

**City of Gunnison
Gunnison, Colorado**

**Financial Statements
December 31, 2016**

**City of Gunnison, Colorado
Financial Report
December 31, 2016**

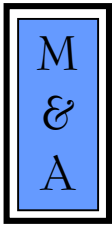
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INDEPENDENT AUDITOR'S REPORT

**To the Mayor and City Council
City of Gunnison**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Gunnison (the "City"), as of and for the year ended December 31, 2016, which collectively comprise the City's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Gunnison as of December 31, 2016, 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.

Member: American Institute of Certified Public Accountants

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Other Matters

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis in Section B be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Management's Discussion and Analysis in Section B 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.

The budgetary comparison information in section E is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The combining non-major fund financial statements, individual fund budgetary comparison information found in Section F, and the *Local Highway Finance Report* listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The combining non-major fund financial statements, individual fund budgetary comparison information found in Section F, and the *Local Highway Finance Report* are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

McMahan and Associates, L.L.C.

**McMahan and Associates, L.L.C.
Avon, Colorado
July 21, 2017**

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Gunnison, Colorado

Management's Discussion and Analysis December 31, 2016

As management of the City of Gunnison ("City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2016.

Background Information

The City was incorporated in 1880. The predominant fund approach for the City is comprised of seven basic funds: the General Fund, three Special Revenue Funds, one Enterprise Fund, one Internal Service Fund and a Fiduciary Fund.

Financial Highlights

- The City had an increase in net position of \$570,618. The was attributable to investments in capital assets, most notably the acquisition of heavy equipment totaling \$668,336, and various cast concrete restroom buildings totaling \$271,313.
- The City's governmental funds combined fund balances increased by \$105,448 due to the accumulation of new Special Marijuana Sales Taxes for eventual use in prevention and enforcement activities and ditch funds for a major river restoration project.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements include 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.

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all City 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 the financial position of the City 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 related 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 (i.e. uncollected taxes and earned but unused vacation leave.)

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the City include general government, public safety, streets, and parks and recreation. The business-type activities of the City include electric, water, sewer, refuse, communications and recreation services.

Overview of the Financial Statements (continued)

The government-wide financial statements can be found on pages C1 and C2 of this report.

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental, proprietary and fiduciary 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 funds with similar 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 expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City adopts an annual appropriated budget for all funds to demonstrate compliance with the State budget statutes.

Proprietary funds: The City reports two categories of proprietary funds - Internal Service and Enterprise. The Fleet Service Fund, an internal service fund, provides vehicle and equipment replacement and maintenance services to the City's governmental and enterprise activities. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each of the business-type services provided by the City, each of which is considered to be a major fund of the City.

The basic proprietary fund financial statements can be found on pages C7 through C9 of this report. The City also presents a budgetary comparison for its proprietary funds.

Notes to the 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. The Notes to the Financial Statements can be found on pages D1 through D21 of this report.

Overview of the Financial Statements (continued)

Government-wide Financial Analysis: The largest portion of the City's assets is reflected in the investment in capital assets (i.e. land, buildings, improvements, and equipment). Capital assets account for 72% of the total assets. The City uses these assets to provide services to its citizens. Accordingly, these assets are not an available source for payment of future spending. Of the remaining net position, the City's restricted net position has changed as follows:

	<u>1/1/16</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/16</u>
<i>General Fund:</i>				
Emergency reserves	\$ 249,000	\$ -	\$ -	249,000
<i>Conservation Trust:</i>				
Recreation	28,638	21,502	-	50,140
<i>Marijuana Mitigation:</i>				
Other	-	122,293	-	122,293
	<u>\$ 277,638</u>	<u>\$ 143,795</u>	<u>\$ -</u>	<u>421,433</u>

The following graphs show the City's net position for 2015 and 2016:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Assets:						
Current and other assets	\$ 6,200,026	5,915,721	\$ 7,306,525	\$ 7,024,240	\$ 13,506,551	\$ 12,939,961
Capital assets	12,868,422	12,855,139	15,662,493	15,800,020	28,530,915	28,655,159
Total Assets	<u>19,068,448</u>	<u>18,770,860</u>	<u>22,969,018</u>	<u>22,824,260</u>	<u>42,037,466</u>	<u>41,595,120</u>
Liabilities:						
Other liabilities	559,517	406,328	672,179	688,435	1,231,696	1,094,763
Long-term liabilities	267,616	239,809	6,427,612	6,739,109	6,695,228	6,978,918
Total Liabilities	<u>827,133</u>	<u>646,137</u>	<u>7,099,791</u>	<u>7,427,544</u>	<u>7,926,924</u>	<u>8,073,681</u>
Deferred Inflow of Resources:						
Unavailable property tax revenue	282,046	282,019	-	-	282,046	282,019
Unavailable revenue - Other	51,758	43,465	20,587	10,422	72,345	53,887
Total deferred inflow of resources	<u>333,804</u>	<u>325,484</u>	<u>20,587</u>	<u>10,422</u>	<u>354,391</u>	<u>335,906</u>
Net Position:						
Net investment in capital assets	12,868,422	12,855,139	9,432,493	9,295,020	22,300,915	22,150,159
Restricted	421,433	277,638	545,717	545,661	967,150	823,299
Unrestricted	4,617,656	4,666,462	5,870,430	5,545,613	10,488,086	10,212,075
Total Net Position	<u>\$ 17,907,511</u>	<u>\$ 17,799,239</u>	<u>\$ 15,848,640</u>	<u>\$ 15,386,294</u>	<u>\$ 33,756,151</u>	<u>\$ 33,185,533</u>

Overview of the Financial Statements (continued)

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same report can be made for the prior year.

The following chart is a summary of the City's Change in Net Position:

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 1,383,484	\$ 1,342,623	\$ 8,922,519	\$ 8,322,428	\$ 10,306,003	\$ 9,665,051
Operating grants & contributions	103,576	138,861	-	-	103,576	138,861
Capital grants & contributions	-	-	333,993	212,183	333,993	212,183
General revenues:						
Property taxes	273,900	261,095	-	-	273,900	261,095
Sales and use taxes	5,724,078	5,109,461	1,594,652	1,479,023	7,318,730	6,588,484
Other taxes	722,143	905,616	-	-	722,143	905,616
Investment earnings and other revenue	(32,355)	397,346	(60,700)	34,743	(93,055)	432,089
Total Revenues	8,174,826	8,155,002	10,790,464	10,048,377	18,965,290	18,203,379
Expenses:						
General government	2,029,722	1,484,428	-	-	2,029,722	1,484,428
Public safety	2,485,206	2,252,939	-	-	2,485,206	2,252,939
Streets	1,853,209	1,609,835	-	-	1,853,209	1,609,835
Parks & recreation	1,253,318	1,092,035	-	-	1,253,318	1,092,035
Economic development	293,575	251,945	-	-	293,575	251,945
Electric	-	-	5,536,026	5,638,870	5,536,026	5,638,870
Water	-	-	707,814	572,264	707,814	572,264
Sewer	-	-	1,510,373	1,085,223	1,510,373	1,085,223
Refuse	-	-	515,838	534,664	515,838	534,664
Communications	-	-	722,778	665,437	722,778	665,437
Recreation	-	-	1,486,813	1,633,258	1,486,813	1,633,258
Total Expenses	7,915,030	6,691,182	10,479,642	10,129,716	18,394,672	16,820,898
Change in Net Position before transfers						
	259,796	1,463,820	310,822	(81,339)	570,618	1,382,481
Transfers	(151,524)	477,058	151,524	(477,058)	-	-
Change in Net Position	108,272	1,940,878	462,346	(558,397)	570,618	1,382,481
Net Position - Beginning	17,799,239	15,858,361	15,386,294	15,944,691	33,185,533	31,803,052
Net Position - Ending	\$ 17,907,511	\$ 17,799,239	\$ 15,848,640	\$ 15,386,294	\$ 33,756,151	\$ 33,185,533

Governmental activities: Governmental activities increased the City's net position by \$108,272. Key elements of this increase are seen above.

Overview of the Financial Statements (continued)

Business-type activities: Business-type activities increased the City's net position by \$462,346. Key elements of this change are as follows:

- Accumulation of excess resources from the Parks and Recreation Tax for planned special projects as determined by the Parks and Recreation Commission and the Parks and Recreation Master Plan.

Financial Analysis of the City's Funds

As mentioned on page B1 of this analysis, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Available Resources: Available resources is defined as current assets minus current liabilities. Such information is useful in assessing the City's financing requirements by focusing on near term inflows, outflows, and balances of spendable resources. In particular, unreserved available resources (or fund balance in governmental funds) may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

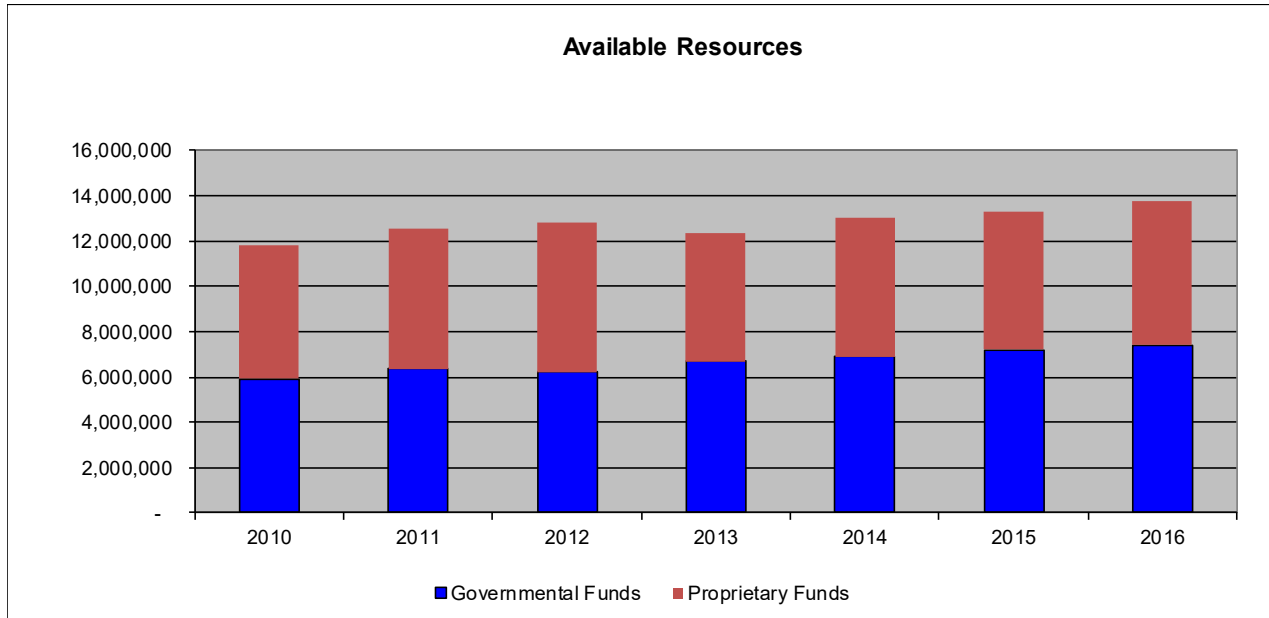
The City's available resources for 2016 is charted below:

	<u>Beginning Available Resources</u>	<u>Increase (Decrease)</u>	<u>Ending Available Resources</u>	<u>2016 Expenditures</u>	<u>% of EAR to Expenditures</u>
Governmental Funds:					
General Fund	4,769,465	(135,435)	4,634,030	7,650,880	61%
Conservation Trust Fund	28,638	21,503	50,141	42,231	119%
Ditch Fund	331,264	97,087	428,351	21,311	2010%
Marijuana Mitigation Fund	-	122,293	122,293	46,761	262%
Firefighters' Pension Fund	2,084,518	88,568	2,173,086	181,089	1200%
Business Type Funds:					
Enterprise Fund					
Electric Department	1,006,907	201,420	1,208,327	5,409,315	22%
Water Department	889,923	(104,979)	784,944	853,842	92%
Waste Water Department	1,641,529	(281,473)	1,360,056	1,646,511	83%
Refuse Department	860,264	120,550	980,814	425,431	231%
Communications Department	126,510	(2,329)	124,181	699,021	18%
Recreation Department	1,505,705	338,209	1,843,914	1,810,159	102%
Internal Service Fund:					
Fleet Management	54,542	17,348	71,890	410,490	18%
	<u>13,299,265</u>	<u>482,762</u>	<u>13,782,027</u>	<u>19,197,041</u>	<u>72%</u>

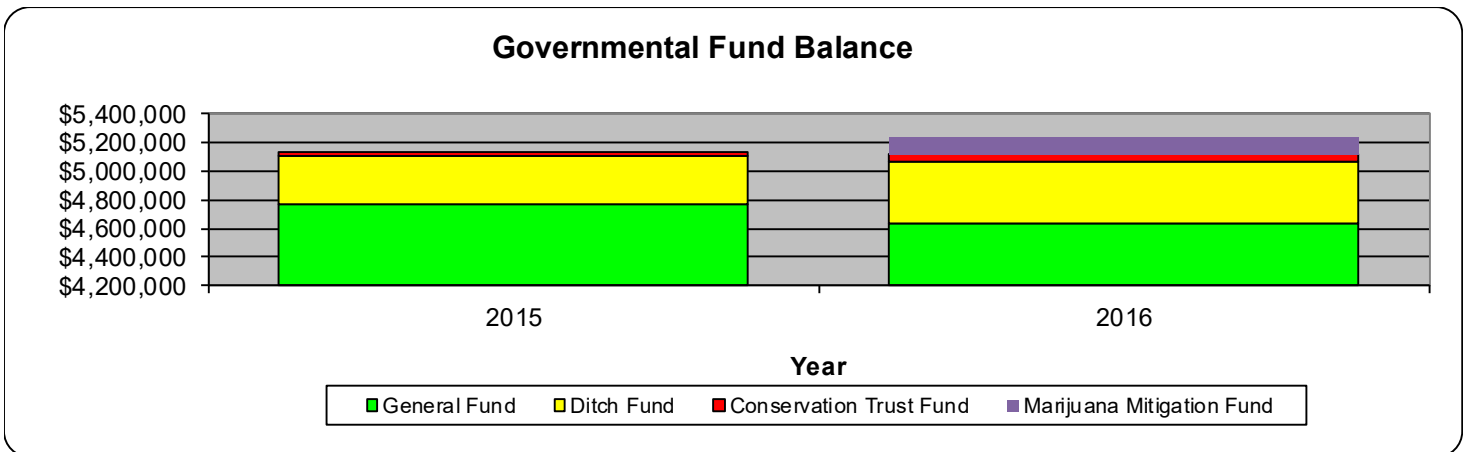
Financial Analysis of the City's Funds (continued)

Available Resources (continued):

The following chart represents the City's available resources for the past several years:



