED INFLOWS			
Property taxes	1,529,568	558,200	2,087,768
TOTAL DEFERRED INFLOWS	1,529,568	558,200	2,087,768
NET POSITION			
Net investment in capital assets	89,133,552	29,362,063	118,495,615
Restricted for:			
Parks and open space	11,370,807	-	11,370,807
Affordable Housing	2,337,110	-	2,337,110
Energy mitigation	539,221	-	539,221
Debt service	-	71,459	71,459
Culture and Recreation	137,052	-	137,052
Emergency reserve	970,588	-	970,588
Unrestricted	22,481,073	7,720,543	30,201,616
TOTAL NET POSITION	\$ 126,969,403	\$ 37,154,065	\$ 164,123,468

See notes to the basic financial statements.

Town of Telluride, Colorado

STATEMENT OF ACTIVITIES

Year Ended December 31, 2021

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Government Activities							
General government	\$ 5,841,047	\$ 1,328,407	\$ 333,795	\$ 557,342	\$ (3,621,503)	\$ -	\$ (3,621,503)
Public safety	1,836,277	31,464	900	-	(1,803,913)	-	(1,803,913)
Public works	4,195,202	842,490	-	78,700	(3,274,012)	-	(3,274,012)
Culture and recreation	4,180,689	618,773	7,841	31,360	(3,522,715)	-	(3,522,715)
Economic development	2,068,198	582,786	-	-	(1,485,412)	-	(1,485,412)
Transportation	1,043,659	-	554,158	-	(489,501)	-	(489,501)
Interest on long-term debt	548,105	-	-	-	(548,105)	-	(548,105)
Total government activities	19,713,177	3,403,920	896,694	667,402	(14,745,161)	-	(14,745,161)
Business-type Activities							
Water operations	2,015,534	2,000,069	-	-	-	(15,465)	(15,465)
Sewer operations	1,765,385	2,248,531	882,213	-	-	1,365,359	1,365,359
Housing	2,773,184	2,477,284	-	-	-	(295,900)	(295,900)
Parking	806,657	422,572	-	-	-	(384,085)	(384,085)
Total business-type activities	7,360,760	7,148,456	882,213	-	-	669,909	669,909
Total primary government	\$ 27,073,937	\$ 10,552,376	\$ 1,778,907	\$ 667,402	(14,745,161)	669,909	(14,075,252)
		General Revenues:					
			Property taxes		1,399,269	581,309	1,980,578
			Specific ownership taxes		70,917	-	70,917
			Sales and use tax		10,597,038	-	10,597,038
			Franchise taxes		270,828	-	270,828
			Real estate transfer taxes		12,905,780	-	12,905,780
			Excise tax		2,895,573	-	2,895,573
			Road and Bridge tax		293,720	-	293,720
			Other taxes		572,947	-	572,947
			Tap fees		-	812,540	812,540
			Investment earnings		12,070	1,167	13,237
			Transfers		(3,084,714)	3,084,714	-
			Gain (loss) on asset disposal		82,712	-	82,712
			Total general revenues		26,016,140	4,479,730	30,413,158
			Change in net position		11,270,979	5,149,639	16,420,618
			Net position, beginning		115,698,424	32,004,426	147,702,850
			Net position, ending		\$ 126,969,403	\$ 37,154,065	\$ 164,123,468

See notes to the basic financial statements.

Town of Telluride, Colorado

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2021

	General	Capital Improvement	Open Space	Affordable Housing	Other Governmental Funds	Total
ASSETS						
Cash	\$ 6,801,418	\$ -	\$ 3,895	\$ 2,102,470	\$ 133,029	\$ 9,040,812
Investments	17,518,922	1,388,472	1,200,250	1,507,706	-	21,615,350
Receivables						
Taxes	1,114,259	-	-	719,735	-	1,833,994
Accounts	824,472	-	-	1,807,769	2,156	2,634,397
Notes	-	-	-	-	-	-
Intergovernmental	135,068	27,750	-	-	-	162,818
Other receivables	-	-	34,046	-	-	34,046
Due from other funds	222,357	4,425,826	10,158,210	-	1,237,220	16,043,613
Total assets	26,616,496	5,842,048	11,396,401	6,137,680	1,372,405	51,365,030
LIABILITIES						
Accounts payable	1,062,012	165,411	134,595	690,661	113,813	2,166,492
Due to other funds	14,163,953	-	-	1,586,248	-	15,750,201
Deposits	570,143	-	-	624,387	-	1,194,530
Unearned revenue	474,318	-	34,046	-	-	508,364
Total liabilities	16,270,426	165,411	168,641	2,901,296	113,813	19,619,587
DEFERRED INFLOWS OF RESOURCES						
Deferred for long-term receivables	-	-	-	202,301	-	202,301
Deferred property taxes	832,595	-	-	696,973	-	1,529,568
Total deferred inflows	832,595	-	-	899,274	-	1,731,869
FUND BALANCE						
Restricted						
Emergency reserve	970,588	-	-	-	-	970,588
Open space	-	-	11,227,760	-	143,047	11,370,807
Affordable housing	-	-	-	2,337,110	-	2,337,110
Energy mitigation	-	-	-	-	539,221	539,221
Debt service	-	-	-	-	-	-
Culture and recreation	-	-	-	-	137,052	137,052
Assigned						
Affordable housing	-	-	-	-	132,866	132,866
Transportation	314,272	-	-	-	-	314,272
Capital projects	-	5,676,637	-	-	306,406	5,983,043
Unassigned	8,228,615	-	-	-	-	8,228,615
Total fund balance	\$ 9,513,475	\$ 5,676,637	\$ 11,227,760	\$ 2,337,110	\$ 1,258,592	\$ 30,013,574

Town of Telluride, Colorado

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

December 31, 2021

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

Total fund balance - governmental funds		\$ 30,013,574
This is the amount of proceeds from debt issuance held by a third party and disbursed as construction costs are incurred.		8,072,712
Capital assets used in governmental activities are not current financial resources and therefore, are not reported in the funds		
Cost	\$ 154,878,943	
Accumulated depreciation	<u>(38,254,527)</u>	
		116,624,416
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.		202,301
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	(6,585,000)	
2020 Valley Floor Refunding Certificates of Participation	(6,105,000)	
2020 Taxable Refunding Bonds	(1,705,000)	
2021 Revenue Bonds	(11,965,000)	
2021 Certificates of participation	(257,430)	
Owner financed loan	(730,400)	
Unamortized premium on 2010 excise tax refunding bonds	(143,034)	
Accrued interest payable	(78,355)	
Compensated absences	<u>(374,381)</u>	
		<u>(27,943,600)</u>
Total governmental activities net position		<u><u>\$ 126,969,403</u></u>

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

Year Ended December 31, 2021

	General	Capital Improvement	Open Space	Affordable Housing	Other Governmental Funds	Total
REVENUES						
Taxes	\$ 8,902,496	\$ 10,324,625	\$ 4,600,804	\$ 2,759,355	\$ 1,934,321	\$ 28,521,601
Licenses and permits	859,954	-	97,533	-	-	957,487
Intergovernmental	1,039,815	-	-	-	201,140	1,240,955
Charges for services	1,330,211	-	-	662,450	289,274	2,281,935
Fines and forfeitures	375,464	-	-	-	-	375,464
Grants and contributions	-	78,700	2,633,547	-	4,104	2,716,351
Investment earnings	8,271	-	537	3,195	-	12,003
Miscellaneous	137,132	-	-	14,595	6,722	158,449
Total revenues	12,653,343	10,403,325	7,332,421	3,439,595	2,435,561	36,264,245
EXPENDITURES						
Current						
General government	5,315,345	-	-	-	330,250	5,645,595
Public safety	1,827,580	-	-	-	-	1,827,580
Public works	1,780,482	-	-	-	779,338	2,559,820
Culture and recreation	2,272,397	-	467,245	-	224,184	2,963,826
Economic development	-	-	-	6,772,821	1,905,527	8,678,348
Transportation	921,295	-	-	-	-	921,295
Capital projects	-	5,800,613	-	-	-	5,800,613
Debt service						
Principal	-	-	655,000	560,200	17,883	1,233,083
Interest	-	-	448,044	87,954	13,306	549,304
Fees/issuance costs	-	-	-	-	8,990	8,990
Total expenditures	12,117,099	5,800,613	1,570,289	7,420,975	3,279,478	30,188,454
Revenues in excess (deficiency) of expenditures	536,244	4,602,712	5,762,132	(3,981,380)	(843,917)	6,075,791
OTHER FINANCING SOURCES (USES)						
Proceeds from debt issuance	-	-	-	3,892,288	275,312	4,167,600
Payments to escrow for debt refunding	-	-	-	-	(266,322)	(266,322)
Proceeds from sale of assets	-	20,664	-	50,886	-	71,550
Transfers in	1,993,477	-	-	-	995,084	2,988,561
Transfers out	-	(5,786,382)	(120,104)	(128,104)	(38,685)	(6,073,275)
Total other financing sources (uses)	1,993,477	(5,765,718)	(120,104)	3,815,070	965,389	888,114
Revenues and other sources in excess (deficiency) of expenditures and other sources (uses)	2,529,721	(1,163,006)	5,642,028	(166,310)	121,472	6,963,905
Fund balance, beginning	6,983,754	6,839,643	5,585,732	2,503,420	1,137,120	23,049,669
Fund balance, ending	<u>\$ 9,513,475</u>	<u>\$ 5,676,637</u>	<u>\$ 11,227,760</u>	<u>\$ 2,337,110</u>	<u>\$ 1,258,592</u>	<u>\$ 30,013,574</u>

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, 2021

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

Net change in fund balances - total governmental funds \$ 6,963,905

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	\$ 12,474,865	
Conveyed capital assets	500,000	
Depreciation expense	<u>(3,237,975)</u>	9,736,890

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 (2,766,923)

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. (4,167,600)

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	10,189	
Payments to escrow	266,322	
Debt principal payments	1,233,082	
Increase in compensated absences	<u>(4,886)</u>	<u>1,504,707</u>

Change in net position of governmental activities \$ 11,270,979

Town of Telluride, Colorado

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

Year Ended December 31, 2021

	Water	Sewer	THA	Parking	Total
ASSETS					
CURRENT ASSETS					
Cash and investments	\$ -	\$ 3,594,220	\$ 4,511,343	\$ 193,443	\$ 8,299,006
Receivables					
Taxes	558,200	-	-	-	558,200
Accounts	290,148	1,076,062	17,414	1,230	1,384,854
Intergovernmental	-	320,722	-	-	320,722
Due from other funds	1,295,549	1,331,335	-	844,240	3,471,124
Total current assets	2,143,897	6,322,339	4,528,757	1,038,913	14,033,906
NON-CURRENT ASSETS					
Restricted cash and investments	-	6,478,008	71,459	-	6,549,467
Total noncurrent assets	-	6,478,008	71,459	-	6,549,467
CAPITAL ASSETS					
Land	-	308,011	4,413,000	-	4,721,011
Construction in progress	2,986,033	-	-	-	2,986,033
Buildings and building improvements	-	1,095,747	20,131,040	8,104,705	29,331,492
Treatment plants and systems	30,607,746	14,011,698	207,269	-	44,826,713
Equipment	355,597	495,881	220,279	-	1,071,757
Less accumulated depreciation	(10,163,092)	(9,555,754)	(7,612,000)	(1,464,107)	(28,794,953)
Net capital assets	23,786,284	6,355,583	17,359,588	6,640,598	54,142,053
Total assets	25,930,181	19,155,930	21,959,804	7,679,511	74,725,426
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable	1,199,677	280,232	86,096	2,394	1,568,399
Due to other funds	-	-	3,764,536	-	3,764,536
Security deposits	-	-	265,292	-	265,292
Accrued interest payable	46,167	-	62,116	-	108,283
Unearned revenue	-	-	7,402	-	7,402
Current portion of long-term debt	764,439	306,332	579,000	254,000	1,903,771
Total current liabilities	2,010,283	586,564	4,764,442	256,394	7,617,683
LONG TERM LIABILITIES					
Compensated absences	16,439	3,432	21,380	-	41,251
Bonds payable	7,759,022	7,275,205	11,078,000	3,242,000	29,354,227
Total long-term liabilities	7,775,461	7,278,637	11,099,380	3,242,000	29,395,478
Total liabilities	9,785,744	7,865,201	15,863,822	3,498,394	37,013,161
DEFERRED INFLOWS OF RESOURCES					
Property taxes	558,200	-	-	-	558,200
Total deferred inflows of resources	558,200	-	-	-	558,200
NET POSITION					
Net investment in capital assets	15,262,823	5,252,054	5,702,588	3,144,598	29,362,063
Restricted for debt service	-	-	71,459	-	71,459
Unrestricted	323,414	6,038,675	321,935	1,036,519	7,720,543
Total net position	\$ 15,586,237	\$ 11,290,729	\$ 6,095,982	\$ 4,181,117	\$ 37,154,065

Town of Telluride, Colorado

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

Year Ended December 31, 2021

	Water	Sewer	THA	Parking	Total
OPERATING REVENUES					
Charges for sales and services	\$ 1,958,260	\$ 2,213,445	\$ 2,406,491	\$ 422,572	\$ 7,000,768
Miscellaneous	24,431	35,086	70,793	-	130,310
Meter sales	17,378	-	-	-	17,378
Total operating revenues	2,000,069	2,248,531	2,477,284	422,572	7,148,456
OPERATING EXPENSES					
Costs of sales and service	725,725	1,139,448	1,124,547	127,727	3,117,447
Depreciation	1,013,449	419,973	632,094	513,555	2,579,071
Total operating expenses	1,739,174	1,559,421	1,756,641	641,282	5,696,518
Net income (loss) from operations	260,895	689,110	720,643	(218,710)	1,451,938
NONOPERATING REVENUES (EXPENSES)					
Taxes	581,309	-	-	-	581,309
Investment earnings	-	-	1,167	-	1,167
Capital repairs and maintenance	(36,832)	-	(1,250)	-	(38,082)
Intergovernmental agreement	-	882,213	-	-	882,213
Treasurer's fees	(11,073)	-	-	-	(11,073)
Bond issuance costs	-	-	(282,540)	-	(282,540)
Interest expense	(228,455)	(205,964)	(732,753)	(165,375)	(1,332,547)
Total non-operating revenues (expenses)	304,949	676,249	(1,015,376)	(165,375)	(199,553)
Net income (loss) before capital contributions and transfers	565,844	1,365,359	(294,733)	(384,085)	1,252,385
Capital contributions - tap fees	309,073	503,467	-	-	812,540
Transfers in	2,150,000	240,000	-	-	2,390,000
Transfers(out)	(419,827)	(419,827)	1,534,368	-	694,714
Change in net position	2,605,090	1,688,999	1,239,635	(384,085)	5,149,639
Net position, beginning	12,981,147	9,601,730	4,856,347	4,565,202	32,004,426
Net position, ending	\$ 15,586,237	\$ 11,290,729	\$ 6,095,982	\$ 4,181,117	\$ 37,154,065

Town of Telluride, Colorado

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

Year Ended December 31, 2021

	Water	Sewer	THA	Parking	Total
Cash flows from operating activities:					
Charges for sales and services	\$ 1,981,259	\$ 2,274,981	\$ 2,426,130	\$ 421,345	\$ 7,103,715
Other receipts	5,410	35,086	70,793	-	111,289
Payments to employees	(268,577)	(378,979)	(438,451)	-	(1,086,007)
Payments to suppliers	(394,168)	(625,303)	(643,722)	(132,363)	(1,795,556)
Net cash provided by operating activities	1,323,924	1,305,785	1,414,750	288,982	4,333,441
Cash flows from non-capital financing activities:					
Interfund liability activity	(1,568,259)	(179,827)	601,218	(60,617)	(1,207,485)
Transfers from (to) other funds	1,730,173	(684,000)	1,534,368	-	2,580,541
Net cash provided (used) by non-capital financing activities	161,914	(863,827)	2,135,586	(60,617)	1,373,056
Cash flows from capital and related financing activities					
Taxes	581,309	-	-	-	581,309
Treasurer's fees	(11,073)	-	-	-	(11,073)
Tap fees	309,074	503,467	-	-	812,541
Purchase of capital assets	(1,481,741)	(1,596,855)	(239,035)	-	(3,317,631)
Capital maintenance and repair	(36,832)	-	(1,252)	-	(38,084)
Intergovernmental agreements	-	103,037	-	-	103,037
Proceeds from debt issuance	-	7,606,393	3,990,000	-	11,596,393
Principal payments on debt	(623,529)	(7,891,393)	(6,784,540)	(245,000)	(15,544,462)
Interest payments on debt	(228,455)	(230,957)	(732,753)	(165,375)	(1,357,540)
Net cash provided (used) by capital and related financing activities	(1,491,247)	(1,506,308)	(3,767,580)	(410,375)	(7,175,510)
Cash flows from investing activities					
Investment income	5,409	-	1,167	-	6,576
Net cash provided (used) by investing activities	5,409	-	1,167	-	6,576
Net increase (decrease) in cash and cash equivalents	-	(1,064,350)	(216,077)	(182,010)	(1,462,437)
Cash at beginning of year	-	7,542,358	4,798,879	375,453	12,716,690
Cash at end of year	\$ -	\$ 6,478,008	\$ 4,582,802	\$ 193,443	\$ 11,254,253

Town of Telluride, Colorado

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

Year Ended December 31, 2021

	<u>Water</u>	<u>Sewer</u>	<u>THA</u>	<u>Parking</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$ 260,895	\$ 689,110	\$ 720,643	\$ (218,710)	\$ 1,451,938
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation and amortization	1,013,449	419,973	632,094	513,555	2,579,071
(Increase) decrease in accounts receivable	(19,702)	61,536	9,647	(1,230)	50,251
Increase (decrease) in accounts payable	66,969	140,555	42,815	(4,633)	245,706
Increase (decrease) in unearned revenue	-	-	4,568	-	4,568
Increase (decrease) in security deposits	-	-	5,426	-	5,426
Increase (decrease) in accrued liabilities	2,313	(5,389)	(443)	-	(3,519)
Total adjustments	<u>1,063,029</u>	<u>616,675</u>	<u>694,107</u>	<u>507,692</u>	<u>2,881,503</u>
Net cash provided by operating activities	<u>\$ 1,323,924</u>	<u>\$ 1,305,785</u>	<u>\$ 1,414,750</u>	<u>\$ 288,982</u>	<u>\$ 4,333,441</u>
Reconciliation of cash flow statement to statement of net position					
Cash and investments	\$ -	\$ 3,594,220	\$ 4,511,343	\$ 193,443	\$ 8,299,006
Restricted cash and investments	-	6,478,008	71,459	-	6,549,467
	<u>\$ -</u>	<u>\$ 10,072,228</u>	<u>\$ 4,582,802</u>	<u>\$ 193,443</u>	<u>\$ 14,848,473</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Financial Reporting Entity

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

Blended Component Unit

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

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

Related Organizations

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

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

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

The San Miguel Community Facilities, Inc. is a Colorado nonprofit corporation that was formed to develop and construct community facilities such as early education and childcare facilities for the benefit of the Town of Telluride and San Miguel County. The board is comprised of two members from the Town of

Town of Telluride, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

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.

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

- *Block 23 Housing Corporation (a blended component unit)* - accounts for the intergovernmental receipts and construction of affordable housing.
- *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 measureable 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

December 31, 2021

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, 2021.

NOTES TO FINANCIAL STATEMENTS

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Revenues and Expenditures/Expenses

Program revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property taxes

Property taxes as set by the Town Council are collected by the County Treasurer. Property taxes may be paid in installments with one-half of the total amount due payable on February 28 and the second half payable on June 15, or they may be paid in full by April 30. The County Treasurer remits property taxes collected to the Town by the 10th day of the month following collection. Property taxes receivable represent 2021 taxes collectible in 2022 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

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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.

NOTES TO FINANCIAL STATEMENTS

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NOTE C – CASH DEPOSITS AND INVESTMENTS

Cash deposits with financial institutions

Custodial credit risk for deposits. The custodial credit risk for deposits is the risk that, in the event of a bank failure, the Town will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. The Town's deposits are either covered by depository insurance or are collateralized under the Colorado Public Deposit Protection Act (PDPA) and are therefore not deemed to be exposed to custodial credit risk. The Town's deposits are governed by Colorado Statute. PDPA requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. All deposits of the Town are insured or collateralized with securities held by or for the entity. The Colorado Divisions of Banking and Financial Services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. As of December 31, 2021, \$750,000 of the Town's deposits were covered under FDIC insurance and \$22,044,247 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, 2021, the Town had \$23,308,476 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, 2021 is as follows:

Cash on hand	\$	1,701
Deposits:		
Cash in checking account(s)		7,481,712
Money market funds		14,705,137
Cash held by third party		8,072,712
Cash with county treasurer		7,609
	Total deposits	<u>30,267,170</u>
Investment pools		<u>23,308,476</u>
Total cash, deposits, and investments	\$	<u><u>53,577,347</u></u>

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

Cash and cash equivalents	\$	17,339,818
Investments		21,615,350
Restricted cash and investments		<u>14,622,179</u>
	\$	<u><u>53,577,347</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, 2021.

NOTE D – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2021 was as follows:

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	Beginning Balance	Additions	Disposals	Ending Balance
Governmental Activities				
Capital Assets not being depreciated:				
Land	\$ 73,200,681	\$ 3,750,757	\$ -	\$ 76,951,438
Construction in Progress	846,314	6,728,843	-	7,575,157
Total non-depreciable	<u>74,046,995</u>	<u>10,479,600</u>	<u>-</u>	<u>84,526,595</u>
Capital Assets being Depreciated:				
Buildings	11,928,403	500,000	-	12,428,403
Infrastructure	35,674,078	344,680	-	36,018,758
Equipment and Vehicles	5,604,947	711,658	(201,033)	6,115,572
Improvements	14,850,689	938,927	-	15,789,616
Total depreciable	<u>68,058,117</u>	<u>2,495,265</u>	<u>(201,033)</u>	<u>70,352,349</u>
Less Accumulated Depreciation:				
Buildings	(7,242,929)	(290,196)	-	(7,533,125)
Infrastructure	(20,190,882)	(1,468,123)	-	(21,659,005)
Equipment and Vehicles	(4,256,754)	(481,423)	201,033	(4,537,144)
Improvements	(3,527,021)	(998,233)	-	(4,525,254)
Total accumulated depreciation	<u>(35,217,586)</u>	<u>(3,237,975)</u>	<u>201,033</u>	<u>(38,254,528)</u>
Capital Assets being Depreciated, Net	<u>32,840,531</u>	<u>(742,710)</u>	<u>-</u>	<u>32,097,821</u>
Total Governmental Activities				
Net Capital Assets	<u>\$ 106,887,526</u>	<u>\$ 9,736,890</u>	<u>\$ -</u>	<u>\$ 116,624,416</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>7,707,044</u>
Capital Assets being Depreciated:				
Treatment Plants and Systems	26,566,957	783,515	-	27,350,472
Buildings and Improvements	43,813,968	2,993,765	-	46,807,733
Equipment	1,015,694	69,062	(12,999)	1,071,757
Total depreciable	<u>71,396,619</u>	<u>3,846,342</u>	<u>(12,999)</u>	<u>75,229,962</u>
Less Accumulated Depreciation:				
Treatment Plants and Systems	(8,201,705)	(894,513)	-	(9,096,218)
Buildings and Improvements	(17,252,428)	(1,583,237)	-	(18,835,665)
Equipment	(774,749)	(101,320)	12,999	(863,070)
Total accumulated depreciation	<u>(26,228,882)</u>	<u>(2,579,070)</u>	<u>12,999</u>	<u>(28,794,953)</u>
Capital Assets being Depreciated, Net	<u>45,167,737</u>	<u>1,267,272</u>	<u>-</u>	<u>46,435,009</u>
Total Governmental Activities				
Net Capital Assets	<u>\$ 52,874,781</u>	<u>\$ 1,267,272</u>	<u>\$ -</u>	<u>\$ 54,142,053</u>

Depreciation expense was charged to functions as follows:

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<u>Governmental Activities</u>		<u>Business-type Activities</u>	
General Government	\$ 156,658	Water	\$ 1,013,449
Public Safety	100,547	Sewer	419,972
Public Works	1,635,382	THA	632,094
Parks and Recreation	1,223,024	Parking	<u>513,555</u>
Transportation	<u>122,364</u>	Total	<u>\$ 2,579,070</u>
	<u>\$ 3,237,975</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	\$ 162,770
Grants received outside period of availability	<u>311,548</u>
Total General Fund	<u>\$ 474,318</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:

Affordable Housing Fund	
Lot E Sale	\$ 141,213
Grants received outside period of availability	<u>61,088</u>
Total Affordable Housing Fund	<u>\$ 202,301</u>
Open Space Fund	
Grants received outside period of availability	<u>\$ 34,046</u>
Total Open Space Fund	<u>\$ 34,046</u>

NOTE F – LONG-TERM LIABILITIES

The following is a summary of long-term liability activity of the Town for the year ended December 31, 2021:

Town of Telluride, Colorado

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	Balance December 31, 2020	Additions	Reductions	Balance December 31, 2021	Due Within One Year
Governmental Activities					
Excise Tax Revenue Bonds					
Series 2010	\$ 6,895,000	\$ -	\$ (310,000)	\$ 6,585,000	\$ 320,000
Series 2010 Premium	153,223	-	(10,189)	143,034	10,189
Taxable Sales Tax Revenue Bonds:					
Series 2020, direct placement	1,900,000	-	(195,000)	1,705,000	200,000
Tax Exempt Revenue Bonds					
Series 2021A	-	10,000,000	-	10,000,000	-
Series 2021B	-	1,965,000	-	1,965,000	-
Certificates of Participation					
Series 2013, direct placement	266,322	-	(266,322)	-	-
Certificates of Participation					
Series 2020, direct placement	6,450,000	-	(345,000)	6,105,000	350,000
Certificates of Participation					
Series 2021 refunding, direct placement	-	275,312	(17,882)	257,430	18,163
Owner Financed Loan	1,095,600	-	(365,200)	730,400	365,200
Liabilities for Compensated Absences	369,494	4,886	-	374,380	374,380
Total	<u>\$17,129,639</u>	<u>\$ 12,245,198</u>	<u>\$ (1,509,593)</u>	<u>\$ 27,865,244</u>	<u>\$1,637,932</u>
Business-type Activities					
General Obligation Bonds:					
Refunding GO Bonds					
Series 2020, direct placement	5,146,000	-	(484,000)	4,662,000	492,000
Water Resources Revenue Bonds					
Series 2020, direct placement	7,400,000	-	(285,000)	7,115,000	280,000
Premium on Revenue Bonds	491,530	-	(26,332)	465,198	26,332
Multifamily Housing Revenue Bonds,					
Series 2002, direct placement	4,795,000	-	(4,795,000)	-	-
Multifamily Housing Revenue Bonds,					
Series 2003, direct placement	1,387,000	-	(1,387,000)	-	-
Certificates of Participation Series					
2013, direct placement	4,000,990	-	(4,000,990)	-	-
Certificates of Participation Series					
2021 Refunding, direct placement	-	4,129,688	(268,230)	3,861,458	272,439
Series 2017 THA Virginia Placer					
Revenue Bonds, direct placement	7,987,000	-	(260,000)	7,727,000	269,000
Parking Revenue Bond Series 2018					
Series 2018, direct placement	3,741,000	-	(245,000)	3,496,000	254,000
THA Series 2021 Housing Bonds		3,990,000	(60,000)	3,930,000	310,000
Liabilities for Compensated Absences	44,770	-	(3,519)	41,251	41,251
Total	<u>\$34,993,290</u>	<u>\$ 8,119,688</u>	<u>\$ (11,815,071)</u>	<u>\$ 31,297,907</u>	<u>\$1,945,022</u>

Town of Telluride, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

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, 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 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.

Tax Exempt and Taxable Revenue Bonds

The Town issued Tax-Exempt Revenue Bonds (Sunnyside Housing Project) Series 2021A and Taxable Revenue Bonds (Sunnyside Housing Project) Series 2021B on January 21, 2021 to finance the Sunnyside Housing Project.

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

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

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

Town of Telluride, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

	Principal	Interest	Total
2022	\$ 520,000	\$ 598,068	\$ 1,118,068
2023	775,000	671,720	1,446,720
2024	800,000	645,023	1,445,023
2025	830,000	617,411	1,447,411
2026	860,000	588,711	1,448,711
2027-2031	4,390,000	2,482,627	6,872,627
2032-2036	4,600,000	1,650,267	6,250,267
2037-2040	7,480,000	779,048	8,259,048
	<u>\$ 20,255,000</u>	<u>\$ 8,032,875</u>	<u>\$ 28,287,875</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 2021.

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, 2021

	Principal	Interest	Total
2022	368,161	135,542	503,703
2023	373,897	127,674	501,571
2024	384,320	119,681	504,001
2025	389,730	111,465	501,195
2026	405,420	103,133	508,553
2027-2031	2,141,769	382,450	2,524,219
2032-2036	2,299,133	145,962	2,445,095
	<u>\$ 6,362,430</u>	<u>\$ 1,125,907</u>	<u>\$ 7,488,337</u>

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, 2020 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
2022	365,200	14,243	379,443
2023	365,200	7,121	372,321
	<u>\$ 730,400</u>	<u>\$ 21,364</u>	<u>\$ 751,764</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.

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 2021.

Town of Telluride, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

The Town took out a General Obligation Refunding Loan, Series 2021 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 were secured by property situated in San Miguel County, Colorado, known as the Shandoka Apartments. These bonds were paid off in 2021 with proceeds from the Telluride Housing Authority 2021 Housing Bonds.

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.

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

Town of Telluride, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

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.

The Town issued the Telluride Housing Authority Revenue Refunding Bonds (Shandoka Housing Project) Taxable (Convertible Tax-Exempt), Series 2021, on August 3, 2021 in the amount of \$3,990,000 to refund the Telluride Housing Authority Multifamily Housing Revenue Bonds (Shandoka Apartment Project), Series 2002. The bonds are initially issued as taxable, convertible to tax-exempt, on or after January 1, 2022. The bonds initially bear interest at the Taxable rate of 2.63% per annum. Upon conversion, if any, in accordance with the provisions of the Bond Resolution, the Bonds shall bear interest at the rate of 2.08% per annum if the Bonds have been designated by the Authority as Bank Qualified, or 2.19% per annum if the Bonds have not been so designated as Bank Qualified. Interest is paid semiannually on May 1 and November 1 each year commencing November 1, 2021. The bonds mature on November 1, 2032 and are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date, without premium. The Town contributed \$1,056,488 to pay off bonds in the amount of \$4,912,421. This refunding reduced total debt service payments over the next 10 years by \$449,933. The net present value of the savings from the bond refunding was \$160,448.

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	1,605,000	782,622	1,613,173
2023	1,658,000	751,648	5,799,771
2024	1,693,000	711,276	1,065,416
2025	1,740,000	669,820	2,177,147
2026	1,775,000	624,170	929,333
2027-2031	9,097,000	2,323,352	4,635,231
2032-2036	7,447,000	1,110,632	3,406,186
2037-2040	1,915,000	116,925	3,406,186
	<u>\$ 26,930,000</u>	<u>\$ 7,090,445</u>	<u>\$ 19,626,257</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. These Certificates of Participation were refunded in 2021.

The Town issued \$4,405,000 in Certificates of Participation, Series 2021 on August 19, 2021 to refund the 2013 COP Issue with a payoff amount of \$4,310,244.

Town of Telluride, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

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

	Principal	Interest	Total
2021	243,620	174,043	408,293
2022	257,675	163,853	407,473
2023	267,045	153,256	410,931
2024	276,415	142,047	409,092
2025	290,470	130,430	406,845
2026-2030	1,663,175	459,563	2,052,463
2031-2033	768,340	99,657	1,228,742
	<u>\$ 3,766,740</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 2021, the Town contributed \$95,778 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 2021, the Town contributed \$205,593 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 2021, the Town contributed \$17,372 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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

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 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 2021 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 \$121,828, reported in the General Fund at December 31, 2021 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

Town of Telluride, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

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.

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, 2021, is as follows:

	Due from Other Funds	Due to Other Funds
General fund	\$ 222,357	\$ 14,163,953
Capital improvement fund	4,425,826	-
Open space fund	10,158,210	-
Conservation trust fund	143,047	-
Airline guarantee fund	49,426	-
Energy mitigation fund	573,107	-
Street and Alley fund	330,254	-
Restricted fund	141,386	-
Sewer fund	1,331,335	-
Parking fund	844,240	-
Affordable housing fund	-	1,586,248
Water fund	1,295,549	-
THA fund	-	3,764,536
Total	<u>\$ 19,514,737</u>	<u>\$ 19,514,737</u>

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

Town of Telluride, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

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.

Interfund transfers are as follows:

	General	Street and Alley	Debt Service	Restricted	Water	Sewer	THA	Total Transfers Out
General	\$ -	\$ -	\$ 30,710	\$ -	\$ -	\$ -	\$ -	\$ 30,710
Capital Improvement	778,008	914,374	-	50,000	2,150,000	240,000	1,654,000	5,786,382
Open Space	120,104	-	-	-	-	-	-	120,104
Affordable Housing	128,104	-	-	-	-	-	-	128,104
Airline Guarantee	38,685	-	-	-	-	-	-	38,685
Water	419,827	-	-	-	-	-	-	419,827
Sewer	419,827	-	-	-	-	-	-	419,827
THA	119,632	-	-	-	-	-	-	119,632
Total Transfers In	<u>\$ 2,024,187</u>	<u>\$ 914,374</u>	<u>\$ 30,710</u>	<u>\$ 50,000</u>	<u>\$ 2,150,000</u>	<u>\$ 240,000</u>	<u>\$ 1,654,000</u>	<u>\$ 7,063,271</u>

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 2021. On September 30, 2021 the San Miguel Community Facilities, Inc., conveyed the building to the Town of Telluride for \$10. The Town has valued the building at \$500,000.

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, 2021

	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
Revenues				
Taxes				
Sales taxes	\$ 5,965,140	\$ 8,261,980	\$ 6,894,998	\$ (1,366,982)
Use taxes	400,500	698,275	588,272	(110,003)
Motor vehicle use taxes	253,000	390,000	348,444	(41,556)
Property taxes	783,145	783,145	644,549	(138,596)
Specific ownership tax	34,000	34,000	39,942	5,942
Penalties and interest on property tax	1,700	1,700	1,300	(400)
Franchise tax	270,000	270,000	270,828	828
Festival attendance tax	124,280	124,280	112,645	(11,635)
Occupation tax	2,000	2,000	1,518	(482)
	<u>7,833,765</u>	<u>10,565,380</u>	<u>8,902,496</u>	<u>(1,662,884)</u>
Licenses and permits				
Business licenses	532,125	545,125	459,368	(85,757)
Building licenses and permits	250,000	335,000	313,441	(21,559)
Other	88,780	88,780	87,145	(1,635)
	<u>870,905</u>	<u>968,905</u>	<u>859,954</u>	<u>(108,951)</u>
Intergovernmental				
Federal				
Other	54,138	54,138	54,138	-
State				
Mineral leasing	26,500	26,500	3,220	(23,280)
Highway users	65,429	65,429	78,792	13,363
Tobacco tax	14,000	14,000	19,187	5,187
Motor vehicle licenses	8,000	8,000	9,140	1,140
County				
Highway and streets	298,350	298,350	293,720	(4,630)
Transit	156,880	264,137	581,618	317,481
	<u>623,297</u>	<u>730,554</u>	<u>1,039,815</u>	<u>309,261</u>
Charges for services				
General government	674,000	732,000	821,460	89,460
Public works	12,500	12,500	24,702	12,202
Parks and recreation fees	421,215	421,215	484,049	62,834
	<u>1,107,715</u>	<u>1,165,715</u>	<u>1,330,211</u>	<u>164,496</u>
Fines and forfeitures	80,300	294,390	375,464	81,074
Investment earnings	19,330	19,330	8,271	(11,059)
Miscellaneous	32,856	120,106	137,132	17,026
Total revenues	<u>10,568,168</u>	<u>13,864,380</u>	<u>12,653,343</u>	<u>(1,211,037)</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, 2021

	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
Expenditures				
General government				
Council	234,960	250,819	247,840	2,979
Court	45,470	45,470	44,506	964
Manager	453,210	497,760	494,829	2,931
Finance	520,600	554,162	554,408	(246)
Town attorney	388,300	469,726	398,998	70,728
Clerk	357,885	371,068	367,949	3,119
Planning	225,760	252,501	252,483	18
Building division	356,600	356,600	319,664	36,936
General services	971,490	1,123,190	1,148,754	(25,564)
Administrative services	501,258	422,098	418,805	3,293
Building maintenance	282,500	282,500	243,956	38,544
Community support	311,780	311,780	311,780	-
Contract services	525,407	538,707	512,904	25,803
Salary reserve	18,970	22,675	(1,531)	24,206
	<u>5,194,190</u>	<u>5,499,056</u>	<u>5,315,345</u>	<u>183,711</u>
Public safety				
Law enforcement	2,017,550	2,027,150	1,827,580	199,570
Public works				
Roads and utility	1,220,800	1,230,500	1,202,446	28,054
Administration and engineering	568,380	577,480	578,036	(556)
	<u>1,789,180</u>	<u>1,807,980</u>	<u>1,780,482</u>	<u>27,498</u>
Culture and recreation				
Parks	909,115	915,115	779,158	135,957
Historic preservation	202,700	213,850	210,433	3,417
Recreation	1,093,325	1,099,325	1,056,016	43,309
CASE	230,000	230,000	226,790	3,210
	<u>2,435,140</u>	<u>2,458,290</u>	<u>2,272,397</u>	<u>185,893</u>
Transportation	921,524	921,524	921,295	229
	<u>12,357,584</u>	<u>12,714,000</u>	<u>12,117,099</u>	<u>596,901</u>
Excess of revenue over (under) expenditures	(1,789,416)	1,150,380	536,244	(614,136)
Other Financing sources (uses)				
Transfers in (out), net	440,732	(95,401)	1,993,477	2,088,878
	<u>440,732</u>	<u>(95,401)</u>	<u>1,993,477</u>	<u>2,088,878</u>
Total other financing sources (uses)	440,732	(95,401)	1,993,477	2,088,878
Net change in fund balance	(1,348,684)	1,054,979	2,529,721	1,474,742
Fund balance beginning	6,987,192	6,983,754	6,983,754	-
Fund balance, ending	<u>\$ 5,638,508</u>	<u>\$ 8,038,733</u>	<u>\$ 9,513,475</u>	<u>\$ 1,474,742</u>

Town of Telluride, Colorado

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

Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
Revenues				
Taxes and licenses				
Real estate transfer tax	\$ 1,165,552	\$ 2,165,552	\$ 2,581,156	\$ 415,604
Sales tax	1,309,308	1,855,631	1,883,998	28,367
Property taxes	136,128	136,128	135,650	(478)
Business building license	101,238	101,238	97,533	(3,705)
Grants and contributions	-	2,630,000	2,633,547	3,547
	<u>2,712,226</u>	<u>6,888,549</u>	<u>7,331,884</u>	<u>443,335</u>
Investment earnings	1,650	1,650	537	(1,113)
	<u>2,713,876</u>	<u>6,890,199</u>	<u>7,332,421</u>	<u>442,222</u>
Expenditures				
Administrative expense	177,126	177,126	143,635	33,491
Stewardship expense	6,735,708	4,386,521	323,610	4,062,911
Principal payments on debt	650,000	650,000	655,000	(5,000)
Interest payments on debt	447,834	447,834	448,044	(210)
	<u>8,010,668</u>	<u>5,661,481</u>	<u>1,570,289</u>	<u>4,091,192</u>
Revenues in excess (deficiency) of expenditures	(5,296,792)	1,228,718	5,762,132	4,533,414
Other financing sources (uses)				
Transfers out	(120,104)	(120,104)	(120,104)	-
Total other financing sources (uses)	<u>(120,104)</u>	<u>(120,104)</u>	<u>(120,104)</u>	<u>-</u>
Revenues and other sources in excess (deficiency) of expenditures and other (uses)	(5,416,896)	1,108,614	5,642,028	4,533,414
Fund balance, beginning	<u>7,934,919</u>	<u>5,585,732</u>	<u>5,585,732</u>	<u>-</u>
Fund balance, ending	<u>\$ 2,518,023</u>	<u>\$ 6,694,346</u>	<u>\$ 11,227,760</u>	<u>\$ 4,533,414</u>

Town of Telluride, Colorado

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

Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
Revenues				
Taxes				
Sales taxes	\$ 736,630	\$ 1,023,736	\$ 1,058,474	\$ 34,738
Short-term rental excise tax	500,000	960,000	961,252	1,252
Property taxes	621,245	621,243	617,769	(3,474)
Specific ownership taxes	24,000	24,000	30,975	6,975
Use taxes	49,500	86,300	90,885	4,585
	<u>1,931,375</u>	<u>2,715,279</u>	<u>2,759,355</u>	<u>44,076</u>
Housing mitigation and THA fees	550,000	550,000	662,450	112,450
Investment earnings	2,260	2,260	3,195	935
Rent income	15,600	15,600	14,595	(1,005)
Total revenues	<u>2,499,235</u>	<u>3,283,139</u>	<u>3,439,595</u>	<u>156,456</u>
Expenditures				
Housing set aside	4,863,874	4,575,620	6,663,481	(2,087,861)
Administration	105,375	105,375	104,982	393
Operating support	8,400	8,400	4,358	4,042
Principal payments on debt	200,000	565,200	560,200	5,000
Interest payments on debt	35,542	88,140	87,954	(186)
Fiscal agent fees	500	500	-	(500)
Total expenditures	<u>5,213,691</u>	<u>5,343,235</u>	<u>7,420,975</u>	<u>(2,079,112)</u>
Revenues in excess (deficiency) of expenditures	(2,714,456)	(2,060,096)	(3,981,380)	(1,922,656)
Other financing sources (uses)				
Proceeds from bond issuance	-	6,050,000	3,892,288	(2,157,712)
Payments to escrow	-	(6,050,000)	-	6,050,000
Proceeds from sale of property	50,885	50,886	50,886	-
Transfers out	(128,104)	(128,104)	(128,104)	-
Total other financing sources (uses)	<u>(77,219)</u>	<u>(77,218)</u>	<u>3,815,070</u>	<u>3,892,288</u>
Revenues and other sources in excess (deficiency) of expenditures and other (uses)	(2,791,675)	(2,137,314)	(166,310)	1,969,632
Fund balance, beginning	<u>2,791,675</u>	<u>2,503,420</u>	<u>2,503,420</u>	<u>-</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ 366,106</u>	<u>\$ 2,337,110</u>	<u>\$ 1,969,632</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, 2021

	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
Revenues				
Taxes				
Real estate transfer tax	\$ 5,827,760	\$ 10,827,760	\$ 10,324,625	\$ (503,135)
	<u>5,827,760</u>	<u>10,827,760</u>	<u>10,324,625</u>	<u>(503,135)</u>
Intergovernmental	78,700	78,700	78,700	-
Total revenues	<u>5,906,460</u>	<u>10,906,460</u>	<u>10,403,325</u>	<u>(503,135)</u>
Expenditures				
Equipment and other	1,064,224	4,929,956	4,688,120	241,836
Capital construction	<u>2,530,500</u>	<u>2,880,662</u>	<u>1,112,493</u>	<u>1,768,169</u>
Total expenditures	<u>3,594,724</u>	<u>7,810,618</u>	<u>5,800,613</u>	<u>2,010,005</u>
Revenues in excess (deficiency) of expenditures	<u>2,311,736</u>	<u>3,095,842</u>	<u>4,602,712</u>	<u>1,506,870</u>
Other financing sources (uses)				
Proceeds from sale of assets	12,000	12,000	20,664	8,664
Transfers out	<u>(3,595,229)</u>	<u>(7,951,934)</u>	<u>(5,786,382)</u>	<u>2,165,552</u>
Total other financing sources (uses)	<u>(3,583,229)</u>	<u>(7,939,934)</u>	<u>(5,765,718)</u>	<u>2,174,216</u>
Revenues and other sources in excess (deficiency) of expenditures and other (uses)	<u>(1,271,493)</u>	<u>(4,844,092)</u>	<u>(1,163,006)</u>	<u>3,681,086</u>
Fund balance, beginning	<u>6,839,643</u>	<u>6,839,643</u>	<u>6,839,643</u>	<u>-</u>
Fund balance, ending	<u>\$ 5,568,150</u>	<u>\$ 1,995,551</u>	<u>\$ 5,676,637</u>	<u>\$ 3,681,086</u>

Town of Telluride, Colorado

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

Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
Revenues				
State of Colorado Lottery	\$ 25,000	\$ 25,000	\$ 31,360	\$ 6,360
Other	38	38	67	29
Total Revenues	25,038	25,038	31,427	6,389
Expenditures				
Parks improvements	25,038	25,038	15,491	9,547
Total Expenditures	25,038	25,038	15,491	9,547
Revenues in excess (deficiency) of expenditures	-	-	15,936	15,936
Fund balance, beginning	127,111	127,111	127,111	-
Fund balance, ending	<u>\$ 127,111</u>	<u>\$ 127,111</u>	<u>\$ 143,047</u>	<u>\$ 15,936</u>

Town of Telluride, Colorado

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

Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
Revenues				
Excise taxes	\$ 1,385,296	\$ 1,933,400	\$ 1,934,321	\$ 921
Expenditures				
Economic development	1,357,590	1,894,732	1,895,636	(904)
Revenues in excess (deficiency) of expenditures	27,706	38,668	38,685	17
Other financing (uses) Transfers out	(27,706)	(38,668)	(38,685)	(17)
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, 2021

	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
Revenues				
Fees	\$ 185,000	\$ 185,000	\$ 229,278	\$ 44,278
Credits	10,000	10,000	6,655	(3,345)
Total revenues	195,000	195,000	235,933	40,933
Expenditures				
Energy projects	115,500	765,500	330,250	435,250
Total expenditures	115,500	765,500	330,250	435,250
Revenues in excess (deficiency) of expenditures	79,500	(570,500)	(94,317)	476,183
Fund balance, beginning	633,538	633,538	633,538	-
Fund balance, ending	<u>\$ 713,038</u>	<u>\$ 63,038</u>	<u>\$ 539,221</u>	<u>\$ 476,183</u>

Town of Telluride, Colorado

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

Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
Revenues				
Miscellaneous revenue	\$ -	\$ -	\$ -	\$ -
	-	-	-	-
Expenditures				
Public works expenditures	634,374	914,374	779,338	135,036
Revenues in excess (deficiency) of expenditures	(634,374)	(914,374)	(779,338)	135,036
Other financing sources (uses)				
Transfers in	539,904	914,374	914,374	-
Revenues and other sources in excess (deficiency) of expenditures and other (uses)	(94,470)	-	135,036	135,036
Fund balance, beginning	171,370	171,370	171,370	-
Fund balance, ending	<u>\$ 76,900</u>	<u>\$ 171,370</u>	<u>\$ 306,406</u>	<u>\$ 135,036</u>

Town of Telluride, Colorado

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

Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
Revenues				
Charges for services	\$ 1,650	\$ 1,650	\$ -	\$ (1,650)
Total revenues	<u>1,650</u>	<u>1,650</u>	<u>-</u>	<u>(1,650)</u>
Expenditures				
Debt issuance costs	-	-	8,990	(8,990)
Debt service				
Principal	15,750	15,750	17,883	(2,133)
Interest	<u>11,702</u>	<u>11,702</u>	<u>13,306</u>	<u>(1,604)</u>
Total expenditures	<u>27,452</u>	<u>27,452</u>	<u>40,179</u>	<u>(12,727)</u>
Revenues in excess (deficiency) of expenditures	(25,802)	(25,802)	(40,179)	(14,377)
Other financing sources (uses)				
Refunding debt payments	-	-	(266,322)	(266,322)
Debt proceeds	-	-	275,312	275,312
Transfers in	<u>25,802</u>	<u>30,710</u>	<u>30,710</u>	<u>-</u>
Total other financing sources	25,802	30,710	39,700	8,990
Revenues and other sources in excess (deficiency) of expenditures and other (uses)	-	4,908	(479)	(5,387)
Fund balance, beginning	<u>479</u>	<u>479</u>	<u>479</u>	<u>-</u>
Fund balance, ending	<u>\$ 479</u>	<u>\$ 5,387</u>	<u>\$ -</u>	<u>\$ (5,387)</u>

Town of Telluride

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

Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
Revenues				
Charges	\$ 11,700	\$ 11,700	\$ 5,807	\$ (5,893)
Intergovernmental	-	170,000	169,780	(220)
Donations	2,500	2,500	4,104	1,604
Total revenues	14,200	184,200	179,691	(4,509)
Expenditures				
Culture and recreation	50,350	223,118	208,693	14,425
Revenues in excess (deficiency) of expenditures	(36,150)	(38,918)	(29,002)	9,916
Other financing sources (uses)				
Transfers in	-	50,000	50,000	-
Total other financing sources (uses)	-	50,000	50,000	-
Revenues and other sources in excess (deficiency) of expenditures and other (uses)	(36,150)	11,082	20,998	9,916
Fund balance, beginning	116,054	116,054	116,054	-
Fund balance, ending	<u>\$ 79,904</u>	<u>\$ 127,136</u>	<u>\$ 137,052</u>	<u>\$ 9,916</u>

Town of Telluride, Colorado

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

Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
Revenues				
Charges for services	\$ 1,803,850	\$ 1,803,850	\$ 1,934,404	\$ 130,554
Tap fees	200,000	200,000	309,073	109,073
Meter sales	19,000	19,000	17,378	(1,622)
Penalties and interest on property taxes	1,200	1,200	1,048	(152)
Interest income	1,130	1,130	1	(1,129)
Other charges for services	63,100	63,100	46,552	(16,548)
Total revenues	<u>2,088,280</u>	<u>2,088,280</u>	<u>2,308,456</u>	<u>220,176</u>
Expenditures				
Personal services	306,170	308,810	273,530	35,280
Purchased services	351,200	440,584	452,195	(11,611)
Principal	718,250	718,250	752,227	(33,977)
Interest	247,116	247,116	228,455	18,661
Capital repairs and maintenance	-	-	36,832	(36,832)
Capital outlay	1,992,000	1,992,000	2,010,454	(18,454)
Total expenditures	<u>3,614,736</u>	<u>3,706,760</u>	<u>3,753,693</u>	<u>(46,933)</u>
Operating income (loss)	(1,526,456)	(1,618,480)	(1,445,237)	267,109
Non-operating Revenues and Expenses				
Property taxes	557,073	557,073	552,483	(4,590)
Specific ownership taxes	24,000	24,000	27,779	3,779
Interest rebate	2,000	2,000	1,733	(267)
Treasurer's Fees	(13,304)	(13,304)	(11,073)	(2,231)
Transfers in	761,765	2,150,000	2,150,000	-
Transfers out	(419,827)	(419,827)	(419,827)	-
Total non-operating revenues (expenses)	<u>911,707</u>	<u>2,299,942</u>	<u>2,301,095</u>	<u>(3,309)</u>
Net Income - Budgetary Basis	<u>\$ (1,526,456)</u>	<u>\$ (1,618,480)</u>	855,858	<u>\$ 173,243</u>
Adjustments to GAAP basis				
Principal payments on debt			752,227	
Capital outlay			2,010,454	
Depreciation expense			(1,013,449)	
Net income - GAAP Basis			<u>2,605,090</u>	
Net position, beginning			12,981,147	
Net position, ending			<u>\$ 15,586,237</u>	

Town of Telluride, Colorado

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

Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
Revenues				
Charges for services	\$ 2,038,675	\$ 2,038,674	\$ 2,213,445	\$ 174,771
Tap fees	400,000	400,000	503,467	103,467
Mountain Village Metropolitan District	2,294,945	2,294,945	882,213	(1,412,732)
Interest income	-	-	140	140
Other revenues	45,000	45,000	34,946	(10,054)
Total revenues	4,778,620	4,778,619	3,634,211	(1,144,408)
Expenses				
Personal services	512,160	516,720	378,150	138,570
Purchased services	806,500	260,500	761,298	(500,798)
Capital outlay	5,020,000	6,015,892	1,596,856	4,419,036
Debt service principal	190,000	285,000	285,000	-
Debt service interest	228,713	228,713	205,964	22,749
Total expenses	6,757,373	7,306,825	3,227,268	4,079,557
Operating income (loss)	(1,978,753)	(2,528,206)	406,943	(5,223,965)
Non-operating Revenues and Expenses				
Transfers in	(240,000)	240,000	240,000	-
Transfers out	(419,827)	(419,827)	(419,827)	-
Total non-operating revenues (expenses)	(659,827)	(179,827)	(179,827)	-
Net income - Budgetary Basis	\$ (1,978,753)	\$ (2,528,206)	227,116	\$ 2,935,149
Adjustments to GAAP basis				
Bond principal			285,000	
Capital outlay			1,596,856	
Depreciation expense			(419,973)	
Net income (loss) - GAAP Basis			1,688,999	
Net position, beginning			9,601,730	
Net position, ending			\$ 11,290,729	

Town of Telluride, Colorado

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

Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
Operating Revenues				
Charges for services	\$ 812,009	\$ 812,009	\$ 422,572	\$ (389,437)
Total revenues	<u>812,009</u>	<u>812,009</u>	<u>422,572</u>	<u>(389,437)</u>
Operating Expenses				
Costs of sales and service	171,700	171,700	127,727	43,973
Debt service				
Principal	245,000	245,000	245,000	-
Interest	165,375	165,375	165,375	-
Total expenses	<u>582,075</u>	<u>582,075</u>	<u>538,102</u>	<u>43,973</u>
Operating income (loss)	<u>229,934</u>	<u>229,934</u>	<u>(115,530)</u>	<u>(345,464)</u>
Change in net position -budgetary basis	<u>\$ 229,934</u>	<u>\$ 229,934</u>	<u>(115,530)</u>	<u>\$ (345,464)</u>
Adjustments to GAAP basis				
Principal payment on debt			245,000	
Depreciation expense			(513,555)	
Net income - GAAP basis			<u>(384,085)</u>	
Net position, beginning			4,565,202	
Net position, ending			<u>\$ 4,181,117</u>	

Town of Telluride, Colorado

GENERAL FUND AND RELATED SUB-FUNDS
COMBINING BALANCE SHEET

Year Ended December 31, 2021

	General	Transportation	Total
ASSETS			
Cash	\$ 6,801,421	\$ -	\$ 6,801,421
Investments	17,518,922	-	17,518,922
Receivables			
Taxes	1,114,259	-	1,114,259
Accounts	824,472	-	824,472
Intergovernmental	37,694	97,374	135,068
Due from other funds	-	222,354	222,354
Total assets	<u>26,296,768</u>	<u>319,728</u>	<u>26,616,496</u>
LIABILITIES			
Accounts payable	1,056,556	5,456	1,062,012
Deposits	570,143	-	570,143
Unearned revenue	474,318	-	474,318
Due to other funds	14,163,953	-	14,163,953
Total liabilities	<u>16,264,970</u>	<u>5,456</u>	<u>16,270,426</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - property taxes	832,595	-	832,595
Total deferred inflows of resources	<u>832,595</u>	<u>-</u>	<u>832,595</u>
FUND BALANCE			
Restricted			
Emergency	1,068,000	-	1,068,000
Assigned			
Transportation	-	314,272	314,272
Unassigned	8,131,203	-	8,131,203
Total fund balance	<u>\$ 9,199,203</u>	<u>\$ 314,272</u>	<u>\$ 9,513,475</u>

Town of Telluride, Colorado

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

Year Ended December 31, 2021

	General Fund				Transportation Fund				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance	Actual
Revenues									
Taxes									
Sales taxes	\$ 5,965,140	\$ 8,261,980	\$ 6,894,997	\$ (1,366,983)	\$ -	\$ -	\$ -	\$ -	\$ 6,894,997
Use taxes	400,500	698,275	588,272	(110,003)	-	-	-	-	588,272
Motor vehicle use taxes	253,000	390,000	348,444	(41,556)	-	-	-	-	348,444
Property taxes	783,145	783,145	644,549	(138,596)	-	-	-	-	644,549
Specific ownership tax	34,000	34,000	39,942	5,942	-	-	-	-	39,942
Penalties and interest on property tax	1,700	1,700	1,300	(400)	-	-	-	-	1,300
Franchise tax	270,000	270,000	270,828	828	-	-	-	-	270,828
Festival attendance tax	124,280	124,280	112,645	(11,635)	-	-	-	-	112,645
Occupation tax	2,000	2,000	1,518	(482)	-	-	-	-	1,518
	7,833,765	10,565,380	8,902,495	(1,662,885)	-	-	-	-	8,902,495
Licenses and permits									
Business licenses	532,125	545,125	459,368	(85,757)	-	-	-	-	459,368
Building licenses and permits	250,000	335,000	313,441	(21,559)	-	-	-	-	313,441
Other	88,780	88,780	87,145	(1,635)	-	-	-	-	87,145
	870,905	968,905	859,954	(108,951)	-	-	-	-	859,954
Intergovernmental									
State and federal									
Mineral leasing	26,500	26,500	3,220	(23,280)	-	-	-	-	3,220
Highway users	65,429	65,429	78,792	13,363	-	-	-	-	78,792
Tobacco tax	14,000	14,000	19,187	5,187	-	-	-	-	19,187
Motor vehicle licenses	8,000	8,000	9,140	1,140	-	-	-	-	9,140
Other	50,868	50,868	53,238	2,370	110,257	110,257	110,257	-	163,495
County									
Highway and streets	298,350	298,350	293,720	(4,630)	-	-	-	-	293,720
Other	3,000	3,000	900	(2,100)	153,880	153,880	471,361	317,481	472,261
	466,147	466,147	458,197	(7,950)	264,137	264,137	581,618	317,481	1,039,815
Charges for services									
General government	674,000	732,000	821,460	89,460	-	-	-	-	821,460
Public works	12,500	12,500	24,702	12,202	-	-	-	-	24,702
Parks and recreation fees	421,215	421,215	484,049	62,834	-	-	-	-	484,049
	1,107,715	1,165,715	1,330,211	164,496	-	-	-	-	1,330,211
Fines and forfeitures	80,300	294,390	375,464	81,074	-	-	-	-	375,464
Investment earnings	19,330	19,330	8,271	(11,059)	-	-	-	-	8,271
Miscellaneous	32,856	120,106	137,132	17,026	-	-	-	-	137,132
Total Revenues	10,411,018	13,599,973	12,071,724	(1,528,249)	264,137	264,137	581,618	317,481	12,653,342

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, 2021

	General Fund				Transportation Fund				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance	Actual
Expenditures									
General government									
Council	234,960	229,255	247,840	(18,585)	-	-	-	-	247,840
Court	45,470	45,470	44,506	964	-	-	-	-	44,506
Manager	453,210	497,760	494,829	2,931	-	-	-	-	494,829
Finance	520,600	554,162	554,408	(246)	-	-	-	-	554,408
Town attorney	388,300	469,726	398,998	70,728	-	-	-	-	398,998
Clerk	357,885	371,068	367,949	3,119	-	-	-	-	367,949
Planning	225,760	252,501	252,483	18	-	-	-	-	252,483
Building division	356,600	356,600	319,664	36,936	-	-	-	-	319,664
General services	971,490	1,121,490	1,143,554	(22,064)	-	-	-	-	1,143,554
Administrative services	501,258	396,916	394,607	2,309	-	-	-	-	394,607
Building maintenance	282,500	282,500	243,956	38,544	-	-	-	-	243,956
Community support	311,780	311,780	311,780	-	-	-	-	-	311,780
Contract services	525,407	561,971	518,096	43,875	-	-	-	-	518,096
Salary reserve	18,970	47,857	22,675	25,182	-	-	-	-	22,675
	5,194,190	5,499,056	5,315,345	183,711	-	-	-	-	5,315,345
Public safety									
Law enforcement	2,017,550	2,027,150	1,827,580	199,570	-	-	-	-	1,827,580
Public works									
Roads and utility	1,220,800	1,230,500	1,202,446	28,054	-	-	-	-	1,202,446
Administration and engineering	568,380	577,480	578,036	(556)	-	-	-	-	578,036
	1,789,180	1,807,980	1,780,482	27,498	-	-	-	-	1,780,482
Culture and recreation									
Parks	909,115	915,115	779,158	135,957	-	-	-	-	779,158
Historic preservation	202,700	213,850	210,433	3,417	-	-	-	-	210,433
Recreation	1,093,325	1,099,325	1,056,016	43,309	-	-	-	-	1,056,016
CASE	230,000	230,000	226,790	3,210	-	-	-	-	226,790
	2,435,140	2,458,290	2,272,397	185,893	-	-	-	-	2,272,397
Transportation	-	-	-	-	921,524	921,524	921,295	229	921,295
Total expenditures	11,436,060	11,792,476	11,195,804	596,672	921,524	921,524	921,295	229	12,117,099
Excess of revenue over (under) expenditures	(1,025,042)	1,807,497	875,920	(931,577)	(657,387)	(657,387)	(339,677)	317,710	536,243

Town of Telluride, Colorado

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

Year Ended December 31, 2021

	General Fund				Transportation Fund				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance	Actual
Other Financing sources (uses)									
Transfers in	1,435,822	1,446,784	1,446,802	18	670,166	670,166	670,166	-	2,116,968
Transfers out	(1,572,476)	(2,119,571)	(30,710)	2,088,861	(92,780)	(92,780)	(92,780)	-	(123,490)
Total other financing sources (uses)	(136,654)	(672,787)	1,416,092	2,088,879	577,386	577,386	577,386	-	1,993,478
Net change in fund balance	(1,161,696)	1,134,710	2,292,012	1,157,302	(80,001)	(80,001)	237,709	317,710	2,529,721
Fund balance beginning	6,907,191	6,907,191	6,907,191	-	80,001	76,563	76,563	-	6,983,754
Fund balance, ending	<u>\$ 5,745,495</u>	<u>\$ 8,041,901</u>	<u>\$ 9,199,203</u>	<u>\$ 1,157,302</u>	<u>\$ -</u>	<u>\$ (3,438)</u>	<u>\$ 314,272</u>	<u>\$ 317,710</u>	<u>\$ 9,513,475</u>

Town of Telluride

THA FUND
COMBINING BALANCE SHEET

Year Ended December 31, 2021

	Shandoka	Virginia Placer	Total
ASSETS			
Cash and cash equivalents	\$ 4,249,666	\$ 261,677	\$ 4,511,343
Receivables			
Trade	8,798	8,616	17,414
Restricted cash and investments	70,190	1,269	71,459
Capital assets:			
Non-depreciable			
Land	4,413,000	-	4,413,000
Depreciable, net of accumulated depreciation			
Buildings	11,504,039	8,627,001	20,131,040
Equipment	220,279	-	220,279
Infrastructure	207,269	-	207,269
Accumulated depreciation	(6,573,319)	(1,038,681)	(7,612,000)
Net capital assets	9,771,268	7,588,320	17,359,588
Total assets	14,099,922	7,859,882	21,959,804
LIABILITIES			
Accounts payable	75,903	10,193	86,096
Due to (from) other funds	4,287,065	(522,529)	3,764,536
Security deposits	211,387	53,905	265,292
Unearned revenue	7,402	-	7,402
Accrued interest payable	62,116	-	62,116
Accrued compensated absences	20,114	1,266	21,380
Noncurrent liabilities			
Due within one year	310,000	269,000	579,000
Due after one year	3,620,000	7,458,000	11,078,000
Total liabilities	8,593,987	7,269,835	15,863,822
NET POSITION			
Net investment in capital assets	5,841,268	(138,680)	5,702,588
Restricted for debt service	70,190	1,269	71,459
Unrestricted (deficit)	(405,523)	727,458	321,935
	\$ 5,505,935	\$ 590,047	\$ 6,095,982

Town of Telluride

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

Year Ended December 31, 2021

	Shandoka Fund				Virginia Placer Fund				Total Actual
	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance	
Operating Revenues									
Charges for sales and services	\$ 1,866,958	\$ 1,858,658	\$ 1,898,961	\$ 40,303	\$ 491,681	\$ 488,939	\$ 507,530	\$ 18,591	\$ 2,406,491
Miscellaneous	60,470	60,470	68,509	8,039	2,900	2,900	2,284	(616)	70,793
Total operating revenue	1,927,428	1,919,128	1,967,470	48,342	494,581	491,839	509,814	17,975	2,477,284
Operating Expenses									
Costs of sales and service	1,039,180	1,042,780	985,768	57,012	150,766	151,291	138,779	12,512	1,124,547
Capital outlay	290,000	290,000	239,035	50,965	-	-	-	-	239,035
Repairs and maintenance	10,000	10,000	1,250	8,750	-	-	-	-	1,250
Debt service:									
Issuance Costs	-	282,540	282,540	-	-	-	-	-	282,540
Principal	409,498	469,498	283,498	186,000	260,000	260,000	260,000	-	543,498
Interest	331,898	491,152	475,539	15,613	257,214	256,689	257,214	(525)	732,753
Total operating expenses	2,080,576	2,585,970	2,267,630	318,340	667,980	667,980	655,993	11,987	2,923,623
Operating income (loss)	(153,148)	(666,842)	(300,160)	366,682	(173,399)	(176,141)	(146,179)	29,962	(446,339)
Non-operating Revenues (Expenses)									
Investment earnings	5,380	5,380	905	(4,475)	240	240	262	(22)	1,167
Transfers in	-	1,500,000	1,500,000	-	-	154,000	154,000	-	1,654,000
Transfers out	(119,632)	(119,632)	(119,632)	-	-	-	-	-	(119,632)
Total non-operating revenues (expenses)	(114,252)	1,385,748	1,381,273	(4,475)	240	154,240	154,262	(22)	1,535,535
Change in net position - budgetary basis	\$ (267,400)	\$ 718,906	1,081,113	\$ 362,207	\$ (173,159)	\$ (21,901)	8,083	\$ 29,940	1,089,196
Capital outlay			239,035				-		239,035
Depreciation expense			(344,527)				(287,567)		(632,094)
Debt service principal			283,498				260,000		543,498
Change in Net Position - GAAP Basis			1,259,119				(19,484)		1,239,635
Net Position, beginning of year			4,246,816				609,531		4,856,347
Net Position, end of year			\$ 5,505,935				\$ 590,047		\$ 6,095,982

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 2021
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)	327,445
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	1,134,866
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	157,537
2. General fund appropriations	1,737,745	b. Snow and ice removal	300,612
3. Other local imposts (from page 2)	431,386	c. Other	
4. Miscellaneous local receipts (from page 2)	32,430	d. Total (a. through c.)	458,149
5. Transfers from toll facilities		4. General administration & miscellaneous	213,873
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	155,162
a. Bonds - Original Issues		6. Total (1 through 5)	2,289,494
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	0
7. Total (1 through 6)	2,201,561	b. Redemption	0
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	87,933	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	2,289,494	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	0
		D. Payments to toll facilities	0
		E. Total disbursements (A.6 + B.3 + C + D)	2,289,494

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

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	0	2,289,494	2,289,494	0	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT	STATE: Colorado
	YEAR ENDING (mm/yy): December 2021

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	32,430
1. Sales Taxes	97,724	c. Parking Garage Fees	
2. Infrastructure & Impact Fees	293,720	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	39,942	g. Other Misc. Receipts	
6. Total (1. through 5.)	431,386	h. Other	
c. Total (a. + b.)	431,386	i. Total (a. through h.)	32,430
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	78,792	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	9,140	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.)	9,140	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	87,932	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		327,445	327,445
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	327,445	327,445
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	327,445	327,445
			(Carry forward to page 1)

Notes and Comments: