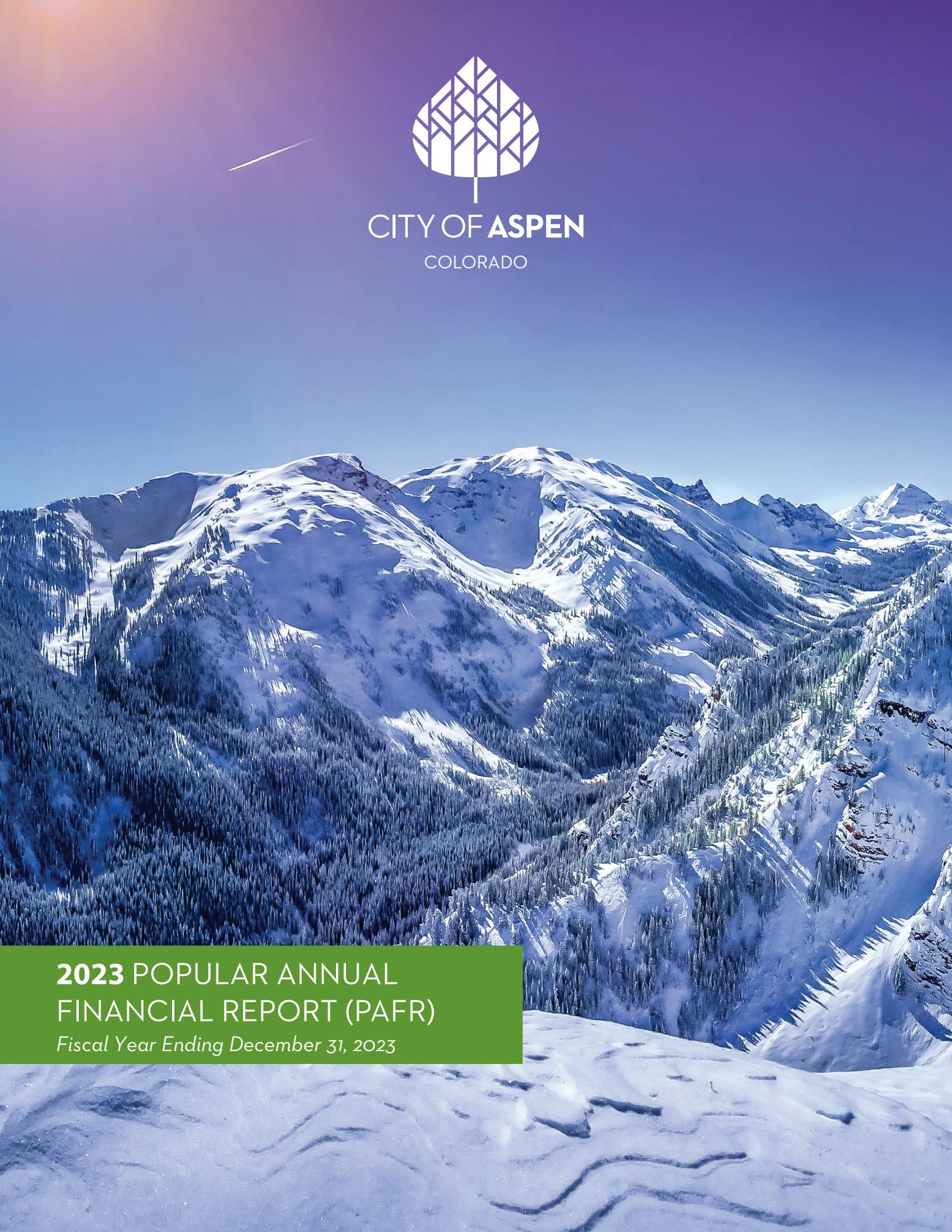




CITY OF **ASPEN**
COLORADO

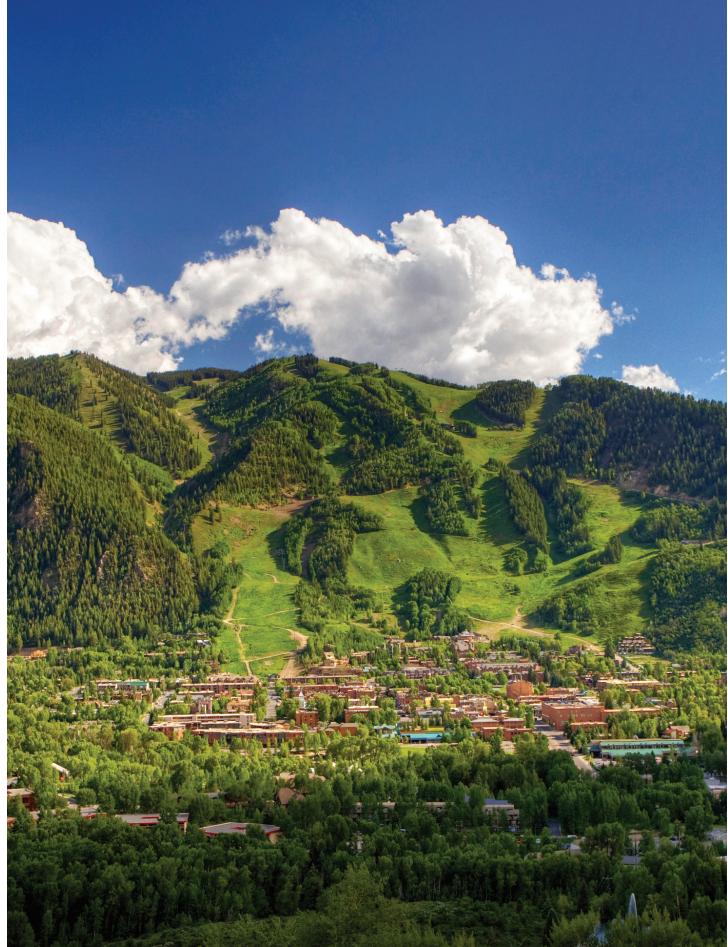


**2023 POPULAR ANNUAL
FINANCIAL REPORT (PAFR)**

Fiscal Year Ending December 31, 2023

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ABOUT THIS REPORT

As part of an ongoing commitment to transparency and to ensure community access to information about its local government, the City of Aspen provides this Popular Annual Financial Report (PAFR), which describes the City's financial activities and net position for 2023.

The financial information presented is unaudited and in summarized and condensed form and does not substitute for the City's Annual Comprehensive Financial Report (ACFR). It is important to note that this report is presented on a non-Generally

Accepted Accounting Principles (GAAP) basis. The Annual Report is a more detailed, audited document of record, and it presents information in a format consistent with these standards to ensure it includes detailed information, including the City's component units. By contrast, the purpose of the PAFR is to increase public awareness about the City's financial condition by presenting information in a more user-friendly format. The City's Annual Comprehensive Financial Report and approved budget are available on the City's website, Aspen.gov/finance



EXECUTIVE SUMMARY

Financial Management and Factors Affecting Financial Conditions

2023 financials reflect a significant increase of nearly \$55 million in net position for the City. This increase was in part due to strong investment returns, stronger than anticipated tax revenue especially from real estate sales, affordable housing sales from newly developed units by the City itself, and due to a large amount of capital acquisitions and infrastructure work extending beyond 2023 and therefore delaying expenditures. Overall, the City's government-wide net position increased by 9.61% from 2022. Detailed information regarding the City's overall financial condition and changes in net position can be found in the pages to follow.

From a financial management standpoint, the City has implemented strong controls, both in the areas of internal controls and budgetary controls. The City's reliance on consumption-based tax revenues for ongoing operations requires recognition that contraction of the local retail or real estate economy will result in a decrease in revenues to support operations. These controls create an environment that permits the City to adapt to changes in revenue forecasts, modifying spending plans accordingly.





EXECUTIVE SUMMARY (CONT.)

Major Initiatives and Accomplishments

The City was able to complete the final phase of its 255 unit Burlingame affordable housing project. This project began back in 1998 when the City purchased 250 acres (Burlingame Ranch) and was spread across three separate phases, allowing for the development to be entirely cash funded. The completion of the last 79 units was achieved in December 2023 and units were subsequently auctioned off over multiple lotteries to qualified members of the community's workforce. With the completion of this significant endeavor, the City has already advanced into its next housing project, to eventually construct 277 additional affordable units on a 10-acre site across from the Aspen/Pitkin County Airport. While the timeline of this new project remains in flux, initial planning has assumed a four-phased approach, with demolition and infrastructure buildout beginning in late 2024. Funding to support this next development is planned to be partially from existing reserves held for this purpose, the tax revenue from the City's dedicated affordable housing real estate transfer tax and the recently adopted excise tax on short-term rental (STR) operations within City limits, and perhaps debt financing if voters support such a ballot question in a future election. Preliminary estimates for the full development of the site stand between \$350 - \$500 million.

The City has always been highly focused on the mobility of its community members, workforce and tourist populations. Because of this consistent attention given to transit, the community has enjoyed many amazing benefits such as the community carshare program (Car-to-Go) to limit car volume and parking requirements, a free bikeshare program (WE-cycle) to assist with first and last mile traveled, and the no-fare bus service for commuting throughout the City. With these great benefits in place, Council has now renewed its focus towards the aging Castle Creek bridge. This bridge serves as the single point-of-entry into and out of the Aspen and, having been originally constructed in 1961, is approaching end-of-life and requires replacement. With previous work already done on this issue and a record-of-decision already established, granting go-ahead authority from federal and state government agencies for a new alternative, the Council has renewed its efforts to fully vet past work and ensure that the final solution will be the best and right fit for the community.

Lastly, the current Council has been highly invested in the development of a new community space, centered largely around an affordable food hall, but also inclusive of other possible uses such as a welcome center, a U.S. Forest Service kiosk and a flexible space for larger gatherings. Development of this vision is slated to begin as early as 2026 and has already kicked off with robust community outreach and conceptual design. Funding for this project is still being considered; however, given the complex nature of working within the shell of a historic building (placed on the National Register of Historic Places in 1974), it is anticipated that this project will demand between \$20 - \$30 million and will potentially require debt financing.



MEET ASPEN

Nestled within the Rocky Mountains in Pitkin County, Colorado, Aspen stands as the 93rd largest city in the state. Positioned 200 miles southwest of Denver and 130 miles east of Grand Junction, Aspen occupies the southeastern terminus of the Roaring Fork Valley, which stretches from Glenwood Springs to Aspen itself. Surrounded by the breathtaking expanse of the White River National Forest, the city covers 3.9 square miles of relatively flat valley floor, flanked by Aspen Mountain, Smuggler Mountain, and Red Mountain.

Renowned worldwide as a year-round resort destination, Aspen sees a steady influx of tourists and plays host to significant cultural events like the Aspen Music Festival, Winter X-Games, and Aspen Ideas Festival. Its proximity to four distinguished ski resorts—Aspen Mountain, Aspen Highlands, Buttermilk, and Snowmass—further bolsters its appeal, intertwining the local economy and culture with environmental stewardship.

The Aspen City Council has set ambitious goals aimed at reducing greenhouse gas emissions to levels backed by scientific consensus, fostering a sustainable and accessible affordable housing community, enhancing transportation systems to minimize vehicle miles traveled and air pollution, and maintaining the city's aging infrastructure and facilities. These objectives reflect Aspen's commitment to sustainability and responsible growth, ensuring the preservation of its natural splendor and quality of life for residents and visitors alike.