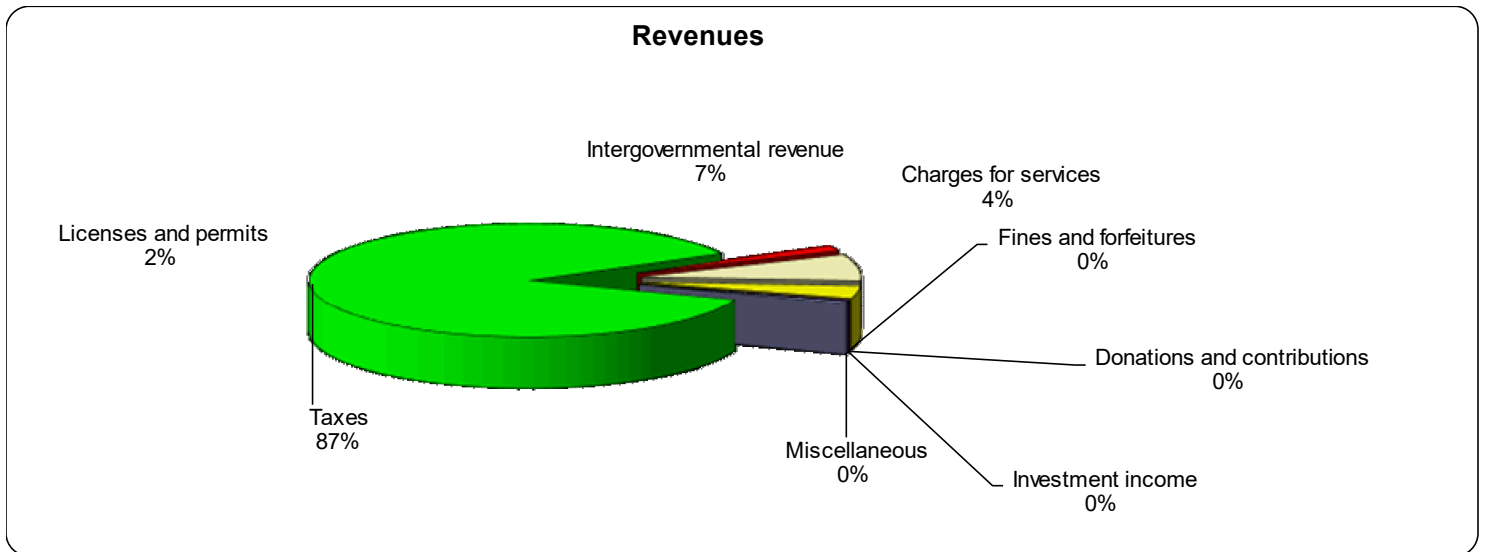
Governmental funds: The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of , an increase of \$105,448 from the prior year ending fund balances. The City's fund balances for past two years are presented in graph format below.



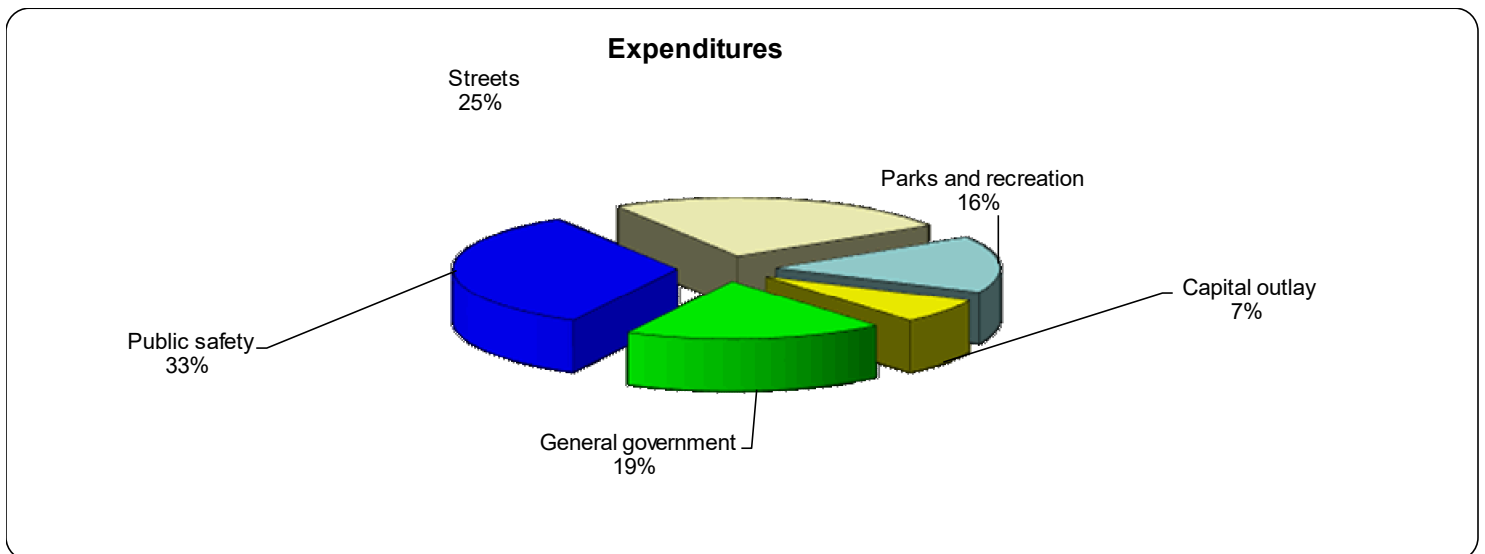
Financial Analysis of the City's Funds (continued)

Governmental funds (continued):

The City's total governmental funds' revenues were from the following sources:



The following is a graph of the City's governmental funds' expenditures by function for 2016:



Proprietary funds: The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Financial Analysis of the City's Funds (continued)

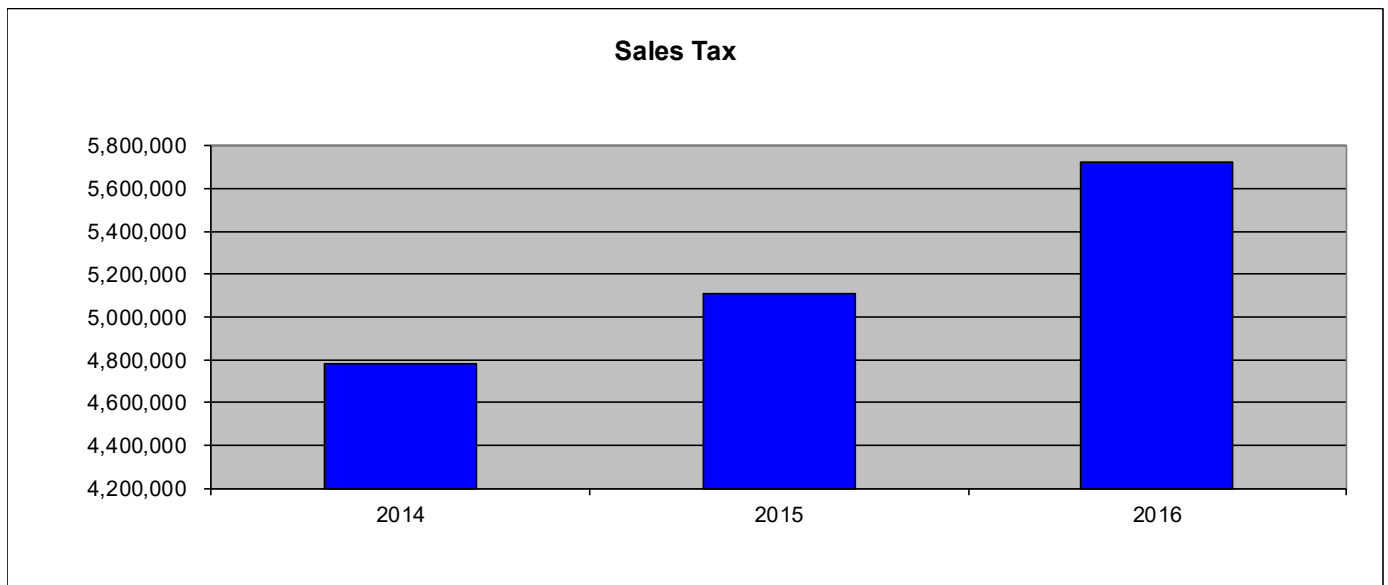
Budget variances in the General Fund: The City's significant General Fund budget variances are detailed as follows:

	Final Budget	Actual	Variance	Reason
Revenues:				
Sales & use tax	5,301,404	5,576,701	275,297	Conservative budgeting
Other intergovernmental revenue	134,063	234,017	99,954	Conservative budgeting of mineral leasing revenue
Total Revenues	6,997,092	7,466,402	469,310	
Expenditures:				
Police	2,158,622	2,017,974	140,648	Employee turnover and conservative budgeting on anticipated health insurance plans chosen by incoming officers
Street improvements	1,362,260	1,020,874	341,386	Slurry seal project was deferred and the construction of new parking lots was not completed as planned
Capital outlay and repairs	633,708	476,928	156,780	The City shop demolition and work on the newly acquired Lazy K parcel was not completed
Total Expenditures	7,893,904	6,911,985	981,919	

Capital assets: The City's government-wide capital assets, net of accumulated depreciation, decreased due to depreciation in the current year. Additional information as well as a detailed classification of the City's net capital assets can be found in the Notes to the Financial Statements on pages D13 and D14 of this report.

Long-term debts: As of the end of the current fiscal year, the City had \$5,986,402 in total long-term debts. This includes \$5,945,000 of the 2007 sales and use tax revenue bonds and \$30,942 due to the Municipal Energy Agency of Nebraska. Additional information regarding the City's debt can be found on pages D15 through D16.

Sales and Use Tax: The City has 4% sales and use tax that is used to fund its governmental operations. The increase in sales tax from 2015 was \$614,617 or 12.03%. The following chart indicates changes in the sales tax over the past three years. The chart does not take into account revenue sharing agreements.



Financial Analysis of the City's Funds (continued)

Next year's budget and rates: The City's General Fund balance at the end of the current fiscal year was \$4,634,030. The City's 2017 budget anticipates an ending General Fund balance of \$3,313,924.

Request for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Finance Director, P.O. Box 239, Gunnison, Colorado 81230.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

City of Gunnison, Colorado
Statement of Net Position
December 31, 2016

	Governmental Activities	Business type Activities	Total
Assets:			
Current assets:			
Cash and investments - Unrestricted	5,101,147	5,001,966	10,103,113
Cash and investments - Restricted	-	545,717	545,717
Accounts, taxes, and interest receivable	977,552	929,030	1,906,582
Prepaid expenses	121,327	11,574	132,901
Inventory	-	818,238	818,238
Total current assets	<u>6,200,026</u>	<u>7,306,525</u>	<u>13,506,551</u>
Capital assets:			
Land	2,818,836	560,253	3,379,089
Construction in progress	237,626	2,017	239,643
Land improvements	1,717,650	-	1,717,650
Buildings and improvements	7,775,038	24,123,690	31,898,728
Infrastructure	7,242,680	-	7,242,680
Vehicles	3,016,729	-	3,016,729
Machinery and equipment	3,033,627	10,759,118	13,792,745
Less accumulated depreciation	(12,973,764)	(19,782,585)	(32,756,349)
Total capital assets (net of accumulated depr.)	<u>12,868,422</u>	<u>15,662,493</u>	<u>28,530,915</u>
Total assets	<u>19,068,448</u>	<u>22,969,018</u>	<u>42,037,466</u>
Liabilities:			
Current liabilities:			
Accounts payable	388,384	529,523	917,907
Accrued payroll	167,283	73,876	241,159
Accrued expenses	-	273	273
Bond interest	-	21,721	21,721
Deposits	3,850	46,786	50,636
Total current liabilities	<u>559,517</u>	<u>672,179</u>	<u>1,231,696</u>
Noncurrent liabilities:			
Compensated absences	267,616	124,688	392,304
Accrued expenses	-	5,000	5,000
Bonds payable:			
Due within one year	-	285,000	285,000
Due in more than one year	-	5,945,000	5,945,000
Bond premium	-	10,460	10,460
MEAN payable:			
Due within one year	-	26,522	26,522
Due in more than one year	-	30,942	30,942
Total noncurrent liabilities	<u>267,616</u>	<u>6,427,612</u>	<u>6,695,228</u>
Total liabilities	<u>827,133</u>	<u>7,099,791</u>	<u>7,926,924</u>
Deferred Inflow of Resources:			
Unavailable property tax revenue	282,046	-	282,046
Unavailable revenue - Other	51,758	20,587	72,345
Total deferred inflow of resources	<u>333,804</u>	<u>20,587</u>	<u>354,391</u>
Net Position:			
Net Investment in capital assets	12,868,422	9,432,493	22,300,915
Restricted	421,433	545,717	967,150
Unrestricted	<u>4,617,656</u>	<u>5,870,430</u>	<u>10,488,086</u>
Total Net Position	<u>17,907,511</u>	<u>15,848,640</u>	<u>33,756,151</u>

The accompanying notes are an integral part of these financial statements.

City of Gunnison, Colorado
Statement of Activities
December 31, 2016

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Functions/Programs							
Primary government:							
Governmental activities:							
General government	2,029,722	547,111	-	-	(1,482,611)	-	(1,482,611)
Public safety	2,485,206	70,534	5,857	-	(2,408,815)	-	(2,408,815)
Streets	1,853,209	542,600	33,985	-	(1,276,624)	-	(1,276,624)
Parks and recreation	1,253,318	186,631	63,734	-	(1,002,953)	-	(1,002,953)
Economic development	293,575	36,608	-	-	(256,967)	-	(256,967)
Total Governmental Activities	7,915,030	1,383,484	103,576	-	(6,427,970)	-	(6,427,970)
Business-type activities:							
Electric	5,536,026	5,573,236	-	38,441	-	75,651	75,651
Water	707,814	608,093	-	106,228	-	6,507	6,507
Sewer	1,510,373	1,141,033	-	189,324	-	(180,016)	(180,016)
Refuse	515,838	547,152	-	-	-	31,314	31,314
Communications	722,778	696,535	-	-	-	(26,243)	(26,243)
Recreation	1,486,813	356,470	-	-	-	(1,130,343)	(1,130,343)
Total Business-type Activities	10,479,642	8,922,519	-	333,993	-	(1,223,130)	(1,223,130)
Total Primary Government	18,394,672	10,306,003	103,576	333,993	(6,427,970)	(1,223,130)	(7,651,100)
General Revenues:							
Property tax, levied for general purposes					273,900	-	273,900
Specific ownership tax					16,022	-	16,022
General sales and use tax					5,724,078	1,594,652	7,318,730
Franchise tax					513,504	-	513,504
Other miscellaneous taxes					192,617	-	192,617
Investment earnings					24,342	27,798	52,140
Unrealized gains (losses)					(28,917)	(31,821)	(60,738)
Grants and contributions not restricted to any program					5,530	3,996	9,526
Gain (loss) on disposal of assets					(33,310)	(60,673)	(93,983)
Transfers					(151,524)	151,524	-
Total General Revenues, Special Items, and Transfers					6,536,242	1,685,476	8,221,718
Change in Net Position					108,272	462,346	570,618
Net Position - Beginning					17,799,239	15,386,294	33,185,533
Net Position - Ending					17,907,511	15,848,640	33,756,151

The accompanying notes are an integral part of these financial statements.

FUND FINANCIAL STATEMENTS

City of Gunnison, Colorado
Balance Sheet
Governmental Funds
December 31, 2016

	General	Nonmajor Governmental Funds	Total Governmental Funds
Assets:			
Cash and investments - Unrestricted	4,421,797	587,848	5,009,645
Receivables, net of allowance for uncollectibles	678,769	16,736	695,505
Property tax receivable	282,046	-	282,046
Prepaid expenses	121,029	-	121,029
Total Assets	5,503,641	604,584	6,108,225
Liabilities and Fund Equity:			
Liabilities:			
Accounts payable	372,319	3,800	376,119
Accrued payroll	159,638	-	159,638
Deposits	3,850	-	3,850
Total Liabilities	535,807	3,800	539,607
Deferred inflow of resources:			
Unavailable property tax revenue	282,046	-	282,046
Unavailable revenue - other	51,758	-	51,758
Total deferred inflow of resources	333,804	-	333,804
Fund Balances:			
Unspendable	121,029	-	121,029
Spendable:			
Restricted for emergencies	249,000	-	249,000
Restricted for recreation	-	50,140	50,140
Restricted - other	-	122,293	122,293
Assigned	-	428,351	428,351
Unassigned	4,264,001	-	4,264,001
Total Fund Balances	4,634,030	600,784	5,234,814
Total Liabilities, Deferred Inflow of Resources and Fund Balances	5,503,641	604,584	6,108,225

The accompanying notes are an integral part of these financial statements.

City of Gunnison
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position
December 31, 2016

Governmental Funds Total Fund Balance	5,234,814
Add:	
Capital assets used in governmental activities (excluding internal service fund) are not considered current financial resources and, therefore, not reported in the governmental funds.	25,105,651
Internal service funds are used by management to charge the cost of services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	233,496
Less:	
Accumulated depreciation (excluding internal service fund) is not recognized in the governmental funds because capital assets are expensed at the time of acquisition.	(12,417,310)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. This is the amount of compensated absences payable.	(249,140)
Governmental Activities Net Position	<u><u>17,907,511</u></u>

The accompanying notes are an integral part of these financial statements.

City of Gunnison, Colorado
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2016

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
Taxes	6,602,441	169,053	6,771,494
Licenses and permits	116,562	-	116,562
Intergovernmental revenue	401,868	182,915	584,783
Charges for services	281,968	-	281,968
Fines and forfeitures	26,935	-	26,935
Investment income	22,100	2,030	24,130
Unrealized gains (losses)	(25,743)	(2,811)	(28,554)
Donations and contributions	3,550	-	3,550
Miscellaneous	36,721	-	36,721
Total Revenues	<u>7,466,402</u>	<u>351,187</u>	<u>7,817,589</u>
Expenditures:			
General government	1,359,153	-	1,359,153
Public safety	2,411,322	7,761	2,419,083
Public works	1,796,247	21,311	1,817,558
Culture and recreation	1,139,478	-	1,139,478
Economic development	293,075	-	293,075
Capital outlay	476,928	28,117	505,045
Total Expenditures	<u>7,476,203</u>	<u>57,189</u>	<u>7,533,392</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(9,801)</u>	<u>293,998</u>	<u>284,197</u>
Other Financing Sources (Uses):			
Sale of asset	10,043	-	10,043
Transfers in	39,000	-	39,000
Transfers (out)	(174,677)	(53,115)	(227,792)
Total Other Financing Sources (Uses)	<u>(125,634)</u>	<u>(53,115)</u>	<u>(178,749)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	<u>(135,435)</u>	<u>240,883</u>	<u>105,448</u>
Fund Balances - Beginning	<u>4,769,465</u>	<u>359,901</u>	<u>5,129,366</u>
Fund Balances - Ending	<u>4,634,030</u>	<u>600,784</u>	<u>5,234,814</u>

The accompanying notes are an integral part of these financial statements.

City of Gunnison
Reconciliation of Revenues, Expenditures and Changes in Fund
Balances (Deficit) of Governmental Fund to the Statement of Activities
For the Year Ended December 31, 2016

Governmental Funds Changes in Fund Balances	105,448
Add:	
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 of capitalized assets during the year.	815,358
Less:	
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 depreciation expense for the year.	(788,581)
Changes in the City employees' accrued compensated absences are considered changes in long-term liabilities. This is the amount that accrued compensated absences decreased.	(23,633)
Internal service funds are used by management to charge costs of various activities to the general and other funds. The net income or loss of the internal service funds are included in the governmental statement of activities.	42,774
Assets disposed of prior to being fully depreciated are charged off upon disposition. This represents the assets disposed of during the year.	(43,094)
Governmental Activities Change in Net Position	108,272

The accompanying notes are an integral part of these financial statements.

**City of Gunnison
Statement of Net Position
Proprietary Funds
December 31, 2016**

	Enterprise Fund	Internal Service Fund
Assets:		
Current assets:		
Cash and investments - unrestricted	5,001,966	91,502
Cash and investments - restricted	545,717	-
Accounts receivables, net of allowance for uncollectibles	929,030	-
Inventories	818,238	298
Prepaid expenses	11,574	-
Total current assets	7,306,525	91,800
Non-current assets:		
Land	560,253	-
Construction in progress	2,017	-
Building and improvements	24,123,690	295,618
Machinery and equipment	10,759,118	440,919
Less: Accumulated depreciation	(19,782,585)	(556,454)
Total non-current assets	15,662,493	180,083
Total Assets	22,969,018	271,883
Liabilities:		
Current liabilities:		
Accounts payable	529,523	12,265
Accrued payroll	73,876	7,645
Accrued expenses	273	-
Bond interest payable	21,721	-
Deposits held	46,786	-
Deferred revenue	20,587	-
Non-current liabilities due within one year:		
Long term debt	311,522	-
Total current liabilities	1,004,288	19,910
Non-current liabilities:		
Accrued compensated absences	124,688	18,477
Accrued expenses	5,000	-
Non-Current Liabilities - due longer than one year:		
Long term debt	5,975,942	-
Premium on long term debt	10,460	-
Total non-current liabilities	6,116,090	18,477
Total Liabilities	7,120,378	38,387
Net Position:		
Net Investment in capital assets	9,432,493	180,083
Restricted	545,717	-
Unrestricted	5,870,430	53,413
Total Net Position	15,848,640	233,496

The accompanying notes are an integral part of these financial statements.

City of Gunnison
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2016

	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>
Operating Revenue:		
Utility sales	9,811,577	382,029
Other revenue	766,584	8,668
Operating Revenue	<u>10,578,161</u>	<u>390,697</u>
Operating Expenses:		
Salaries and employee benefits	2,489,816	-
Purchased power	4,072,588	-
Purchased services	954,197	-
Operations and maintenance	1,669,030	-
Supplies	295,873	-
Depreciation and amortization	728,068	7,398
Fleet expenditures	-	377,384
Operating Expenses	<u>10,209,572</u>	<u>384,782</u>
Operating income (loss)	368,589	5,915
Non-Operating Revenues (Expenses):		
Interest revenue	18,020	361
Interest expense	(270,069)	-
Unrealized gain (loss)	(22,044)	(511)
Grants and contributions	277,000	-
Sale of fixed assets	(60,674)	(260)
Total Non-Operating Revenues (Expenses)	<u>(57,767)</u>	<u>(410)</u>
Income (Loss) Before Contributions and Transfers	310,822	5,505
Transfers in	201,524	37,268
Transfers (out)	(50,000)	-
Change in Net Position	<u>462,346</u>	<u>42,773</u>
Total Net Position - Beginning	<u>15,386,294</u>	<u>190,723</u>
Total Net Position - Ending	<u><u>15,848,640</u></u>	<u><u>233,496</u></u>

The accompanying notes are an integral part of these financial statements.

City of Gunnison
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2016

	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>	<u>Total</u>
Cash Flows From Operating Activities:			
Cash received from customers for services	9,726,353	382,115	10,108,468
Other cash received	785,190	8,669	793,859
Cash paid for goods and services	(7,007,378)	(367,409)	(7,374,787)
Cash paid for employment services	(2,496,472)	5,617	(2,490,855)
Net Cash Provided (Used) by Operating Activities	<u>1,007,693</u>	<u>28,992</u>	<u>1,036,685</u>
Cash Flows From Non-Capital Financing Activities:			
Grants and contributions	277,000	-	277,000
Transfers	151,524	37,268	188,792
Net Cash Provided by Non-Capital Financing Activities	<u>428,524</u>	<u>37,268</u>	<u>465,792</u>
Cash Flows From Capital Financing Activities:			
Purchase of fixed assets	(651,212)	(37,257)	(688,469)
Interest paid	(270,069)	-	(270,069)
Principal paid	(302,670)	-	(302,670)
Net Cash (Used) by Capital Financing Activities	<u>(1,223,951)</u>	<u>(37,257)</u>	<u>(1,261,208)</u>
Cash Flows From Investing Activities:			
Interest received	(4,021)	(150)	(4,171)
Net Cash Provided by Investing Activities	<u>(4,021)</u>	<u>(150)</u>	<u>(4,171)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	208,245	28,853	237,098
Cash and Cash Equivalents - Beginning	5,339,438	62,649	5,402,087
Cash and Cash Equivalents - Ending	<u>5,547,683</u>	<u>91,502</u>	<u>5,639,185</u>
Reconciliation of Operating (Loss) to			
Net Cash Provided (Used) by Operating Activities:			
Operating (loss)	368,589	5,915	374,504
Adjustments to reconcile operating (loss)			
to net cash provided (used) by operating activities:			
Depreciation	728,068	7,398	735,466
(Increase) decrease in accounts receivable	(85,224)	87	(85,137)
(Increase) decrease in inventories	13,702	-	13,702
(Increase) decrease in prepaid expenses	(2,518)	(298)	(2,816)
Increase (decrease) in accounts payable	(26,874)	10,273	(16,601)
Increase (decrease) in compensated absences	(8,827)	4,175	(4,652)
Increase (decrease) in deposits	8,441	-	8,441
Increase (decrease) in deferred revenue	10,165	-	10,165
Increase (decrease) in accrued wages	2,171	1,442	3,613
Total Adjustments	<u>639,104</u>	<u>23,077</u>	<u>662,181</u>
Net Cash Provided (Used) by Operating Activities	<u>1,007,693</u>	<u>28,992</u>	<u>1,036,685</u>
Noncash investing, capital, and financing activities:			
Borrowing under capital lease	-	-	-
Contributions of capital assets	-	-	-

The accompanying notes are an integral part of these financial statements.

City of Gunnison
Statement of Fiduciary Net Position
Fiduciary Fund
For the Year Ended December 31, 2016

	<u>Volunteer Firefighters' Pension Fund</u>
Assets	
Cash and investments	2,110,956
Accounts receivable	62,130
Total Assets	<u>2,173,086</u>
Net Position	
Net position - held in trust for pension benefits	<u>2,173,086</u>

The accompanying notes are an integral part of these financial statements.

City of Gunnison
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Year Ended December 31, 2016

	<u>Volunteer Firefighters' Pension Fund</u>
Additions	
Contributions	
City	32,700
District	32,700
State	58,860
Earnings on investments	145,397
Total Additions	<u>269,657</u>
Deductions	
Benefits	164,128
Expenses	16,961
Total Deductions	<u>181,089</u>
Change in net position	88,568
Net position at beginning of year	<u>2,084,518</u>
Net position at end of year	<u><u>2,173,086</u></u>

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

City of Gunnison
Notes to the Financial Statements
December 31, 2016

I. Summary of Significant Accounting Policies

The City of Gunnison (the "City"), was incorporated in 1880 and adopted its Home Rule Charter during 1962. The City operates under a Council-Manager form of government. The City's major operations include public safety (police and fire); highways and streets; sanitation; health and social services; culture - recreation; education; public improvements; planning and zoning; and general administrative services.

The City's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established by GAAP used by the City are discussed below.

A. Reporting Entity

The reporting entity consists of the primary government and component units. Component units are legally separate entities that are included in a government's reporting entity because of the significance of their operating or financial relationships with the government. The City has not included any component units.

B. Joint Venture

The City participates in a joint venture created for special purposes, which are not part of the City's reporting entity. Additional information regarding the City's participation in the joint venture is provided in Note V. The following is a description of the joint venture in which the City participates:

Gunnison/Hinsdale Combined Emergency Telephone Service Authority - The City is one of 10 local governments which are members of the Gunnison/Hinsdale Combined Emergency Telephone Service Authority (the "Gunnison/Hinsdale Authority"). The Gunnison/Hinsdale Authority is an organization created by intergovernmental agreement in 1998 solely to provide for the operation of the emergency telephone service programs. Gunnison/Hinsdale Authority is governed by a seven (7) member board selected as defined in Article III of the agreement. The governing board is autonomous as to budgeting and fiscal matters.

The investment in the joint venture was recorded as an expenditure at the time the investment was made. Complete financial statements of the joint venture can be obtained from:

Gunnison/Hinsdale Combined Emergency
Telephone Service Authority
P.O. Box 239
Gunnison, Colorado 81230

City of Gunnison
Notes to the Financial Statements
December 31, 2016
(continued)

I. Summary of Significant Accounting Policies (continued)

C. Government-wide and Fund Financial Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The City's public safety, road maintenance, culture and recreation, and administration are classified as governmental activities. The City's water and sewer utilities are classified as business activities.

1. Government-wide Financial Statements

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are (a) presented on a consolidated basis by column, and (b) reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net position is reported in three parts—net investment in capital assets; restricted; and unrestricted.

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions and business-type activities (public safety, highways and streets, utilities, etc.). The functions are also supported by general government revenues (property and sales taxes, intergovernmental revenue, fines and permits, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (police, roads, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net costs (by function or business-type activity) are normally covered by general revenue (property and sales taxes, interest income, etc.).

The government-wide focus is on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities.

2. Categories and Classification of Fund Balance

Governmental accounting standards establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, include Non-spendable, Restricted, Committed, Assigned, and Unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund Balance can have different levels of restraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the general fund. The general fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance. For further details of the various fund balance classifications refer to Note I (C) (3) below.

City of Gunnison
Notes to the Financial Statements
December 31, 2016
(continued)

I. Summary of Significant Accounting Policies (continued)

C. Government-wide and Fund Financial Statements (continued)

3. Fund Balance Disclosure

The City classifies governmental fund balances as follows:

Unspendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.

