

**City of Gunnison
Gunnison, Colorado**

**Financial Statements
December 31, 2017**

**City of Gunnison, Colorado
Financial Report
December 31, 2017**

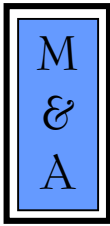
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INDEPENDENT AUDITOR'S REPORT

**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, 2017, 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, 2017, 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 3, 2018**

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Gunnison, Colorado

Management's Discussion and Analysis December 31, 2017

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, 2017.

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 \$1,792,662. The was attributable to accumulation of resources in the Enterprise Fund for future planned projects and significant increase in sewer and tap connection fees due to a strong construction economy.
- The City's governmental funds combined fund balances decreased by \$632,760 due to a significant capital project in the Ditch Fund to restore the Gunnison River habitat, completion of several major capital projects in the General Fund that were re-appropriated in 2017 including a park restroom facility, demolition of the dilapidated shop facility, and the requirement to purchase a new motorgrader due to catastrophic failure of the hydraulic system.

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 D23 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 69% 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>1/1/17</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/17</u>
<i>General Fund:</i>				
Emergency reserves	\$ 249,000	\$ -	\$ -	249,000
<i>Conservation Trust:</i>				
Recreation	50,140	(21,403)	-	28,737
<i>Marijuana Mitigation:</i>				
Other	122,293	84,387	-	206,680
	<u>\$ 421,433</u>	<u>\$ 62,984</u>	<u>\$ -</u>	<u>484,417</u>

The following graphs show the City's net position for 2016 and 2017:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Assets:						
Current and other assets	\$ 6,099,934	6,200,026	\$ 7,892,222	\$ 7,306,525	\$ 13,992,156	\$ 13,506,551
Capital assets	13,722,037	12,868,422	16,296,647	15,662,493	30,018,684	28,530,915
Total Assets	<u>19,821,971</u>	<u>19,068,448</u>	<u>24,188,869</u>	<u>22,969,018</u>	<u>44,010,840</u>	<u>42,037,466</u>
Liabilities:						
Other liabilities	864,628	559,517	1,081,238	672,179	1,945,866	1,231,696
Long-term liabilities	316,727	267,616	5,821,162	6,427,612	6,137,889	6,695,228
Total Liabilities	<u>1,181,355</u>	<u>827,133</u>	<u>6,902,400</u>	<u>7,099,791</u>	<u>8,083,755</u>	<u>7,926,924</u>
Deferred Inflow of Resources:						
Unavailable property tax revenue	292,596	282,046	-	-	292,596	282,046
Unavailable revenue - Other	72,842	51,758	12,834	20,587	85,676	72,345
Total deferred inflow of resources	<u>365,438</u>	<u>333,804</u>	<u>12,834</u>	<u>20,587</u>	<u>378,272</u>	<u>354,391</u>
Net Position:						
Net investment in capital assets	13,722,037	12,868,422	10,666,647	9,432,493	24,388,684	22,300,915
Restricted	484,417	421,433	-	545,717	484,417	967,150
Unrestricted	4,068,724	4,617,656	6,606,988	5,870,430	10,675,712	10,488,086
Total Net Position	<u>\$ 18,275,178</u>	<u>\$ 17,907,511</u>	<u>\$ 17,273,635</u>	<u>\$ 15,848,640</u>	<u>\$ 35,548,813</u>	<u>\$ 33,756,151</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	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 1,574,028	\$ 1,383,484	\$ 9,200,726	\$ 8,922,519	\$ 10,774,754	\$ 10,306,003
Operating grants & contributions	84,687	103,576	-	-	84,687	103,576
Capital grants & contributions	-	-	549,831	333,993	549,831	333,993
General revenues:						
Property taxes	274,338	273,900	-	-	274,338	273,900
Sales and use taxes	6,221,850	5,724,078	1,719,682	1,594,652	7,941,532	7,318,730
Other taxes	711,890	722,143	-	-	711,890	722,143
Investment earnings and other revenue	117,694	(32,355)	477,919	(60,700)	595,613	(93,055)
Total Revenues	8,984,487	8,174,826	11,948,158	10,790,464	20,932,645	18,965,290
Expenses:						
General government	1,902,796	2,029,722	-	-	1,902,796	2,029,722
Public safety	2,781,543	2,485,206	-	-	2,781,543	2,485,206
Streets	2,271,219	1,853,209	-	-	2,271,219	1,853,209
Parks & recreation	1,407,928	1,253,318	-	-	1,407,928	1,253,318
Economic development	288,365	293,575	-	-	288,365	293,575
Electric	-	-	5,467,922	5,536,026	5,467,922	5,536,026
Water	-	-	677,403	707,814	677,403	707,814
Sewer	-	-	1,280,455	1,510,373	1,280,455	1,510,373
Refuse	-	-	583,039	515,838	583,039	515,838
Communications	-	-	783,217	722,778	783,217	722,778
Recreation	-	-	1,696,096	1,486,813	1,696,096	1,486,813
Total Expenses	8,651,851	7,915,030	10,488,132	10,479,642	19,139,983	18,394,672
Change in Net Position before transfers						
	332,636	259,796	1,460,026	310,822	1,792,662	570,618
Transfers	35,031	(151,524)	(35,031)	151,524	-	-
Change in Net Position	367,667	108,272	1,424,995	462,346	1,792,662	570,618
Net Position - Beginning	17,907,511	17,799,239	15,848,640	15,386,294	33,756,151	33,185,533
Net Position - Ending	\$ 18,275,178	\$ 17,907,511	\$ 17,273,635	\$ 15,848,640	\$ 35,548,813	\$ 33,756,151

Governmental activities: Governmental activities increased the City's net position by \$367,667. 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 \$1,424,995. 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. Additionally, 2017 saw an increase in tap connection fees due to an increased number of connections to the City's water and sewer systems.

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.

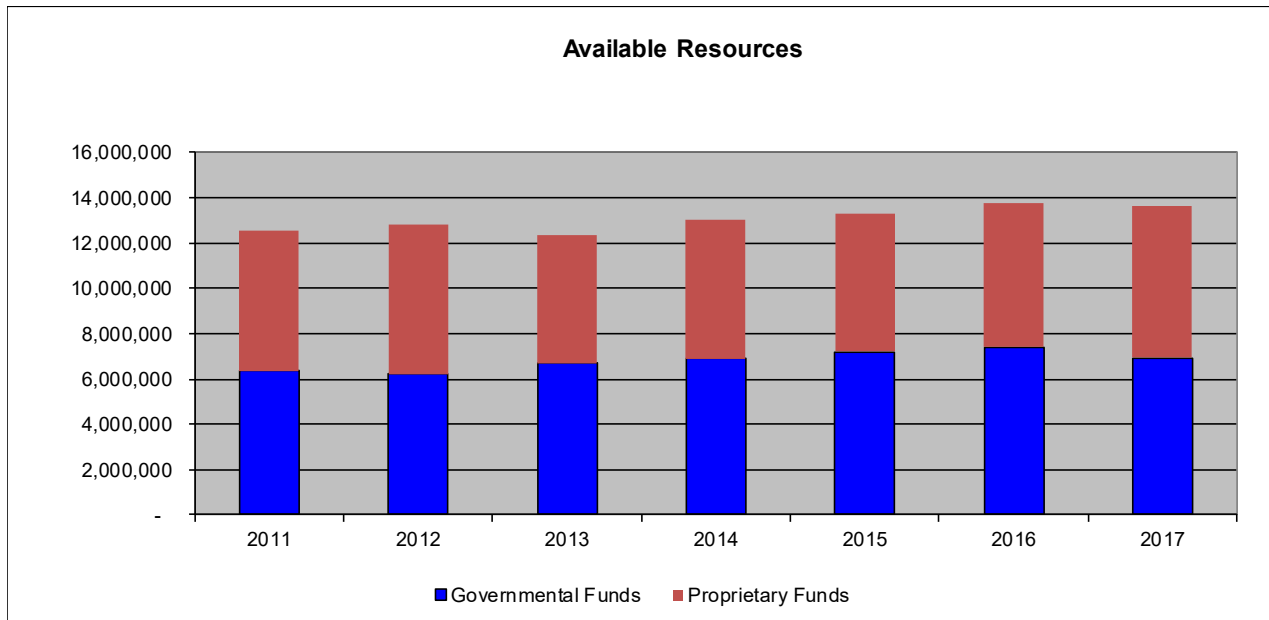
The City's available resources for 2017 is charted below:

	<u>Beginning Available Resources</u>	<u>Increase (Decrease)</u>	<u>Ending Available Resources</u>	<u>2017 Expenditures</u>	<u>% of EAR to Expenditures</u>
Governmental Funds:					
General Fund	4,634,030	(355,367)	4,278,663	8,648,730	49%
Conservation Trust Fund	50,141	(21,404)	28,737	52,510	55%
Ditch Fund	428,351	(367,441)	60,910	413,352	15%
Risk Management Fund	-	27,067	27,067	191,036	14%
Marijuana Mitigation Fund	122,293	84,387	206,680	123,952	167%
Firefighters' Pension Fund	2,173,086	174,543	2,347,629	216,300	1085%
Business Type Funds:					
Enterprise Fund					
Electric Department	1,208,327	348,986	1,557,313	5,468,800	28%
Water Department	784,944	221,734	1,006,678	687,606	146%
Waste Water Department	1,360,056	153,034	1,513,090	1,468,279	103%
Refuse Department	980,814	(518,377)	462,437	1,104,785	42%
Communications Department	124,181	(12,769)	111,412	766,823	15%
Recreation Department	1,849,895	(64,197)	1,785,698	8,686,709	21%
Internal Service Fund:					
Fleet Management	71,890	195,925	267,815	720,793	37%
	<u>13,788,008</u>	<u>(133,879)</u>	<u>13,654,129</u>	<u>28,549,675</u>	<u>48%</u>

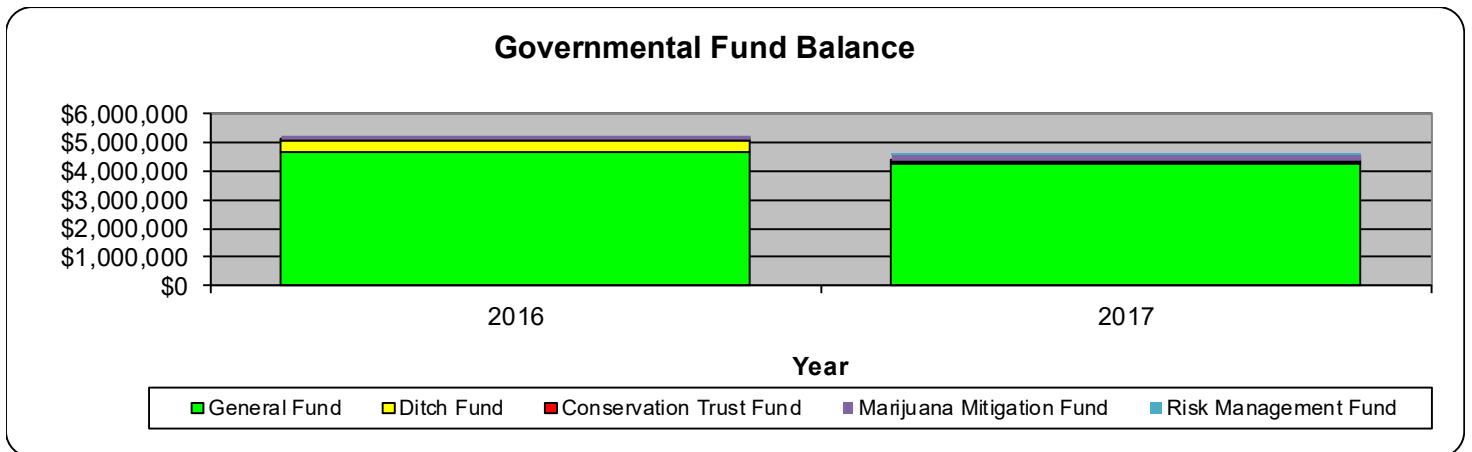
Financial Analysis of the City's Funds (continued)