By embracing its natural surroundings, promoting eco-friendly practices, and celebrating its rich cultural heritage, Aspen continues to distinguish itself as a premier destination that seamlessly integrates outdoor adventure, cultural enrichment, and environmental responsibility.



Quick Facts

Estimated Population: 6,612

U.S Census Bureau, 2023 estimate

Unemployment Rate: 3.2%

U.S Census Bureau, 2023 estimate

Aggregate Sales Tax Rate: 11.3%

City Employees: 501

Full Time, Part Time, And Intermittent

City Operational Budget: \$94,274,530

Year-end 2023

City Capital Budget: \$40,412,340

Year-end 2023

Per Capita Income: \$217,482

U.S Department of Commerce, Bureau of Economics

**Educational Attainment
(bachelor's degree or higher): 65.1%**

U.S Census Bureau, 2023 estimate

Median Age: 41.3

U.S Census Bureau, 2023 estimate



ABOUT THE CITY GOVERNMENT ORGANIZATION

City Leadership

Aspen operates under a council/manager form of government. The council is composed of four at-large members and a Mayor. The Council members are elected to four-year staggered terms with the Mayor elected for a two-year term. The Council appoints the City Manager, the City Attorney and the Municipal Judge, who in turn manage the professional municipal organization.

Strategic Focus Areas

The City's entire planning, budgeting, execution, and performance measurements revolve around five areas of focus.

- Safe & Lived-in Community of Choice
- Community Engagement
- Protect Our Environment
- Smart Customer Focused Government
- Fiscal Health & Economic Vitality

Mission

To engage with positive civil dialogue, provide the highest quality innovative and efficient municipal services, steward the natural environment, and support the health and sustainable community for the benefit of future generations with respect for the work of our predecessors.

Values

City staff center their efforts around four key moral principles:



Council Members



Torre, Mayor
Pro Sports /
Athletics

Year Elected: 2023
Term Expires: 2025



Ward Hauenstein
Information
Technology

Year Elected: 2021
Term Expires: 2025



Bill Guth
Real Estate
& Development

Year Elected: 2023
Term Expires: 2027



John Doyle
Arts

Year Elected: 2021
Term Expires: 2025



Sam Rose
Public
Administration

Year Elected: 2023
Term Expires: 2027

ASPEN FINANCIAL RESULTS

Net Position

The statement of net position, or net worth, of the City of Aspen as of December 31, 2023, was \$626.9 million. Of the net position balance, \$356 million was unrestricted and is available to meet ongoing obligations in accordance with the City's fund designations and fiscal policies.

The City's net position increased from the prior year by \$54.9 million (9.6%). The governmental net

position increased by \$45.2 million (9.3%) and the business-type position increased by \$9.7 million (11.5%).

The City's liabilities decreased in 2023 by \$3.1 million (3.4%) during the current year. Within that activity, the City's governmental liabilities decreased \$3.4 (4.1%), and business-type liabilities increased by \$0.3 million.

Net Position (at December 31 in thousands*)	Governmental			Business-type			Total Primary Government		
	2021	2022	2023	2021	2022	2023	2021	2022	2023
ASSETS									
Current and other assets	280,411	303,353	356,112	25,040	36,927	46,350	305,451	340,281	402,462
Capital assets, net	262,953	281,647	271,229	59,685	60,400	60,856	322,638	342,046	332,085
Total Assets	543,364	585,000	627,340	84,725	97,327	107,206	628,088	682,327	734,547
Deferred Outflows of Resources:	464	300	200	36	5,661	29	500	5,961	229
LIABILITIES:									
Current liabilities	16,393	18,650	18,480	2,970	2,896	3,440	19,364	21,546	21,920
Noncurrent liabilities	71,124	65,183	61,934	4,764	4,426	4,201	75,889	69,609	66,134
Total Liabilities	87,517	83,833	80,414	7,735	7,322	7,641	95,252	91,155	88,054
Deferred Inflows of Resources:	11,365	13,918	14,331	7	11,261	5,448	11,372	25,179	19,779
NET POSITION:									
Net investment in capital assets	196,574	221,320	214,367	49,515	50,620	51,486	246,089	271,941	265,853
Restricted	3,537	3,587	5,000	-	-	-	3,537	3,587	5,000
Unrestricted	244,834	262,641	313,428	27,504	33,784	42,661	272,338	296,426	356,089
Total Net Position	\$444,946	\$487,549	\$532,795	\$77,019	\$84,404	\$94,147	\$521,965	\$571,953	\$626,942