Spendable Fund Balance:

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority which is City Board. The City's original budget legislation begins with combining historical data, assessment of needs for the upcoming year and the City Board platform to review, and/or make changes to each department's budget. Before year end, a budgetary committee will meet again with each department for final review and approval of preliminary budget. The Budget is then formally presented to City Board via an advertised public process for their review, revisions and final approval by year end. All subsequent budget requests made during the year, after City Board approval, must be presented via a public process and again approval by City Board.

Assigned – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the City Board or its management designee.

Unassigned - includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The City uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The City does not have a formal minimum fund balance policy. However, the City's budget includes a calculation of a targeted reserve positions and the Administration calculates targets and report them annually to City Board.

City of Gunnison
Notes to the Financial Statements
December 31, 2016
(continued)

I. Summary of Significant Accounting Policies (continued)

C. Government-wide and Fund Financial Statements (continued)

4. Fund Financial Statements

The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The fund focus is on current available resources and budget compliance. The City reports the following major governmental funds:

General Fund

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund.

Special Revenue Funds

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term "proceeds of specific revenue sources" establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund. The City reports the following non-major special revenue funds:

The *Conservation Trust Fund* accounts for revenues derived from state lottery revenues or other earmarked revenue sources which finance specific activities as required by law or administrative action.

The *Ditch Fund* accounts for revenues derived from mineral leasing revenues or other earmarked revenue sources which finance specific activities as required by law or administrative action.

The *Marijuana Mitigation Fund* accounts for revenues derived from marijuana sales taxes which finance specific activities as required by law or administrative action.

Proprietary Funds

The City reports the following proprietary or business-type funds:

The *Enterprise Fund* accounts for the activities of the following departments: Electric, Water, Sewer, Refuse, Communications and Recreation.

The *Internal Service Fund* accounts for operations that provide services to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis. The City has one non-major internal service fund, the Fleet Management Fund.

Fiduciary Fund

The *Volunteer Firefighters' Pension Fund* accounts for retirement benefits for the volunteer firefighters.

City of Gunnison
Notes to the Financial Statements
December 31, 2016
(continued)

I. Summary of Significant Accounting Policies (continued)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements. Financial statement presentation refers to classification of revenues by source and expenses by function.

1. Long-term Economic Focus and Accrual Basis

Both governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

2. Current Financial Focus and Modified Accrual Basis

The governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, if any, is recognized when due.

3. Financial Statement Presentation

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary 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 a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

E. Financial Statement Accounts

1. Cash, Cash Equivalents and Investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within 3 months of the date acquired by the City.

City of Gunnison
Notes to the Financial Statements
December 31, 2016
(continued)

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

1. Cash, Cash Equivalents and Investments (continued)

Investments are stated at fair value. The change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

The City's investment policy permits investments in the following type of obligations which corresponds with state statutes:

- U.S. Treasury Obligations (maximum maturity of 60 months)
- Federal Instrumentality Securities (maximum maturity of 60 months)
- FDIC-insured Certificates of Deposit (maximum maturity of 18 months)
- Corporate Bonds (maximum maturity of 36 months)
- Prime Commercial Paper (maximum maturity of 9 months)
- Eligible Bankers Acceptances
- Repurchase Agreements
- General Obligations and Revenue Obligations
- Local Government Investment Pools
- Certain Money Market Mutual Funds

2. Receivables

Receivables are reported net of an allowance for uncollectible accounts.

3. Prepaid expenses

Payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items in both government-wide and fund financial statements.

4. Inventories

Inventories are valued at cost, using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased on the fund financial statements.

5. Property Taxes

Property taxes are assessed in one year as a lien on the property, but not collected by the governmental units until the subsequent year. In accordance with generally accepted accounting principles, the assessed but uncollected property taxes have been recorded as a receivable and as deferred inflow of resources.

City of Gunnison
Notes to the Financial Statements
December 31, 2016
(continued)

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

6. Capital Assets

Capital assets, which include land, buildings and other improvements, machinery and equipment, infrastructure and vehicle assets, are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. The City defines capital assets as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

Capital outlay for projects is capitalized as projects are constructed. Interest incurred during the construction phase is capitalized as part of the value of the assets constructed in the business-type activities. Infrastructure, buildings, and equipment are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Infrastructure	15 - 65
Buildings and improvements	15 - 50
Land improvements	15 - 25
Machinery and equipment	5 - 30
Licensed vehicles	5 - 8

7. Deferred Inflows of Resources

In addition to liabilities, the statement of net 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 a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category. Accordingly, these items, unavailable property tax revenue, and unavailable revenue, are deferred and recognized as inflows of resources in the period that the amounts become available.

8. Compensated Absences

Earned but unused vacation benefits are accrued when incurred in the government-wide and proprietary fund financial statements. The liability for the amounts is reported in governmental funds.

II. Reconciliation of Government-wide and Fund Financial Statements

A. Explanation of certain differences between the governmental fund Balance Sheet and the government-wide Statement of Net Position

The governmental fund Balance Sheet includes reconciliation between *fund balance – total governmental funds* and *net position of governmental activities* as reported in the government-wide Statement of Net Position. One element of that reconciliation explains that capital assets are recorded as assets when purchased and depreciated over the life of the assets. Net capital assets of \$12,688,339 represents capitalized costs of \$25,105,649 and accumulated depreciation of \$12,417,310.

City of Gunnison
Notes to the Financial Statements
December 31, 2016
(continued)

II. Reconciliation of Government-wide and Fund Financial Statements (continued)

A. Explanation of certain differences between the governmental fund Balance Sheet and the government-wide Statement of Net Position (continued)

Another element of that reconciliation states that "Internal service funds are used by management to charge the cost of services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position." The result in an increase in net position of \$233,496 within governmental activities.

Another element of that reconciliation states that "Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds." The amount of compensated absences payable is \$249,140.

B. Explanation of certain differences between the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance and the government-wide Statement of Activities

The governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance includes reconciliation between *net change in fund balances of governmental funds* and *changes in net position of governmental activities* as reported in the government-wide Statement of Activities. One element of that reconciliation explains that "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 as depreciation expense". The details of the net difference are net capital outlay of \$815,358 less depreciation expense of \$788,581.

Another element of that reconciliation states that "Changes in the City employees' accrued compensated absences are considered changes in long-term liabilities". The amount that accrued compensated absences decreased is \$23,633.

Another element of that reconciliation states that "Internal service funds are used by management to charge costs of various activities to the general and other funds. The net income or loss of the internal service funds are included in the governmental activities statement of activities." The net income of \$42,774 is included in the governmental statement of activities.

III. Stewardship, Compliance, and Accountability

A. Budgetary Information

Budgets are adopted on a basis consistent with generally accepted accounting principles, except for the proprietary funds. Annual appropriations are adopted for all funds. Expenditures may not legally exceed appropriations at the fund level. All appropriations lapse at year end.

As required by Colorado Statutes, the City followed the required timetable noted below in preparing, approving, and enacting its budget for 2016.

1. For the 2016 budget year, prior to August 25, 2015 (revised November 30), the County Assessor sent to the City an assessed valuation of all taxable property within the City's boundaries.
2. The City Finance Director submitted to the Board, on or before October 15, 2015, a recommended budget which detailed the necessary property taxes needed along with other available revenues to meet the City's operating requirements.

City of Gunnison
Notes to the Financial Statements
December 31, 2016
(continued)

III. Stewardship, Compliance, and Accountability (continued)

A. Budgetary Information (continued)

3. Prior to December 15, 2015, a public hearing was held for the budget, the Board certified to the County Commissioners a levy rate that derived the necessary property taxes as computed in the proposed budget, and the Board adopted the proposed budget and an appropriating resolution that legally appropriated expenditures for the upcoming year.
4. After adoption of the budget resolution, the City may make the following changes: a) it may transfer appropriated money between funds; b) approve supplemental appropriations to the extent of revenues in excess of estimated revenues in the budget; c) approve emergency appropriations; and d) reduce appropriations for which originally estimated revenues are insufficient.

Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2015 were collected in 2016 and taxes certified in 2016 will be collected in 2017. Taxes are due on January 1st in the year of collection; however, they may be paid in either one installment (no later than April 30th) or two equal installments (not later than February 28th and June 15th) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 16th.

During the year the City approved the following budget amendments:

<u>Fund</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Amendment</u>
General Fund	\$ 7,637,254	\$ 8,700,423	\$ 1,063,169
Conservation Trust Fund	\$ 45,667	\$ 50,458	\$ 4,791
Marijuana Mitigation Fund	\$ -	\$ 50,000	\$ 50,000
Water Department	\$ 790,429	\$ 880,444	\$ 90,015
Sewer Department	\$ 1,368,833	\$ 1,718,833	\$ 350,000
Recreation Department	\$ 1,607,887	\$ 2,260,379	\$ 652,492

B. TABOR Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding 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 local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

City of Gunnison
Notes to the Financial Statements
December 31, 2016
(continued)

III. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment (continued)

TABOR also requires local governments to establish an emergency reserve to be used for declared emergencies only. The reserve is calculated at 3% of fiscal year spending. Fiscal year spending excludes bonded debt service and enterprise spending. The City has reserved \$249,000, which is the approximate required reserve at December 31, 2016.

The City's management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

IV. Detailed Notes on All Funds

A. Deposits and Investments

The City' deposits are entirely covered by federal depository insurance ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first \$250,000 of the City's deposits at each financial institution. Deposit balances over \$250,000 are collateralized as required by PDPA. The carrying amount of the City's demand deposits was \$4,205,120 at year end. Petty cash totaled \$5,969.

Fair Value of Investments

The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1*: Quoted prices for identical investments in active markets;
- *Level 2*: Observable inputs other than quoted market prices; and,
- *Level 3*: Unobservable inputs.

At December 31, 2016, the City had the following recurring fair value measurements:

Investments Measured at Fair Value	Total	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Certificates of deposit	\$ 3,311,261	-	3,311,261	-
United States Treasuries	482,285	482,285	-	-
United States Agencies	3,877,324	3,877,324	-	-
Investments Measured at Net Asset Value				
COLOTRUST	1,416,354			
CSAFE	661,778			

City of Gunnison
Notes to the Financial Statements
December 31, 2016
(continued)

IV. Detailed Notes on All Funds

A. Deposits and Investments

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 are valued using the following approaches:

- U.S. Treasuries and U.S. Agencies: quoted prices for identical securities in markets that are not active;
- Certificates of Deposit, and Collateralized Debt Obligations: matrix pricing based on the securities' relationship to benchmark quoted prices.

The Investment Pool represents investments in COLOTRUST and C-SAFE. The fair value of the pool is determined by the pool's share price. The City has no regulatory oversight for the pool. At December 31, 2016, the City's investments in COLOTRUST and C-SAFE were 15% and 7% of the City's investment portfolio, respectively.

Interest Rate Risk. As a means of limiting its exposure to interest rate risk, the City diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer. The City coordinates its investment maturities to closely match cash flow needs and restricts the maximum investment term to less than five years from the purchase date. As a result of the limited length of maturities the City has limited its interest rate risk.

Credit Risk. State law and City policy limit investments to those authorized by State statutes including U.S. Agencies and 2a7-like pools. The City's general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

Concentration of Credit Risk. The City diversifies its investments by security type and institution. Investments may only be made in those financial institutions which are insured by the Federal Deposit Insurance Corporation, the Federal Home Mortgage Association, the Federal Savings and Loan Insurance Corporation, Congressionally authorized mortgage lenders and investments that are federally guaranteed. Financial institutions holding City funds must provide the City with a statement of collateral in the form of a listing of securities pledged, and a copy of the certificate from the Banking Authority that states that the institution is an eligible public depository.

City of Gunnison
Notes to the Financial Statements
December 31, 2016
(continued)

IV. Detailed Notes on All Funds

A. Deposits and Investments

At December 31, 2016, unrealized losses were \$51,109 which reflect changes in the fair market value of investments. At year end, the City had the following cash and investments with the following maturities:

	Standard & Poors Rating	Carrying Amounts	Maturities	
			Less than one year	One to five years
<i>Petty cash:</i>	Not Rated	\$ 5,969	\$ 5,969	\$ -
<i>Demand Deposits:</i>				
Checking	Not Rated	345,522	345,522	-
Savings & money market	Not Rated	548,337	548,337	-
Certificates of deposit	Not Rated	3,311,261	3,311,261	-
<i>Investments:</i>				
United States Agencies	AA+	3,877,324	-	3,877,324
United States Treasuries	AA+	482,285	482,285	-
Investment Pools	AAAm	2,078,132	2,078,132	-
Total Cash and Investments		<u>\$ 10,648,830</u>	<u>\$ 6,771,506</u>	<u>\$ 3,877,324</u>
 <i>Reconciliation to Statement of Net Position:</i>				
Cash and investments - Unrestricted		\$ 10,103,113		
Cash and investments - Restricted		<u>545,717</u>		
Total Cash and Investments		<u>\$ 10,648,830</u>		

City of Gunnison
Notes to the Financial Statements
December 31, 2016
(continued)

IV. Detailed Notes on All Funds (continued)

B. Receivables

Receivables as of year-end for the City's governmental funds, including applicable allowances for uncollectible accounts, are as follows:

	Governmental Funds		Total
	General	Other Governmental Funds	
Receivables:			
Taxes	\$ 282,046	\$ -	\$ 282,046
Accounts and other receivable	678,769	16,736	695,505
Gross receivables	960,815	16,736	977,551
Less: allowance for uncollectible	-	-	-
Net Receivables	\$ 960,815	\$ 16,736	\$ 977,551

Governmental funds report *unavailable revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. This includes property taxes levied in 2016 but not available until 2017.

Receivables as of year-end for the City's enterprise funds, including applicable allowances for uncollectible accounts, are as follows:

	Enterprise Funds						Total
	Electric Department	Water Department	Wastewater Department	Refuse Department	Communications Department	Recreation Department	
Receivables:							
Accounts receivable	\$ 509,101	\$ 37,390	\$ 90,281	\$ 44,337	\$ 31,206	\$ 202,720	\$ 915,035
Other receivables	-	-	-	-	-	13,995	13,995
Gross receivables	509,101	37,390	90,281	44,337	31,206	216,715	929,030
Less: allowance for uncollectible	-	-	-	-	-	-	-
Net Receivables	\$ 509,101	\$ 37,390	\$ 90,281	\$ 44,337	\$ 31,206	\$ 216,715	\$ 929,030

City of Gunnison
Notes to the Financial Statements
December 31, 2016
(continued)

IV. Detailed Notes on All Funds (continued)

C. Capital Assets

Capital asset activity for the year ended December 31, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,693,607	\$ 125,229	\$ -	\$ 2,818,836
Construction in progress	207,223	169,263	(138,860)	237,626
Capital assets, being depreciated:				
Land improvements	1,736,987	105,446	(124,783)	1,717,650
Buildings and improvements	7,794,164	38,323	(57,449)	7,775,038
Infrastructure	7,242,680	-	-	7,242,680
Machinery and equipment	3,644,865	52,447	(663,685)	3,033,627
Vehicles	3,185,488	500,768	(669,527)	3,016,729
Total capital assets being depreciated	<u>26,505,014</u>	<u>991,476</u>	<u>(1,654,304)</u>	<u>25,842,186</u>
Less accumulated depreciation for:				
Land improvements	(935,978)	(87,231)	121,725	(901,484)
Buildings and improvements	(2,177,534)	(205,560)	50,403	(2,332,691)
Infrastructure	(5,178,128)	(81,708)	-	(5,259,836)
Machinery and equipment	(2,744,157)	(207,380)	973,093	(1,978,444)
Vehicles	(2,614,078)	(214,100)	326,869	(2,501,309)
Total accumulated depreciation	<u>(13,649,875)</u>	<u>(795,979)</u>	<u>1,472,090</u>	<u>(12,973,764)</u>
Governmental Activities Capital Assets, Net	<u>\$ 12,855,139</u>	<u>\$ 195,497</u>	<u>\$ (182,214)</u>	<u>\$ 12,868,422</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 560,253	\$ -	\$ -	\$ 560,253
Construction in progress	52,633	-	(50,616)	2,017
Total Capital Assets, Not Depreciated	<u>612,886</u>	<u>-</u>	<u>(50,616)</u>	<u>562,270</u>
Capital assets, being depreciated:				
Building and improvements	23,846,966	356,096	(79,372)	24,123,690
Machinery and equipment	10,997,890	345,731	(584,503)	10,759,118
Total Capital Assets Being Depreciated	<u>34,844,856</u>	<u>701,827</u>	<u>(663,875)</u>	<u>34,882,808</u>
Less accumulated depreciation for:				
Buildings and improvements	(10,031,043)	(407,322)	23,646	(10,414,719)
Machinery and equipment	(9,626,679)	(320,746)	579,559	(9,367,866)
Total Accumulated Depreciation	<u>(19,657,722)</u>	<u>(728,068)</u>	<u>603,205</u>	<u>(19,782,585)</u>
Business-type activities capital assets, net	<u>\$ 15,800,020</u>	<u>\$ (26,241)</u>	<u>\$ (111,286)</u>	<u>\$ 15,662,493</u>

City of Gunnison
Notes to the Financial Statements
December 31, 2016
(continued)

IV. Detailed Notes on All Funds (continued)

C. Capital Assets (continued)

The City had the following capital outlay and depreciation expense for the following functions:

	Depreciation Expense	Capital Outlay
<i>Governmental activities:</i>		
General government	\$ 207,287	\$ 177,675
Public safety	162,419	344,652
Public works	351,516	37,257
Parks and recreation	74,757	293,032
Total - Governmental Activities	\$ 795,979	\$ 852,616
 <i>Business-type activities:</i>		
Electric Department	\$ 155,416	\$ -
Water Department	55,990	164,450
Wastewater Department	69,806	164,450
Refuse Department	90,815	-
Communications Department	19,933	-
Recreation Department	336,108	322,311
Total - Business-type Activities	\$ 728,068	\$ 651,211

D. Transfers

At December 31, 2016, the City had the following transfers:

	In	Out
<i>Governmental Funds:</i>		
General Fund	\$ 39,000	\$ (174,677)
Other Governmental Funds	-	(53,115)
<i>Internal Service Funds:</i>		
Fleet Fund	37,268	-
<i>Proprietary Funds:</i>		
Recreation Department	201,524	(50,000)
Total	\$ 277,792	\$ (277,792)

City of Gunnison
Notes to the Financial Statements
December 31, 2016
(continued)

IV. Detailed Notes on All Funds (continued)

E. Other Liabilities

1. Sales and Use Tax Revenue Bonds, Series 2007

On November 8, 2007, the City issued \$8,330,000 of sales and use tax Revenue bonds to finance the costs of constructing and equipping pool facilities and ice rink facilities. The interest rates range from 3.75% to 4.35%, payable on June 1 and December 1. The principal is payable on December 1 and matures in various increments through 2032.

2. Municipal Energy Agency of Nebraska Payable (MEAN Payable)

During 2013, the City was notified of a settlement between the Municipal Energy Agency of Nebraska ("MEAN") and a third party. The City has a Service Schedule Power Contract with MEAN and each service schedule participant is required to pay for its allocation of the settlement. The City's allocation of the settlement was determined to be \$132,610 and amounts will be paid monthly at \$2,210 starting in April 2014 through April 2019. Interest is not accrued on this allocation and imputed interest is not considered material. \$57,464 was outstanding at December 31, 2016.

3. Accrued Compensated Absences

Earned but unused compensated absence (e.g. paid time off) benefits amounted to \$392,304 at December 31, 2016. All unused benefits are recorded on the individual fund that pays the related payroll.

4. Debt Schedule

The following payments are required:

Year	Business-Type Activities Debt		
	Principal	Interest	Total
2017	\$ 311,522	\$ 260,653	\$ 572,175
2018	321,522	249,253	570,775
2019	309,420	237,453	546,873
2020	320,000	225,253	545,253
2021	330,000	212,453	542,453
2022 - 2026	1,875,000	848,138	2,723,138
2027 - 2031	2,300,000	420,190	2,720,190
2032	520,000	22,620	542,620
Total	\$ 6,287,464	\$ 2,476,010	\$ 8,763,474

As required by the Series 2007 bond agreement, the City is required to establish, in a separate bank account, a debt service reserve to fund the subsequent year's debt service requirements. The City has restricted investments of \$545,717 for this purpose, which are presented as restricted pooled cash and investments in the accompanying statement of net position.

City of Gunnison
Notes to the Financial Statements
December 31, 2016
(continued)

IV. Detailed Notes on All Funds (continued)

E. Other Liabilities (continued)

5. Changes in Debt

The City had the following changes in debt for the year ended December 31, 2016:

	<u>1/1/16</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/16</u>	<u>Due within one year</u>
Governmental Activities Debt:					
Compensated absences	\$ 239,809	\$ 263,427	\$ 235,620	\$ 267,616	\$ -
Enterprise Debt:					
Accrued expenses	5,000	-	-	5,000	-
2007 sales and use tax bonds	6,505,000	-	275,000	6,230,000	285,000
2007 bond premium	11,608	-	1,148	10,460	-
MEAN payable	83,986	-	26,522	57,464	26,522
Compensated absences	133,515	93,922	102,749	124,688	-
Total	<u>\$ 6,978,918</u>	<u>\$ 357,349</u>	<u>\$ 641,039</u>	<u>\$ 6,695,228</u>	<u>\$ 311,522</u>

F. Pollution Remediation Obligation

State and federal laws and regulations require the City to place a final cover on all its land-fill sites when they stop accepting waste, and to perform certain maintenance and monitoring functions at the sites for thirty years after closure. Although closure and post closure care costs will be paid only near, or after, the date the landfill stops accepting waste, the City is required to report a portion of these closure and post closure care costs as an expense in the government-wide financial statements. This expense is based on landfill capacity used at the reporting date. The current year expenditures of the landfills are reported in the Refuse Department of the enterprise fund, business-type activities. The long term liability and expense are reported in the statement of net position and the statement of activities.

During 2012, the City determined that the City has fulfilled its remediation of the landfill, with the exception of additional testing that may be required before the remediation is closed out. In 2016, the City maintained the liability of \$5,000. Actual costs may be higher due to inflation, changes in technology or changes in regulations. Closure and care financial requirements are expected to be met by the operations of the enterprise fund.

G. Pension Plans

1. Police Officer's Pension Plan

The City contributes to a defined contribution agent multiple-employer public employee retirement system on behalf of all full-time police officers employed. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The City and the employees each contribute 11.2% of the employee's base salary. This contribution rate and other provisions are established and may be amended by City Council. Employees vest in City contributions and interest earnings thereon immediately. During the year ended December 31, 2016, employees and the City made the required contributions to the plan of \$110,499 and \$110,499, respectively.

City of Gunnison
Notes to the Financial Statements
December 31, 2016
(continued)

IV. Detailed Notes on All Funds (continued)

G. Pension Plans (continued)

1. Police Officer's Pension Plan (continued)

All of the Police Officer's Pension Plan investments at December 31, 2015 of \$3,045,571 are managed by the Colorado County Officials and Employees Retirement Association ("CCOERA"). Separately issued financial statements for the plan may be obtained from CCOERA at 4949 South Syracuse St., Suite 400, Denver, Colorado 80237.

2. General Employee Pension Plan

The City contributes to a defined contribution agent multiple-employer public employee retirement system on behalf of all full-time general employees with one or more service years. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The City and the employees each contribute 5% of the employee's base salary. This contribution rate and other provisions are established and may be amended by City Council. Employees vest in City contributions and interest earnings thereon immediately. During the year ended December 31, 2016, employees and the City made the required contributions to the plan of \$209,221 and \$209,221, respectively.

All of the General Employee Pension Plan investments at December 31, 2016 of \$5,223,360 are managed CCOERA. Separately issued financial statements for the plan may be obtained from CCOERA at 4949 South Syracuse St., Suite 400, Denver, Colorado 80237.

3. Volunteer Firefighters' Pension Plan

Plan Description. The City has a single employer-defined benefit pension plan for volunteer firefighters as authorized by State of Colorado Statutes. The Volunteer Firefighters' Pension Plan (the "Plan") is administered by the Gunnison Firemen's Pension Fund Board of Trustees ("Board of Trustees"). The Board of Trustees consists of the Fire Chief of the Gunnison Volunteer Fire Department, two members of the Gunnison City Council, two members of the Gunnison Volunteer Fire Department, and two members of the Gunnison County Fire Protection District Board of Directors.

As of December 31, 2016, the Plan had 29 active non-retired members, and 38 retired members, for a total of 67 participants. This plan does not issue separate stand-alone financial statements.

An actuary is used to determine the adequacy of contributions. The study indicates that the current contributions to the Plan are adequate to support, on an actuarially sound basis, the prospective benefits for the present plan.

City of Gunnison
Notes to the Financial Statements
December 31, 2016
(continued)

IV. Detailed Notes on All Funds (continued)

G. Pension Plans (continued)

3. Volunteer Firefighters' Pension Plan (continued)

Benefits provided. Any firefighter who has attained the age of fifty and has also completed twenty years of active service shall be eligible for a monthly pension. A firefighter who is disabled in the line of duty and whose disability is considered permanent shall be compensated in an amount determined by the Pension Board to be reasonable and proper considering the financial condition of the Fund. The Plan also provides for a 50% spousal benefit upon the death of a retired firefighter, or a payment to be determined by the Pension Board if the death occurs prior to retirement. The Plan Board of Trustees has the authority to establish or amend benefit terms.

Contributions. The Plan receives contributions from the City (in an amount not to exceed one-half mill of property tax revenue) and from the State of Colorado. The contributions are not actuarially determined. In 2016, the City contributed \$32,700 to the Plan, the Fire Protection District contributed \$32,700, and the State contributed \$58,860. None of the City's payroll is covered by the pension plan because the firefighters are volunteers.

Investment policy. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Board of Trustees by a majority vote of its members. It is the policy of the Board of Trustees to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. Emphasis is on balance between current income and longer-term capital appreciation. Assets are primarily invested in equity and fixed-income securities with a moderate to strong emphasis on capital appreciation and current income. The account's investment objective includes an average risk tolerance and intermediate to longer term time horizon. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of June 30, 2013:

	<u>Maximum %</u>	<u>Minimum %</u>	<u>Strategic Target</u>
Equity	60%	40%	50%
Fixed-income	57%	37%	47%
Cash (or equivalents)	5%	0%	3%

Concentrations. As of December 31, 2016, the pension fund held no concentrations of investments with individual organizations equaling or exceeding 5 percent of the pension plan's fiduciary net position.

Money-weighted rate of return. This rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested.

City of Gunnison
Notes to the Financial Statements
December 31, 2016
(continued)

IV. Detailed Notes on All Funds (continued)

G. Pension Plans (continued)

3. Volunteer Firefighters' Pension Plan (continued)

Net Pension Liability. The components of the net pension liability of the Plan at December 31, 2016 are as follows:

Total pension liability	\$ 2,305,295
Fiduciary net position	2,084,518
Net pension liability	\$ 220,777

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of January 1, 2017, using the following actuarial assumptions applied to all periods included in the measurement.

Actuarial cost method	Entry-age
Asset valuation method	Market value
Actuarial funding discount rate	6.0% per annum compounded annually
Expense loading	None
Mortality rates	1994 GAM rates - modified
Turnover rates	Graduated rates by attained age
Retirement age	Age 50, after 20 years of service
Age difference	Males assumed to be 3 years older than females
Marital status	80% of all participants are married

An actuarial experience study was not performed as the census data is too small to yield credible results. Demographic assumptions were selected using standard mortality and turnover tables that produce reasonable results for this group of lives. Mortality rates and disability rates for ages before 65 are assumed to be zero to recognize that mortality or disability for this group is virtually non-existent before that particular age.

Discount rate. Actuarial funding discount rates are set by consensus between the Board of Trustees, the actuary and the investment advisor. The discount rate used to measure the total pension liability was 6.0 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in actuarial discount rate. The following presents the net pension liability calculated using the discount rate of 6.0 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.0 percent) or 1-percentage point higher (7.0 percent) than the current rate:

	1.00% Decrease	Current Discount Rate	1.00% Increase
Net pension liability	\$ 708,667	\$ 430,387	\$ 197,131

City of Gunnison
Notes to the Financial Statements
December 31, 2016
(continued)

IV. Detailed Notes on All Funds (continued)

H. Deferred Compensation Plan – Section 457

The City offers its employees two deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans permit employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plans, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are to be held in trust for the exclusive benefit of the plan participants and their beneficiaries.

Plan investment purchases are determined by the plan participant and therefore, the plan's investment concentration varies between participants. The City has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The City is neither the trustee nor the administrator for the plans.

The general employee plan is administered by the International City Managers Association Retirement Corporation ("ICMA") and the police employee plan is administered by CCOERA. The City's contributions to the plans for the year ended December 31, 2016 were \$15,784 to the ICMA plan and \$44,322 to the CCOERA plan.

I. Restricted Fund Balance

The City had the following restrictions on fund balances at December 31, 2016:

	<u>1/1/15</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/15</u>
<i>General Fund:</i>				
Emergency reserves	\$ 217,487	\$ 31,513	\$ -	249,000
<i>Conservation Trust:</i>				
Recreation	33,869	-	5,231	28,638
	<u>\$ 251,356</u>	<u>\$ 31,513</u>	<u>\$ 5,231</u>	<u>277,638</u>

J. Assigned Fund Balance

The City had the following assigned on fund balances at December 31, 2016:

	<u>1/1/15</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/15</u>
<i>Special Revenue Funds:</i>				
Ditch fund	\$ 262,052	\$ 69,211	\$ -	331,263
	<u>\$ 262,052</u>	<u>\$ 69,211</u>	<u>\$ -</u>	<u>331,263</u>

City of Gunnison
Notes to the Financial Statements
December 31, 2016
(continued)

V. Other Information

A. Joint Venture

At December 31, 2016, Gunnison/Hinsdale Authority had assets of \$293,059, liabilities of \$37,315 and \$255,744 in net position. Total revenues for 2016 were \$214,420 and total expenses were \$219,634 resulting in a net change in fund balance of \$5,214. The amount of the City's share of these amounts is based upon the percentage of the county wide telephone accesses to be served.

B. Risk Management

The City is exposed to various risks of loss related to workers' compensation, general liability, loss related to torts; theft of, damage to, and destruction of assets; errors and omissions and worker unemployment. The City has acquired commercial coverage for these risks. Any settled claims are not expected to exceed the commercial insurance coverage.

C. Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

D. Subsequent Events

Management has evaluated subsequent events through July 21, 2017, the date these financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

City of Gunnison
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended December 31, 2016
(With Comparative Actual Amounts For the Year Ended 2015)

	<u>2016</u>			Final Budget Variance Positive (Negative)	<u>2015</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:					
Taxes:					
General property taxes	275,453	275,453	273,900	(1,553)	261,095
Specific ownership tax	35,141	35,141	35,417	276	34,923
Sales & use tax	5,301,404	5,301,404	5,576,701	275,297	5,131,304
Franchise tax	522,538	522,538	513,504	(9,034)	498,896
Other taxes	158,993	158,993	202,919	43,926	396,243
Total Taxes	<u>6,293,529</u>	<u>6,293,529</u>	<u>6,602,441</u>	<u>308,912</u>	<u>6,322,461</u>
Licenses and Permits:					
Other licenses and permits	57,408	57,408	116,562	59,154	113,812
Intergovernmental Revenue:					
Grant revenue	12,000	12,000	8,788	(3,212)	261,417
State highway users tax	149,654	149,654	159,063	9,409	157,801
Other intergovernmental revenue	134,063	134,063	234,017	99,954	206,431
Total Intergovernmental Revenue	<u>295,717</u>	<u>295,717</u>	<u>401,868</u>	<u>106,151</u>	<u>625,649</u>
Charges for Services:					
Recreation revenue	198,650	203,000	199,734	(3,266)	226,865
Other charges for services	35,510	35,510	41,721	6,211	40,488
Rents	30,600	30,600	40,513	9,913	32,100
Total Charges for Services	<u>264,760</u>	<u>269,110</u>	<u>281,968</u>	<u>12,858</u>	<u>299,453</u>
Fines and Forfeitures:					
Traffic fines	24,800	24,800	26,935	2,135	25,740
Miscellaneous Revenue:					
Investment income	13,500	13,500	22,100	8,600	17,863
Unrealized gains (losses)	-	-	(25,743)	(25,743)	(733)
Donations and contributions	2,000	4,500	3,550	(950)	156,274
Other income	35,828	38,528	36,721	(1,807)	49,311
Total Miscellaneous Revenue	<u>51,328</u>	<u>56,528</u>	<u>36,628</u>	<u>(19,900)</u>	<u>222,715</u>
Total Revenues	<u>6,987,542</u>	<u>6,997,092</u>	<u>7,466,402</u>	<u>469,310</u>	<u>7,609,830</u>
Expenditures:					
General Government:					
City council	26,450	34,450	24,542	9,908	25,641
Municipal court	97,673	97,673	98,088	(415)	92,234
City attorney	65,300	87,875	83,471	4,404	67,278
City manager	87,507	398,247	364,765	33,482	80,230
City clerk	90,538	90,538	86,990	3,548	84,530
Finance	260,200	266,200	262,712	3,488	244,918
General services	162,229	162,229	131,531	30,698	56,377
Community development	316,472	316,472	307,053	9,419	273,255
Total General Government	<u>1,106,369</u>	<u>1,453,684</u>	<u>1,359,152</u>	<u>94,532</u>	<u>924,463</u>

(continued on E2)

City of Gunnison
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended December 31, 2016
(With Comparative Actual Amounts For the Year Ended 2015)

	<u>2016</u>			<u>Final Budget</u>	<u>2015</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
	<u>Budget</u>	<u>Budget</u>		<u>Positive</u>	
				<u>(Negative)</u>	
Expenditures: (continued)					
Public Safety:					
Police	2,158,622	2,158,622	2,017,974	140,648	1,798,649
Building Inspection	117,626	117,626	114,707	2,919	109,651
Fire Department	307,938	307,938	220,750	87,188	226,989
Hazardous Material	5,955	5,955	7,294	(1,339)	4,775
LE Victim Advocate Program	54,072	54,072	50,598	3,474	44,423
Total Public Safety	<u>2,644,213</u>	<u>2,644,213</u>	<u>2,411,323</u>	<u>232,890</u>	<u>2,184,487</u>
Public Works:					
City hall	67,938	67,938	44,724	23,214	43,314
City shop	-	-	(692)	692	-
Street administration	170,901	195,901	159,086	36,815	166,869
Street maintenance	576,374	576,374	572,255	4,119	543,213
Street improvements	1,320,500	1,362,260	1,020,874	341,386	865,896
Total Public Works	<u>2,135,713</u>	<u>2,202,473</u>	<u>1,796,247</u>	<u>406,226</u>	<u>1,619,292</u>
Culture and Recreation:					
Cranor Hill	30,123	30,123	20,708	9,415	18,377
Recreation administration	324,892	324,892	300,178	24,714	309,018
Recreation programs	156,169	156,169	155,231	938	143,661
Parks	681,749	686,085	661,306	24,779	510,000
Van Tuyl Ranch	30,600	30,600	149	30,451	4,600
Lazy K	5,668	5,668	1,906	3,762	96
Total Culture and Recreation	<u>1,229,201</u>	<u>1,233,537</u>	<u>1,139,478</u>	<u>94,059</u>	<u>985,752</u>
Economic Development:					
Grants and contracts	233,418	232,918	175,836	57,082	149,233
Events	110,931	122,481	117,239	5,242	102,712
Total Economic Development	<u>344,349</u>	<u>355,399</u>	<u>293,075</u>	<u>62,324</u>	<u>251,945</u>
Capital Outlay:					
Capital outlay and repairs	-	633,708	476,928	156,780	2,268,833
Total Expenditures	<u>7,459,845</u>	<u>8,523,014</u>	<u>7,476,203</u>	<u>1,046,811</u>	<u>8,234,772</u>
Excess (Deficiency) of					
Revenues over Expenditures	(472,303)	(1,525,922)	(9,801)	1,516,121	(624,942)
Other Financing Sources (Uses):					
Transfer in	-	25,000	39,000	14,000	986,778
Transfer (out)	(177,409)	(177,409)	(174,677)	2,732	(108,775)
Sale of assets	2,000	2,000	10,043	8,043	28,361
Total Other Financing Sources (Uses)	<u>(175,409)</u>	<u>(150,409)</u>	<u>(125,634)</u>	<u>24,775</u>	<u>906,364</u>
Net Change in Fund Balance	<u>(647,712)</u>	<u>(1,676,331)</u>	<u>(135,435)</u>	<u>1,540,896</u>	<u>281,422</u>
Fund Balance - Beginning			4,769,465		4,488,043
Fund Balance - Ending			<u>4,634,030</u>		<u>4,769,465</u>

The accompanying notes are an integral part of these financial statements.

City of Gunnison, Colorado
Schedule of Changes in Net Pension Liability and Related Ratios
Volunteer Firefighters' Pension Fund (Unaudited)
December 31, 2016

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability			
Service cost	19,739	28,211	28,497
Interest cost	134,458	141,346	123,133
Changes in plan benefits	323,808	-	288,476
Actuarial variations	(11,699)	(118,110)	-
Benefits paid	<u>(168,128)</u>	<u>(147,425)</u>	<u>(125,100)</u>
Net Change in Pension Liability	298,178	(95,978)	315,006
Total Pension Liability - Beginning	<u>2,305,295</u>	<u>2,401,273</u>	<u>2,086,267</u>
Total Pension Liability - Ending	<u>2,603,473</u>	<u>2,305,295</u>	<u>2,401,273</u>
Plan Fiduciary Net Position			
City Contribution	32,700	32,700	47,415
District contribution	32,700	32,700	47,415
Pension plan net investment income	145,397	(4,268)	113,332
Benefit payments	(164,128)	(147,425)	(125,100)
Pension plan administrative expenses	(16,961)	(16,420)	(12,422)
State of Colorado supplemental discretionary payment	58,860	58,860	64,773
Net Change in Plan Fiduciary Net Position	88,568	(43,853)	135,413
Plan Fiduciary Net Position - Beginning	<u>2,084,518</u>	<u>2,128,371</u>	<u>1,992,958</u>
Plan Fiduciary Net Position - Ending	<u>2,173,086</u>	<u>2,084,518</u>	<u>2,128,371</u>
Net Pension Liability - Ending	430,387	220,777	272,902
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	83.5%	90.4%	88.6%
Covered Payroll	N/A	N/A	N/A
Net Pension Liability as a Percentage of Covered Payroll	N/A	N/A	N/A

Information for the prior seven years was not available to report.

City of Gunnison
Schedule of Contributions
Volunteer Firefighters' Pension Fund (Unaudited)
December 31, 2016

FY Ending December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2011	12,928	130,480	(117,552)	N/A	N/A
2012	17,861	130,830	(112,969)	N/A	N/A
2013	47,616	101,400	(53,784)	N/A	N/A
2014	34,892	159,603	(124,711)	N/A	N/A
2015	46,915	124,260	(77,345)	N/A	N/A
2016	34,870	124,260	(89,390)	N/A	N/A

Information for the prior four fiscal years was not available to report.

City of Gunnison
Schedule of Investment Returns
Volunteer Firefighters' Pension Fund (Unaudited)
December 31, 2016

FY Ending December 31,	Net Money- Weighted Rate of Return
2011	-0.19%
2012	13.15%
2013	14.48%
2014	5.73%
2015	-0.21%
2016	7.25%

Information for the prior four fiscal years was not available to report.

SUPPLEMENTARY INFORMATION

City of Gunnison, Colorado
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2016

	<u>Special Revenue</u>			<u>Total Nonmajor Governmental Funds</u>
	<u>Conservation Trust</u>	<u>Ditch Fund</u>	<u>Marijuana Mitigation Fund</u>	
Assets:				
Cash and investments - Unrestricted	33,404	428,351	126,093	587,848
Receivables, net of allowance for uncollectibles	16,736	-	-	16,736
Total Assets	<u>50,140</u>	<u>428,351</u>	<u>126,093</u>	<u>604,584</u>
Liabilities and Fund Equity:				
Liabilities:				
Accounts payable	-	-	3,800	3,800
Total Liabilities	<u>-</u>	<u>-</u>	<u>3,800</u>	<u>3,800</u>
Fund Balances:				
Spendable:				
Restricted for recreation	50,140	-	-	50,140
Restricted - other	-	-	122,293	122,293
Assigned	-	428,351	-	428,351
Total Fund Balances	<u>50,140</u>	<u>428,351</u>	<u>122,293</u>	<u>600,784</u>
Total Liabilities and Fund Balances	<u>50,140</u>	<u>428,351</u>	<u>126,093</u>	<u>604,584</u>

The accompanying notes are an integral part of these financial statements.

City of Gunnison, Colorado
Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2016

	<u>Special Revenue</u>			<u>Total Nonmajor Governmental Funds</u>
	<u>Conservation Trust</u>	<u>Ditch Fund</u>	<u>Marijuana Mitigation Fund</u>	
Revenues:				
Taxes	-	-	169,053	169,053
Intergovernmental revenue	63,733	119,182	-	182,915
Investment income	149	1,880	1	2,030
Unrealized gains (losses)	(148)	(2,663)	-	(2,811)
Total Revenues	<u>63,734</u>	<u>118,399</u>	<u>169,054</u>	<u>351,187</u>
Expenditures:				
Public safety	-	-	7,761	7,761
Public works	-	21,311	-	21,311
Capital outlay and repairs	28,117	-	-	28,117
Total Expenditures	<u>28,117</u>	<u>21,311</u>	<u>7,761</u>	<u>57,189</u>
Excess (Deficiency) of Revenues Over Expenditures	35,617	97,088	161,293	293,998
Other Financing Sources (Uses):				
Transfers (out)	(14,115)	-	(39,000)	(53,115)
Total Other Financing Sources (Uses)	<u>(14,115)</u>	<u>-</u>	<u>(39,000)</u>	<u>(53,115)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	21,502	97,088	122,293	240,883
Fund Balances - Beginning	<u>28,638</u>	<u>331,263</u>	<u>-</u>	<u>359,901</u>
Fund Balances - Ending	<u><u>50,140</u></u>	<u><u>428,351</u></u>	<u><u>122,293</u></u>	<u><u>600,784</u></u>

The accompanying notes are an integral part of these financial statements.

City of Gunnison
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Conservation Trust Fund
For the Year Ended December 31, 2016
(With Comparative Actual Amounts For the Year Ended 2015)

	2016		Final Budget Variance Positive (Negative)	2015
	Original and Final Budget	Actual		Actual
Revenues:				
Intergovernmental revenue:				
State lottery funds	44,245	63,733	19,488	42,373
Investment income	50	149	99	68
Unrealized gains (losses)	-	(148)	(148)	(5)
Total Revenues	44,295	63,734	19,439	42,436
Expenditures:				
Capital outlay and repairs	36,291	28,117	8,174	33,500
Total Expenditures	36,291	28,117	8,174	33,500
Excess (Deficiency) of Revenues Over Expenditures	8,004	35,617	27,613	8,936
Other Financing Sources (Uses):				
Transfers (out)	(14,167)	(14,115)	52	(14,167)
Total Other Financing Sources (Uses)	(14,167)	(14,115)	52	(14,167)
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)		21,502		(5,231)
Fund Balance - Beginning		28,638		33,869
Fund Balance - Ending		50,140		28,638

The accompanying notes are an integral part of these financial statements.

City of Gunnison
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Ditch Fund
For the Year Ended December 31, 2016
(With Comparative Actual Amounts For the Year Ended 2015)

	<u>2016</u>		Final Budget Variance Positive (Negative)	<u>2015</u>
	Original and Final Budget	Actual		Actual
Revenues:				
Intergovernmental revenue:				
Mineral leasing	40,000	113,479	73,479	95,367
State grants	454,292	5,703	(448,589)	-
Investment income	900	1,880	980	1,341
Unrealized gains (losses)	-	(2,663)	(2,663)	(62)
Total Revenues	<u>495,192</u>	<u>118,399</u>	<u>(376,793)</u>	<u>96,646</u>
Expenditures:				
Public works	554,160	21,311	532,849	21,774
Capital outlay	-	-	-	5,704
Total Expenditures	<u>554,160</u>	<u>21,311</u>	<u>532,849</u>	<u>27,478</u>
Net Change in Fund Balance	<u>(58,968)</u>	97,088	<u>156,056</u>	69,168
Fund Balance - Beginning		<u>331,263</u>		<u>262,095</u>
Fund Balance - Ending		<u>428,351</u>		<u>331,263</u>

The accompanying notes are an integral part of these financial statements.

City of Gunnison
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Marijuana Mitigation Fund
For the Year Ended December 31, 2016
(With Comparative Actual Amounts For the Year Ended 2015)

	2016			Final Budget Variance Positive (Negative)	2015
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Taxes:					
Sales and use	-	110,296	169,053	58,757	-
Investment income	-	-	1	1	-
Total Revenues	<u>-</u>	<u>110,296</u>	<u>169,054</u>	<u>58,758</u>	<u>-</u>
Expenditures:					
Public safety	-	11,000	7,761	3,239	-
Total Expenditures	<u>-</u>	<u>11,000</u>	<u>7,761</u>	<u>3,239</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	-	99,296	161,293	61,997	-
Other Financing Sources (Uses):					
Transfer (out)	-	(39,000)	(39,000)	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(39,000)</u>	<u>(39,000)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance			122,293		-
Fund Balance - Beginning			<u>-</u>		<u>-</u>
Fund Balance - Ending			<u><u>122,293</u></u>		<u><u>-</u></u>

The accompanying notes are an integral part of these financial statements.

City of Gunnison, Colorado
Combining Statement of Net Position
Departments of the Enterprise Fund
For the Year Ended December 31, 2016

	<u>Electric Department</u>	<u>Water Department</u>	<u>Sewer Department</u>	<u>Refuse Department</u>	<u>Communication Department</u>	<u>Recreation Department</u>	<u>Total</u>
Assets:							
Current assets:							
Cash and cash equivalents	724,936	674,793	1,186,140	900,200	118,292	1,397,605	5,001,966
Cash and cash equivalents - restricted	-	-	-	-	-	545,717	545,717
Accounts receivables, net of allowance for uncollectibles	509,101	37,390	90,281	44,337	31,206	216,715	929,030
Inventories	518,485	102,428	105,085	72,793	-	19,447	818,238
Prepaid expenses	3,732	1,055	5,752	93	230	712	11,574
Total current assets	<u>1,756,254</u>	<u>815,666</u>	<u>1,387,258</u>	<u>1,017,423</u>	<u>149,728</u>	<u>2,180,196</u>	<u>7,306,525</u>
Non-current assets:							
Land	8,843	50,000	501,410	-	-	-	560,253
Construction in progress	-	-	-	-	-	2,017	2,017
Building and improvements	2,788,205	1,821,532	6,606,249	3,991	20,571	12,883,142	24,123,690
Machinery and equipment	4,388,704	1,334,804	3,921,448	626,965	179,377	307,820	10,759,118
Less: Accumulated depreciation	(5,426,454)	(2,382,411)	(8,820,699)	(534,587)	(169,869)	(2,448,565)	(19,782,585)
Total non-current assets:	<u>1,759,298</u>	<u>823,925</u>	<u>2,208,408</u>	<u>96,369</u>	<u>30,079</u>	<u>10,744,414</u>	<u>15,662,493</u>
Total Assets	<u>3,515,552</u>	<u>1,639,591</u>	<u>3,595,666</u>	<u>1,113,792</u>	<u>179,807</u>	<u>12,924,610</u>	<u>22,969,018</u>
Liabilities:							
Current liabilities:							
Accounts payable	458,839	24,925	16,489	12,444	3,419	13,407	529,523
Accrued payroll	15,780	5,793	10,714	3,580	22,131	15,878	73,876
Accrued expenses	-	-	-	-	-	273	273
Bond interest payable	-	-	-	-	-	21,721	21,721
Deferred revenue	-	-	-	20,587	-	-	20,587
Deposits held	46,786	-	-	-	-	-	46,786
Non-current liabilities due within one year:							
Long term debt	<u>26,522</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>285,000</u>	<u>311,522</u>
Total current liabilities:	<u>547,927</u>	<u>30,718</u>	<u>27,203</u>	<u>36,611</u>	<u>25,550</u>	<u>336,279</u>	<u>1,004,288</u>
Non-current liabilities:							
Accrued compensated absences	32,968	17,278	37,878	2,293	28,290	5,981	124,688
Accrued expenses	-	-	-	5,000	-	-	5,000
Bond premium	-	-	-	-	-	10,460	10,460
Non-Current Liabilities - due longer than one year:							
Long term debt	<u>30,942</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,945,000</u>	<u>5,975,942</u>
Total non-current liabilities	<u>63,910</u>	<u>17,278</u>	<u>37,878</u>	<u>7,293</u>	<u>28,290</u>	<u>5,961,441</u>	<u>6,116,090</u>
Total Liabilities	<u>611,837</u>	<u>47,996</u>	<u>65,081</u>	<u>43,904</u>	<u>53,840</u>	<u>6,297,720</u>	<u>7,120,378</u>
Net Position:							
Net investment in capital assets	1,759,298	823,925	2,208,408	96,369	30,079	4,514,414	9,432,493
Restricted	-	-	-	-	-	545,717	545,717
Unrestricted	<u>1,144,417</u>	<u>767,670</u>	<u>1,322,177</u>	<u>973,519</u>	<u>95,888</u>	<u>1,566,759</u>	<u>5,870,430</u>
Total Net Position	<u>2,903,715</u>	<u>1,591,595</u>	<u>3,530,585</u>	<u>1,069,888</u>	<u>125,967</u>	<u>6,626,890</u>	<u>15,848,640</u>

The accompanying notes are an integral part of these financial statements.

City of Gunnison, Colorado
Combining Statement of Revenues, Expenses and Changes in Net Position
Departments of the Enterprise Fund
For the Year Ended December 31, 2016

	<u>Electric Department</u>	<u>Water Department</u>	<u>Sewer Department</u>	<u>Refuse Department</u>	<u>Communication Department</u>	<u>Recreation Department</u>	<u>Total</u>
Operating Revenue:							
Sales	5,582,405	613,318	1,132,090	546,943	696,369	1,240,452	9,811,577
Other revenue	29,271	9,003	17,266	209	166	710,669	766,584
Operating Revenue	<u>5,611,676</u>	<u>622,321</u>	<u>1,149,356</u>	<u>547,152</u>	<u>696,535</u>	<u>1,951,121</u>	<u>10,578,161</u>
Operating Expenses:							
Salaries and employee benefits	513,525	224,300	497,619	139,929	647,479	466,964	2,489,816
Purchased power	4,072,588	-	-	-	-	-	4,072,588
Purchased services	59,844	121,338	260,536	152,677	32,819	326,983	954,197
Operations and maintenance	667,388	201,542	633,034	118,061	18,450	30,555	1,669,030
Supplies	67,265	104,644	49,378	14,356	4,097	56,133	295,873
Depreciation and amortization	155,416	55,990	69,806	90,815	19,933	336,108	728,068
Operating Expenses	<u>5,536,026</u>	<u>707,814</u>	<u>1,510,373</u>	<u>515,838</u>	<u>722,778</u>	<u>1,216,743</u>	<u>10,209,572</u>
Operating income (loss)	75,650	(85,493)	(361,017)	31,314	(26,243)	734,378	368,589
Non-Operating Revenues (Expenses):							
Interest revenue	3,734	3,868	7,229	4,326	154	(1,291)	18,020
Interest expense	-	-	-	-	-	(270,069)	(270,069)
Unrealized gains (losses)	(4,677)	(4,323)	(7,547)	(5,497)	-	-	(22,044)
Grants and contributions	-	92,000	181,000	-	-	4,000	277,000
Sale of fixed assets	(52,957)	(6,429)	(700)	-	(588)	-	(60,674)
Total Non-Operating Revenues (Expenses)	<u>(53,900)</u>	<u>85,116</u>	<u>179,982</u>	<u>(1,171)</u>	<u>(434)</u>	<u>(267,360)</u>	<u>(57,767)</u>
Income (Loss) Before Contributions and Transfers	21,750	(377)	(181,035)	30,143	(26,677)	467,018	310,822
Transfers in	-	-	-	-	-	201,524	201,524
Transfers (out)	-	-	-	-	-	(50,000)	(50,000)
Change in Net Position	21,750	(377)	(181,035)	30,143	(26,677)	618,542	462,346
Total Net Position - Beginning	2,881,965	1,591,972	3,711,620	1,039,745	152,644	6,008,348	15,386,294
Total Net Position - Ending	<u>2,903,715</u>	<u>1,591,595</u>	<u>3,530,585</u>	<u>1,069,888</u>	<u>125,967</u>	<u>6,626,890</u>	<u>15,848,640</u>

The accompanying notes are an integral part of these financial statements.

City of Gunnison
Schedule of Revenues and Expenditures Budget (Non-GAAP Basis)
and Actual With Reconciliation to GAAP Basis
Proprietary Funds
Electric Department
For the Year Ended December 31, 2016
(With Comparative Actual Amounts For the Year Ended 2015)

	<u>2016</u>		Final Budget Variance Positive (Negative)	<u>2015</u>
	Original and Final Budget	Actual		Actual
Operating Revenue:				
Sales	5,618,000	5,582,405	(35,595)	5,170,948
Other revenue	22,000	29,271	7,271	28,373
Operating Revenue	<u>5,640,000</u>	<u>5,611,676</u>	<u>(28,324)</u>	<u>5,199,321</u>
Operating Expenses:				
Salaries and employee benefits	602,993	513,525	89,468	451,492
Purchased power	4,009,967	4,072,588	(62,621)	4,244,399
Purchased services	72,514	59,844	12,670	68,396
Operations and maintenance	855,566	667,388	188,178	624,909
Supplies	96,200	67,265	28,935	78,282
Operating Expenses	<u>5,637,240</u>	<u>5,380,610</u>	<u>256,630</u>	<u>5,467,478</u>
Operating income (loss)	2,760	231,066	228,306	(268,157)
Non-Operating Revenues (Expenses):				
Interest Revenue	4,000	3,734	(266)	4,317
Debt service - principal	-	(26,522)	(26,522)	(26,522)
Unrealized gains (losses)	-	(4,677)	(4,677)	(112)
Sale of fixed assets	25,000	(52,957)	(77,957)	-
Total Non-Operating Revenues (Expenses)	<u>29,000</u>	<u>(80,422)</u>	<u>(109,422)</u>	<u>(22,317)</u>
Change in Net Position - Budgetary Basis	<u>31,760</u>	<u>150,644</u>	<u>118,884</u>	<u>(290,474)</u>
Reconciliation to GAAP Basis:				
Adjustments:				
Depreciation		(155,416)		(171,391)
Debt service - Principal		26,522		26,522
Total Adjustments		<u>(128,894)</u>		<u>(144,869)</u>
Total Net Position - Beginning		<u>2,881,965</u>		<u>3,317,308</u>
Total Net Position - Ending		<u>2,903,715</u>		<u>2,881,965</u>

The accompanying notes are an integral part of these financial statements.

City of Gunnison
Schedule of Revenues and Expenditures Budget (Non-GAAP Basis)
and Actual With Reconciliation to GAAP Basis
Proprietary Funds
Water Department
For the Year Ended December 31, 2016
(With Comparative Actual Amounts For the Year Ended 2015)

	<u>2016</u>			Final Budget Variance Positive (Negative)	<u>2015</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Operating Revenue:					
Sales	557,057	557,057	613,318	56,261	543,774
Other revenue	11,000	11,000	9,003	(1,997)	11,500
Operating Revenue	<u>568,057</u>	<u>568,057</u>	<u>622,321</u>	<u>54,264</u>	<u>555,274</u>
Operating Expenses:					
Salaries and employee benefits	257,173	257,173	224,300	32,873	218,375
Purchased services	129,016	129,016	121,338	7,678	124,324
Operations and maintenance	192,240	192,240	201,542	(9,302)	156,840
Supplies	212,000	302,015	104,644	197,371	19,325
Capital outlay	-	-	164,450	(164,450)	15,000
Operating Expenses	<u>790,429</u>	<u>880,444</u>	<u>816,274</u>	<u>64,170</u>	<u>533,864</u>
Operating income (loss)	(222,372)	(312,387)	(193,953)	118,434	21,410
Non-Operating Revenues (Expenses):					
Interest revenue	2,500	2,500	3,868	1,368	3,416
Unrealized gains (losses)	-	-	(4,323)	(4,323)	(141)
Grants and contributions	15,000	35,000	92,000	57,000	42,500
Sale of fixed assets	-	-	(6,429)	(6,429)	-
Total Non-Operating Revenues (Expenses)	<u>17,500</u>	<u>37,500</u>	<u>85,116</u>	<u>47,616</u>	<u>45,775</u>
Income (Loss) Before Contributions and Transfers	(204,872)	(274,887)	(108,837)	166,050	67,185
Transfers (out)	-	-	-	-	(50,000)
Change in Net Position - Budgetary Basis	<u>(204,872)</u>	<u>(274,887)</u>	<u>(108,837)</u>	<u>166,050</u>	<u>17,185</u>
Reconciliation to GAAP Basis:					
Adjustments:					
Capital contributions			-		-
Depreciation			(55,990)		(53,400)
Capital outlay			164,450		15,000
Debt service - Principal			-		-
Total Adjustments			<u>108,460</u>		<u>(38,400)</u>
Total Net Position - Beginning			<u>1,591,972</u>		<u>1,613,187</u>
Total Net Position - Ending			<u>1,591,595</u>		<u>1,591,972</u>

The accompanying notes are an integral part of these financial statements.

City of Gunnison
Schedule of Revenues and Expenditures Budget (Non-GAAP Basis)
and Actual With Reconciliation to GAAP Basis
Proprietary Funds
Sewer Department
For the Year Ended December 31, 2016
(With Comparative Actual Amounts For the Year Ended 2015)

	<u>2016</u>			Final Budget Variance Positive (Negative)	<u>2015</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Operating Revenue:					
Sales	1,010,664	1,010,664	1,132,090	121,426	1,020,541
Other revenue	20,000	20,000	17,266	(2,734)	22,669
Operating Revenue	<u>1,030,664</u>	<u>1,030,664</u>	<u>1,149,356</u>	<u>118,692</u>	<u>1,043,210</u>
Operating Expenses:					
Salaries and employee benefits	540,214	540,214	497,619	42,595	516,276
Purchased services	261,419	261,419	260,536	883	253,732
Operations and maintenance	334,800	684,800	633,034	51,766	200,643
Supplies	232,400	232,400	49,378	183,022	45,389
Capital outlay	-	-	164,450	(164,450)	-
Operating Expenses	<u>1,368,833</u>	<u>1,718,833</u>	<u>1,605,017</u>	<u>113,816</u>	<u>1,016,040</u>
Operating income (loss)	(338,169)	(688,169)	(455,661)	232,508	27,170
Non-Operating Revenues (Expenses):					
Interest Revenue	4,000	4,000	7,229	3,229	6,633
Unrealized gains (losses)	-	-	(7,547)	(7,547)	(271)
Grants and Contributions	34,000	34,000	181,000	147,000	137,000
Sale of Fixed Assets	-	-	(700)	(700)	-
Total Non-Operating Revenues (Expenses)	<u>38,000</u>	<u>38,000</u>	<u>179,982</u>	<u>141,982</u>	<u>143,362</u>
Income (Loss) Before Contributions and Transfers	(300,169)	(650,169)	(275,679)	374,490	170,532
Transfers (out)	-	-	-	-	(100,000)
Change in Net Position - Budgetary Basis	<u>(300,169)</u>	<u>(650,169)</u>	<u>(275,679)</u>	<u>374,490</u>	<u>70,532</u>
Reconciliation to GAAP Basis:					
Adjustments:					
Capital outlay			164,450		-
Depreciation			(69,806)		(69,182)
Total Adjustments			<u>94,644</u>		<u>(69,182)</u>
Total Net Position - Beginning			<u>3,711,620</u>		<u>3,710,270</u>
Total Net Position - Ending			<u>3,530,585</u>		<u>3,711,620</u>

The accompanying notes are an integral part of these financial statements.

City of Gunnison
Schedule of Revenues and Expenditures Budget (Non-GAAP Basis)
and Actual With Reconciliation to GAAP Basis
Proprietary Funds
Refuse Fund
For the Year Ended December 31, 2016
(With Comparative Actual Amounts For the Year Ended 2015)

	2016		Final Budget Variance Positive (Negative)	2015
	Original and Final Budget	Actual		Actual
Operating Revenue:				
Sales	531,912	546,943	15,031	532,317
Other revenue	-	209	209	390
Operating Revenue	<u>531,912</u>	<u>547,152</u>	<u>15,240</u>	<u>532,707</u>
Operating Expenses:				
Salaries and employee benefits	174,721	139,929	34,792	163,749
Purchased services	153,203	152,677	526	147,860
Operations and maintenance	568,767	118,061	450,706	106,334
Supplies	23,600	14,356	9,244	25,906
Operating Expenses	<u>920,291</u>	<u>425,023</u>	<u>495,268</u>	<u>443,849</u>
Operating income (loss)	<u>(388,379)</u>	<u>122,129</u>	<u>510,508</u>	<u>88,858</u>
Non-Operating Revenues (Expenses):				
Interest revenue	2,500	4,326	1,826	3,444
Unrealized gains (losses)	500	(5,497)	(5,997)	(145)
Sale of fixed assets	5,000	-	(5,000)	-
Total Non-Operating Revenues (Expenses)	<u>8,000</u>	<u>(1,171)</u>	<u>(9,171)</u>	<u>3,299</u>
Change in Net Position - Budgetary Basis	<u>(380,379)</u>	<u>120,958</u>	<u>501,337</u>	<u>92,157</u>
Reconciliation to GAAP Basis:				
Adjustments:				
Depreciation		(90,815)		(90,815)
Total Adjustments		(90,815)		(90,815)
Total Net Position - Beginning		<u>1,039,745</u>		<u>1,038,403</u>
Total Net Position - Ending		<u>1,069,888</u>		<u>1,039,745</u>

The accompanying notes are an integral part of these financial statements.

City of Gunnison
Schedule of Revenues and Expenditures Budget (Non-GAAP Basis)
and Actual With Reconciliation to GAAP Basis
Proprietary Funds
Communication Fund
For the Year Ended December 31, 2016
(With Comparative Actual Amounts For the Year Ended 2015)

	<u>2016</u>		Final Budget Variance Positive (Negative)	<u>2015</u>
	Original and Final Budget	Actual		Actual
Operating Revenue:				
Sales	698,649	696,369	(2,280)	645,407
Other revenue	-	166	166	407
Operating Revenue	<u>698,649</u>	<u>696,535</u>	<u>(2,114)</u>	<u>645,814</u>
Operating Expenses:				
Salaries and employee benefits	643,788	647,479	(3,691)	583,027
Purchased services	39,506	32,819	6,687	31,487
Operations and maintenance	22,928	18,450	4,478	22,573
Supplies	4,100	4,097	3	8,081
Operating Expenses	<u>710,322</u>	<u>702,845</u>	<u>7,477</u>	<u>645,168</u>
Operating income (loss)	(11,673)	(6,310)	5,363	646
Non-Operating Revenues (Expenses):				
Interest revenue	800	154	(646)	1,016
Sale of fixed assets	-	(588)	(588)	-
Total Non-Operating Revenues (Expenses)	<u>800</u>	<u>(434)</u>	<u>(1,234)</u>	<u>1,016</u>
Change in Net Position - Budgetary Basis	<u>(10,873)</u>	<u>(6,744)</u>	<u>4,129</u>	<u>1,662</u>
Reconciliation to GAAP Basis:				
Adjustments:				
Depreciation		(19,933)		(20,269)
Total Adjustments		(19,933)		(20,269)
Total Net Position - Beginning		<u>152,644</u>		<u>171,251</u>
Total Net Position - Ending		<u>125,967</u>		<u>152,644</u>

The accompanying notes are an integral part of these financial statements.

City of Gunnison
Schedule of Revenues and Expenditures Budget (Non-GAAP Basis)
and Actual With Reconciliation to GAAP Basis
Proprietary Funds
Recreation Fund
For the Year Ended December 31, 2016
(With Comparative Actual Amounts For the Year Ended 2015)

	2016			Final Budget Variance Positive (Negative)	2015
	Original Budget	Final Budget	Actual		Actual
Operating Revenue:					
Sales	1,260,075	1,260,075	1,240,452	(19,623)	1,208,394
Other revenue	629,638	629,638	710,669	81,031	629,450
Operating Revenue	<u>1,889,713</u>	<u>1,889,713</u>	<u>1,951,121</u>	<u>61,408</u>	<u>1,837,844</u>
Operating Expenses:					
Salaries and employee benefits	480,337	480,337	466,964	13,373	418,181
Purchased services	356,862	362,862	326,983	35,879	323,964
Operations and maintenance	27,591	595,658	30,555	565,103	28,891
Supplies	146,332	146,332	56,133	90,199	175,184
Capital outlay	-	-	322,311	(322,311)	138,926
Operating Expenses	<u>1,011,122</u>	<u>1,585,189</u>	<u>1,202,946</u>	<u>382,243</u>	<u>1,085,146</u>
Operating Income (Loss)	878,591	304,524	748,175	443,651	752,698
Non-Operating Revenues (Expenses):					
Interest revenue	7,800	7,800	7,509	(291)	6,927
Debt service - principal	(275,001)	(275,001)	(275,000)	1	(260,000)
Interest expense	(271,764)	(271,764)	(270,069)	1,695	(338,330)
Unrealized gains (losses)	-	-	(8,800)	(8,800)	-
Grants and contributions	40,000	451,200	4,000	(447,200)	29,621
Total Non-Operating Revenues (Expenses)	<u>(498,965)</u>	<u>(87,765)</u>	<u>(542,360)</u>	<u>(454,595)</u>	<u>(561,782)</u>
Income (Loss) Before Contributions and Transfers	379,626	216,759	205,815	(10,944)	190,916
Transfers in	201,576	201,576	201,524	(52)	122,942
Transfers (out)	(50,000)	(128,425)	(50,000)	78,425	(450,000)
Change in Net Position - Budgetary Basis	<u>531,202</u>	<u>289,910</u>	<u>357,339</u>	<u>67,429</u>	<u>(136,142)</u>
Reconciliation to GAAP Basis:					
Adjustments:					
Depreciation			(336,108)		(348,708)
Capital outlay			322,311		138,926
Debt service - principal			275,000		260,000
Total Adjustments			<u>261,203</u>		<u>50,218</u>
Total Net Position - Beginning			6,008,348		6,094,272
Total Net Position - Ending			<u>6,626,890</u>		<u>6,008,348</u>

The accompanying notes are an integral part of these financial statements.

City of Gunnison
Schedule of Revenues and Expenditures Budget (Non-GAAP Basis)
and Actual With Reconciliation to GAAP Basis
Internal Service
Fleet Management Fund
For the Year Ended December 31, 2016
(With Comparative Actual Amounts For the Year Ended 2015)

	2016		2015	
	Original and Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Operating Revenue:				
Charges for services	382,028	382,029	1	368,043
Other revenue	7,745	8,668	923	7,773
Operating Revenue	<u>389,773</u>	<u>390,697</u>	<u>924</u>	<u>375,816</u>
Operating Expenses:				
Fleet expenses	429,887	377,384	52,503	355,611
Capital outlay	-	37,257	(37,257)	-
Operating Expenses	<u>429,887</u>	<u>414,641</u>	<u>15,246</u>	<u>355,611</u>
Operating income (loss)	(40,114)	(23,944)	16,170	20,205
Non-Operating Revenues (Expenses):				
Interest revenue	115	361	246	1,998
Unrealized gains (losses)	-	(511)	(511)	(84)
Sale of fixed assets	-	(260)	(260)	-
Total Non-Operating Revenues (Expenses)	<u>115</u>	<u>(410)</u>	<u>(525)</u>	<u>1,914</u>
Income (Loss) Before Contributions and Transfers	(39,999)	(24,354)	15,645	22,119
Transfers in	40,000	37,268	(2,732)	-
Transfers (out)	-	-	-	(386,778)
Change in Net Position - Budgetary Basis	<u>1</u>	<u>12,914</u>	<u>12,913</u>	<u>(364,659)</u>
Reconciliation to GAAP Basis:				
Adjustments:				
Depreciation		(7,398)		(5,849)
Capital outlay		37,257		-
Total Adjustments		<u>29,859</u>		<u>(5,849)</u>
Total Net Position - Beginning		<u>190,723</u>		<u>561,231</u>
Total Net Position - Ending		<u>233,496</u>		<u>190,723</u>

The accompanying notes are an integral part of these financial statements.

City of Gunnison
Statement of Changes in Fiduciary Net Position
Budget and Actual
Volunteer Firefighters' Pension Fund
For the Year Ended December 31, 2016
(With Comparative Actual Amounts For the Year Ended 2015)

	2016		2015	
	Original and Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Additions				
Contributions	133,130	124,260	(8,870)	124,260
Earnings on investments	76,000	145,397	69,397	(4,268)
Total Additions	209,130	269,657	60,527	119,992
Deductions				
Benefits	180,000	164,128	15,872	147,425
Expenses	18,000	16,961	1,039	16,420
Total Deductions	198,000	181,089	16,911	163,845
Change in Net Position - Budgetary Basis	11,130	88,568	43,616	(43,853)
Total Net Position - Beginning		2,084,518		2,128,371
Total Net Position - Ending		2,173,086		2,084,518

The accompanying notes are an integral part of these financial statements.

**ANNUAL SCHEDULE OF REVENUES AND EXPENDITURES
FOR ROADS, BRIDGES AND STREETS**

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

LOCAL HIGHWAY FINANCE REPORT		City or County: City of Gunnison
		YEAR ENDING : December 2016
This Information From The Records Of City of Gunnison	Prepared By: Phone:	Ben Cowan 970-641-8162

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)	881,255
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	539,647
		S&A Mtnc (01-402)	572,255
		Less OT (4102)	25,043
		Less Cont Svc-Snc (01-4034-4360)	7,565
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	0
2. General fund appropriations (calculate so that cell E67 = 0)	389,866	b. Snow and ice removal	32,608
		OT (4102)	25,043
3. Other local imposts (from page 2)	1,435,438	Cont Svc.-Snow (4360)	7,565
4. Miscellaneous local receipts (from page 2)	12,433	c. Other	0
5. Transfers from toll facilities	0	d. Total (a. through c.)	32,608
		4. General administration & miscellaneous S&A Admin (01-4033)	159,086
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	403,600
a. Bonds - Original Issues	0	Police (01-4020) * 20% Per Chief	
b. Bonds - Refunding Issues	0	6. Total (1 through 5)	2,016,195
c. Notes	0	B. Debt service on local obligations:	
d. Total (a. + b. + c.)	0	1. Bonds:	
7. Total (1 through 6)	1,837,737	a. Interest	0
B. Private Contributions	0	b. Redemption	0
C. Receipts from State government (from page 2)	178,457	c. Total (a. + b.)	0
D. Receipts from Federal Government (from page 2)	0	2. Notes:	
E. Total receipts (A.7 + B + C + D)	2,016,195	a. Interest	0
		b. Redemption	0
		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)	2,016,195

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursement	D. Ending Balance	E. Reconciliation
	0	2,016,195	2,016,195	(0)	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2016

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 Assesments	0	a. Interest on investments	0
b. Other local imposts:		b. Traffic Fines (01-3501)	12,433
1. Sales Taxes	1,435,438	c. Parking Garage Fees	0
City Sales Tax (01-3104)	4,560,457		
Use Tax (01-3106)	224,337		
Total Sales & Use Tax	4,784,794		
x 30%	1,435,438		
2. Infrastructure & Impact Fees	0	d. Parking Meter Fees	0
3. Liens	0	e. Sale of Surplus Property	0
4. Licenses	0	f. Charges for Services	0
5. Specific Ownership &/or Other	0	g. Other Misc. Receipts	0
6. Total (1. through 5.)	1,435,438	h. Other	0
c. Total (a. + b.)	1,435,438	i. Total (a. through h.)	12,433
	(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 (01-3307)	159,063	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	0
a. State bond proceeds		b. FEMA	0
b. Project Match		c. HUD	0
c. Motor Vehicle Registration (01-3103)	19,395	d. Federal Transit Admin	0
d. Other (Specify)		e. U.S. Corps of Engineers	0
e. Other (Specify)		f. Other Federal	0
f. Total (a. through e.)	19,395	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	178,457	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		0
b. Engineering Costs	104,351	0	104,351
c. Construction:			
(1). New Facilities			
(2). Capacity Improvements	0		0
(3). System Preservation	0	720,863	720,863
Material Crushing 01-4035 9103	6,300	0	
Gravel/Asphalt/Patching 01-4035 91	6,350	0	
Concrete 01-4035-9108	3,148	0	
Slurry Seal 01-4035-9109	25	0	
Crack Seal 01-4035-9110	50,027	0	
Street Impvmt/Overlay 01-4035-911	655,013	0	
(4). System Enhancement & Operation	0	56,041	56,041
Tree Program 01-4035-9101	2,124	0	
Tree Chipping 01-4035-9102	23,415	0	
Signs 01-4035-9105	3,811	0	
Paint Striping 01-4035-9104	26,691	0	
(4). Total Construction (1)+(2)+(3)	0	776,904	776,904
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.4)	0	881,255	881,255
			(Carry forward to page 1)

Notes and Comments: