San Miguel Authority for Regional Transportation
Financial Statements and
Independent Auditors' Report
as of
December 31, 2025

San Miguel Authority for Regional Transportation

Table of Contents

	Page
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	7
STATEMENT OF ACTIVITIES	8
GOVERNMENTAL FUND BALANCE SHEET	9
GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE	10
NOTES TO THE FINANCIAL STATEMENTS	11
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND	19

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
San Miguel Authority for Regional Transportation
Telluride, Colorado 81435

Opinions

We have audited the accompanying financial statements of the governmental activities, and the major fund of the San Miguel Authority for Regional Transportation, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the San Miguel Authority for Regional Transportation'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, and the major fund of the San Miguel Authority for Regional Transportation, as of December 31, 2025, 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. 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 San Miguel Authority for Regional Transportation, 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 San Miguel Authority for Regional Transportation'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 accepted 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.

Certified Public Accountants

105 S.E. Frontier Ave, Suite A Cedaredge, CO 81413 | 970-856-7550 | 970-856-2122 | www.bandacpas.com

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, 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 San Miguel Authority for Regional Transportation'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 San Miguel Authority for Regional Transportation'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 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.

Blair and Associates, P.C.

Cedaredge, Colorado
July 27, 2026

SMART

SAN MIGUEL AUTHORITY for
REGIONAL TRANSPORTATION

Management's Discussion and Analysis
FY2025 Audited Financial Statements

Management's Discussion and Analysis
San Miguel Authority for Regional Transportation
September 3rd, 2026

As Management of the San Miguel Authority for Regional Transportation (the "Authority"), we offer readers of the Authority's financial report this narrative summary for the fiscal year ended December 31, 2025.

Financial Highlights

When looking at a short-term view, the General Fund had a change in net position of $7,220,769. This improvement was attributable to a cautious approach to expanding the services it offers, strong tax revenues, and receipt of grant funding in the fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements are comprised of three components: 1) government wide financial statements, 2) financial statements; and 3) notes to the financial statements. These components are discussed below.

The *government-wide financial statements* are designed to provide readers with a broad overview of our finances in a manner similar to a private sector business.

The statement of net position information on all assets, deferred outflows, liabilities, and deferred inflows with the difference 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 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 cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

The *Fund Financial Statements* are designed to provide readers with an overview of the Authority's finances, from a short-term perspective. 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. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements.

The 2025 Authority financial statements reports on one individual fund described as the Governmental Fund.

This General Governmental Fund accounts for the Administration and Transit Program activities of the Authority. The general Governmental fund provides administrative support services (the Administrative and public commuter transit services).

The Authority's financial statements can be found on pages 9-10 of this report.

The *Notes to the Financial Statements* provide a background of the entity, certain required statutes, and accounting policies utilized by the Authority. They also provide additional information that will aid in the interpretation of the financial statements.

The Notes to the Financial Statements can be found beginning on page 11 of this report.

Supplementary Information concerning the Authority is also presented in addition to the basic financial statements and notes. This information can be found at page 18 of this report.

Financial Analysis of the Authority

Details regarding the Authority's assets and liabilities can be found on lysis.

The Authority receives revenues from various sources to fund the Administration, Transit and Trails Programs.

- Regional transit services are primarily funded through Sales and Property Tax and revenues.
- Grant revenues are provided at the Federal or State level and fund capital and operating expenditures; the Authority received $194,190.00 in operating grants in FY25.;

Details regarding the Authority's revenue sources can be found on page 7.

Details regarding the Authority's expenditures can be found on page 10.

Major Capital Asset events

There were no large capital asset events in 2025.

Major Debt events

The Authority experienced no major debt events in 2025.

Long term Financial Plan

The Authority's long-term goal is to be financially sustainable by maintaining operating and capital reserves in accordance with Management's policies and to maintain a long-range financial forecast to communicate and plan for future opportunities and issues.

The Authority uses fund accounting to ensure and demonstrate compliance with accounting and related legal requirements.

Request for Information

This financial report is designed to provide a general overview of the Authority's finances. Questions concerning any of the information provided in this report or requests for additional information should

be addressed to: San Miguel Authority for Regional Transportation, Attention: Executive Director, PO Box 3140, Telluride Colorado, 81435.

San Miguel Authority for Regional Transportation
Statement of Net Position
December 31, 2025

	Governmental Activities
Assets	
Current Assets	
Cash and cash equivalents	$ 12,650,093
Cash with County Treasurer	7,572
Receivables	
Property tax	2,974,538
Sales Tax	833,254
Accounts receivable	179,570
Grants Receivable	-
Prepaid expenses	500
Total current assets	16,645,527
Notes Receivable	40,000
Capital assets, net of accumulated depreciation	6,321,894
Total assets	$ 23,007,421
Liabilities	
Current liabilities	
Accounts payable	$ 293,623
Compensated Absences	26,654
Total current liabilities	320,277
Deferred Inflows	
Property taxes	2,974,538
Total deferred inflows	2,974,538
Net Position	
Restricted for emergency reserves- TABOR	139,794
Restricted for Gondola Capital Expenses and Operations	6,014,421
Investment in capital assets	6,321,894
Unrestricted	7,236,497
Total Net Position	$ 19,712,606

The accompanying notes are an integral part of this statement.

SAN MIGUEL AUTHORITY FOR REGIONAL TRANSPORTATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Service and Fees	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Governmental Activities, net
Primary government:					
Governmental activities:					
General government	$ 530,087	$ 142,367	$ -	$ -	$ (387,720)
Transportation	3,964,599	369,475	710,191	-	(2,884,933)
Total governmental activities	$ 4,494,686	$ 511,842	$ 710,191	$ -	(3,272,653)
General Revenues					
Property taxes					2,648,211
Sales taxes and miscellaneous					6,085,194
Lodging taxes					1,410,220
Unrestricted investment earnings					321,941
Loss on disposal of assets					(9,375)
Miscellaneous revenue					37,231
Total General Revenues					10,493,422
Changes in Net Position					7,220,769
Net Position-January 1					12,491,837
Net Position-December 31					$ 19,712,606

The accompanying notes are an integral part of this statement.

SAN MIGUEL AUTHORITY FOR REGIONAL TRANSPORTION
BALANCE SHEET- GOVERNMENTAL FUND
DECEMBER 31, 2025

ASSETS		
Cash and cash equivalents	$	12,650,093
Cash with County Treasurer		7,572
Receivables		
Property tax		2,974,538
Sales Tax		833,254
Accounts receivable		179,570
Grants Receivable		-
Notes Receivable		40,000
Prepaid expenses		500
Total Assets	$	16,685,527
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	$	293,623
Total liabilities		293,623
Deferred Inflows of Resources		
Property taxes		2,974,538
Long-term Receivables		40,000
Total Deferred inflows		3,014,538
Fund balances:		
Nonspendable		500
Restricted		
Restricted for emergencies- TABOR		139,794
Restricted for Gondola Capital Expenses and Operations		6,014,421
Assigned for Capital purchases		2,050,739
Unassigned		5,171,912
Total fund balances	$	13,377,366
Amounts reported for government activities in the Statement of Net Position are different because:		
Total fund balance- Governmental fund	$	13,377,366
In the funds, purchases of capital assets are recognized as capital outlay expenditures, in the governmental-wide statements they are recognized as assets and depreciated over time		6,321,894
In the funds, receivables are deferred until earned but in the government wide statements they are recognized as long term notes receivable and the associated activity was recognized at the time the note was established		40,000
Accrued compensated absences payable are not due and payable in the current year and, therefore, are not reported in the fund		(26,654)
Net Position of Governmental Activities	$	19,712,606

The accompanying notes are an integral part of this statement.

SAN MIGUEL AUTHORITY FOR REGIONAL TRANSPORTATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2025

		General
REVENUES		
Property Taxes		$ 2,648,211
Sales Taxes		6,085,194
Lodging Tax		1,410,220
Fees for Service		369,475
Intergovernmental		516,001
Interest Income		321,941
Rental Income		142,367
Grants		194,190
Other Non-Operating Income		37,231
Total revenues		11,724,830
EXPENDITURES		
Current:		
Administrative and Personnel		521,574
Professional		301,271
Transportation		1,931,831
Lawson Hill		40,585
Facility		70,141
Capital outlay		1,230,475
Total expenditures		4,095,877
Net change to fund balance		7,628,953
Fund balance, January 1		5,748,412
Fund balance, December 31		$ 13,377,365
Amounts reported for government activities in the Statement of Net Position are different because:		
Net Change in fund balance- Governmental fund		$ 7,628,953
Capital Assets are recognized in capital outlay expenditures in the funds but are capitalized and depreciated over their useful lives in the governmental-wide funds. This is the amount that depreciation	564,836	
exceeds capital outlay for the year.	(955,132)	
		(390,296)
Some expenses and revenues not reported in the governmental funds that do not require the use of current financial resources and therefore are reported as expenditures or revenues in the statement of activities.		
Loss on disposal of assets		(9,375)
Compensated Absences		(8,513)
Change in Net Position of Governmental Activities		$ 7,220,769

The accompanying notes are an integral part of this statement.

Note A – Summary of Significant Accounting Policies

Organization

San Miguel Authority for Regional Transportation (SMART) was established in November 2016 through an intergovernmental agreement between the Town of Mountain Village, Colorado, the Town of Telluride, Colorado, and San Miguel County, Colorado. SMART was created to provide bus service, shuttles, trails, roads, and related transit infrastructure. SMART's services are supported by dedicated sales tax collections by governments within the service area, a voter approved property tax mill levy, real estate transfer tax, grants, and contributions from the governments included in the intergovernmental agreement. SMART is governed by a Board of Directors comprised of seven directors and three alternates appointed from each of its local government members.

The accompanying statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The financial statements include all activities and functions that comprise SMART. Component units are legally separate entities for which the governmental entity is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the organization's governing body and either (1) the government's ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the governmental entity. Using these criteria, SMART has no component units.

Financial Statements

Measurement focus

SMART's financial statements include both government-wide (reporting the Authority as a whole) and fund financial statements (reporting SMART's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental (normally supported by taxes and intergovernmental revenues) or business (relying to a significant extent on fees and charges for support) type activities.

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

Note A – Summary of Significant Accounting Policies - Continued

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when they become available and measurable. Available means collectible within the current period or soon enough thereafter to pay current liabilities. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current period. Intergovernmental revenues received as reimbursements for specific purposes or projects, are recognized based upon the expenditures recorded. Expenditures are recorded when the liability is incurred.

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 the activities of SMART.

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 that are 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 or other items not properly included among program revenues are reported instead as general revenues.

Fund financial statements

The financial statements are reported in individual funds in the fund financial statements. Each fund is a separate set of self-balancing accounts that comprises its assets, liabilities, deferred inflows and outflows, fund balance, revenues, and expenditures. At December 31, 2025, SMART only has a general fund that accounts for all of the activities of the government.

Capital assets

Property and equipment are reported as governmental activities in the government-wide financial statements. Capitalized assets are defined by SMART as assets that have a useful life of one or more years, and for which the initial value equals or exceeds $5,000. All purchased assets are valued at cost. 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. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Asset Class	Useful Life
Vehicles	5-12 Years
Buildings	30 Years

Note A – Summary of Significant Accounting Policies - Continued

Receivables

Receivables are reported net of any allowance for doubtful accounts. No allowance for uncollectible accounts has been established, as SMART considers all accounts to be collectible at December 31, 2025. San Miguel Authority for Regional Transportation recognized $179,570 in receivables for the current fiscal year.

Accrued liabilities for compensated absences

SMART allows employees to accumulate earned but unused vacation and sick pay benefits. A liability for accrued unused vacation or sick leave is recorded in the government-wide statement of activities. In the governmental fund statements, vacation or sick leave is reported as an expenditure and liability to the fund when used.

Deferred inflows of resources

Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Unavailable revenue from property taxes is reported in the government balance sheet and statement of net position as a deferred inflow of resources. Property taxes levied in one year and collected the next, are deferred and recognized as an inflow of resources in the period that the property taxes become available.

Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Net position

Net position represents the difference between assets and liabilities. The net position category of 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 enabling legislation adopted by SMART or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

Note A – Summary of Significant Accounting Policies - Continued

Fund Balance

Governmental fund balances are classified as follows:

- ***Non-spendable fund balance*** - The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid expense) or is legally or contractually required to be maintained intact.
- ***Restricted fund balance*** - The portion of fund balance constrained to being used for a specific purpose by external parties (such as grantors or bondholders), constitutional provisions or enabling legislation.
- ***Committed fund balance*** - The portion of fund balance constrained for specific purposes according to limitations imposed by SMART's highest level of decision-making authority, the Board, prior to the end of the current fiscal year. The constraint may be removed or changed only through formal action of the Board.
- ***Assigned fund balance -*** *The portion of fund balance set aside for planned or intended purposes. The intended use may be expressed by the Board or other individuals authorized to assign funds to be used for a specific purpose.*
- ***Unassigned fund balance*** - The residual portion of fund balance that does not meet any of the above criteria. SMART will only report a positive unassigned fund balance in the General Fund.

Unrestricted fund balance will be used in the following order: committed, assigned, and unassigned.

Property Taxes

Property taxes are certified by the Board and collected by San Miguel County. Property taxes are remitted to SMART by the 10th day of the month following collection. Property taxes receivable represent 2025 taxes that will be collected in 2026.

Property taxes attach as an enforceable lien on property as of January I of the year in which they are payable. Taxes are payable either in full on or before April 30 or one half on or before February 28 and the remaining half on or before June 15.

Note B – Budgetary Information

SMART conforms to the following procedures in compliance with Colorado Revised Statutes in establishing the budgetary data reflected in the financial statements:

In the fall of each year, the SMART Board of Directors prepares a proposed operating budget for the fiscal year commencing the following January 1. The operating budget for the funds includes proposed expenses and the means of financing them.

A public hearing is held at a Board of Directors meeting to obtain taxpayer input. Prior to December 15, the budget is legally enacted through passage of a budget resolution. The Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements.

Note C – Cash and Investments

Deposits

The Colorado Public Deposit Protection Act ("PDPA") requires that all units of local government deposit cash in eligible public depositories with eligibility determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA, which allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. Deposits at December 31, 2025 consisted of the following:

Deposits	$	996,556
Money Market Funds		11,644,698
Cash and Investments per Statement of Net Position	$	12,641,254

Custodial credit risk

This is the risk that, in the event of failure of SMART's depository financial institution, deposits will not be able to be recovered. At December 31, 2025, the bank balance of SMART's deposits was $12,641,254. Of this balance, $250,000 was insured by FDIC and the remaining $12,391,254 was covered by PDPA.

Investments

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest:

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

Note D – Notes Receivable

The Authority has a long-term note receivable for $40,000 dated February 1, 2018 with the executive director of SMART to assist in purchasing a home. The proceeds of the note were used to finance a portion of the down payment, closing costs and prepaid items directly related to the purchase. This is an interest free note which is not due and payable unless there is a default as described in the note, or the property is sold or transferred. If there is not a sale or transfer within 10 years of the note, the full amount of the principal and a share of the appreciation of the home will be due and payable to SMART. The share of appreciation is based on the amount of assistance as a percentage of the original sales price of the home.

Note E – Long-Term Liabilities

Changes in long-term liabilities for the year ended December 31, 2025, were as follows:

	December 31, 2024	Increases	Decreases	December 31, 2025
Compensated Absences	$ 18,141	$ 8,513	$ -	$ 26,654

Note F – Intergovernmental Agreement

SMART was formed by an intergovernmental agreement, dated November 9, 2016, after a ballot measure was approved by the voters in Town of Mountain Village, Town of Telluride, and San Miguel County. SMART was created pursuant to Colorado Revised Statutes, Title 43, Article 4, Part 6, known as the Colorado Rural Transportation Authority Law. The voters approved a .25% sales tax and an additional .75 mills on all taxable property located within the territory of SMART. The new taxes commenced on January 1, 2017. The intergovernmental agreement also allows for contributions from each of its members to support the operating and capital expenses of SMART. In November 2024 ballot issue 3A was passed, increasing funding for SMART by up to $8,200,000 in 2025 and whatever additional amounts are raised annually thereafter.

The agreement was amended on November 14, 2019 after a ballot initiative was passed by the electors of the Town of Rico on November 5, 2019 approving inclusion of the Town of Rico and all territory subsequently annexed into the Town of Rico into SMART.

The agreement was amended again on July 11, 2024 to reflect certain State level changes regarding the legislation that governs intergovernmental agreements.

Note G – Risk Management

SMART 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.

SMART is a member of the Colorado Intergovernmental Risk Sharing Agency ("CIRSA"), CIRSA provides liability, worker's compensation, and property insurance. Insurance is provided through joint self-insurance, insurance and reinsurance, or any combination of thereof. CIRSA's rate setting policies are established by the Board of Directors in consultation with independent actuaries. SMART is subject to a supplemental assessment in the event of deficiencies and may receive credit on future contributions in the event of surplus.

Note H – Tax, Spending and Debt Limitations

In November 1992, Colorado voters passed an amendment to the State Constitution, Article X, Section 20, commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR contains revenue, spending, tax, and debt limitations that apply to the State of Colorado and its local governments. In November 2016, the voters of San Miguel County, Town of Mountain Village, and Town of Telluride approved a ballot measure to allow SMART to retain all revenues in excess of TABOR revenue limits.

TABOR requires local governments to establish an emergency reserve to be used for declared emergencies. These reserves are required to be 3% of fiscal year spending. As required by TABOR, SMART has restricted $139,794 of its fund balance.

TABOR is complex and subject to interpretation; however, SMART believes it is in compliance with the financial provisions of TABOR.

Note I – Capital Assets

At December 31, 2025, capital asset transactions and balances include the following:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 2,255,302	$ -	$ -	$ 2,255,302
Total	2,255,302	-	-	2,255,302
Capital assets being depreciated:				
Building	1,567,776	-	-	1,567,776
Vehicles	4,418,264	564,836	(101,881)	4,881,219
Total capital assets being depreciated	5,986,040	564,836	(101,881)	6,448,995
Less accumulated depreciation for:				
Building	(219,924)	(52,259)		(272,183)
Vehicles	(1,299,854)	(902,873)	92,506	(2,110,221)
Total accumulated depreciation	(1,519,778)	(955,132)	92,506	(2,382,404)
Capital assets net of depreciation	4,466,262	(390,296)	(9,375)	4,066,591
Governmental activity capital assets	$ 6,721,564	$ (390,296)	$ (9,375)	$ 6,321,893

Note I – Capital Assets - Continued

The building and land purchased on October 12, 2020, for a total of $2,501,221, was purchased with the assistance of a grant from the Colorado Department of Transportation (CDOT) in the amount of $1,800,000. In compliance with the grant agreement, the funds were used to purchase a building and land for a transit operations facility to support the goals of the Statewide Transit Plan. SMART will use the property for maintenance and storage of its fleet of buses and vans, and the property may also be used by partner agencies under the direction of SMART. SMART is required to list CDOT on the deed to the property as a tenant-in-common within 90 days of the purchase of the property and to maintain the property primarily as a transit operations facility for the next thirty years and to comply with all reporting requirements included in its agreement with CDOT during that time. If SMART fails to comply with the terms of the grant agreement, CDOT will require a return of its interest in the property.

Note J – Gondola Restriction

In November 2024 San Miguel County ballot measure 3A was passed allowing SMART to collect up to $8,200,000 in new taxes. The increased taxes were as follows: established a 1.25% visitor benefit tax on lodging, increased sales taxes by .82%, and increased the mil levy by 1.336 mills. Of the increased taxes 12.2% is to be used for the for purposes consistent with the ongoing mission of SMART. The remaining 87.8% is to be used for capital improvements, operations, and maintenance of the Telluride – Mountain Village Gondola. The following table shows a summary of the revenues and expenses associated with the Gondola operations.

		2025
Restricted Reveues per Ballot Measure 3A	$	6,469,018
Expenditures in Compliance with Ballot Measure 3A	$	(454,597)
Increase (Decrease in Gondola Restriction)	$	6,014,421
Restriction January 1,	$	-
Restriction December 31,	$	6,014,421

Note K – Subsequent Events

Events after the financial statement date of December 31, 2025, were evaluated through July 27, 2026. No significant subsequent events were identified.

Supplementary Information

SAN MIGUEL AUTHORITY FOR REGIONAL TRANSPORTATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL-GOVERNMENTAL FUND
Year Ended December 31, 2025

	Budgeted			
REVENUES	Original	Final	Actual	Variance
Taxes:				
Property	$ 2,539,118	$ 2,554,875	$ 2,648,211	$ 93,336
Sales Tax	5,971,350	5,971,350	6,085,194	113,844
Lodging Tax	1,983,407	1,983,407	1,410,220	(573,187)
Fees for Service	65,000	65,000	369,475	304,475
Intergovernmental revenue	200,000	200,000	516,001	316,001
Interest Income	50,000	100,000	321,941	221,941
Rental Income	100,000	100,000	142,367	42,367
Grants	193,254	193,254	194,190	936
Other Non-Operating Income	-	-	37,231	37,231
Total revenues	11,102,129	11,167,886	11,724,830	556,944
EXPENDITURES				
Personnel Expenses				
Salaries and wages	340,000	308,000	251,438	56,562
Retirement, benefits and tax	102,000	102,000	55,128	46,872
Operating Expenses				
Other	65,700	65,700	215,008	(149,308)
Professional Services				
PR/Marketing	60,000	85,000	170,153	(85,153)
Attorney	18,000	18,000	17,625	375
Accounting	25,000	25,000	35,560	(10,560)
Mileage Reimbursement	3,500	3,500	758	2,742
Strategic Retreat Facilitation	-	20,000	-	20,000
Treasurer's Fees	23,000	23,000	77,175	(54,175)
Transit & Transportation Services				
Down Valley/Norwood/Rico	1,566,192	1,566,192	1,629,390	(63,198)
Mountain Villages Shuttles	-	-	179,627	(179,627)
San Miguel County Shuttle	-	-	11,393	(11,393)
Medical Shuttles	15,000	15,000	15,000	-
Maintenance & Insurance	75,000	75,000	76,835	(1,835)
Parts Allowance	690,000	690,000	19,409	670,591
Vehicle Licenses and fees	-	-	177	(177)
Lawson Hill intercept parking lot				
Maintenance	17,200	17,200	29,948	(12,748)
Utilities	3,200	3,200	6,822	(3,622)
Services	15,000	15,000	2,812	12,188
Supplies	13,570	13,570	1,003	12,567
Facility Maintenance				
Landscape	4,000	4,000	14,961	(10,961)
Utilities	7,000	7,000	24,600	(17,600)
Services	14,700	14,700	30,580	(15,880)
Capital Outlay	194,000	679,000	1,230,475	(551,475)
Total Expenditures	3,252,062	3,750,062	4,095,877	(345,815)
Change in Fund Balance	7,850,067	7,417,824	7,628,953	902,759
Fund balance, January 1	2,712,805	2,712,805	5,748,412	3,035,607
Fund balance, December 31	$ 10,562,872	$ 10,130,629	$ 13,377,365	$ 3,938,366