ASPEN FINANCIAL RESULTS

Net Position

Governmental program revenue increased over 2022 by \$6.5 million, or 24.4%, while general revenues increased by \$2.1 million, or 3.6%. Governmental other general revenues increased by \$11.3 million, or 31.4%. The increase is a result of multiple factors but predominately can be explained by the sale of 38 affordable housing units, increased investment income, better than anticipated tax receipts across sales, lodging and real estate transfer taxes assessments. Governmental expenses increased by \$4.2 million over 2022. The governmental activities had a special item which resulted in a loss of \$13.3 million. This special item is due to the sale of 38 affordable housing units at the recently completed Burlingame Phase III project. Total cost to construct the 38 units

was \$25.7 million and sold for \$12.4 million resulting in a planned net loss of \$13.3 million to subsidize these units for the public.

On the business-type side, program revenues increased by \$1.2 million, or 3.36%. Other general revenues increased by \$2.1 million. Business-type expense increasing by \$0.8 million over 2022. The increased revenues in business-type activities can be explained by increases for charges to services and investment income.

Expenses are described in better detail in the following pages. For in-depth analysis, and multi-year trends of revenue and expense see the [2023 Annual Comprehensive Financial Report](#).

**Condensed Summary of Activity
(at December 31 in thousands*)**

REVENUES	Governmental			Business-type		
	2021	2022	2023	2021	2022	2023
Program revenues	28,593	26,904	33,460	34,947	37,033	38,279
General revenues	50,622	58,641	60,724	-	-	-
Other general revenues	43,032	35,951	47,247	(47)	(194)	1,918
Total Revenues	122,248	121,497	141,431	34,900	36,839	40,197
Expenses	70,360	83,694	87,901	23,189	24,653	25,438
Transfers	4,765	4,800	5,017	(4,765)	(4,800)	(5,017)
Special Item			(13,302)			
Changes in Net Position	56,653	42,603	45,245	6,946	7,386	9,742
Net Position, beginning of year	388,293	444,946	487,549	70,073	77,019	84,404
NET POSITION, END OF YEAR	\$444,946	\$487,549	\$532,794	\$77,019	\$84,404	\$94,147



REVENUES HOW IS FUNDING RAISED?

Sales Tax

The City's sales tax is 2.40%, these are broken distributed across four funds.

- **1.50%** Parks and Open Space Fund
- **0.45%** Kids First (75%) and Affordable Housing Fund (25%)
- **0.30%** Public Education Fund
- **0.15%** Transportation Fund

In addition to the 2.40%, the City receives an allocation of a 3.60% sales tax assessed by Pitkin County. 2.00% of the 3.60% is allocated among Aspen, Basalt, and Snowmass Village. Aspen's portion is approximately 45% of this 2.00% sales tax. These taxes are used to fund items relating to police services, street maintenance, recreation services, and roughly 50% of administrative departments.

Real Estate Transfer Tax

Aspen Voters adopted two separate real estate transfer taxes to support arts and culture and affordable housing development. These two taxes are unique in they can no longer be established under the Colorado Taxpayer Bill of Rights (TABOR) and are grandfathered into existence.

- **0.50%** Arts and Culture Fund
- **1.00%** Affordable Housing Fund

Lodging and Short-Term Rental Tax

City of Aspen lodging tax are levied in tandem with sales taxes from City, State, and other local jurisdiction and special district taxes. Thus, the aggregate tax obligation for a night stay within a:

Traditional lodging property is 11.30%

Short-term rental owner-occupied or lodge-exempt property is 16.30%

Short-term rental investment/2nd homeowner "classic" permitted property is 21.30%

General Purpose Property Taxes

The City's general purpose property tax is subject to the TABOR revenue cap of inflation plus new construction growth. These revenues are distributed among two funds.

- **50%** General Fund
- **50%** Asset Management Plan Fund

Tax Collections

Dollar amounts in millions and reflects 2023 revenue

\$29.3M City Sales Tax

\$22.9M Real Estate Transfer Taxes

\$19.5M Share of County Tax

\$10.0M Property Taxes

\$5.6M Lodging Tax

\$3.4M STR Excise Tax (partial year)



EXPENSES WHERE DOES THE MONEY GO?

The City's budget for 2023 underwent a thorough development process, beginning six months prior to its presentation to the Council and final adoption on November 29, 2022. Initially, a conservative approach was taken due to lingering impacts of COVID-19. However, as Council engagement progressed, adjustments were made to prioritize community needs more robustly. Despite new challenges such as inflation and labor shortages, the final budget struck a balance between fulfilling Council objectives, ensuring excellent customer service and amenities for the community, and safeguarding long-term financial stability.

In 2023, governmental expenditures reached \$87.9 million, representing a \$4.2 million increase compared to 2022. Notably, Culture and Recreation experienced a significant uptick of \$2.9 million over

the previous year. This surge can be attributed to higher Arts and Culture fund personnel costs, totaling approximately \$680K, and an increase in production costs for shows amounting to \$750K. Additionally, the Parks and Open Space fund witnessed a rise in personnel costs by \$960K and operational costs by \$580K. These adjustments were made to align with the public's expectations for park maintenance and output. Other categories experienced minor increases, primarily driven by inflationary costs.

Meanwhile, business-type expenses totaled \$25.4 million in 2023, marking a \$0.8 million or 3.2% increase compared to 2022. The uptick in expenses over previous years was largely due to inflationary pressures in energy costs, labor, and equipment.

Government Expense by Service
Amounts in Millions



General Government Public Safety Public Works
Public Health and Wellness Culture and Recreation Interest on Long-Term Debt

Business-Type Expense
Amounts in Millions



Water System Electric System Affordable Housing
Parking Golf

TREASURY ADMINISTRATION WHERE IS THE MONEY KEPT

Cash & Investment Management

Whenever feasible, the City consolidates cash from its diverse funds to bolster investment capabilities and optimize investment returns. The primary goal is to safeguard the principal investment. Consequently, the policy permits only fixed-income investments, such as state or local governmental debt, U.S. agency obligations, or highly rated U.S. corporate debt.

As of December 31, 2023, the fair market value of the City's cash and investments was \$328.7 million. The portfolio's overall market yield for 2023 was 3.88%, unrealized gain/loss of \$3.1 million, and deferred interest income of \$491 thousand.

The City's credit rating was Aaa by Moody's Investors Service as of December 31, 2023. This rating reflects the broad recognition of the City's strong financial policies, robust reserves, and an

economy that has successfully transitioned from being winter dominated to a more robust, year-round environment. As of December 31, 2023, the City has \$69.3 million in outstanding debt, a reduction of \$3.7 million from 2022.

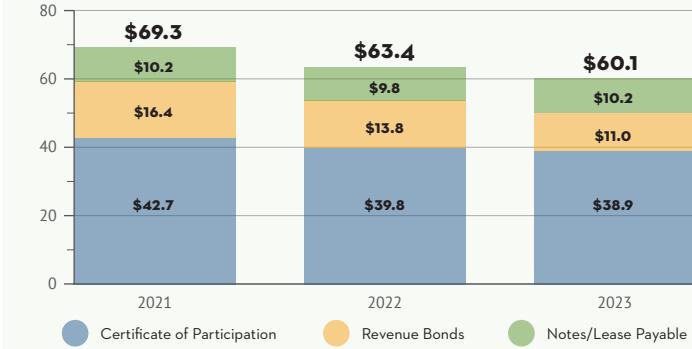
Governmental activities include \$42.7 million in certificates of participation loans, with \$23.3 million allocated for a new City Hall and \$15.6 million for a new police department building. Additionally, governmental activities encompass \$16.4 million in revenue bonds dedicated to Parks and Open Space acquisitions and operations.

Business activities account for \$9.6 million in outstanding debt, which includes two significant notes payable: \$2.4 million due to the Colorado Housing and Finance Authority and \$6.4 million owed by Aspen County Inn.

Cash and Investments December 31, 2023 (in millions)



City Debt Obligations December 31, 2023 in millions



CORPORATE INVESTMENTS	MATURITY DATE	MARKET VALUE
Colgate Palmolive Co	8/15/2005	\$1.5M
Walmart Inc	9/9/2025	\$4.1M
Microsoft Corp	11/3/2025	\$2.0M
Colgate Palmolive Co	3/2/2026	\$1.4M
Walmart Inc	4/15/2026	\$5.0M
International Bank of Recon & Dev	6/15/2026	\$5.0M
Kaiser Foundation Hospital	5/1/2027	\$4.8M
Wells Fargo Bank NA	12/11/2026	\$5.1M
TOTAL CORPORATES		\$28.9M

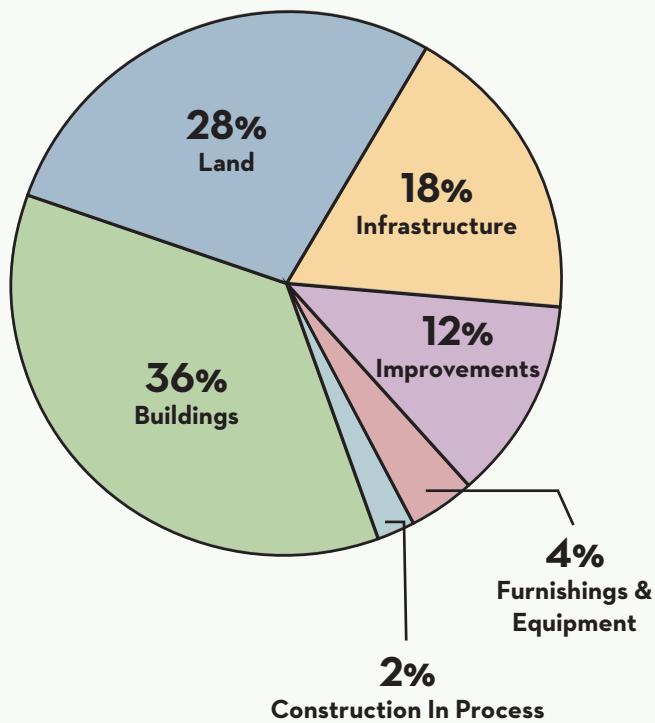
CAPITAL ASSETS WHAT DOES THE CITY OWN?

The book value, historical cost less depreciation, of the City's capital asset totaled \$265.9 million on December 31, 2023. This investment in capital assets includes buildings and improvements, infrastructure, machinery and equipment, and lease/SBITA assets.

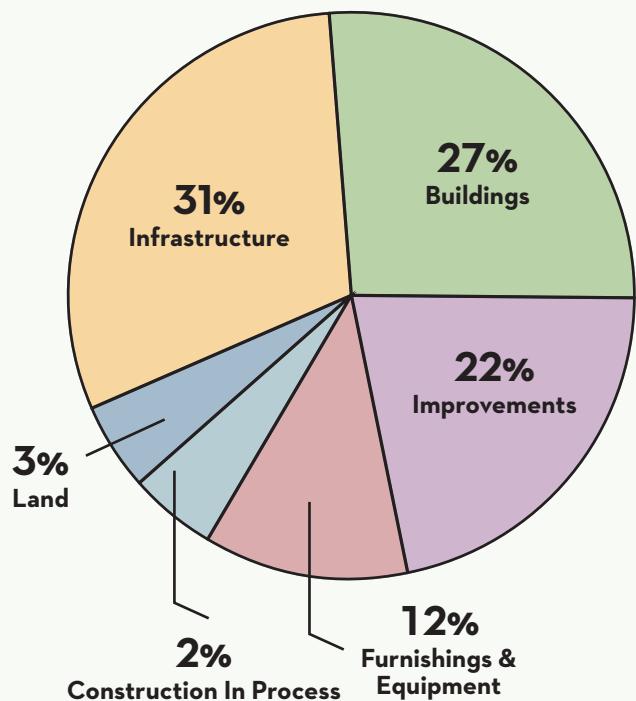
Total value in capital assets decreased by \$6.1 million. There was a decrease in capital assets not being depreciated by \$49.5 million and an increase in capital asset net of accumulated depreciation by \$39.6 million.

The major factor to the decreased value in capital is the completed construction of the 79 Burlingame Phase III affordable housing project with a total project cost of \$57.5 million. In the year 2023, the City sold off 38 of the 79 units which resulted in a decrease in net capital assets of \$25.7 million. The remaining 41 units were subsequently sold in the first quarter of 2024.

Governmental Capital Asset
\$214.4 million



Business-Type Capital Asset
\$51.5 million





GLOSSARY

Asset - What the City of Aspen owns.

Business-type activities - Private sector-type operations, such as utilities and golf, where fees for service typically cover all or most of the cost of operations, including depreciation.

Capital Assets - City's capitalization policy pertains to assets with a purchase value of \$5,000 or greater, with an expected useful life of greater than twelve months.

Current and other Assets - Items such as pooled cash and investments, cash and investments with fiscal agent, receivables, internal balances, inventory, deposits with others, prepaid items and deferred charges.

Deferred Inflows - an acquisition of a net asset that is applicable to a future reporting period.

Deferred outflows - a consumption of net assets that is applicable to a future reporting period.

Government Activities - City basic services, including police, planning, community development, recreation. Sales, use and property taxes finance the majority of these services.

Invested in Capital asset, net of accumulated depreciation - Amounts invested in capital assets less accumulated depreciation based on straight line depreciation method.

Liabilities - What the City of Aspen owes.

Long-term liabilities - Items such as bonds, loans, compensated absence, and other City of Aspen obligations.

Net book value - Represents the acquisition cost less accumulated depreciation of asset.

Net Position - The difference between City of Aspen assets and liabilities. It is the net worth of the City.

Other Liabilities - Items such as payables, payroll, accrued interest and unearned revenues.

Primary Government - all the governmental and business-type activities belonging to the City of Aspen excluding the component units and fiduciary funds.

Restricted - funds that are not available for use because they have been set aside for a specific purpose or project.

Unrestricted - One time funds available to use for operational or capital.



City of Aspen Finance Team – June 2024

Government Finance Officer Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement to the City of Aspen for its Popular Annual Financial Report for the fiscal year ended December 31, 2022. The award for Outstanding Achievement in Popular Annual Financial Reporting recognizes the city's commitment to the highest standards in preparing accessible and informative financial reports for public benefit.

To receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability, reader appeal.



Government Finance Officers Association

Award for
Outstanding
Achievement in
Popular Annual
Financial Reporting

Presented to

**City of Aspen
Colorado**

For its Annual Financial Report
For the Fiscal Year Ended

December 31, 2022

Christopher P. Morill
Executive Director/CEO