Available Resources (continued):

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



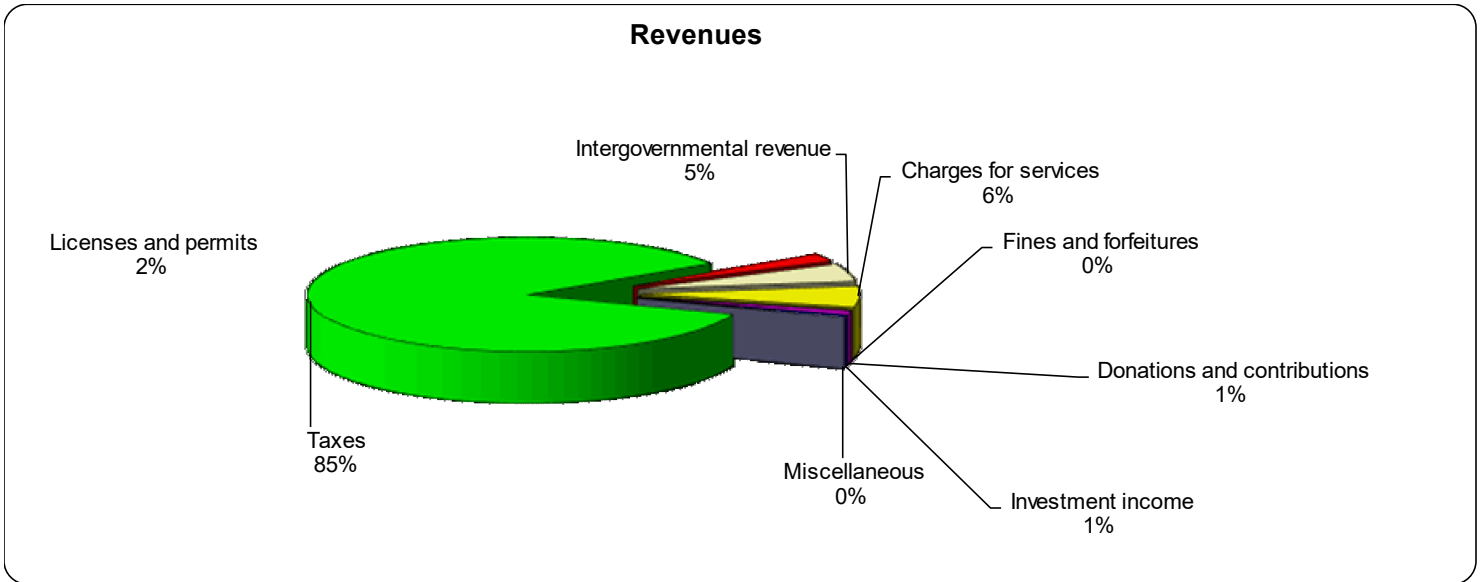
Governmental funds: The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure 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 \$4,602,054, a decrease of \$632,760 from the prior year ending fund balances. The City's fund balances for past two years are presented in graph format below.



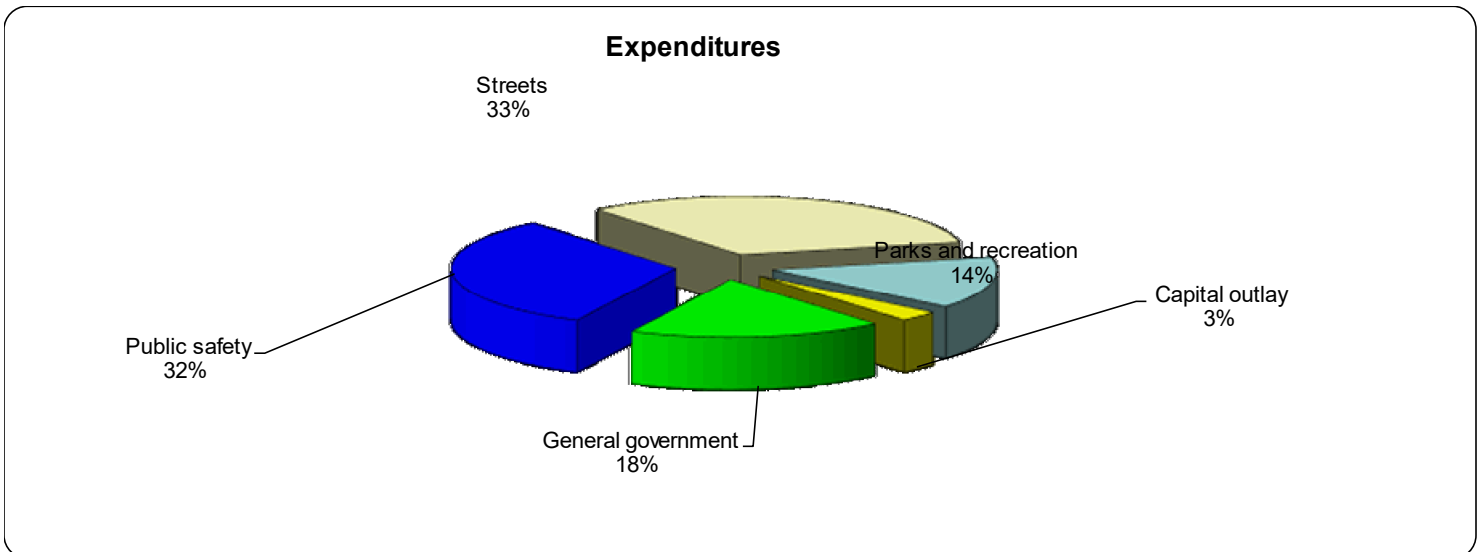
Financial Analysis of the City's Funds (continued)

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 2017:



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)

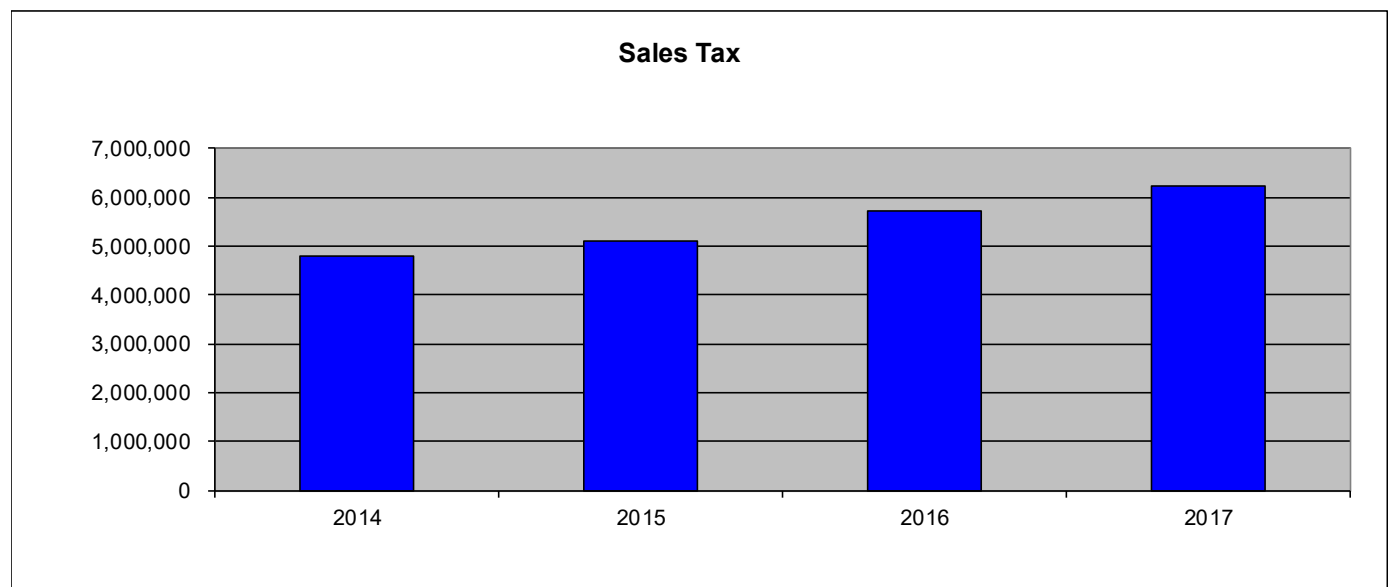
Budget variances in the General Fund: The City's significant General Fund budget variances are detailed as follows:

	Final Budget	Actual	Variance	Reason
Revenues:				
Sales & use tax	5,507,479	6,037,815	530,336	Online retailers began remitting sales and use taxes in anticipation of the South Dakota v Wayfair Supreme Court decision.
Other licenses and permits	77,714	184,174	106,460	Building permit revenue was significantly up due to above-average construction activity.
Grant revenue	612,654	42,344	(570,310)	An anticipated Transportation Alternatives Program grant was not received due to a lengthier than planned design process.
Total Revenues	7,941,584	8,026,484	84,900	
Expenditures:				
Street improvements	2,177,981	1,396,448	781,533	Improvements related to pedestrian crossings on Highway 50 were not commenced as planned due to challenges encountered during the design process with the Colorado Department of Transportation.
Transfer (out)	(399,726)	(571,335)	171,609	The capital reserve held in the General Fund for the purchase of a \$1.4 million aerial fire truck was transferred to the Fleet Maintenance Fund where it is planned to be purchased in 2018.
Total Expenditures	8,275,595	7,250,993	1,024,602	

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 \$5,660,943 in total long-term debts. This includes \$5,630,000 of the 2015 refunding sales and use tax revenue bonds and \$30,943 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 2016 was \$497,772 or 8.7%. The following chart indicates changes in the sales tax over the past four 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 \$4,278,661. The City's 2018 budget anticipates an ending General Fund balance of \$3,159,496.

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, 2017

	Governmental Activities	Business type Activities	Total
Assets:			
Current assets:			
Cash and investments - Unrestricted	4,920,592	6,191,233	11,111,825
Accounts, taxes, and interest receivable	1,039,992	925,563	1,965,555
Prepaid expenses	139,350	10,931	150,281
Inventory	-	764,495	764,495
Total current assets	<u>6,099,934</u>	<u>7,892,222</u>	<u>13,992,156</u>
Capital assets:			
Land	2,818,836	560,253	3,379,089
Construction in progress	570,858	299,677	870,535
Land improvements	2,246,760	-	2,246,760
Buildings and improvements	7,986,198	24,498,496	32,484,694
Infrastructure	7,242,680	-	7,242,680
Vehicles	2,975,694	-	2,975,694
Machinery and equipment	3,180,029	10,952,010	14,132,039
Less accumulated depreciation	(13,299,018)	(20,013,789)	(33,312,807)
Total capital assets (net of accumulated depr.)	<u>13,722,037</u>	<u>16,296,647</u>	<u>30,018,684</u>
Total assets	<u>19,821,971</u>	<u>24,188,869</u>	<u>44,010,840</u>
Liabilities:			
Current liabilities:			
Accounts payable	697,144	954,002	1,651,146
Accrued payroll	164,884	93,936	258,820
Accrued expenses	-	300	300
Bond interest	-	12,760	12,760
Deposits	2,600	20,240	22,840
Total current liabilities	<u>864,628</u>	<u>1,081,238</u>	<u>1,945,866</u>
Noncurrent liabilities:			
Compensated absences	316,727	155,219	471,946
Accrued expenses	-	5,000	5,000
Bonds payable:			
Due within one year	-	335,000	335,000
Due in more than one year	-	5,295,000	5,295,000
MEAN payable:			
Due within one year	-	26,522	26,522
Due in more than one year	-	4,421	4,421
Total noncurrent liabilities	<u>316,727</u>	<u>5,821,162</u>	<u>6,137,889</u>
Total liabilities	<u>1,181,355</u>	<u>6,902,400</u>	<u>8,083,755</u>
Deferred Inflow of Resources:			
Unavailable property tax revenue	292,596	-	292,596
Unavailable revenue - Other	72,842	12,834	85,676
Total deferred inflow of resources	<u>365,438</u>	<u>12,834</u>	<u>378,272</u>
Net Position:			
Net Investment in capital assets	13,722,037	10,666,647	24,388,684
Restricted	484,417	-	484,417
Unrestricted	4,068,724	6,606,988	10,675,712
Total Net Position	<u>18,275,178</u>	<u>17,273,635</u>	<u>35,548,813</u>

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

City of Gunnison, Colorado
Statement of Activities
December 31, 2017

	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	1,902,796	738,868	-	-	(1,163,928)	-	(1,163,928)
Public safety	2,781,543	53,636	17,344	-	(2,710,563)	-	(2,710,563)
Streets	2,271,219	564,265	36,237	-	(1,670,717)	-	(1,670,717)
Parks and recreation	1,407,928	179,987	31,106	-	(1,196,835)	-	(1,196,835)
Economic development	288,365	37,272	-	-	(251,093)	-	(251,093)
Total Governmental Activities	8,651,851	1,574,028	84,687	-	(6,993,136)	-	(6,993,136)
Business-type activities:							
Electric	5,467,922	5,711,525	-	87,417	-	331,020	331,020
Water	677,403	695,851	-	167,149	-	185,597	185,597
Sewer	1,280,455	1,267,872	-	295,265	-	282,682	282,682
Refuse	583,039	571,225	-	-	-	(11,814)	(11,814)
Communications	783,217	609,441	-	-	-	(173,776)	(173,776)
Recreation	1,696,096	344,812	-	-	-	(1,351,284)	(1,351,284)
Total Business-type Activities	10,488,132	9,200,726	-	549,831	-	(737,575)	(737,575)
Total Primary Government	19,139,983	10,774,754	84,687	549,831	(6,993,136)	(737,575)	(7,730,711)
General Revenues:							
Property tax, levied for general purposes					274,338	-	274,338
Specific ownership tax					18,977	-	18,977
General sales and use tax					6,221,850	1,719,682	7,941,532
Franchise tax					573,904	-	573,904
Other miscellaneous taxes					119,009	-	119,009
Investment earnings					37,862	90,955	128,817
Unrealized gains (losses)					(5,371)	1,051	(4,320)
Grants and contributions not restricted to any program					100,026	387,384	487,410
Gain (loss) on disposal of assets					(14,823)	(1,471)	(16,294)
Transfers					35,031	(35,031)	-
Total General Revenues, Special Items, and Transfers					7,360,803	2,162,570	9,523,373
Change in Net Position					367,667	1,424,995	1,792,662
Net Position - Beginning					17,907,511	15,848,640	33,756,151
Net Position - Ending					18,275,178	17,273,635	35,548,813

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

FUND FINANCIAL STATEMENTS

**City of Gunnison, Colorado
Balance Sheet
Governmental Funds
December 31, 2017**

	<u>General</u>	<u>Ditch Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Cash and investments - Unrestricted	4,120,222	248,893	263,049	4,632,164
Receivables, net of allowance for uncollectibles	746,523	-	856	747,379
Property tax receivable	292,596	-	-	292,596
Prepaid expenses	138,536	-	-	138,536
Total Assets	<u>5,297,877</u>	<u>248,893</u>	<u>263,905</u>	<u>5,810,675</u>
Liabilities and Fund Equity:				
Liabilities:				
Accounts payable	494,666	187,983	1,421	684,070
Accrued payroll	155,601	-	-	155,601
Accrued expenses	910	-	-	910
Deposits	2,600	-	-	2,600
Total Liabilities	<u>653,777</u>	<u>187,983</u>	<u>1,421</u>	<u>843,181</u>
Deferred inflow of resources:				
Unavailable property tax revenue	292,596	-	-	292,596
Unavailable revenue - other	72,842	-	-	72,842
Total deferred inflow of resources	<u>365,438</u>	<u>-</u>	<u>-</u>	<u>365,438</u>
Fund Balances:				
Unspendable	138,536	-	-	138,536
Spendable:				
Restricted for emergencies	249,000	-	-	249,000
Restricted for recreation	-	-	28,737	28,737
Restricted - other	-	-	206,680	206,680
Assigned	-	60,910	27,067	87,977
Unassigned	3,891,126	-	-	3,891,126
Total Fund Balances	<u>4,278,662</u>	<u>60,910</u>	<u>262,484</u>	<u>4,602,056</u>
Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>5,297,877</u>	<u>248,893</u>	<u>263,905</u>	<u>5,810,675</u>

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, 2017

Governmental Funds Total Fund Balance	4,602,056
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.	26,118,131
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.	627,516
Less:	
Accumulated depreciation (excluding internal service fund) is not recognized in the governmental funds because capital assets are expensed at the time of acquisition.	(12,777,467)
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.	(295,058)
Governmental Activities Net Position	<u><u>18,275,178</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, 2017

	<u>General</u>	<u>Ditch Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Taxes	7,061,139	-	206,567	7,267,706
Licenses and permits	184,174	-	-	184,174
Intergovernmental revenue	350,006	41,865	30,641	422,512
Charges for services	282,174	-	217,067	499,241
Fines and forfeitures	21,285	-	-	21,285
Investment income	31,373	3,747	2,977	38,097
Unrealized gains (losses)	(5,956)	299	297	(5,360)
Donations and contributions	76,068	-	-	76,068
Miscellaneous	26,222	-	-	26,222
Total Revenues	<u>8,026,485</u>	<u>45,911</u>	<u>457,549</u>	<u>8,529,945</u>
Expenditures:				
General government	1,368,588	-	191,036	1,559,624
Public safety	2,631,267	-	70,016	2,701,283
Public works	2,349,931	413,352	-	2,763,283
Culture and recreation	1,228,106	-	-	1,228,106
Economic development	288,365	-	-	288,365
Capital outlay	211,139	-	35,978	247,117
Total Expenditures	<u>8,077,396</u>	<u>413,352</u>	<u>297,030</u>	<u>8,787,778</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(50,911)</u>	<u>(367,441)</u>	<u>160,519</u>	<u>(257,833)</u>
Other Financing Sources (Uses):				
Sale of asset	38,953	-	-	38,953
Transfers in	227,925	-	-	227,925
Transfers (out)	(571,335)	-	(70,468)	(641,803)
Total Other Financing Sources (Uses)	<u>(304,457)</u>	<u>-</u>	<u>(70,468)</u>	<u>(374,925)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	<u>(355,368)</u>	<u>(367,441)</u>	<u>90,051</u>	<u>(632,758)</u>
Fund Balances - Beginning	<u>4,634,030</u>	<u>428,351</u>	<u>172,433</u>	<u>5,234,814</u>
Fund Balances - Ending	<u>4,278,662</u>	<u>60,910</u>	<u>262,484</u>	<u>4,602,056</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, 2017

Governmental Funds Changes in Fund Balances	(632,758)
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.	1,476,248
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.	(770,744)
Changes in the City employees' accrued compensated absences are considered changes in long-term liabilities. This is the amount that accrued compensated absences decreased.	(45,919)
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.	394,018
Assets disposed of prior to being fully depreciated are charged off upon disposition. This represents the assets disposed of during the year.	(53,178)
Governmental Activities Change in Net Position	367,667

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

**City of Gunnison
Statement of Net Position
Proprietary Funds
December 31, 2017**

	Enterprise Fund	Internal Service Fund
Assets:		
Current assets:		
Cash and investments - unrestricted	6,191,233	288,429
Accounts receivables, net of allowance for uncollectibles	925,563	17
Inventories	764,495	814
Prepaid expenses	10,931	-
Total current assets	7,892,222	289,260
Non-current assets:		
Land	560,253	-
Construction in progress	299,677	-
Building and improvements	24,498,496	295,618
Machinery and equipment	10,952,010	607,302
Less: Accumulated depreciation	(20,013,789)	(521,551)
Total non-current assets	16,296,647	381,369
Total Assets	24,188,869	670,629
Liabilities:		
Current liabilities:		
Accounts payable	954,002	12,161
Accrued payroll	93,936	9,283
Accrued expenses	300	-
Bond interest payable	12,760	-
Deposits held	20,240	-
Deferred revenue	12,834	-
Non-current liabilities due within one year:		
Long term debt	361,522	-
Total current liabilities	1,455,594	21,444
Non-current liabilities:		
Accrued compensated absences	155,219	21,669
Accrued expenses	5,000	-
Non-Current Liabilities - due longer than one year:		
Long term debt	5,299,421	-
Total non-current liabilities	5,459,640	21,669
Total Liabilities	6,915,234	43,113
Net Position:		
Net Investment in capital assets	10,666,647	381,369
Unrestricted	6,606,988	246,147
Total Net Position	17,273,635	627,516

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, 2017

	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>
Operating Revenue:		
Utility sales	10,232,783	458,902
Other revenue	838,467	10,245
Operating Revenue	<u>11,071,250</u>	<u>469,147</u>
Operating Expenses:		
Salaries and employee benefits	2,659,727	-
Purchased power	3,790,487	-
Purchased services	1,045,796	-
Operations and maintenance	1,546,500	-
Supplies	311,224	-
Depreciation and amortization	761,692	18,441
Fleet expenditures	-	505,217
Operating Expenses	<u>10,115,426</u>	<u>523,658</u>
Operating income (loss)	955,824	(54,511)
Non-Operating Revenues (Expenses):		
Interest revenue	91,326	210
Interest expense	(372,705)	-
Unrealized gain (loss)	681	11
Grants and contributions	786,371	-
Sale of fixed assets	(1,471)	(600)
Total Non-Operating Revenues (Expenses)	<u>504,202</u>	<u>(379)</u>
Income (Loss) Before Contributions and Transfers	1,460,026	(54,890)
Transfers in	367,204	448,909
Transfers (out)	(402,235)	-
Change in Net Position	<u>1,424,995</u>	<u>394,019</u>
Total Net Position - Beginning	<u>15,848,640</u>	<u>233,497</u>
Total Net Position - Ending	<u><u>17,273,635</u></u>	<u><u>627,516</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, 2017

	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>	<u>Total</u>
Cash Flows From Operating Activities:			
Cash received from customers for services	10,236,250	458,885	10,695,135
Other cash received	804,168	10,245	814,413
Cash paid for goods and services	(6,224,076)	(505,836)	(6,729,912)
Cash paid for employment services	(2,609,136)	4,830	(2,604,306)
Net Cash Provided (Used) by Operating Activities	<u>2,207,206</u>	<u>(31,876)</u>	<u>2,175,330</u>
Cash Flows From Non-Capital Financing Activities:			
Grants and contributions	786,370	-	786,370
Transfers (out)	(402,235)	-	(402,235)
Transfers in	367,204	448,909	816,113
Net Cash Provided by Non-Capital Financing Activities	<u>751,339</u>	<u>448,909</u>	<u>1,200,248</u>
Cash Flows From Capital Financing Activities:			
Purchase of fixed assets	(1,397,320)	(220,327)	(1,617,647)
Interest paid	(372,705)	-	(372,705)
Principal paid	(636,981)	-	(636,981)
Net Cash (Used) by Capital Financing Activities	<u>(2,407,006)</u>	<u>(220,327)</u>	<u>(2,627,333)</u>
Cash Flows From Investing Activities:			
Interest received	92,011	221	92,232
Net Cash Provided by Investing Activities	<u>92,011</u>	<u>221</u>	<u>92,232</u>
Net Increase (Decrease) in Cash and Cash Equivalents	643,550	196,927	840,477
Cash and Cash Equivalents - Beginning	5,547,683	91,502	5,639,185
Cash and Cash Equivalents - Ending	<u>6,191,233</u>	<u>288,429</u>	<u>6,479,662</u>
Reconciliation of Operating (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating (loss)	955,824	(54,511)	901,313
Adjustments to reconcile operating (loss) to net cash provided (used) by operating activities:			
Depreciation	761,692	18,441	780,133
(Increase) decrease in accounts receivable	3,467	(17)	3,450
(Increase) decrease in inventories	53,743	-	53,743
(Increase) decrease in prepaid expenses	643	(516)	127
Increase (decrease) in accounts payable	415,545	(103)	415,442
Increase (decrease) in compensated absences	30,531	3,192	33,723
Increase (decrease) in deposits	(26,546)	-	(26,546)
Increase (decrease) in deferred revenue	(7,753)	-	(7,753)
Increase (decrease) in accrued wages	20,060	1,638	21,698
Total Adjustments	<u>1,251,382</u>	<u>22,635</u>	<u>1,274,017</u>
Net Cash Provided (Used) by Operating Activities	<u>2,207,206</u>	<u>(31,876)</u>	<u>2,175,330</u>

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, 2017

	<u>Volunteer Firefighters' Pension Fund</u>
Assets	
Cash and investments	2,283,177
Accounts receivable	64,452
Total Assets	<u>2,347,629</u>
Net Position	
Net position - held in trust for pension benefits	<u>2,347,629</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, 2017

	<u>Volunteer Firefighters' Pension Fund</u>
Additions	
Contributions	
City	35,022
District	35,022
State	53,238
Earnings on investments	<u>267,561</u>
Total Additions	<u>390,843</u>
Deductions	
Benefits	199,300
Expenses	<u>17,000</u>
Total Deductions	<u>216,300</u>
Change in net position	174,543
Net position at beginning of year	<u>2,173,086</u>
Net position at end of year	<u><u>2,347,629</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, 2017

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, 2017
(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, 2017
(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, 2017
(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, 2017
(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, 2017
(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, 2017
(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 \$13,340,668 represents capitalized costs of \$26,118,135 and accumulated depreciation of \$12,777,467.

City of Gunnison
Notes to the Financial Statements
December 31, 2017
(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 \$627,516 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 \$295,058.

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 \$1,476,248 less depreciation expense of \$770,744.

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 \$45,919.

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 \$394,018 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 2017.

1. For the 2017 budget year, prior to August 25, 2016 (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, 2016, 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, 2017
(continued)

III. Stewardship, Compliance, and Accountability (continued)

A. Budgetary Information (continued)

3. Prior to December 15, 2016, 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 2016 were collected in 2017 and taxes certified in 2017 will be collected in 2018. 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:

Fund	Original Budget	Final Budget	Amendment
General Fund	\$ 8,784,424	\$ 9,457,968	\$ 673,544
Ditch Fund	\$ 151,390	\$ 767,682	\$ 616,292
Marijuana Mitigation Fund	\$ 97,936	\$ 198,633	\$ 100,697
Fleet Fund	\$ 727,965	\$ 758,465	\$ 30,500
Sewer Department	\$ 1,397,341	\$ 1,694,541	\$ 297,200
Refuse Department	\$ 1,127,589	\$ 1,298,489	\$ 170,900
Communication Department	\$ 756,262	\$ 770,425	\$ 14,163
Recreation Department	\$ 2,191,028	\$ 3,096,125	\$ 905,097
Volunteer Firefighters' Pension Fund	\$ 207,700	\$ 219,800	\$ 12,100

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, 2017
(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, 2017.

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.

C. Excess of Expenditures Over Appropriations

For the year ended December 31, 2017, expenses exceeded budget appropriations in the Communication Fund by \$221. Overspending of these appropriations is considered a budgetary violation.

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 \$4,706,104 at year end. Petty cash totaled \$3,234.

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, 2017, 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	\$ 3,836,240	-	3,836,240	-
United States Treasuries	482,440	482,440	-	-
United States Agencies	3,869,793	3,869,793	-	-
Investments Measured at Net Asset Value				
COLOTRUST	1,416,354			
Investments Measured at Amortized Cost				
CSAFE	661,778			

City of Gunnison
Notes to the Financial Statements
December 31, 2017
(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, 2017, the City's investments in COLOTRUST and C-SAFE were 14% and 6% 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, 2017
(continued)

IV. Detailed Notes on All Funds

A. Deposits and Investments

At December 31, 2017, unrealized losses were \$4,967 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	\$ 3,234	\$ 3,234	\$ -
<i>Demand Deposits:</i>				
Checking	Not Rated	867,244	867,244	-
Savings & money market	Not Rated	2,620	2,620	-
Certificates of deposit	Not Rated	3,836,240	1,356,000	2,480,240
<i>Investments:</i>				
United States Agencies	AA+	3,869,793	-	3,869,793
United States Treasuries	AA+	482,440	-	482,440
Investment Pools	AAAm	2,050,254	2,050,254	-
Total Cash and Investments		<u>\$ 11,111,825</u>	<u>\$ 4,279,352</u>	<u>\$ 6,832,473</u>
 <i>Reconciliation to Statement of Net Position:</i>				
Cash and investments - Unrestricted		\$ 11,111,825		
Total Cash and Investments		<u>\$ 11,111,825</u>		

City of Gunnison
Notes to the Financial Statements
December 31, 2017
(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	\$ 292,596	\$ -	\$ 292,596
Accounts and other receivable	746,523	856	747,379
Gross receivables	1,039,119	856	1,039,975
Less: allowance for uncollectible	-	-	-
Net Receivables	\$ 1,039,119	\$ 856	\$ 1,039,975

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 2017 but not available until 2018.

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	\$ 475,965	\$ 40,886	\$ 111,952	\$ 43,717	\$ 35,472	\$ 213,251	\$ 921,243
Other receivables	-	-	-	-	-	4,320	4,320
Gross receivables	475,965	40,886	111,952	43,717	35,472	217,571	925,563
Less: allowance for uncollectible	-	-	-	-	-	-	-
Net Receivables	\$ 475,965	\$ 40,886	\$ 111,952	\$ 43,717	\$ 35,472	\$ 217,571	\$ 925,563

City of Gunnison
Notes to the Financial Statements
December 31, 2017
(continued)

IV. Detailed Notes on All Funds (continued)

C. Capital Assets

Capital asset activity for the year ended December 31, 2017 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	\$ 2,818,836	\$ -	\$ -	\$ 2,818,836
Construction in progress	237,626	498,495	(165,263)	570,858
Capital assets, being depreciated:				
Land improvements	1,717,650	529,110	-	2,246,760
Buildings and improvements	7,775,038	211,160	-	7,986,198
Infrastructure	7,242,680	-	-	7,242,680
Machinery and equipment	3,033,627	520,600	(374,198)	3,180,029
Vehicles	3,016,729	101,873	(142,908)	2,975,694
Total capital assets being depreciated	<u>25,842,186</u>	<u>1,861,238</u>	<u>(682,369)</u>	<u>27,021,055</u>
Less accumulated depreciation for:				
Land improvements	(901,484)	(93,505)	-	(994,989)
Buildings and improvements	(2,332,691)	(183,661)	-	(2,516,352)
Infrastructure	(5,259,836)	(78,588)	-	(5,338,424)
Machinery and equipment	(1,977,657)	(220,978)	321,023	(1,877,612)
Vehicles	(2,502,097)	(212,452)	142,908	(2,571,641)
Total accumulated depreciation	<u>(12,973,765)</u>	<u>(789,184)</u>	<u>463,931</u>	<u>(13,299,018)</u>
Governmental Activities Capital Assets, Net	<u>\$ 12,868,421</u>	<u>\$ 1,072,054</u>	<u>\$ (218,438)</u>	<u>\$ 13,722,037</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 560,253	\$ -	\$ -	\$ 560,253
Construction in progress	2,017	299,677	(2,017)	299,677
Total Capital Assets, Not Depreciated	<u>562,270</u>	<u>299,677</u>	<u>(2,017)</u>	<u>859,930</u>
Capital assets, being depreciated:				
Building and improvements	24,123,690	390,280	(15,474)	24,498,496
Machinery and equipment	10,759,118	709,381	(516,489)	10,952,010
Total Capital Assets Being Depreciated	<u>34,882,808</u>	<u>1,099,661</u>	<u>(531,963)</u>	<u>35,450,506</u>
Less accumulated depreciation for:				
Buildings and improvements	(10,414,719)	(415,218)	15,471	(10,814,466)
Machinery and equipment	(9,367,866)	(346,474)	515,017	(9,199,323)
Total Accumulated Depreciation	<u>(19,782,585)</u>	<u>(761,692)</u>	<u>530,488</u>	<u>(20,013,789)</u>
Business-type activities capital assets, net	<u>\$ 15,662,493</u>	<u>\$ 637,646</u>	<u>\$ (3,492)</u>	<u>\$ 16,296,647</u>

City of Gunnison
Notes to the Financial Statements
December 31, 2017
(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	\$ 135,225	\$ 427,327
Public safety	187,907	16,840
Public works	330,434	974,793
Parks and recreation	135,618	277,015
Total - Governmental Activities	\$ 789,184	\$ 1,695,975
 <i>Business-type activities:</i>		
Electric Department	\$ 156,798	\$ 133,455
Water Department	67,310	39,947
Wastewater Department	85,132	231,461
Refuse Department	92,953	564,291
Communications Department	12,570	-
Recreation Department	346,929	428,166
Total - Business-type Activities	\$ 761,692	\$ 1,397,320

D. Transfers

At December 31, 2017, the City had the following transfers:

	In	Out
<i>Governmental Funds:</i>		
General Fund	\$ 227,925	\$ (571,335)
Other Governmental Funds	-	(70,468)
<i>Internal Service Funds:</i>		
Fleet Fund	448,909	-
<i>Proprietary Funds:</i>		
Refuse Department	-	(50,000)
Recreation Department	367,204	(352,235)
Total	\$ 1,044,038	\$ (1,044,038)

City of Gunnison
Notes to the Financial Statements
December 31, 2017
(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. The remainder of this bond issuance was advance refunded in 2015.

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. \$30,943 was outstanding at December 31, 2017.

3. Sales and Use Tax Revenue Bonds, Series 2007

On September 8, 2015, the City issued of \$5,945,000 of sales and use tax Revenue bonds to refund the 2007 Sales and Use Tax Revenue Bonds that were not callable until 2017. The interest rate is 2.75%, payable on June 1 and December 1. The principal is payable on December 1 and matures in various increments through 2031. The principal outstanding at December 31, 2017 was \$5,630,000. The refunding was undertaken to reduce total debt service payments over fifteen years by \$1,409,144 and resulted in an economic gain of \$682,682.

4. Accrued Compensated Absences

Earned but unused compensated absence (e.g. paid time off) benefits amounted to \$471,946 at December 31, 2017. All unused benefits are recorded on the individual fund that pays the related payroll.

5. Debt Schedule

The following payments are required:

Year	Business-Type Activities Debt		
	Principal	Interest	Total
2018	\$ 361,522	\$ 154,825	\$ 516,347
2019	349,421	145,613	495,034
2020	355,000	136,125	491,125
2021	360,000	126,362	486,362
2022	375,000	116,463	491,463
2023 - 2027	2,025,000	422,125	2,447,125
2028 - 2031	1,835,000	127,737	1,962,737
Total	\$ 5,660,943	\$ 1,229,250	\$ 6,890,193

City of Gunnison
Notes to the Financial Statements
December 31, 2017
(continued)

IV. Detailed Notes on All Funds (continued)

E. Other Liabilities (continued)

6. Changes in Debt

The City had the following changes in debt for the year ended December 31, 2017:

	<u>1/1/17</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/17</u>	<u>Due within one year</u>
Governmental Activities Debt:					
Compensated absences	\$ 267,616	\$ 251,108	\$ 201,997	\$ 316,727	\$ -
Enterprise Debt:					
Accrued expenses	5,000	-	-	5,000	-
2007 sales and use tax bonds	6,230,000	-	6,230,000	-	-
2007 bond premium	10,460	-	10,460	-	-
2015 sales and use tax bonds	-	5,945,000	315,000	5,630,000	335,000
MEAN payable	57,464	-	26,521	30,943	26,522
Compensated absences	124,688	129,106	98,575	155,219	-
Total	<u>\$ 6,695,228</u>	<u>\$ 6,325,214</u>	<u>\$ 6,882,553</u>	<u>\$ 6,137,889</u>	<u>\$ 361,522</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 2017, 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, 2017, employees and the City made the required contributions to the plan of \$119,594 and \$119,594, respectively.

City of Gunnison
Notes to the Financial Statements
December 31, 2017
(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 \$3,724,802 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, 2017, employees and the City made the required contributions to the plan of \$210,892 and \$210,892, respectively.

All of the General Employee Pension Plan investments at December 31, 2017 of \$479,724 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, 2017, the Plan had 35 active non-retired members, and 41 retired members, for a total of 76 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, 2017
(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 2017, the City contributed \$35,022 to the Plan, the Fire Protection District contributed \$35,022, and the State contributed \$53,238. 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, 2017, 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, 2017
(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, 2017 are as follows:

Total pension liability	\$ 2,908,800
Fiduciary net position	2,347,629
Net pension liability	\$ 561,171

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of January 1, 2018, 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	\$ 869,589	\$ 561,171	\$ 302,397

City of Gunnison
Notes to the Financial Statements
December 31, 2017
(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, 2017 were to the ICMA plan and \$40,868 to the CCOERA plan.

I. Restricted Fund Balance

The City had the following restrictions on fund balances at December 31, 2017:

	<u>1/1/17</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/17</u>
<i>General Fund:</i>				
Emergency reserves	\$ 249,000	\$ -	\$ -	249,000
<i>Conservation Trust:</i>				
Recreation	50,140	(21,403)	-	28,737
<i>Marijuana Mitigation:</i>				
Other	122,293	84,387	-	206,680
	<u>\$ 421,433</u>	<u>\$ 62,984</u>	<u>\$ -</u>	<u>484,417</u>

J. Assigned Fund Balance

The City had the following assigned on fund balances at December 31, 2017:

	<u>1/1/17</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/17</u>
<i>Special Revenue Funds:</i>				
Ditch fund	\$ 428,351	\$ -	\$ (340,374)	87,977
	<u>\$ 428,351</u>	<u>\$ -</u>	<u>\$ (340,374)</u>	<u>87,977</u>

City of Gunnison
Notes to the Financial Statements
December 31, 2017
(continued)

V. Other Information

A. Joint Venture

At December 31, 2017, Gunnison/Hinsdale Authority had assets of \$238,869 liabilities of \$16,775 and \$222,094 in net position. Total revenues for 2017 were \$214,678 and total expenses were \$240,794 resulting in a net change in fund balance of \$26,116. 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 and general liability. The City has acquired commercial coverage for these risks and any settled claims are not expected to exceed the commercial insurance coverage. The City is also exposed to the risks of loss related to torts; theft of, damage to, and destruction of assets; and errors and omissions. To address such risks, the City is a participant in a public entity risk pool administered by Colorado Intergovernmental Risk Sharing Agency ("CIRSA").

CIRSA's operations are funded by contributions from member governments. Coverage is provided in the amount of \$250,000 per claim or occurrence for property, \$1,000,000 per claim or occurrence for liability, and \$150,000 per claim or occurrence for crime. CIRSA has also acquired additional excess coverage from outside sources. While the City may be liable for any losses in excess of this coverage, the City does not anticipate such losses at December 31, 2017. Surpluses or deficits realized by CIRSA for any given year are subject to change for such reasons as interest earnings on invested amounts for those years and funds, re-estimation of losses for those years and funds, and credits or distributions from surplus for those years and funds.

The City's share of CIRSA's fund equity as of December 31, 2017, is:

Property and Casualty Pool:	Equity Ratio
Loss Fund	0.649%
Operating Fund	0.125%
Excess Fund	2.929%
Reserve Fund	0.103%

CIRSA's combined financial information for the year ended December 31, 2017, is summarized as follows:

Assets:	
Cash and investments	\$ 11,666,059
Other assets	76,102,224
Total Assets	<u>\$ 87,768,283</u>
Total liabilities	<u>\$ 33,977,576</u>
Net position	<u>\$ 53,790,707</u>
Total Revenues	\$ 26,784,613
Total Expenses	(24,193,442)
Change in Net Position	<u>\$ 2,591,171</u>

City of Gunnison
Notes to the Financial Statements
December 31, 2017
(continued)

V. Other Information (continued)

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 3, 2018, 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, 2017
(With Comparative Actual Amounts For the Year Ended 2016)

	2017			Final Budget Variance Positive (Negative)	2016
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Taxes:					
General property taxes	274,995	274,995	274,338	(657)	273,900
Specific ownership tax	37,614	37,614	39,653	2,039	35,417
Sales & use tax	5,507,479	5,507,479	6,037,815	530,336	5,576,701
Franchise tax	520,841	520,841	573,904	53,063	513,504
Other taxes	181,730	181,730	135,428	(46,302)	202,919
Total Taxes	6,522,659	6,522,659	7,061,138	538,479	6,602,441
Licenses and Permits:					
Other licenses and permits	77,714	77,714	184,174	106,460	116,562
Intergovernmental Revenue:					
Grant revenue	459,654	612,654	42,344	(570,310)	8,788
State highway users tax	166,713	166,713	175,037	8,324	159,063
Other intergovernmental revenue	154,063	154,063	132,625	(21,438)	234,017
Total Intergovernmental Revenue	780,430	933,430	350,006	(583,424)	401,868
Charges for Services:					
Recreation revenue	204,470	204,470	191,616	(12,854)	199,734
Other charges for services	41,010	41,010	41,870	860	41,721
Rents	44,675	44,675	48,688	4,013	40,513
Total Charges for Services	290,155	290,155	282,174	(7,981)	281,968
Fines and Forfeitures:					
Traffic fines	28,760	28,760	21,285	(7,475)	26,935
Miscellaneous Revenue:					
Investment income	20,400	20,400	31,373	10,973	22,100
Unrealized gains (losses)	6,000	-	(5,956)	(5,956)	(25,743)
Donations and contributions	2,000	42,555	76,068	33,513	3,550
Other income	25,911	25,911	26,222	311	36,721
Total Miscellaneous Revenue	54,311	88,866	127,707	38,841	36,628
Total Revenues	7,754,029	7,941,584	8,026,484	84,900	7,466,402
Expenditures:					
General Government:					
City council	146,153	226,153	197,547	28,606	24,542
Municipal court	108,085	108,085	106,720	1,365	98,088
City attorney	27,194	27,194	29,632	(2,438)	83,471
City manager	166,557	166,557	198,961	(32,404)	364,765
City clerk	78,688	78,688	78,075	613	86,990
Finance	209,910	209,910	235,708	(25,798)	262,712
General services	308,682	313,412	201,772	111,640	131,531
Community development	330,445	330,445	320,173	10,272	307,053
Total General Government	1,375,714	1,460,444	1,368,588	91,856	1,359,152

(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, 2017
(With Comparative Actual Amounts For the Year Ended 2016)

	<u>2017</u>			Final Budget Variance Positive (Negative)	<u>2016</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Expenditures: (continued)					
Public Safety:					
Police	2,167,518	2,173,518	2,167,595	5,923	2,017,974
Building Inspection	125,909	125,909	125,411	498	114,707
Fire Department	253,967	311,379	284,116	27,263	220,750
Hazardous Material	6,045	6,045	2,861	3,184	7,294
LE Victim Advocate Program	56,926	56,926	51,283	5,643	50,598
Total Public Safety	<u>2,610,365</u>	<u>2,673,777</u>	<u>2,631,266</u>	<u>42,511</u>	<u>2,411,323</u>
Public Works:					
City hall	35,241	35,241	46,912	(11,671)	44,724
City shop	25,947	25,947	15,542	10,405	(692)
Street administration	164,907	186,990	165,863	21,127	159,086
Street maintenance	654,405	717,527	725,166	(7,639)	572,255
Street improvements	1,829,305	2,177,981	1,396,448	781,533	1,020,874
Total Public Works	<u>2,709,805</u>	<u>3,143,686</u>	<u>2,349,931</u>	<u>793,755</u>	<u>1,796,247</u>
Culture and Recreation:					
Cranor Hill	28,786	28,786	19,125	9,661	20,708
Recreation administration	339,420	339,420	339,867	(447)	300,178
Recreation programs	175,390	185,945	186,349	(404)	155,231
Parks	688,052	688,052	667,895	20,157	661,306
Van Tuyl Ranch	30,600	30,600	14,343	16,257	149
Lazy K	5,667	5,667	528	5,139	1,906
Total Culture and Recreation	<u>1,267,915</u>	<u>1,278,470</u>	<u>1,228,107</u>	<u>50,363</u>	<u>1,139,478</u>
Economic Development:					
Grants and contracts	181,896	181,896	177,602	4,294	175,836
Events	112,003	112,003	110,762	1,241	117,239
Total Economic Development	<u>293,899</u>	<u>293,899</u>	<u>288,364</u>	<u>5,535</u>	<u>293,075</u>
Capital Outlay:					
Capital outlay and repairs	150,000	207,966	211,139	(3,173)	476,928
Total Expenditures	<u>8,407,698</u>	<u>9,058,242</u>	<u>8,077,395</u>	<u>980,847</u>	<u>7,476,203</u>
Excess (Deficiency) of					
Revenues over Expenditures	(653,669)	(1,116,658)	(50,911)	1,065,747	(9,801)
Other Financing Sources (Uses):					
Transfer in	258,936	258,936	227,925	(31,011)	39,000
Transfer (out)	(376,726)	(399,726)	(571,335)	(171,609)	(174,677)
Sale of assets	2,000	2,000	38,953	36,953	10,043
Total Other Financing Sources (Uses)	<u>(115,790)</u>	<u>(138,790)</u>	<u>(304,457)</u>	<u>(165,667)</u>	<u>(125,634)</u>
Net Change in Fund Balance	<u>(769,459)</u>	<u>(1,255,448)</u>	<u>(355,368)</u>	<u>900,080</u>	<u>(135,435)</u>
Fund Balance - Beginning			4,634,030		4,769,465
Fund Balance - Ending			<u>4,278,662</u>		<u>4,634,030</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 - Ditch Fund
For the Year Ended December 31, 2017
(With Comparative Actual Amounts For the Year Ended 2016)

	<u>2017</u>			Final Budget Variance Positive (Negative)	<u>2016</u>
	<u>Original Budget</u>	<u>Original and Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:					
Intergovernmental revenue:					
Mineral leasing	60,000	60,000	41,865	(18,135)	113,479
State grants	-	454,292	-	(454,292)	5,703
Investment income	1,700	1,700	3,747	2,047	1,880
Unrealized gains (losses)	500	500	299	(201)	(2,663)
Total Revenues	<u>62,200</u>	<u>516,492</u>	<u>45,911</u>	<u>(470,581)</u>	<u>118,399</u>
Expenditures:					
Public works	151,390	767,682	413,352	354,330	21,311
Total Expenditures	<u>151,390</u>	<u>767,682</u>	<u>413,352</u>	<u>354,330</u>	<u>21,311</u>
Net Change in Fund Balance	<u>(89,190)</u>	<u>(251,190)</u>	<u>(367,441)</u>	<u>(116,251)</u>	97,088
Fund Balance - Beginning			428,351		331,263
Fund Balance - Ending			<u>60,910</u>		<u>428,351</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, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability				
Service cost	20,432	19,739	28,211	28,497
Interest cost	151,455	134,458	141,346	123,133
Changes in plan benefits	323,200	323,808	-	288,476
Actuarial variations	9,540	(11,699)	(118,110)	-
Benefits paid	(199,300)	(168,128)	(147,425)	(125,100)
Net Change in Pension Liability	305,327	298,178	(95,978)	315,006
Total Pension Liability - Beginning	2,603,473	2,305,295	2,401,273	2,086,267
Total Pension Liability - Ending	2,908,800	2,603,473	2,305,295	2,401,273
Plan Fiduciary Net Position				
City Contribution	35,022	32,700	32,700	47,415
District contribution	35,022	32,700	32,700	47,415
Pension plan net investment income	267,561	145,397	(4,268)	113,332
Benefit payments	(199,300)	(164,128)	(147,425)	(125,100)
Pension plan administrative expenses	(17,000)	(16,961)	(16,420)	(12,422)
State of Colorado supplemental discretionary payment	53,238	58,860	58,860	64,773
Net Change in Plan Fiduciary Net Position	174,543	88,568	(43,853)	135,413
Plan Fiduciary Net Position - Beginning	2,173,086	2,084,518	2,128,371	1,992,958
Plan Fiduciary Net Position - Ending	2,347,629	2,173,086	2,084,518	2,128,371
Net Pension Liability - Ending	561,171	430,387	220,777	272,902
Plan Fiduciary Net Position as a Percentage of Total Pension	80.7%	83.5%	90.4%	88.6%
Covered Payroll	N/A	N/A	N/A	N/A
Net Pension Liability as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A

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

City of Gunnison
Schedule of Contributions
Volunteer Firefighters' Pension Fund (Unaudited)
December 31, 2017

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
2017	49,929	123,282	(73,353)	N/A	N/A

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

City of Gunnison
Schedule of Investment Returns
Volunteer Firefighters' Pension Fund (Unaudited)
December 31, 2017

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%
2017	12.89%

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

SUPPLEMENTARY INFORMATION

City of Gunnison, Colorado
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2017

	<u>Special Revenue</u>		<u>Risk Management Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Conservation Trust</u>	<u>Marijuana Mitigation Fund</u>		
Assets:				
Cash and investments - Unrestricted	28,737	206,680	27,632	263,049
Receivables, net of allowance for uncollectibles	-	-	856	856
Total Assets	<u>28,737</u>	<u>206,680</u>	<u>28,488</u>	<u>263,905</u>
Liabilities and Fund Equity:				
Liabilities:				
Accounts payable	-	-	1,421	1,421
Total Liabilities	<u>-</u>	<u>-</u>	<u>1,421</u>	<u>1,421</u>
Fund Balances:				
Spendable:				
Restricted for recreation	28,737	-	-	28,737
Restricted - other	-	206,680	-	206,680
Assigned	-	-	27,067	27,067
Total Fund Balances	<u>28,737</u>	<u>206,680</u>	<u>27,067</u>	<u>262,484</u>
Total Liabilities and Fund Balances	<u>28,737</u>	<u>206,680</u>	<u>28,488</u>	<u>263,905</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, 2017

	<u>Special Revenue</u>		<u>Risk Management Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Conservation Trust</u>	<u>Marijuana Mitigation Fund</u>		
Revenues:				
Taxes	-	206,567	-	206,567
Intergovernmental revenue	30,641	-	-	30,641
Charges for services	-	-	217,067	217,067
Investment income	445	1,723	809	2,977
Unrealized gains (losses)	21	49	227	297
Total Revenues	<u>31,107</u>	<u>208,339</u>	<u>218,103</u>	<u>457,549</u>
Expenditures:				
General government	-	-	191,036	191,036
Public safety	-	70,016	-	70,016
Capital outlay and repairs	35,978	-	-	35,978
Total Expenditures	<u>35,978</u>	<u>70,016</u>	<u>191,036</u>	<u>297,030</u>
Excess (Deficiency) of Revenues Over Expenditures	(4,871)	138,323	27,067	160,519
Other Financing Sources (Uses):				
Transfers (out)	(16,532)	(53,936)	-	(70,468)
Total Other Financing Sources (Uses)	<u>(16,532)</u>	<u>(53,936)</u>	<u>-</u>	<u>(70,468)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	(21,403)	84,387	27,067	90,051
Fund Balances - Beginning	50,140	122,293	-	172,433
Fund Balances - Ending	<u>28,737</u>	<u>206,680</u>	<u>27,067</u>	<u>262,484</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, 2017
(With Comparative Actual Amounts For the Year Ended 2016)

	2017			Final Budget Variance Positive (Negative)	2016
	Original Budget	Original and Final Budget	Actual		Actual
Revenues:					
Intergovernmental revenue:					
State lottery funds	42,397	42,397	30,641	(11,756)	63,733
Investment income	130	130	445	315	149
Unrealized gains (losses)	50	50	21	(29)	(148)
Total Revenues	<u>42,577</u>	<u>42,577</u>	<u>31,107</u>	<u>(11,470)</u>	<u>63,734</u>
Expenditures:					
Capital outlay and repairs	40,500	40,500	35,978	4,522	28,117
Total Expenditures	<u>40,500</u>	<u>40,500</u>	<u>35,978</u>	<u>4,522</u>	<u>28,117</u>
Excess (Deficiency) of Revenues Over Expenditures	2,077	2,077	(4,871)	(6,948)	35,617
Other Financing Sources (Uses):					
Transfers (out)	(14,397)	(14,397)	(16,532)	(2,135)	(14,115)
Total Other Financing Sources (Uses)	<u>(14,397)</u>	<u>(14,397)</u>	<u>(16,532)</u>	<u>(2,135)</u>	<u>(14,115)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)			(21,403)		21,502
Fund Balance - Beginning			<u>50,140</u>		<u>28,638</u>
Fund Balance - Ending			<u><u>28,737</u></u>		<u><u>50,140</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 - Risk Management Fund
For the Year Ended December 31, 2017
(With Comparative Actual Amounts For the Year Ended 2016)

	<u>2017</u>			Final Budget Variance Positive (Negative)	<u>2016</u>
	<u>Original Budget</u>	<u>Original and Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:					
Charges for services	212,097	212,097	217,067	4,970	-
Investment income	-	-	809	809	-
Unrealized gains (losses)	-	-	227	227	-
Total Revenues	<u>212,097</u>	<u>212,097</u>	<u>218,103</u>	<u>6,006</u>	<u>-</u>
Expenditures:					
Insurance premiums	190,098	190,098	173,492	16,606	-
Insurance claims	20,000	20,000	17,544	2,456	-
Total Expenditures	<u>210,098</u>	<u>210,098</u>	<u>191,036</u>	<u>19,062</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	1,999	1,999	27,067	25,068	-
Fund Balance - Beginning			-		-
Fund Balance - Ending			<u>27,067</u>		<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 - Marijuana Mitigation Fund
For the Year Ended December 31, 2017
(With Comparative Actual Amounts For the Year Ended 2016)

	<u>2017</u>			<u>Final Budget</u>	<u>2016</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
	<u>Budget</u>	<u>Budget</u>	<u>Actual</u>	<u>Positive</u>	<u>Actual</u>
				<u>(Negative)</u>	
Revenues:					
Taxes:					
Sales and use	100,000	100,000	206,567	106,567	169,053
Investment income	180	180	1,772	1,592	1
Total Revenues	<u>100,180</u>	<u>100,180</u>	<u>208,339</u>	<u>108,159</u>	<u>169,054</u>
Expenditures:					
Public safety	44,000	144,697	70,016	74,681	7,761
Total Expenditures	<u>44,000</u>	<u>144,697</u>	<u>70,016</u>	<u>74,681</u>	<u>7,761</u>
Excess (Deficiency) of Revenues over Expenditures	56,180	(44,517)	138,323	182,840	161,293
Other Financing Sources (Uses):					
Transfer (out)	(53,936)	(53,936)	(53,936)	-	(39,000)
Total Other Financing Sources (Uses)	<u>(53,936)</u>	<u>(53,936)</u>	<u>(53,936)</u>	<u>-</u>	<u>(39,000)</u>
Net Change in Fund Balance			84,387		122,293
Fund Balance - Beginning			<u>122,293</u>		<u>-</u>
Fund Balance - Ending			<u>206,680</u>		<u>122,293</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, 2017

	<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	1,358,061	891,037	1,335,245	517,505	101,174	1,988,211	6,191,233
Accounts receivables, net of allowance for uncollectibles	475,965	40,886	111,952	43,717	35,472	217,571	925,563
Inventories	482,211	99,443	105,828	59,661	-	17,352	764,495
Prepaid expenses	944	1,055	5,917	-	1,204	1,811	10,931
Total current assets	<u>2,317,181</u>	<u>1,032,421</u>	<u>1,558,942</u>	<u>620,883</u>	<u>137,850</u>	<u>2,224,945</u>	<u>7,892,222</u>
Non-current assets:							
Land	8,843	50,000	501,410	-	-	-	560,253
Construction in progress	-	-	111,536	188,141	-	-	299,677
Building and improvements	2,788,205	1,821,532	6,590,775	3,991	20,571	13,273,422	24,498,496
Machinery and equipment	4,464,075	1,346,380	3,683,254	964,704	145,874	347,723	10,952,010
Less: Accumulated depreciation	<u>(5,525,167)</u>	<u>(2,421,351)</u>	<u>(8,532,239)</u>	<u>(589,549)</u>	<u>(149,988)</u>	<u>(2,795,495)</u>	<u>(20,013,789)</u>
Total non-current assets:	<u>1,735,956</u>	<u>796,561</u>	<u>2,354,736</u>	<u>567,287</u>	<u>16,457</u>	<u>10,825,650</u>	<u>16,296,647</u>
Total Assets	<u>4,053,137</u>	<u>1,828,982</u>	<u>3,913,678</u>	<u>1,188,170</u>	<u>154,307</u>	<u>13,050,595</u>	<u>24,188,869</u>
Liabilities:							
Current liabilities:							
Accounts payable	692,281	18,033	29,877	141,619	388	71,804	954,002
Accrued payroll	20,825	7,710	15,975	3,993	26,050	19,383	93,936
Accrued expenses	-	-	-	-	-	300	300
Bond interest payable	-	-	-	-	-	12,760	12,760
Deferred revenue	-	-	-	12,834	-	-	12,834
Deposits held	20,240	-	-	-	-	-	20,240
Non-current liabilities due within one year:							
Long term debt	<u>26,522</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>335,000</u>	<u>361,522</u>
Total current liabilities:	<u>759,868</u>	<u>25,743</u>	<u>45,852</u>	<u>158,446</u>	<u>26,438</u>	<u>439,247</u>	<u>1,455,594</u>
Non-current liabilities:							
Accrued compensated absences	46,327	19,419	43,172	8,366	29,452	8,483	155,219
Accrued expenses	-	-	-	5,000	-	-	5,000
Non-Current Liabilities - due longer than one year:							
Long term debt	<u>4,421</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,295,000</u>	<u>5,299,421</u>
Total non-current liabilities	<u>50,748</u>	<u>19,419</u>	<u>43,172</u>	<u>13,366</u>	<u>29,452</u>	<u>5,303,483</u>	<u>5,459,640</u>
Total Liabilities	<u>810,616</u>	<u>45,162</u>	<u>89,024</u>	<u>171,812</u>	<u>55,890</u>	<u>5,742,730</u>	<u>6,915,234</u>
Net Position:							
Net investment in capital assets	1,735,956	796,561	2,354,736	567,287	16,457	5,195,650	10,666,647
Unrestricted	<u>1,506,565</u>	<u>987,259</u>	<u>1,469,918</u>	<u>449,071</u>	<u>81,960</u>	<u>2,112,215</u>	<u>6,606,988</u>
Total Net Position	<u>3,242,521</u>	<u>1,783,820</u>	<u>3,824,654</u>	<u>1,016,358</u>	<u>98,417</u>	<u>7,307,865</u>	<u>17,273,635</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, 2017

	<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	5,771,265	731,032	1,266,569	570,720	609,199	1,283,998	10,232,783
Other revenue	27,676	11,468	18,067	504	242	780,510	838,467
Operating Revenue	<u>5,798,941</u>	<u>742,500</u>	<u>1,284,636</u>	<u>571,224</u>	<u>609,441</u>	<u>2,064,508</u>	<u>11,071,250</u>
Operating Expenses:							
Salaries and employee benefits	584,509	238,068	478,508	164,835	704,465	489,342	2,659,727
Purchased power	3,790,487	-	-	-	-	-	3,790,487
Purchased services	90,265	157,538	258,016	160,227	35,299	344,451	1,045,796
Operations and maintenance	755,437	175,302	398,609	135,625	20,663	60,864	1,546,500
Supplies	90,426	39,185	60,190	29,398	10,219	81,806	311,224
Depreciation and amortization	156,798	67,310	85,132	92,953	12,570	346,929	761,692
Operating Expenses	<u>5,467,922</u>	<u>677,403</u>	<u>1,280,455</u>	<u>583,038</u>	<u>783,216</u>	<u>1,323,392</u>	<u>10,115,426</u>
Operating income (loss)	331,019	65,097	4,181	(11,814)	(173,775)	741,116	955,824
Non-Operating Revenues (Expenses):							
Interest revenue	8,217	6,850	11,306	7,696	2,189	55,068	91,326
Interest expense	-	-	-	-	-	(372,705)	(372,705)
Unrealized gains (losses)	(430)	(222)	82	1,008	-	243	681
Grants and contributions	-	120,500	278,500	-	145,087	242,284	786,371
Sale of fixed assets	-	-	-	(420)	(1,051)	-	(1,471)
Total Non-Operating Revenues (Expenses)	<u>7,787</u>	<u>127,128</u>	<u>289,888</u>	<u>8,284</u>	<u>146,225</u>	<u>(75,110)</u>	<u>504,202</u>
Income (Loss) Before Contributions and Transfers	338,806	192,225	294,069	(3,530)	(27,550)	666,006	1,460,026
Transfers in	-	-	-	-	-	367,204	367,204
Transfers (out)	-	-	-	(50,000)	-	(352,235)	(402,235)
Change in Net Position	338,806	192,225	294,069	(53,530)	(27,550)	680,975	1,424,995
Total Net Position - Beginning	2,903,715	1,591,595	3,530,585	1,069,888	125,967	6,626,890	15,848,640
Total Net Position - Ending	<u>3,242,521</u>	<u>1,783,820</u>	<u>3,824,654</u>	<u>1,016,358</u>	<u>98,417</u>	<u>7,307,865</u>	<u>17,273,635</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, 2017
(With Comparative Actual Amounts For the Year Ended 2016)

	2017		Final Budget Variance Positive (Negative)	2016
	Original and Final Budget	Actual		Actual
Operating Revenue:				
Sales	5,885,000	5,771,265	(113,735)	5,582,405
Other revenue	24,900	27,676	2,776	29,271
Operating Revenue	<u>5,909,900</u>	<u>5,798,941</u>	<u>(110,959)</u>	<u>5,611,676</u>
Operating Expenses:				
Salaries and employee benefits	624,414	584,509	39,905	513,525
Purchased power	4,213,608	3,790,487	423,121	4,072,588
Purchased services	80,122	90,265	(10,143)	59,844
Operations and maintenance	949,893	755,437	194,456	667,388
Supplies	145,700	90,426	55,274	67,265
Capital outlay	-	133,455	(133,455)	-
Operating Expenses	<u>6,013,737</u>	<u>5,444,579</u>	<u>569,158</u>	<u>5,380,610</u>
Operating income (loss)	<u>(103,837)</u>	<u>354,362</u>	<u>458,199</u>	<u>231,066</u>
Non-Operating Revenues (Expenses):				
Interest Revenue	4,000	8,217	4,217	3,734
Debt service - principal	-	(26,522)	(26,522)	(26,522)
Unrealized gains (losses)	-	(430)	(430)	(4,677)
Sale of fixed assets	11,500	-	(11,500)	(52,957)
Total Non-Operating Revenues (Expenses)	<u>15,500</u>	<u>(18,735)</u>	<u>(34,235)</u>	<u>(80,422)</u>
Change in Net Position - Budgetary Basis	<u>(88,337)</u>	<u>335,627</u>	<u>423,964</u>	<u>150,644</u>
Reconciliation to GAAP Basis:				
Adjustments:				
Depreciation		(156,798)		(155,416)
Capital outlay		133,455		-
Debt service - Principal		26,522		26,522
Total Adjustments		<u>3,179</u>		<u>(128,894)</u>
Total Net Position - Beginning		<u>2,903,715</u>		<u>2,881,965</u>
Total Net Position - Ending		<u>3,242,521</u>		<u>2,903,715</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, 2017
(With Comparative Actual Amounts For the Year Ended 2016)

	2017		Final Budget Variance Positive (Negative)	2016
	Original and Final Budget	Actual		Actual
Operating Revenue:				
Sales	637,557	731,032	93,475	613,318
Other revenue	11,500	11,468	(32)	9,003
Operating Revenue	<u>649,057</u>	<u>742,500</u>	<u>93,443</u>	<u>622,321</u>
Operating Expenses:				
Salaries and employee benefits	266,299	238,068	28,231	224,300
Purchased services	170,041	157,538	12,503	121,338
Operations and maintenance	172,181	175,302	(3,121)	201,542
Supplies	72,700	39,185	33,515	104,644
Capital outlay	-	39,947	(39,947)	164,450
Operating Expenses	<u>681,221</u>	<u>650,040</u>	<u>31,181</u>	<u>816,274</u>
Operating income (loss)	(32,164)	92,460	124,624	(193,953)
Non-Operating Revenues (Expenses):				
Interest revenue	3,125	6,850	3,725	3,868
Unrealized gains (losses)	-	(222)	(222)	(4,323)
Grants and contributions	27,500	120,500	93,000	92,000
Sale of fixed assets	-	-	-	(6,429)
Total Non-Operating Revenues (Expenses)	<u>30,625</u>	<u>127,128</u>	<u>96,503</u>	<u>85,116</u>
Change in Net Position - Budgetary Basis	<u>(1,539)</u>	219,588	<u>221,127</u>	(108,837)
Reconciliation to GAAP Basis:				
Adjustments:				
Depreciation		(67,310)		(55,990)
Capital outlay		39,947		164,450
Total Adjustments		(27,363)		108,460
Total Net Position - Beginning		<u>1,591,595</u>		<u>1,591,972</u>
Total Net Position - Ending		<u>1,783,820</u>		<u>1,591,595</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, 2017
(With Comparative Actual Amounts For the Year Ended 2016)

	<u>2017</u>			Final Budget Variance Positive (Negative)	<u>2016</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Operating Revenue:					
Sales	1,065,842	1,065,842	1,266,569	200,727	1,132,090
Other revenue	20,000	20,000	18,067	(1,933)	17,266
Operating Revenue	<u>1,085,842</u>	<u>1,085,842</u>	<u>1,284,636</u>	<u>198,794</u>	<u>1,149,356</u>
Operating Expenses:					
Salaries and employee benefits	558,222	558,222	478,508	79,714	497,619
Purchased services	274,272	314,272	258,016	56,256	260,536
Operations and maintenance	415,447	415,447	398,609	16,838	633,034
Supplies	149,400	406,600	60,190	346,410	49,378
Capital outlay	-	-	231,461	(231,461)	164,450
Operating Expenses	<u>1,397,341</u>	<u>1,694,541</u>	<u>1,426,784</u>	<u>267,757</u>	<u>1,605,017</u>
Operating income (loss)	(311,499)	(608,699)	(142,148)	466,551	(455,661)
Non-Operating Revenues (Expenses):					
Interest Revenue	7,500	7,500	11,306	3,806	7,229
Unrealized gains (losses)	2,000	2,000	82	(1,918)	(7,547)
Grants and Contributions	44,000	44,000	278,500	234,500	181,000
Sale of Fixed Assets	-	-	-	-	(700)
Total Non-Operating Revenues (Expenses)	<u>53,500</u>	<u>53,500</u>	<u>289,888</u>	<u>236,388</u>	<u>179,982</u>
Change in Net Position - Budgetary Basis	<u>(257,999)</u>	<u>(555,199)</u>	<u>147,740</u>	<u>702,939</u>	<u>(275,679)</u>
Reconciliation to GAAP Basis:					
Adjustments:					
Capital outlay			231,461		164,450
Depreciation			(85,132)		(69,806)
Total Adjustments			<u>146,329</u>		<u>94,644</u>
Total Net Position - Beginning			<u>3,530,585</u>		<u>3,711,620</u>
Total Net Position - Ending			<u><u>3,824,654</u></u>		<u><u>3,530,585</u></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, 2017
(With Comparative Actual Amounts For the Year Ended 2016)

	<u>2017</u>			Final Budget Variance Positive (Negative)	<u>2016</u>
	Original Budget	Final Budget	Actual		Actual
Operating Revenue:					
Sales	569,087	569,087	570,720	1,633	546,943
Other revenue	100	100	504	404	209
Operating Revenue	<u>569,187</u>	<u>569,187</u>	<u>571,224</u>	<u>2,037</u>	<u>547,152</u>
Operating Expenses:					
Salaries and employee benefits	166,692	166,692	164,835	1,857	139,929
Purchased services	202,337	202,337	160,227	42,110	152,677
Operations and maintenance	685,460	856,360	135,625	720,735	118,061
Supplies	23,100	23,100	29,398	(6,298)	14,356
Capital outlay	-	-	564,291	(564,291)	-
Operating Expenses	<u>1,077,589</u>	<u>1,248,489</u>	<u>1,054,376</u>	<u>194,113</u>	<u>425,023</u>
Operating income (loss)	(508,402)	(679,302)	(483,152)	196,150	122,129
Non-Operating Revenues (Expenses):					
Interest revenue	4,500	4,500	7,696	3,196	4,326
Unrealized gains (losses)	1,200	1,200	1,008	(192)	(5,497)
Sale of fixed assets	12,500	12,500	(420)	(12,920)	-
Total Non-Operating Revenues (Expenses)	<u>18,200</u>	<u>18,200</u>	<u>8,284</u>	<u>(9,916)</u>	<u>(1,171)</u>
Income (Loss) Before Contributions and Transfers	(490,202)	(661,102)	(474,868)	186,234	120,958
Transfers (out)	(50,000)	(50,000)	(50,000)	-	-
Change in Net Position - Budgetary Basis	<u>(540,202)</u>	<u>(711,102)</u>	<u>(524,868)</u>	<u>186,234</u>	<u>120,958</u>
Reconciliation to GAAP Basis:					
Adjustments:					
Capital outlay			564,291		-
Depreciation			(92,953)		(90,815)
Total Adjustments			471,338		(90,815)
Total Net Position - Beginning			1,069,888		1,039,745
Total Net Position - Ending			<u>1,016,358</u>		<u>1,069,888</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, 2017
(With Comparative Actual Amounts For the Year Ended 2016)

	2017			Final Budget Variance Positive (Negative)	2016
	Original Budget	Final Budget	Actual		Actual
Operating Revenue:					
Sales	611,145	611,145	609,199	(1,946)	696,369
Other revenue	-	-	242	242	166
Operating Revenue	<u>611,145</u>	<u>611,145</u>	<u>609,441</u>	<u>(1,704)</u>	<u>696,535</u>
Operating Expenses:					
Salaries and employee benefits	681,597	689,820	704,465	(14,645)	647,479
Purchased services	39,929	45,869	35,299	10,570	32,819
Operations and maintenance	24,036	24,036	20,663	3,373	18,450
Supplies	10,700	10,700	10,219	481	4,097
Operating Expenses	<u>756,262</u>	<u>770,425</u>	<u>770,646</u>	<u>(221)</u>	<u>702,845</u>
Operating income (loss)	(145,117)	(159,280)	(161,205)	(1,925)	(6,310)
Non-Operating Revenues (Expenses):					
Interest revenue	1,250	1,250	2,189	939	154
Grants and contributions	138,607	138,607	145,087	6,480	-
Sale of fixed assets	-	-	(1,051)	(1,051)	(588)
Total Non-Operating Revenues (Expenses)	<u>139,857</u>	<u>139,857</u>	<u>146,225</u>	<u>6,368</u>	<u>(434)</u>
Change in Net Position - Budgetary Basis	<u>(5,260)</u>	<u>(19,423)</u>	<u>(14,980)</u>	<u>4,443</u>	<u>(6,744)</u>
Reconciliation to GAAP Basis:					
Adjustments:					
Depreciation			(12,570)		(19,933)
Total Adjustments			(12,570)		(19,933)
Total Net Position - Beginning			125,967		152,644
Total Net Position - Ending			<u>98,417</u>		<u>125,967</u>

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, 2017
(With Comparative Actual Amounts For the Year Ended 2016)

	2017			Final Budget Variance Positive (Negative)	2016
	Original Budget	Final Budget	Actual		Actual
Operating Revenue:					
Sales	1,273,229	1,273,229	1,283,998	10,769	1,240,452
Other revenue	678,687	678,687	780,510	101,823	710,669
Operating Revenue	<u>1,951,916</u>	<u>1,951,916</u>	<u>2,064,508</u>	<u>112,592</u>	<u>1,951,121</u>
Operating Expenses:					
Salaries and employee benefits	518,160	518,160	489,342	28,818	466,964
Purchased services	360,963	396,028	344,451	51,577	326,983
Operations and maintenance	36,291	429,539	60,864	368,675	30,555
Supplies	484,850	484,850	81,806	403,044	56,133
Capital outlay	-	-	428,166	(428,166)	322,311
Operating Expenses	<u>1,400,264</u>	<u>1,828,577</u>	<u>1,404,629</u>	<u>423,948</u>	<u>1,202,946</u>
Operating Income (Loss)	551,652	123,339	659,879	536,540	748,175
Non-Operating Revenues (Expenses):					
Interest revenue	9,200	9,200	55,068	45,868	(1,291)
Debt service - principal	(285,001)	(580,000)	(315,000)	265,000	(275,000)
Interest expense	(260,763)	(260,763)	(372,705)	(111,942)	(270,069)
Unrealized gains (losses)	2,575	2,575	243	(2,332)	-
Grants and contributions	269,500	573,934	242,284	(331,650)	4,000
Refunding debt proceeds	-	6,534,999	5,945,000	(589,999)	-
Payment to refunding agent	-	(6,240,000)	(6,230,000)	10,000	-
Total Non-Operating Revenues (Expenses)	<u>(264,489)</u>	<u>39,945</u>	<u>(675,110)</u>	<u>(715,055)</u>	<u>(542,360)</u>
Income (Loss) Before Contributions and Transfers	287,163	163,284	(15,231)	(178,515)	205,815
Transfers in	244,123	425,908	367,204	(58,704)	201,524
Transfers (out)	(245,000)	(426,785)	(352,235)	74,550	(50,000)
Change in Net Position - Budgetary Basis	<u>286,286</u>	<u>162,407</u>	<u>(262)</u>	<u>(162,669)</u>	<u>357,339</u>
Reconciliation to GAAP Basis:					
Adjustments:					
Depreciation			(346,929)		(336,108)
Capital outlay			428,166		322,311
Debt service - principal			315,000		275,000
Debt service - refunding			6,230,000		-
Debt proceeds			(5,945,000)		-
Total Adjustments			<u>681,237</u>		<u>261,203</u>
Total Net Position - Beginning			6,626,890		6,008,348
Total Net Position - Ending			<u>7,307,865</u>		<u>6,626,890</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, 2017
(With Comparative Actual Amounts For the Year Ended 2016)

	<u>2017</u>			Final Budget Variance Positive (Negative)	<u>2016</u>
	Original Budget	Final Budget	Actual		Actual
Operating Revenue:					
Charges for services	462,256	462,256	458,902	(3,354)	382,029
Other revenue	10,285	10,285	10,245	(40)	8,668
Operating Revenue	<u>472,541</u>	<u>472,541</u>	<u>469,147</u>	<u>(3,394)</u>	<u>390,697</u>
Operating Expenses:					
Fleet expenses	727,965	758,465	505,217	253,248	377,384
Capital outlay	-	-	219,727	(219,727)	37,257
Operating Expenses	<u>727,965</u>	<u>758,465</u>	<u>724,944</u>	<u>33,521</u>	<u>414,641</u>
Operating income (loss)	(255,424)	(285,924)	(255,797)	30,127	(23,944)
Non-Operating Revenues (Expenses):					
Interest revenue	300	300	210	(90)	361
Unrealized gains (losses)	50	50	11	(39)	(511)
Sale of fixed assets	-	7,500	(600)	(8,100)	(260)
Total Non-Operating Revenues (Expenses)	<u>350</u>	<u>7,850</u>	<u>(379)</u>	<u>(8,229)</u>	<u>(410)</u>
Income (Loss) Before Contributions and Transfers	(255,074)	(278,074)	(256,176)	21,898	(24,354)
Transfers in	237,000	260,000	448,909	188,909	37,268
Change in Net Position - Budgetary Basis	<u>(18,074)</u>	<u>(18,074)</u>	<u>192,733</u>	<u>210,807</u>	<u>12,914</u>
Reconciliation to GAAP Basis:					
Adjustments:					
Depreciation			(18,441)		(7,398)
Capital outlay			219,727		37,257
Total Adjustments			<u>201,286</u>		<u>29,859</u>
Total Net Position - Beginning			<u>233,496</u>		<u>190,723</u>
Total Net Position - Ending			<u>627,515</u>		<u>233,496</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, 2017
(With Comparative Actual Amounts For the Year Ended 2016)

	2017			Final Budget Variance Positive (Negative)	2016
	Original Budget	Final Budget	Actual		Actual
Additions					
Contributions	133,084	133,084	123,282	(9,802)	124,260
Earnings on investments	66,000	66,000	267,561	201,561	145,397
Total Additions	<u>199,084</u>	<u>199,084</u>	<u>390,843</u>	<u>191,759</u>	<u>269,657</u>
Deductions					
Benefits	187,200	199,300	199,300	-	164,128
Expenses	20,500	20,500	17,000	3,500	16,961
Total Deductions	<u>207,700</u>	<u>219,800</u>	<u>216,300</u>	<u>3,500</u>	<u>181,089</u>
Change in Net Position - Budgetary Basis	<u>(8,616)</u>	<u>(20,716)</u>	174,543	<u>188,259</u>	88,568
Total Net Position - Beginning			<u>2,173,086</u>		<u>2,084,518</u>
Total Net Position - Ending			<u><u>2,347,629</u></u>		<u><u>2,173,086</u></u>

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
This Information From The Records Of City of Gunnison		YEAR ENDING : December 2017
Prepared By:		Ben Cowan
Phone:		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)	1,026,545
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	643,385
		S&A Mtnc (01-402)	725,166
		Less OT (4102)	38,115
		Less Cont Svc-Snc (01-4034-4360)	43,666
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)	599,546	b. Snow and ice removal	81,781
		OT (4102)	38,115
3. Other local imposts (from page 2)	1,547,714	Cont Svc.-Snow (4360)	43,666
4. Miscellaneous local receipts (from page 2)	8,120	c. Other	0
5. Transfers from toll facilities	0	d. Total (a. through c.)	81,781
		4. General administration & miscellaneous S&A Admin (01-4033)	165,863
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety Police (01-4020) * 20% Per Chief	433,519
a. Bonds - Original Issues	0	6. Total (1 through 5)	2,351,093
b. Bonds - Refunding Issues	0	B. Debt service on local obligations:	
c. Notes	0	1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	0
7. Total (1 through 6)	2,155,380	b. Redemption	0
B. Private Contributions	0	c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	195,713	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	0
E. Total receipts (A.7 + B + C + D)	2,351,093	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)	2,351,093

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	2,351,093	2,351,093	0	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2017

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)	8,120
1. Sales Taxes	1,547,714	c. Parking Garage Fees	0
City Sales Tax (01-3104)	4,823,041		
Use Tax (01-3106)	336,004		
Total Sales & Use Tax	5,159,046		
x 30%	1,547,714		
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.)	1,547,714	h. Other	0
c. Total (a. + b.)	1,547,714	i. Total (a. through h.)	8,120
	(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)	175,037	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)	20,676	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.)	20,676	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	195,713	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	17,978	0	17,978
c. Construction:			
(1). New Facilities			
(2). Capacity Improvements	0		0
(3). System Preservation	0	923,122	923,122
Material Crushing 01-4035 9103	27,060	0	
Gravel/Asphalt/Patching 01-4035 91	7,105	0	
Concrete 01-4035-9108	70,661	0	
Slurry Seal 01-4035-9109	418,885	0	
Crack Seal 01-4035-9110	47,864	0	
Street Impvmt/Overlay 01-4035-911	351,547	0	
(4). System Enhancement & Operation	0	85,446	85,446
Tree Program 01-4035-9101	2,760	0	
Tree Chipping 01-4035-9102	39,669	0	
Signs 01-4035-9105	17,703	0	
Paint Striping 01-4035-9104	25,314	0	
(4). Total Construction (1)+(2)+(3)	0	1,008,567	1,008,567
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.4)	17,978	1,008,567	1,026,545
			(Carry forward to page 1)

Notes and Comments: