

**City of Gunnison
Gunnison, Colorado
Financial Statements
December 31, 2018**

**City of Gunnison, Colorado
Financial Report
December 31, 2018**

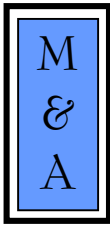
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INDEPENDENT AUDITOR'S REPORT

**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, 2018, 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, 2018, 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
August 9, 2019**

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Gunnison, Colorado

Management's Discussion and Analysis December 31, 2018

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, 2018.

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 \$3,377,015. 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 increased by \$1,652,994 due to a variety of planned capital projects for which significant resources were saved. These projects include basketball court renovations, a broadband project, match for several street and sidewalk infrastructure grant projects, and miscellaneous parks and recreation facility improvements. Notably, the City has been unable to secure reasonable unit costs for asphalt due to a regional monopoly that exists and did not enter into its typical contracts for street projects. The City is contemplating the purchase of its own asphalt plant to manage street improvement costs in the future.

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>1/1/18</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/18</u>
<i>General Fund:</i>				
Emergency reserves	\$ 249,000	\$ 19,000	\$ -	268,000
Road and bridge	-	216,825	-	216,825
<i>Conservation Trust:</i>				
Recreation	28,737	22,391	-	51,128
<i>Marijuana Mitigation:</i>				
Other	206,680	82,566	-	289,246
	<u>\$ 484,417</u>	<u>\$ 340,782</u>	<u>\$ -</u>	<u>825,199</u>

The following graphs show the City's net position for 2017 and 2018:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Assets:						
Current and other assets	\$ 7,502,235	6,099,934	\$ 8,963,840	\$ 7,892,222	\$ 16,466,075	\$ 13,992,156
Capital assets	13,662,857	13,722,037	16,440,773	16,296,647	30,103,630	30,018,684
Total Assets	<u>21,165,092</u>	<u>19,821,971</u>	<u>25,404,613</u>	<u>24,188,869</u>	<u>46,569,705</u>	<u>44,010,840</u>
Liabilities:						
Other liabilities	586,639	864,628	889,715	1,081,238	1,476,354	1,945,866
Long-term liabilities	323,426	316,727	5,463,254	5,821,162	5,786,680	6,137,889
Total Liabilities	<u>910,065</u>	<u>1,181,355</u>	<u>6,352,969</u>	<u>6,902,400</u>	<u>7,263,034</u>	<u>8,083,755</u>
Deferred Inflow of Resources:						
Unavailable property tax revenue	292,539	292,596	-	-	292,539	292,596
Unavailable revenue - Other	71,895	72,842	16,409	12,834	88,304	85,676
Total deferred inflow of resources	<u>364,434</u>	<u>365,438</u>	<u>16,409</u>	<u>12,834</u>	<u>380,843</u>	<u>378,272</u>
Net Position:						
Net investment in capital assets	13,662,857	13,722,037	11,145,773	10,666,647	24,808,630	24,388,684
Restricted	825,199	484,417	-	-	825,199	484,417
Unrestricted	5,402,537	4,068,724	7,889,462	6,606,988	13,291,999	10,675,712
Total Net Position	<u>\$ 19,890,593</u>	<u>\$ 18,275,178</u>	<u>\$ 19,035,235</u>	<u>\$ 17,273,635</u>	<u>\$ 38,925,828</u>	<u>\$ 35,548,813</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	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 1,801,778	\$ 1,574,028	\$ 10,176,174	\$ 9,200,726	\$ 11,977,952	\$ 10,774,754
Operating grants & contributions	704,012	84,687	-	-	704,012	84,687
Capital grants & contributions	-	-	461,500	549,831	461,500	549,831
General revenues:						
Property taxes	284,983	274,338	-	-	284,983	274,338
Sales and use taxes	6,858,348	6,221,850	1,896,680	1,719,682	8,755,028	7,941,532
Other taxes	875,307	711,890	-	-	875,307	711,890
Investment earnings and other revenue	72,331	117,694	472,954	477,919	545,285	595,613
Total Revenues	10,596,759	8,984,487	13,007,308	11,948,158	23,604,067	20,932,645
Expenses:						
General government	1,772,722	1,902,796	-	-	1,772,722	1,902,796
Public safety	2,959,453	2,781,543	-	-	2,959,453	2,781,543
Streets	2,349,870	2,271,219	-	-	2,349,870	2,271,219
Parks & recreation	1,535,957	1,407,928	-	-	1,535,957	1,407,928
Economic development	335,609	288,365	-	-	335,609	288,365
Electric	-	-	5,436,881	5,467,922	5,436,881	5,467,922
Water	-	-	862,379	677,403	862,379	677,403
Sewer	-	-	1,829,661	1,280,455	1,829,661	1,280,455
Refuse	-	-	589,279	583,039	589,279	583,039
Communications	-	-	846,222	783,217	846,222	783,217
Recreation	-	-	1,709,019	1,696,096	1,709,019	1,696,096
Total Expenses	8,953,611	8,651,851	11,273,441	10,488,132	20,227,052	19,139,983
Change in Net Position before transfers						
	1,643,148	332,636	1,733,867	1,460,026	3,377,015	1,792,662
Transfers	(27,733)	35,031	27,733	(35,031)	-	-
Change in Net Position	1,615,415	367,667	1,761,600	1,424,995	3,377,015	1,792,662
Net Position - Beginning	18,275,178	17,907,511	17,273,635	15,848,640	35,548,813	33,756,151
Net Position - Ending	\$ 19,890,593	\$ 18,275,178	\$ 19,035,235	\$ 17,273,635	\$ 38,925,828	\$ 35,548,813

Governmental activities: Governmental activities increased the City's net position by \$1,615,415. Key elements of this increase are as follows:

- Sales tax revenues increased due to a flourishing tourism economy and the receipt taxes from vendors without physical presence due to the South Dakota vs Wayfair supreme court decision.
- Holding planned use of street improvement funds in hope of securing lower asphalt costs by partnering with valley governments to obtain great economies of scale or purchasing an asphalt plant.

Overview of the Financial Statements (continued)

Business-type activities: Business-type activities increased the City's net position by \$1,761,600. 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.
- 2018 saw enterprise rate increases to accumulate reserve sufficient to fund large planned projects in the five-year planning horizon.

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.

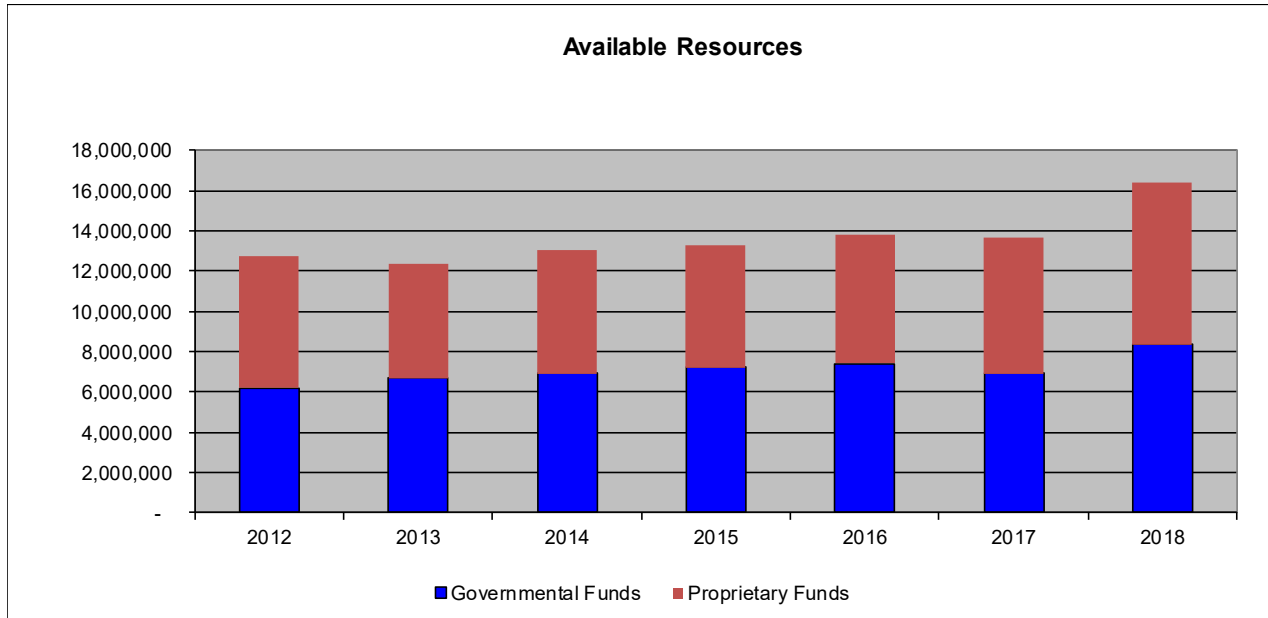
The City's available resources for 2018 is charted below:

	<u>Beginning Available Resources</u>	<u>Increase (Decrease)</u>	<u>Ending Available Resources</u>	<u>2018 Expenditures</u>	<u>% of EAR to Expenditures</u>
Governmental Funds:					
General Fund	4,278,661	1,065,375	5,344,036	7,913,451	68%
Conservation Trust Fund	28,737	22,391	51,128	40,205	127%
Ditch Fund	60,910	445,646	506,556	205,428	247%
Risk Management Fund	27,067	37,017	64,084	204,765	31%
Marijuana Mitigation Fund	206,680	82,566	289,246	152,985	189%
Firefighters' Pension Fund	2,347,629	(188,124)	2,159,505	230,625	936%
Business Type Funds:					
Enterprise Fund					
Electric Department	1,557,313	755,621	2,312,934	5,356,733	43%
Water Department	1,006,673	221,240	1,227,913	885,266	139%
Waste Water Department	1,513,091	(212,566)	1,300,525	2,095,608	62%
Refuse Department	462,439	(33,452)	428,987	647,683	66%
Communications Department	111,413	20,939	132,352	856,619	15%
Recreation Department	1,791,675	518,330	2,310,005	2,494,086	93%
Internal Service Fund:					
Fleet Management	267,815	28,303	296,118	1,162,376	25%
	<u>13,660,103</u>	<u>2,763,286</u>	<u>16,423,389</u>	<u>22,245,830</u>	<u>74%</u>

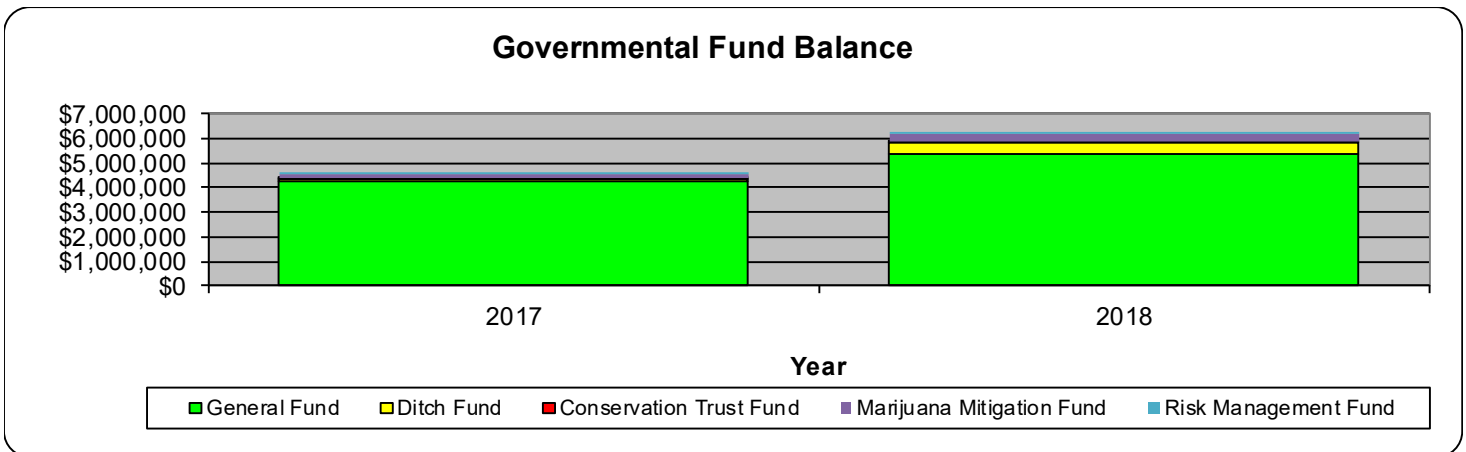
Financial Analysis of the City's Funds (continued)

Available Resources (continued):

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



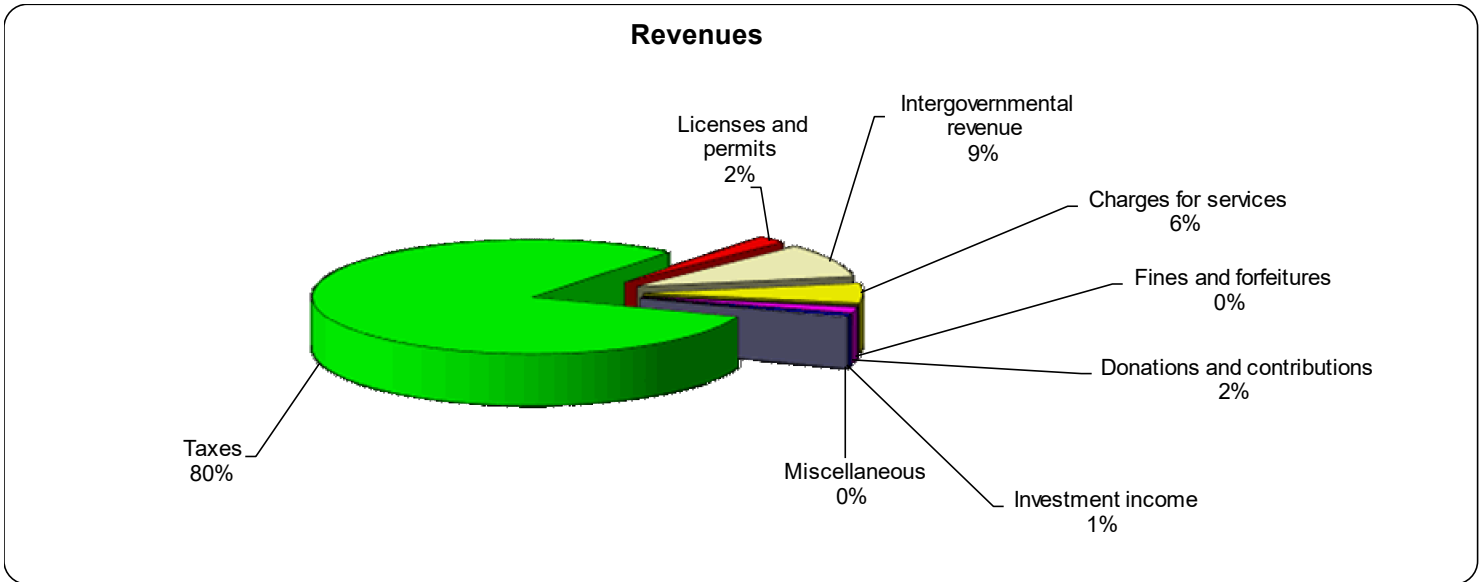
Governmental funds: The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure 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 \$6,255,050, an increase of \$1,652,994 from the prior year ending fund balances. The City's fund balances for past two years are presented in graph format below.



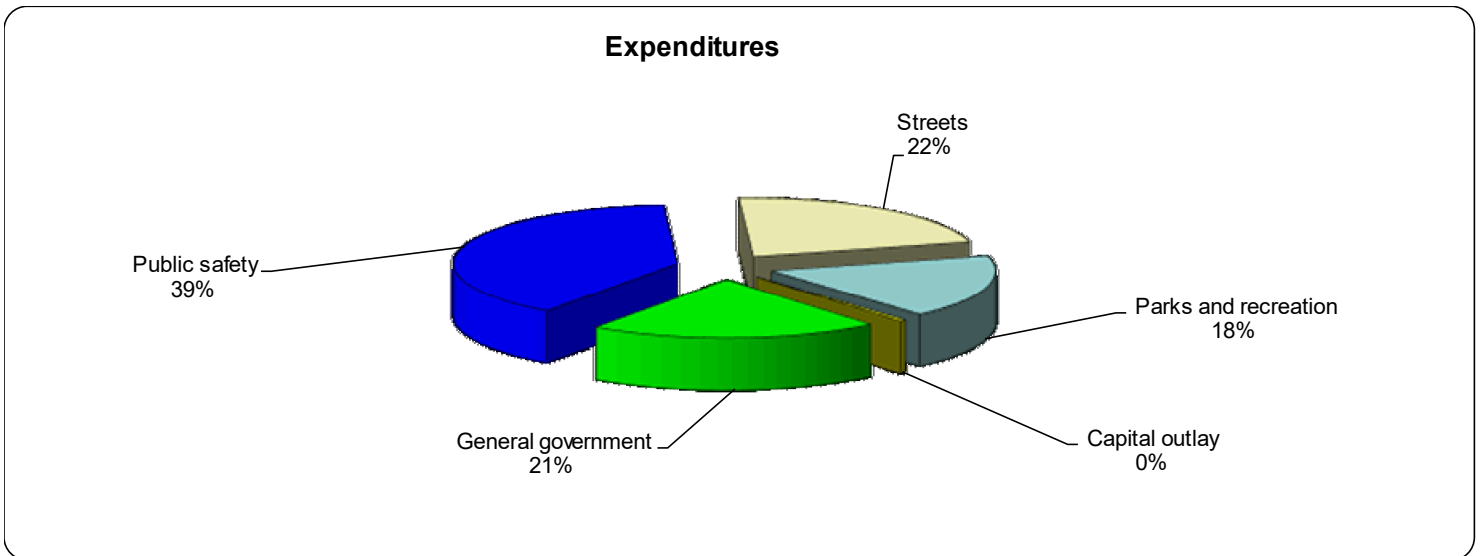
Financial Analysis of the City's Funds (continued)

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 2018:



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:

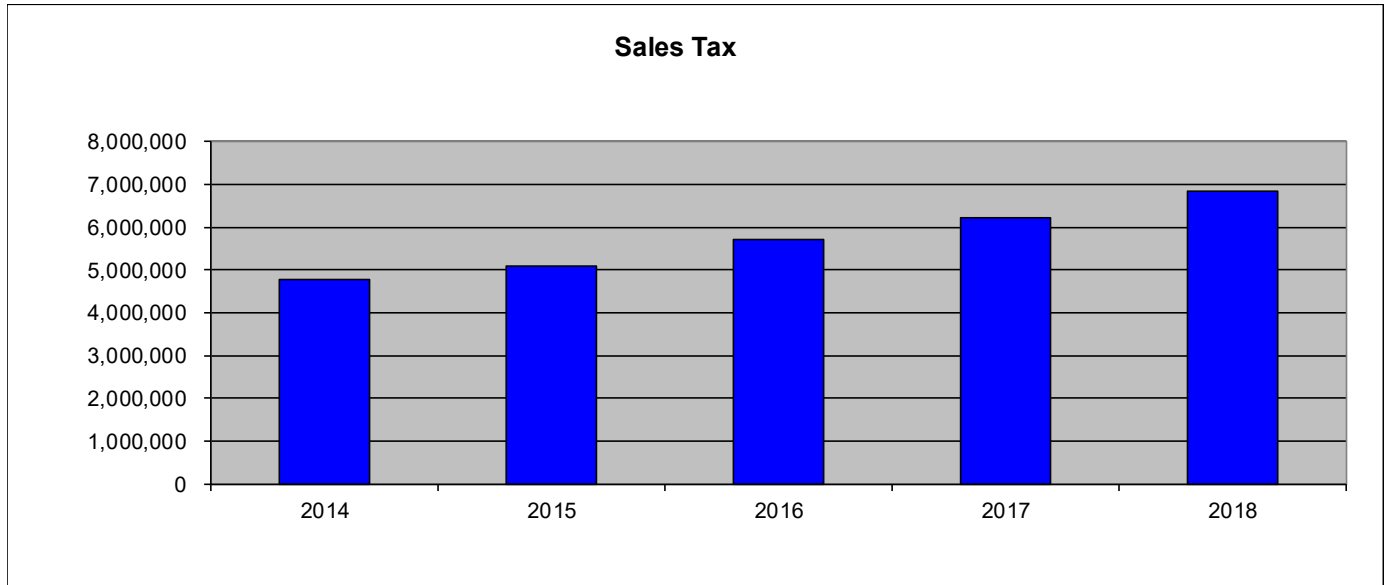
	Final Budget	Actual	Variance	Reason
Revenues:				
Sales & use tax	\$5,999,791	\$6,644,536	\$ 644,745	Flourishing tourism economy and the receipt of taxes from vendors without physical presence due to the South Dakota vs Wayfair Supreme Court decision.
Other licenses and permits	90,075	208,104	118,029	Western Colorado University began construction of a significant new School of Computer Science and Technology building which resulted in increased building permit fees.
Grant revenue	788,814	7,024	(781,790)	Two Transportation Alternatives Program and one Safe Routes to School grant projects were deferred to 2019.
Total Revenues	8,656,508	8,888,148	231,640	
Expenditures:				
Street improvements	2,075,118	723,933	1,351,185	Holding planned use of street improvement funds in hope of securing lower asphalt costs by partnering with valley governments to obtain great economies of scale or purchasing an asphalt plant.
Parks	794,385	657,718	136,667	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.
Transfer in	194,007	79,676	114,331	Parks and recreation projects in the General Fund and Community Center Funds that were planned to be supported by a transfer from the Other Recreation Improvement Fund were rolled forward to 2019.
Total Expenditures	8,638,423	6,554,138	2,084,285	

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 \$5,295,000 in total long-term debts. This is composed of the 2015 sales and use tax revenue bonds. Additional information regarding the City's debt can be found on pages D16 through D17.

Financial Analysis of the City's Funds (continued)

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 2017 was \$636,498 or 10.2%. The following chart indicates changes in the sales tax over the past five years. The chart does not take into account revenue sharing agreements.



Next year's budget and rates: The City's General Fund balance at the end of the current fiscal year was \$5,344,036. The City's 2019 budget anticipates an ending General Fund balance of \$3,363,453.

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, 2018

Assets:	Governmental Activities	Business type Activities	Total
Current assets:			
Cash and investments - Unrestricted	6,026,450	7,211,716	13,238,166
Accounts, taxes, and interest receivable	1,324,507	941,260	2,265,767
Prepaid expenses	151,278	19,141	170,419
Inventory	-	791,723	791,723
Total current assets	7,502,235	8,963,840	16,466,075
Capital assets:			
Land	2,818,836	560,253	3,379,089
Construction in progress	835,135	28,745	863,880
Land improvements	2,246,760	-	2,246,760
Buildings and improvements	8,055,570	25,485,763	33,541,333
Infrastructure	7,242,680	-	7,242,680
Vehicles	2,845,044	-	2,845,044
Machinery and equipment	3,547,949	10,813,846	14,361,795
Less accumulated depreciation	(13,929,117)	(20,447,834)	(34,376,951)
Total capital assets (net of accumulated depr.)	13,662,857	16,440,773	30,103,630
Total assets	21,165,092	25,404,613	46,569,705
Liabilities:			
Current liabilities:			
Accounts payable	407,273	750,415	1,157,688
Accrued payroll	176,266	106,539	282,805
Accrued expenses	-	2,060	2,060
Bond interest	-	12,001	12,001
Deposits	3,100	18,700	21,800
Total current liabilities	586,639	889,715	1,476,354
Noncurrent liabilities:			
Compensated absences	323,426	163,254	486,680
Accrued expenses	-	5,000	5,000
Bonds payable:			
Due within one year	-	345,000	345,000
Due in more than one year	-	4,950,000	4,950,000
Total noncurrent liabilities	323,426	5,463,254	5,786,680
Total liabilities	910,065	6,352,969	7,263,034
Deferred Inflow of Resources:			
Unavailable property tax revenue	292,539	-	292,539
Unavailable revenue - Other	71,895	16,409	88,304
Total deferred inflow of resources	364,434	16,409	380,843
Net Position:			
Net Investment in capital assets	13,662,857	11,145,773	24,808,630
Restricted	825,199	-	825,199
Unrestricted	5,402,537	7,889,462	13,291,999
Total Net Position	19,890,593	19,035,235	38,925,828

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

City of Gunnison, Colorado
Statement of Activities
December 31, 2018

	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	1,772,722	866,416	-	-	(906,306)	-	(906,306)
Public safety	2,959,453	53,437	7,024	-	(2,898,992)	-	(2,898,992)
Streets	2,349,870	635,605	634,392	-	(1,079,873)	-	(1,079,873)
Parks and recreation	1,535,957	210,190	62,596	-	(1,263,171)	-	(1,263,171)
Economic development	335,609	36,130	-	-	(299,479)	-	(299,479)
Total Governmental Activities	8,953,611	1,801,778	704,012	-	(6,447,821)	-	(6,447,821)
Business-type activities:							
Electric	5,436,881	6,076,758	-	-	-	639,877	639,877
Water	862,379	923,509	-	134,500	-	195,630	195,630
Sewer	1,829,661	1,484,791	-	327,000	-	(17,870)	(17,870)
Refuse	589,279	602,804	-	-	-	13,525	13,525
Communications	846,222	721,852	-	-	-	(124,370)	(124,370)
Recreation	1,709,019	366,460	-	-	-	(1,342,559)	(1,342,559)
Total Business-type Activities	11,273,441	10,176,174	-	461,500	-	(635,767)	(635,767)
Total Primary Government	20,227,052	11,977,952	704,012	461,500	(6,447,821)	(635,767)	(7,083,588)
General Revenues:							
Property tax, levied for general purposes					284,983	-	284,983
Specific ownership tax					19,928	-	19,928
General sales and use tax					6,858,348	1,896,680	8,755,028
Franchise tax					595,609	-	595,609
Other miscellaneous taxes					259,770	-	259,770
Investment earnings					70,380	88,928	159,308
Unrealized gains (losses)					(1,408)	(1,966)	(3,374)
Grants and contributions not restricted to any program					13,931	370,171	384,102
Gain (loss) on disposal of assets					(10,572)	15,821	5,249
Transfers					(27,733)	27,733	-
Total General Revenues, Special Items, and Transfers					8,063,236	2,397,367	10,460,603
Change in Net Position					1,615,415	1,761,600	3,377,015
Net Position - Beginning					18,275,178	17,273,635	35,548,813
Net Position - Ending					19,890,593	19,035,235	38,925,828

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

FUND FINANCIAL STATEMENTS

City of Gunnison, Colorado
Balance Sheet
Governmental Funds
December 31, 2018

	<u>General</u>	<u>Ditch Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Cash and investments - Unrestricted	4,829,888	508,848	369,542	5,708,278
Receivables, net of allowance for uncollectibles	986,358	-	45,556	1,031,914
Property tax receivable	292,539	-	-	292,539
Prepaid expenses	151,278	-	-	151,278
Total Assets	<u>6,260,063</u>	<u>508,848</u>	<u>415,098</u>	<u>7,184,009</u>
Liabilities and Fund Equity:				
Liabilities:				
Accounts payable	380,643	2,052	10,640	393,335
Accrued payroll	166,268	240	-	166,508
Accrued expenses	1,582	-	-	1,582
Deposits	3,100	-	-	3,100
Total Liabilities	<u>551,593</u>	<u>2,292</u>	<u>10,640</u>	<u>564,525</u>
Deferred inflow of resources:				
Unavailable property tax revenue	292,539	-	-	292,539
Unavailable revenue - other	71,895	-	-	71,895
Total deferred inflow of resources	<u>364,434</u>	<u>-</u>	<u>-</u>	<u>364,434</u>
Fund Balances:				
Unspendable	151,278	-	-	151,278
Spendable:				
Restricted for emergencies	268,000	-	-	268,000
Restricted for road and bridge	216,825	-	-	216,825
Restricted for recreation	-	-	51,128	51,128
Restricted - other	-	-	289,246	289,246
Assigned	-	506,556	64,084	570,640
Unassigned	4,707,933	-	-	4,707,933
Total Fund Balances	<u>5,344,036</u>	<u>506,556</u>	<u>404,458</u>	<u>6,255,050</u>
Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>6,260,063</u>	<u>508,848</u>	<u>415,098</u>	<u>7,184,009</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, 2018

Governmental Funds Total Fund Balance	6,255,050
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.	26,072,577
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.	1,239,461
Less:	
Accumulated depreciation (excluding internal service fund) is not recognized in the governmental funds because capital assets are expensed at the time of acquisition.	(13,376,045)
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.	(300,450)
Governmental Activities Net Position	<u><u>19,890,593</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, 2018

	<u>General</u>	<u>Ditch Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Taxes	7,844,155	-	232,959	8,077,114
Licenses and permits	208,104	-	-	208,104
Intergovernmental revenue	389,256	503,648	62,134	955,038
Charges for services	315,847	-	240,464	556,311
Fines and forfeitures	22,675	-	-	22,675
Investment income	59,172	1,084	4,695	64,951
Unrealized gains (losses)	(243)	(658)	(324)	(1,225)
Donations and contributions	13,953	147,000	-	160,953
Miscellaneous	35,230	-	-	35,230
Total Revenues	<u>8,888,149</u>	<u>651,074</u>	<u>539,928</u>	<u>10,079,151</u>
Expenditures:				
General government	1,345,928	-	204,765	1,550,693
Public safety	2,790,762	-	99,099	2,889,861
Public works	1,409,961	205,428	-	1,615,389
Culture and recreation	1,302,075	-	-	1,302,075
Economic development	335,609	-	-	335,609
Capital outlay	4,122	-	25,284	29,406
Total Expenditures	<u>7,188,457</u>	<u>205,428</u>	<u>329,148</u>	<u>7,723,033</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,699,692</u>	<u>445,646</u>	<u>210,780</u>	<u>2,356,118</u>
Other Financing Sources (Uses):				
Sale of asset	11,001	-	-	11,001
Transfers in	79,676	-	-	79,676
Transfers (out)	(724,995)	-	(68,806)	(793,801)
Total Other Financing Sources (Uses)	<u>(634,318)</u>	<u>-</u>	<u>(68,806)</u>	<u>(703,124)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	<u>1,065,374</u>	<u>445,646</u>	<u>141,974</u>	<u>1,652,994</u>
Fund Balances - Beginning	<u>4,278,662</u>	<u>60,910</u>	<u>262,484</u>	<u>4,602,056</u>
Fund Balances - Ending	<u>5,344,036</u>	<u>506,556</u>	<u>404,458</u>	<u>6,255,050</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, 2018

Governmental Funds Changes in Fund Balances	1,652,994
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.	119,924
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.	(763,532)
Changes in the City employees' accrued compensated absences are considered changes in long-term liabilities. This is the amount that accrued compensated absences decreased.	(5,393)
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.	611,945
Assets disposed of prior to being fully depreciated are charged off upon disposition. This represents the assets disposed of during the year.	(523)
Governmental Activities Change in Net Position	1,615,415

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

**City of Gunnison
Statement of Net Position
Proprietary Funds
December 31, 2018**

	Enterprise Fund	Internal Service Fund
Assets:		
Current assets:		
Cash and investments - unrestricted	7,211,716	318,172
Accounts receivables, net of allowance for uncollectibles	941,260	52
Inventories	791,723	-
Prepaid expenses	19,141	-
Total current assets	8,963,840	318,224
Non-current assets:		
Land	560,253	-
Construction in progress	28,745	291,531
Building and improvements	25,485,763	295,618
Machinery and equipment	10,813,846	932,242
Less: Accumulated depreciation	(20,447,834)	(553,072)
Total non-current assets	16,440,773	966,319
Total Assets	25,404,613	1,284,543
Liabilities:		
Current liabilities:		
Accounts payable	750,415	12,349
Accrued payroll	106,539	9,757
Accrued expenses	2,060	-
Bond interest payable	12,001	-
Deposits held	18,700	-
Deferred revenue	16,409	-
Non-current liabilities due within one year:		
Long term debt	345,000	-
Total current liabilities	1,251,124	22,106
Non-current liabilities:		
Accrued compensated absences	163,254	22,976
Accrued expenses	5,000	-
Non-Current Liabilities - due longer than one year:		
Long term debt	4,950,000	-
Total non-current liabilities	5,118,254	22,976
Total Liabilities	6,369,378	45,082
Net Position:		
Net Investment in capital assets	11,145,773	674,788
Unrestricted	7,889,462	564,673
Total Net Position	19,035,235	1,239,461

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, 2018

	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>
Operating Revenue:		
Utility sales	10,091,764	522,421
Other revenue	84,411	52
Operating Revenue	<u>10,176,175</u>	<u>522,473</u>
Operating Expenses:		
Salaries and employee benefits	3,043,897	-
Purchased power	3,542,396	-
Purchased services	1,852,077	-
Operations and maintenance	1,635,979	-
Supplies	335,659	-
Depreciation and amortization	709,069	40,882
Fleet expenditures	-	540,697
Operating Expenses	<u>11,119,077</u>	<u>581,579</u>
Operating income (loss)	(942,902)	(59,106)
Non-Operating Revenues (Expenses):		
Taxes	1,896,680	-
Interest revenue	88,928	5,894
Interest expense	(154,362)	-
Unrealized gain (loss)	(1,967)	(185)
Grants and contributions	831,670	-
Sale of fixed assets	15,821	(21,050)
Total Non-Operating Revenues (Expenses)	<u>2,676,770</u>	<u>(15,341)</u>
Income (Loss) Before Contributions and Transfers	1,733,868	(74,447)
Transfers in	58,321	686,393
Transfers (out)	(30,589)	-
Change in Net Position	<u>1,761,600</u>	<u>611,946</u>
Total Net Position - Beginning	<u>17,273,635</u>	<u>627,515</u>
Total Net Position - Ending	<u><u>19,035,235</u></u>	<u><u>1,239,461</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, 2018

	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>	<u>Total</u>
Cash Flows From Operating Activities:			
Cash received from customers for services	10,076,067	522,386	10,598,453
Other cash received	86,446	52	86,498
Cash paid for goods and services	(7,604,135)	(539,696)	(8,143,831)
Cash paid for employment services	(3,023,259)	1,781	(3,021,478)
Net Cash Provided (Used) by Operating Activities	<u>(464,881)</u>	<u>(15,477)</u>	<u>(480,358)</u>
Cash Flows From Non-Capital Financing Activities:			
Grants and contributions	831,670	-	831,670
Transfers (out)	(30,589)	-	(30,589)
Transfers in	58,321	686,393	744,714
Net Cash Provided by Non-Capital Financing Activities	<u>859,402</u>	<u>686,393</u>	<u>1,545,795</u>
Cash Flows From Capital Financing Activities:			
Purchase of fixed assets	(837,374)	(646,882)	(1,484,256)
Taxes levied for operations	1,896,680	-	1,896,680
Interest paid	(154,362)	-	(154,362)
Principal paid	(365,943)	-	(365,943)
Net Cash (Used) by Capital Financing Activities	<u>539,001</u>	<u>(646,882)</u>	<u>(107,881)</u>
Cash Flows From Investing Activities:			
Interest received	86,961	5,709	92,670
Net Cash Provided by Investing Activities	<u>86,961</u>	<u>5,709</u>	<u>92,670</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,020,483	29,743	1,050,226
Cash and Cash Equivalents - Beginning	6,191,233	288,429	6,479,662
Cash and Cash Equivalents - Ending	<u>7,211,716</u>	<u>318,172</u>	<u>7,529,888</u>
Reconciliation of Operating (Loss) to			
Net Cash Provided (Used) by Operating Activities:			
Operating (loss)	(942,902)	(59,106)	(1,002,008)
Adjustments to reconcile operating (loss)			
to net cash provided (used) by operating activities:			
Depreciation	709,069	40,882	749,951
(Increase) decrease in accounts receivable	(15,697)	(35)	(15,732)
(Increase) decrease in inventories	(27,228)	-	(27,228)
(Increase) decrease in prepaid expenses	(8,210)	814	(7,396)
Increase (decrease) in accounts payable	(202,586)	187	(202,399)
Increase (decrease) in compensated absences	8,035	1,307	9,342
Increase (decrease) in deposits	(1,540)	-	(1,540)
Increase (decrease) in deferred revenue	3,575	-	3,575
Increase (decrease) in accrued wages	12,603	474	13,077
Total Adjustments	<u>478,021</u>	<u>43,629</u>	<u>521,650</u>
Net Cash Provided (Used) by Operating Activities	<u>(464,881)</u>	<u>(15,477)</u>	<u>(480,358)</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, 2018

	<u>Volunteer Firefighters' Pension Fund</u>
Assets	
Cash and investments	2,127,985
Accounts receivable	<u>31,520</u>
Total Assets	<u>2,159,505</u>
Net Position	
Net position - held in trust for pension benefits	<u><u>2,159,505</u></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, 2018

	<u>Volunteer Firefighters' Pension Fund</u>
Additions	
Contributions	
City	40,510
District	40,510
State	50,960
Earnings on investments	<u>(89,479)</u>
Total Additions	<u>42,501</u>
Deductions	
Benefits	213,625
Expenses	<u>17,000</u>
Total Deductions	<u>230,625</u>
Change in net position	(188,124)
Net position at beginning of year	<u>2,347,629</u>
Net position at end of year	<u><u>2,159,505</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, 2018

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, 2018
(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, 2018
(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, 2018
(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, 2018
(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, 2018
(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, 2018
(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 Outflows and Inflows of Resources

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City doesn't have any items that qualify for reporting in this category at December 31, 2018.

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.

City of Gunnison
Notes to the Financial Statements
December 31, 2018
(continued)

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 (excluding internal service fund) of \$12,696,532 represents capitalized costs of \$26,072,577 and accumulated depreciation of \$13,376,045.

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 \$1,239,461 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 \$300,450.

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 \$119,924 less depreciation expense of \$763,532.

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 \$5,393.

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 \$611,945 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.

City of Gunnison
Notes to the Financial Statements
December 31, 2018
(continued)

III. Stewardship, Compliance, and Accountability (continued)

A. Budgetary Information (continued)

As required by Colorado Statutes, the City followed the required timetable noted below in preparing, approving, and enacting its budget for 2018.

1. For the 2018 budget year, prior to August 25, 2017 (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, 2017, a recommended budget which detailed the necessary property taxes needed along with other available revenues to meet the City's operating requirements.
3. Prior to December 15, 2017, 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 2017 were collected in 2018 and taxes certified in 2018 will be collected in 2019. 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	\$ 9,169,297	\$ 9,888,905	\$ 719,608
Ditch Fund	\$ 111,729	\$ 405,192	\$ 293,463
Sewer Department	\$ 1,523,910	\$ 2,506,808	\$ 982,898
Refuse Department	\$ 645,292	\$ 753,400	\$ 108,108
Recreation Department	\$ 2,701,253	\$ 3,114,100	\$ 412,847

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.

City of Gunnison
Notes to the Financial Statements
December 31, 2018
(continued)

III. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment (continued)

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.

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 \$268,000, which is the approximate required reserve at December 31, 2018.

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

IV. Detailed Notes on All Funds

A. Deposits and Investments

The City' deposits are entirely covered by federal depository insurance ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first \$250,000 of the City's deposits at each financial institution. Deposit balances over \$250,000 are collateralized as required by PDPA. The carrying amount of the City's demand deposits was \$5,065,804 at year end. Petty cash totaled \$1,540.

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, 2018, 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	\$ 3,540,134	-	3,540,134	-
United States Treasuries	482,245	482,245	-	-
United States Agencies	4,131,523	4,131,523	-	-
Investments Measured at Net Asset Value				
COLOTRUST	2,221,273			
Investments Measured at Amortized Cost				
CSAFE	1,335,781			

City of Gunnison
Notes to the Financial Statements
December 31, 2018
(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, 2018, the City's investments in COLOTRUST and C-SAFE were 19% and 11% 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, 2018
(continued)

IV. Detailed Notes on All Funds

A. Deposits and Investments

At December 31, 2018, unrealized losses were \$2,719 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	\$ 1,540	\$ 1,540	\$ -
<i>Demand Deposits:</i>				
Checking	Not Rated	1,519,033	1,519,033	-
Savings & money market	Not Rated	6,637	6,637	-
Certificates of deposit	Not Rated	3,540,134	831,048	2,709,086
<i>Investments:</i>				
United States Agencies	AA+	4,131,523	1,236,778	2,894,745
United States Treasuries	AA+	482,245	-	482,245
Investment Pools	AAAm	3,557,054	3,557,054	-
		\$ 13,238,166	\$ 7,152,090	\$ 6,086,076
<i>Reconciliation to Statement of Net Position:</i>				
Cash and investments - Unrestricted		\$ 13,238,166		
Total Cash and Investments		\$ 13,238,166		

City of Gunnison
Notes to the Financial Statements
December 31, 2018
(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	\$ 292,539	\$ -	\$ 292,539
Accounts and other receivable	986,358	45,556	1,031,914
Gross receivables	<u>1,278,897</u>	<u>45,556</u>	<u>1,324,453</u>
Less: allowance for uncollectible	-	-	-
Net Receivables	<u><u>\$ 1,278,897</u></u>	<u><u>\$ 45,556</u></u>	<u><u>\$ 1,324,453</u></u>

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 2018 but not available until 2019.

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	\$ 644,368	\$ 56,963	\$ 147,597	\$ 51,322	\$ 27,897	\$ 5,927	\$ 934,074
Other receivables	-	-	-	-	-	7,186	7,186
Gross receivables	<u>644,368</u>	<u>56,963</u>	<u>147,597</u>	<u>51,322</u>	<u>27,897</u>	<u>13,113</u>	<u>941,260</u>
Less: allowance for uncollectible	-	-	-	-	-	-	-
Net Receivables	<u><u>\$ 644,368</u></u>	<u><u>\$ 56,963</u></u>	<u><u>\$ 147,597</u></u>	<u><u>\$ 51,322</u></u>	<u><u>\$ 27,897</u></u>	<u><u>\$ 13,113</u></u>	<u><u>\$ 941,260</u></u>

City of Gunnison
Notes to the Financial Statements
December 31, 2018
(continued)

IV. Detailed Notes on All Funds (continued)

C. Capital Assets

Capital asset activity for the year ended December 31, 2018 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	570,858	317,604	(53,327)	835,135
Capital assets, being depreciated:				
Land improvements	2,246,760	-	-	2,246,760
Buildings and improvements	7,986,198	69,372	-	8,055,570
Infrastructure	7,242,680	-	-	7,242,680
Machinery and equipment	3,180,029	412,104	(44,184)	3,547,949
Vehicles	2,975,694	-	(130,650)	2,845,044
Total capital assets being depreciated	<u>27,021,055</u>	<u>799,080</u>	<u>(228,161)</u>	<u>27,591,974</u>
Less accumulated depreciation for:				
Land improvements	(994,989)	(115,000)	-	(1,109,989)
Buildings and improvements	(2,516,352)	(186,188)	-	(2,702,540)
Infrastructure	(5,338,424)	(78,013)	-	(5,416,437)
Machinery and equipment	(1,877,612)	(221,961)	40,577	(2,058,996)
Vehicles	(2,571,641)	(203,251)	133,737	(2,641,155)
Total accumulated depreciation	<u>(13,299,018)</u>	<u>(804,413)</u>	<u>174,314</u>	<u>(13,929,117)</u>
Governmental Activities Capital Assets, Net	<u>\$ 13,722,037</u>	<u>\$ (5,333)</u>	<u>\$ (53,847)</u>	<u>\$ 13,662,857</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 560,253	\$ -	\$ -	\$ 560,253
Construction in progress	299,677	28,745	(299,677)	28,745
Total Capital Assets, Not Depreciated	<u>859,930</u>	<u>28,745</u>	<u>(299,677)</u>	<u>588,998</u>
Capital assets, being depreciated:				
Building and improvements	24,498,497	987,266	-	25,485,763
Machinery and equipment	10,952,009	140,787	(278,950)	10,813,846
Total Capital Assets Being Depreciated	<u>35,450,506</u>	<u>1,128,053</u>	<u>(278,950)</u>	<u>36,299,609</u>
Less accumulated depreciation for:				
Buildings and improvements	(10,814,469)	(447,675)	-	(11,262,144)
Machinery and equipment	(9,199,320)	(261,394)	275,024	(9,185,690)
Total Accumulated Depreciation	<u>(20,013,789)</u>	<u>(709,069)</u>	<u>275,024</u>	<u>(20,447,834)</u>
Business-type activities capital assets, net	<u>\$ 16,296,647</u>	<u>\$ 447,729</u>	<u>\$ (303,603)</u>	<u>\$ 16,440,773</u>

City of Gunnison
Notes to the Financial Statements
December 31, 2018
(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	\$ 109,314	\$ 45,936
Public safety	219,110	8,120
Public works	270,875	682,041
Parks and recreation	205,114	9,656
Total - Governmental Activities	\$ 804,413	\$ 745,753
 <i>Business-type activities:</i>		
Electric Department	\$ 120,579	\$ 14,467
Water Department	62,854	42,318
Wastewater Department	89,782	305,451
Refuse Department	51,107	109,102
Communications Department	1,683	15,903
Recreation Department	383,064	369,880
Total - Business-type Activities	\$ 709,069	\$ 857,121

D. Transfers

At December 31, 2018, the City had the following transfers:

	In	Out
<i>Governmental Funds:</i>		
General Fund	\$ 79,676	\$ (724,995)
Other Governmental Funds	-	(68,806)
<i>Internal Service Funds:</i>		
Fleet Fund	686,393	-
<i>Proprietary Funds:</i>		
Electric Department	-	(8,783)
Water Department	-	(5,855)
Sewer Department	-	(8,783)
Recreation Department	58,321	(7,168)
Total	\$ 824,390	\$ (824,390)

City of Gunnison
Notes to the Financial Statements
December 31, 2018
(continued)

IV. Detailed Notes on All Funds (continued)

E. Other Liabilities

1. 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. \$0 was outstanding at December 31, 2018.

2. Sales and Use Tax Revenue Bonds, Series 2015

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, 2018 was \$5,295,000. 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.

3. Accrued Compensated Absences

Earned but unused compensated absence (e.g. paid time off) benefits amounted to \$486,680 at December 31, 2018. All unused benefits are recorded on the individual fund that pays the related payroll.

4. Debt Schedule

The following payments are required:

Year	Business-Type Activities Debt		
	Principal	Interest	Total
2019	\$ 345,000	\$ 145,613	\$ 490,613
2020	355,000	136,125	491,125
2021	360,000	126,362	486,362
2022	375,000	116,463	491,463
2023	385,000	106,150	491,150
2024 - 2028	2,080,000	366,438	2,446,438
2029 - 2031	1,395,000	77,275	1,472,275
Total	\$ 5,295,000	\$ 1,074,426	\$ 6,369,426

City of Gunnison
Notes to the Financial Statements
December 31, 2018
(continued)

IV. Detailed Notes on All Funds (continued)

E. Other Liabilities (continued)

5. Changes in Debt

The City had the following changes in debt for the year ended December 31, 2018:

	<u>1/1/18</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/18</u>	<u>Due within one year</u>
Governmental Activities Debt:					
Compensated absences	\$ 316,727	\$ 298,634	\$ 291,935	\$ 323,426	\$ -
Enterprise Debt:					
Accrued expenses	5,000	-	-	5,000	-
2015 sales and use tax bonds	5,630,000	-	335,000	5,295,000	345,000
MEAN payable	30,943	-	30,943	-	-
Compensated absences	155,219	139,473	131,438	163,254	-
Total	<u>\$ 6,137,889</u>	<u>\$ 438,107</u>	<u>\$ 789,316</u>	<u>\$ 5,786,680</u>	<u>\$ 345,000</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 2018, 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, 2018, employees and the City made the required contributions to the plan of \$125,202 and \$125,202, respectively.

City of Gunnison
Notes to the Financial Statements
December 31, 2018
(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, 2018 of \$3,740,556 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, 2018, employees and the City made the required contributions to the plan of \$227,017 and \$227,017, respectively.

All of the General Employee Pension Plan investments at December 31, 2018 of \$6,046,926 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, 2018, 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, 2018
(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 2018, the City contributed \$40,510 to the Plan, the Fire Protection District contributed \$40,510, and the State contributed \$50,960. 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, 2018, 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, 2018
(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, 2018 are as follows:

Total pension liability	\$ 3,391,606
Fiduciary net position	<u>2,159,505</u>
Net pension liability	<u><u>\$ 1,232,101</u></u>

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of January 1, 2019, using the following actuarial assumptions applied to all periods included in the measurement.

Actuarial cost method	Entry-age
Asset valuation method	Market value
Real rate of investment return	3.25% per annum compounded annually
Inflation rate	2.75% per annum compounded annually
Actuarial funding discount rate	6.0% per annum compounded annually
Expense loading	Actuarial funding discount rate is net of expenses
Valuation census	Closed group of lives as of the valuation date
Mortality rates	1994 GAM rates - modified
Turnover rates	Graduated rates by attained age
Disability rates	None used
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 members 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.

City of Gunnison
Notes to the Financial Statements
December 31, 2018
(continued)

IV. Detailed Notes on All Funds (continued)

G. Pension Plans (continued)

3. Volunteer Firefighters' Pension Plan (continued)

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	\$ 1,232,542	\$ 892,940	\$ 610,410

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, 2018 were \$227,017 to the ICMA plan and \$48,358 to the CCOERA plan.

I. Restricted Fund Balance

The City had the following restrictions on fund balances at December 31, 2018:

	1/1/18	Additions	Deletions	12/31/18
<i>General Fund:</i>				
Emergency reserves	\$ 249,000	\$ 19,000	\$ -	268,000
Road and bridge	-	216,825	-	216,825
<i>Conservation Trust:</i>				
Recreation	28,737	22,391	-	51,128
<i>Marijuana Mitigation:</i>				
Other	206,680	82,566	-	289,246
	\$ 484,417	\$ 340,782	\$ -	825,199

City of Gunnison
Notes to the Financial Statements
December 31, 2018
(continued)

IV. Detailed Notes on All Funds (continued)

J. Assigned Fund Balance

The City had the following assigned on fund balances at December 31, 2018:

<i>Special Revenue Funds:</i>	<u>1/1/18</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/18</u>
Ditch fund	\$ 87,977	\$ 482,663	\$ -	570,640
	<u>\$ 87,977</u>	<u>\$ 482,663</u>	<u>\$ -</u>	<u>570,640</u>

V. Other Information

A. Joint Venture

At December 31, 2018, Gunnison/Hinsdale Authority had assets of \$238,869 liabilities of \$16,775 and \$222,094 in net position. Total revenues for 2018 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, 2018. 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, 2018, is:

Property and Casualty Pool:	Equity Ratio
Loss Fund	0.460%
Operating Fund	0.075%
Excess Fund	11.690%
Reserve Fund	0.102%

City of Gunnison
Notes to the Financial Statements
December 31, 2018
(continued)

V. Other Information (continued)

B. Risk Management (continued)

CIRSA's combined financial information for the year ended December 31, 2018, is summarized as follows:

Assets:	
Cash and investments	\$ 18,424,010
Other assets	65,235,436
Total Assets	<u>\$ 83,659,446</u>
Total liabilities	<u>\$ 33,114,953</u>
Net position	<u>\$ 50,544,493</u>
Total Revenues	\$ 27,433,840
Total Expenses	(30,680,054)
Change in Net Position	<u>\$ (3,246,214)</u>

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

On May 1, 2019, the City entered into a loan agreement with the Colorado Water Resources and Power Development Authority (the "Authority") for the amount of \$9,541,520. The funds will be used for improvements at the existing wastewater treatment facility. The interest rate will be 1.69% and the payments will be due August 1 and February 1 beginning August 1, 2019 and ending on August 1, 2039.

On May 22, 2019, the City entered into a loan agreement with the Authority for the amount of \$3,000,000. The funds will be used for improvements at the existing wastewater treatment facility. The interest rate will be 0.5% annually if the finally constructed project is certified by the Colorado Department of Public Health and the Environment, Water Quality Control Division ("WQCD") as a Green Project or 2.5% if the project is not certified as a Green Project. The payments will be due May 1 and November 1 beginning May 1, 2020 and ending on November 1, 2039. At the discretion of the Authority, the loan may be forgiven in an amount up to 100% of the principal amount of the loan.

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

	<u>2018</u>			<u>Final Budget</u>	<u>2017</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
Revenues:					
Taxes:					
General property taxes	285,929	285,929	284,983	(946)	274,338
Specific ownership tax	34,437	34,437	40,704	6,267	39,653
Sales & use tax	5,999,791	5,999,791	6,644,536	644,745	6,037,815
Franchise tax	579,693	579,693	595,609	15,916	573,904
Other taxes	194,000	194,000	278,323	84,323	135,428
Total Taxes	<u>7,093,850</u>	<u>7,093,850</u>	<u>7,844,155</u>	<u>750,305</u>	<u>7,061,138</u>
Licenses and Permits:					
Other licenses and permits	90,075	90,075	208,104	118,029	184,174
Intergovernmental Revenue:					
Grant revenue	788,814	788,814	7,024	(781,790)	42,344
State highway users tax	161,024	161,024	204,438	43,414	175,037
Other intergovernmental revenue	135,206	135,206	177,793	42,587	132,625
Total Intergovernmental Revenue	<u>1,085,044</u>	<u>1,085,044</u>	<u>389,255</u>	<u>(695,789)</u>	<u>350,006</u>
Charges for Services:					
Recreation revenue	208,896	208,896	220,057	11,161	191,616
Other charges for services	40,484	40,484	47,472	6,988	41,870
Rents	44,425	44,425	48,318	3,893	48,688
Total Charges for Services	<u>293,805</u>	<u>293,805</u>	<u>315,847</u>	<u>22,042</u>	<u>282,174</u>
Fines and Forfeitures:					
Traffic fines	25,700	25,700	22,675	(3,025)	21,285
Miscellaneous Revenue:					
Investment income	25,000	25,000	59,172	34,172	31,373
Unrealized gains (losses)	6,000	-	(243)	(243)	(5,956)
Donations and contributions	12,534	12,534	13,953	1,419	76,068
Other income	30,500	30,500	35,230	4,730	26,222
Total Miscellaneous Revenue	<u>74,034</u>	<u>68,034</u>	<u>108,112</u>	<u>40,078</u>	<u>127,707</u>
Total Revenues	<u>8,662,508</u>	<u>8,656,508</u>	<u>8,888,148</u>	<u>231,640</u>	<u>8,026,484</u>
Expenditures:					
General Government:					
City council	48,449	76,163	65,337	10,826	197,547
Municipal court	120,666	120,666	110,449	10,217	106,720
City attorney	25,974	40,974	36,694	4,280	29,632
City manager	168,639	168,639	159,956	8,683	198,961
City clerk	111,565	123,224	84,095	39,129	78,075
Finance	268,866	280,916	265,783	15,133	235,708
General services	233,810	274,220	237,649	36,571	201,772
Community development	378,859	436,779	385,964	50,815	320,173
Total General Government	<u>1,356,828</u>	<u>1,521,581</u>	<u>1,345,927</u>	<u>175,654</u>	<u>1,368,588</u>

(continued on E2)

City of Gunnison
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended December 31, 2018
(With Comparative Actual Amounts For the Year Ended 2017)

	<u>2018</u>			<u>Final Budget</u>	<u>2017</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
Expenditures: (continued)					
Public Safety:					
Police	2,338,268	2,338,268	2,253,439	84,829	2,167,595
Building Inspection	156,213	156,213	138,985	17,228	125,411
Fire Department	325,944	329,445	321,069	8,376	284,116
Hazardous Material	24,903	24,903	21,888	3,015	2,861
LE Victim Advocate Program	57,934	57,934	55,381	2,553	51,283
Total Public Safety	<u>2,903,262</u>	<u>2,906,763</u>	<u>2,790,762</u>	<u>116,001</u>	<u>2,631,266</u>
Public Works:					
City hall	74,767	74,767	61,729	13,038	46,912
City shop	89,831	95,357	45,505	49,852	15,542
Street administration	59,016	53,161	53,255	(94)	165,863
Street maintenance	561,323	561,323	525,539	35,784	725,166
Street improvements	1,655,684	2,075,118	723,933	1,351,185	1,396,448
Total Public Works	<u>2,440,621</u>	<u>2,859,726</u>	<u>1,409,961</u>	<u>1,449,765</u>	<u>2,349,931</u>
Culture and Recreation:					
Cranor Hill	36,770	36,770	9,441	27,329	19,125
Recreation administration	374,174	383,874	380,219	3,655	339,867
Recreation programs	184,432	220,887	209,703	11,184	186,349
Parks	749,723	794,385	657,718	136,667	667,895
Van Tuyl Ranch	31,603	18,414	3,844	14,570	14,343
Lazy K	29,536	44,481	41,150	3,331	528
Total Culture and Recreation	<u>1,406,238</u>	<u>1,498,811</u>	<u>1,302,075</u>	<u>196,736</u>	<u>1,228,107</u>
Economic Development:					
Public service grants	66,392	57,592	63,892	(6,300)	177,602
Economic development grants	24,808	24,808	24,808	-	-
Strategic partnerships	129,400	169,400	134,286	35,114	-
Events	116,753	125,229	112,623	12,606	110,762
Total Economic Development	<u>337,353</u>	<u>377,029</u>	<u>335,609</u>	<u>41,420</u>	<u>288,364</u>
Capital Outlay:					
Capital outlay and repairs	-	-	4,122	(4,122)	211,139
Total Expenditures	<u>8,444,302</u>	<u>9,163,910</u>	<u>7,188,456</u>	<u>1,975,454</u>	<u>8,077,395</u>
Excess (Deficiency) of Revenues over Expenditures	218,206	(507,402)	1,699,692	2,207,094	(50,911)
Other Financing Sources (Uses):					
Transfer in	194,007	194,007	79,676	(114,331)	227,925
Transfer (out)	(724,995)	(724,995)	(724,995)	-	(571,335)
Sale of assets	5,501	5,501	11,001	5,500	38,953
Total Other Financing Sources (Uses)	<u>(525,487)</u>	<u>(525,487)</u>	<u>(634,318)</u>	<u>(108,831)</u>	<u>(304,457)</u>
Net Change in Fund Balance	<u>(307,281)</u>	<u>(1,032,889)</u>	1,065,374	<u>2,098,263</u>	(355,368)
Fund Balance - Beginning			4,278,662		4,634,030
Fund Balance - Ending			<u>5,344,036</u>		<u>4,278,662</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, 2018
(With Comparative Actual Amounts For the Year Ended 2017)

	<u>2018</u>			Final Budget Variance Positive (Negative)	<u>2017</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:					
Intergovernmental revenue:					
Mineral leasing	40,000	40,000	63,059	23,059	41,865
State grants	-	449,792	440,589	(9,203)	-
Investment income	2,000	2,000	1,084	(916)	3,747
Unrealized gains (losses)	1,000	1,000	(658)	(1,658)	299
Donations and contributions	-	150,000	147,000	(3,000)	-
Total Revenues	<u>43,000</u>	<u>642,792</u>	<u>651,074</u>	<u>8,282</u>	<u>45,911</u>
Expenditures:					
Public works	<u>111,729</u>	<u>405,192</u>	<u>205,428</u>	<u>199,764</u>	<u>413,352</u>
Total Expenditures	<u>111,729</u>	<u>405,192</u>	<u>205,428</u>	<u>199,764</u>	<u>413,352</u>
Net Change in Fund Balance	<u>(68,729)</u>	<u>237,600</u>	445,646	<u>208,046</u>	(367,441)
Fund Balance - Beginning			60,910		428,351
Fund Balance - Ending			<u>506,556</u>		<u>60,910</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, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability				
Service cost	25,739	20,432	19,739	28,211
Interest cost	169,664	151,455	134,458	141,346
Changes in plan benefits	-	323,200	323,808	-
Actuarial variations	147,019	9,540	(11,699)	(118,110)
Changes in assumptions	14,848	-	-	-
Benefits paid	(213,625)	(199,300)	(168,128)	(147,425)
Net Change in Pension Liability	<u>143,645</u>	<u>305,327</u>	<u>298,178</u>	<u>(95,978)</u>
Total Pension Liability - Beginning	<u>2,908,800</u>	<u>2,603,473</u>	<u>2,305,295</u>	<u>2,401,273</u>
Total Pension Liability - Ending	<u>3,052,445</u>	<u>2,908,800</u>	<u>2,603,473</u>	<u>2,305,295</u>
Plan Fiduciary Net Position				
City Contribution	40,510	35,022	32,700	32,700
District contribution	40,510	35,022	32,700	32,700
Pension plan net investment income	(89,479)	267,561	145,397	(4,268)
Benefit payments	(213,625)	(199,300)	(164,128)	(147,425)
Pension plan administrative expenses	(17,000)	(17,000)	(16,961)	(16,420)
State of Colorado supplemental discretionary payment	50,960	53,238	58,860	58,860
Net Change in Plan Fiduciary Net Position	<u>(188,124)</u>	<u>174,543</u>	<u>88,568</u>	<u>(43,853)</u>
Plan Fiduciary Net Position - Beginning	<u>2,347,629</u>	<u>2,173,086</u>	<u>2,084,518</u>	<u>2,128,371</u>
Plan Fiduciary Net Position - Ending	<u>2,159,505</u>	<u>2,347,629</u>	<u>2,173,086</u>	<u>2,084,518</u>
Net Pension Liability - Ending	892,940	561,171	430,387	220,777
Plan Fiduciary Net Position as a Percentage of Total Pension Lial	70.7%	80.7%	83.5%	90.4%
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 five years was not available to report.

City of Gunnison
Schedule of Contributions
Volunteer Firefighters' Pension Fund (Unaudited)
December 31, 2018

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
2018	64,200	131,980	(67,780)	N/A	N/A

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

City of Gunnison
Schedule of Investment Returns
Volunteer Firefighters' Pension Fund (Unaudited)
December 31, 2018

FY Ending December 31,	Net Money- Weighted Rate of Return
2011	-0.50%
2012	12.88%
2013	13.58%
2014	5.19%
2015	-1.00%
2016	6.38%
2017	12.02%
2018	-4.73%

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

SUPPLEMENTARY INFORMATION

City of Gunnison, Colorado
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2018

	<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	36,825	267,446	65,271	369,542
Receivables, net of allowance for uncollectibles	15,442	21,800	8,314	45,556
Total Assets	<u>52,267</u>	<u>289,246</u>	<u>73,585</u>	<u>415,098</u>
Liabilities and Fund Equity:				
Liabilities:				
Accounts payable	1,139	-	9,501	10,640
Total Liabilities	<u>1,139</u>	<u>-</u>	<u>9,501</u>	<u>10,640</u>
Fund Balances:				
Spendable:				
Restricted for recreation	51,128	-	-	51,128
Restricted - other	-	289,246	-	289,246
Assigned	-	-	64,084	64,084
Total Fund Balances	<u>51,128</u>	<u>289,246</u>	<u>64,084</u>	<u>404,458</u>
Total Liabilities and Fund Balances	<u>52,267</u>	<u>289,246</u>	<u>73,585</u>	<u>415,098</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, 2018

	<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	-	232,959	-	232,959
Intergovernmental revenue	62,134	-	-	62,134
Charges for services	-	-	240,464	240,464
Investment income	464	2,455	1,776	4,695
Unrealized gains (losses)	(3)	137	(458)	(324)
Total Revenues	<u>62,595</u>	<u>235,551</u>	<u>241,782</u>	<u>539,928</u>
Expenditures:				
General government	-	-	204,765	204,765
Public safety	-	99,099	-	99,099
Capital outlay and repairs	25,284	-	-	25,284
Total Expenditures	<u>25,284</u>	<u>99,099</u>	<u>204,765</u>	<u>329,148</u>
Excess (Deficiency) of Revenues Over Expenditures	37,311	136,452	37,017	210,780
Other Financing Sources (Uses):				
Transfers (out)	(14,920)	(53,886)	-	(68,806)
Total Other Financing Sources (Uses)	<u>(14,920)</u>	<u>(53,886)</u>	<u>-</u>	<u>(68,806)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	22,391	82,566	37,017	141,974
Fund Balances - Beginning	<u>28,737</u>	<u>206,680</u>	<u>27,067</u>	<u>262,484</u>
Fund Balances - Ending	<u><u>51,128</u></u>	<u><u>289,246</u></u>	<u><u>64,084</u></u>	<u><u>404,458</u></u>

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

City of Gunnison
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Conservation Trust Fund
For the Year Ended December 31, 2018
(With Comparative Actual Amounts For the Year Ended 2017)

	<u>2018</u>		<u>Final Budget Variance Positive (Negative)</u>	<u>2017</u>
	<u>Original and Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Intergovernmental revenue:				
State lottery funds	42,397	62,134	19,737	30,641
Investment income	350	464	114	445
Unrealized gains (losses)	100	(3)	(103)	21
Total Revenues	<u>42,847</u>	<u>62,595</u>	<u>19,748</u>	<u>31,107</u>
Expenditures:				
Capital outlay and repairs	41,000	25,284	15,716	35,978
Total Expenditures	<u>41,000</u>	<u>25,284</u>	<u>15,716</u>	<u>35,978</u>
Excess (Deficiency) of Revenues Over Expenditures	1,847	37,311	35,464	(4,871)
Other Financing Sources (Uses):				
Transfers (out)	(14,397)	(14,920)	(523)	(16,532)
Total Other Financing Sources (Uses)	<u>(14,397)</u>	<u>(14,920)</u>	<u>(523)</u>	<u>(16,532)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)		22,391		(21,403)
Fund Balance - Beginning		<u>28,737</u>		<u>50,140</u>
Fund Balance - Ending		<u><u>51,128</u></u>		<u><u>28,737</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, 2018
(With Comparative Actual Amounts For the Year Ended 2017)

	2018			Final Budget Variance Positive (Negative)	2017
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Charges for services	208,793	208,793	240,464	31,671	217,067
Investment income	700	700	1,776	1,076	809
Unrealized gains (losses)	300	300	(458)	(758)	227
Total Revenues	209,793	209,793	241,782	31,989	218,103
Expenditures:					
Insurance premiums	151,022	151,022	152,718	(1,696)	173,492
Insurance claims	40,000	90,000	51,604	38,396	17,544
Professional services	2,500	2,500	443	2,057	-
Total Expenditures	193,522	243,522	204,765	38,757	191,036
Excess (Deficiency) of Revenues Over Expenditures	16,271	(33,729)	37,017	70,746	27,067
Fund Balance - Beginning			27,067		-
Fund Balance - Ending			64,084		27,067

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

	<u>2018</u>			Final Budget Variance Positive (Negative)	<u>2017</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:					
Taxes:					
Sales and use	160,000	160,000	232,959	72,959	206,567
Investment income	1,500	1,500	2,592	1,092	1,772
Total Revenues	<u>161,500</u>	<u>161,500</u>	<u>235,551</u>	<u>74,051</u>	<u>208,339</u>
Expenditures:					
Public safety	100,000	99,100	99,099	1	70,016
Total Expenditures	<u>100,000</u>	<u>99,100</u>	<u>99,099</u>	<u>1</u>	<u>70,016</u>
Excess (Deficiency) of Revenues over Expenditures	61,500	62,400	136,452	74,052	138,323
Other Financing Sources (Uses):					
Transfer (out)	(52,986)	(53,886)	(53,886)	-	(53,936)
Total Other Financing Sources (Uses)	<u>(52,986)</u>	<u>(53,886)</u>	<u>(53,886)</u>	<u>-</u>	<u>(53,936)</u>
Net Change in Fund Balance			82,566		84,387
Fund Balance - Beginning			<u>206,680</u>		<u>122,293</u>
Fund Balance - Ending			<u><u>289,246</u></u>		<u><u>206,680</u></u>

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

City of Gunnison, Colorado
Combining Statement of Net Position
Departments of the Enterprise Fund
For the Year Ended December 31, 2018

	<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	1,650,513	1,103,582	1,262,959	361,790	131,254	2,701,618	7,211,716
Accounts receivables, net of allowance for uncollectibles	644,368	56,963	147,597	51,322	27,897	13,113	941,260
Inventories	532,154	102,700	95,577	45,205	-	16,087	791,723
Prepaid expenses	3,110	2,119	6,960	149	4,943	1,860	19,141
Total current assets	<u>2,830,145</u>	<u>1,265,364</u>	<u>1,513,093</u>	<u>458,466</u>	<u>164,094</u>	<u>2,732,678</u>	<u>8,963,840</u>
Non-current assets:							
Land	8,843	50,000	501,410	-	-	-	560,253
Construction in progress	-	-	28,745	-	-	-	28,745
Building and improvements	2,802,672	1,825,497	6,915,803	301,235	20,571	13,619,985	25,485,763
Machinery and equipment	4,461,518	1,374,556	3,486,545	964,704	161,777	364,746	10,813,846
Less: Accumulated depreciation	<u>(5,643,189)</u>	<u>(2,475,535)</u>	<u>(8,362,908)</u>	<u>(640,656)</u>	<u>(151,671)</u>	<u>(3,173,875)</u>	<u>(20,447,834)</u>
Total non-current assets:	<u>1,629,844</u>	<u>774,518</u>	<u>2,569,595</u>	<u>625,283</u>	<u>30,677</u>	<u>10,810,856</u>	<u>16,440,773</u>
Total Assets	<u>4,459,989</u>	<u>2,039,882</u>	<u>4,082,688</u>	<u>1,083,749</u>	<u>194,771</u>	<u>13,543,534</u>	<u>25,404,613</u>
Liabilities:							
Current liabilities:							
Accounts payable	475,150	27,429	191,153	8,579	5,843	42,261	750,415
Accrued payroll	23,361	10,022	21,415	4,491	25,898	21,352	106,539
Accrued expenses	-	-	-	-	-	2,060	2,060
Bond interest payable	-	-	-	-	-	12,001	12,001
Deferred revenue	-	-	-	16,409	-	-	16,409
Deposits held	18,700	-	-	-	-	-	18,700
Non-current liabilities due within one year:							
Long term debt	-	-	-	-	-	345,000	345,000
Total current liabilities:	<u>517,211</u>	<u>37,451</u>	<u>212,568</u>	<u>29,479</u>	<u>31,741</u>	<u>422,674</u>	<u>1,251,124</u>
Non-current liabilities:							
Accrued compensated absences	48,650	16,883	38,897	12,539	36,456	9,829	163,254
Accrued expenses	-	-	-	5,000	-	-	5,000
Non-Current Liabilities - due longer than one year:							
Long term debt	-	-	-	-	-	4,950,000	4,950,000
Total non-current liabilities	<u>48,650</u>	<u>16,883</u>	<u>38,897</u>	<u>17,539</u>	<u>36,456</u>	<u>4,959,829</u>	<u>5,118,254</u>
Total Liabilities	<u>565,861</u>	<u>54,334</u>	<u>251,465</u>	<u>47,018</u>	<u>68,197</u>	<u>5,382,503</u>	<u>6,369,378</u>
Net Position:							
Net investment in capital assets	1,629,844	774,518	2,569,595	625,283	30,677	5,515,856	11,145,773
Unrestricted	2,264,284	1,211,030	1,261,628	411,448	95,897	2,645,175	7,889,462
Total Net Position	<u>3,894,128</u>	<u>1,985,548</u>	<u>3,831,223</u>	<u>1,036,731</u>	<u>126,574</u>	<u>8,161,031</u>	<u>19,035,235</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, 2018

	<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	6,038,233	905,419	1,462,827	602,781	721,476	361,028	10,091,764
Other revenue	38,525	18,090	21,964	23	377	5,432	84,411
Operating Revenue	<u>6,076,758</u>	<u>923,509</u>	<u>1,484,791</u>	<u>602,804</u>	<u>721,853</u>	<u>366,460</u>	<u>10,176,175</u>
Operating Expenses:							
Salaries and employee benefits	655,670	292,358	593,924	181,607	760,347	559,991	3,043,897
Purchased power	3,542,396	-	-	-	-	-	3,542,396
Purchased services	148,014	231,825	756,899	213,012	39,933	462,394	1,852,077
Operations and maintenance	954,546	234,098	254,654	111,042	38,652	42,987	1,635,979
Supplies	15,676	41,243	134,402	32,511	5,606	106,221	335,659
Depreciation and amortization	120,579	62,854	89,782	51,107	1,683	383,064	709,069
Operating Expenses	<u>5,436,881</u>	<u>862,378</u>	<u>1,829,661</u>	<u>589,279</u>	<u>846,221</u>	<u>1,554,657</u>	<u>11,119,077</u>
Operating income (loss)	639,877	61,131	(344,870)	13,525	(124,368)	(1,188,197)	(942,902)
Non-Operating Revenues (Expenses):							
Taxes	-	-	-	-	-	1,896,680	1,896,680
Interest revenue	19,678	13,454	18,272	4,648	2,755	30,121	88,928
Interest expense	-	-	-	-	-	(154,362)	(154,362)
Unrealized gains (losses)	835	(118)	(866)	(300)	104	(1,622)	(1,967)
Grants and contributions	-	134,500	327,000	-	149,666	220,504	831,670
Sale of fixed assets	-	(1,384)	15,816	2,500	-	(1,111)	15,821
Total Non-Operating Revenues (Expenses)	<u>20,513</u>	<u>146,452</u>	<u>360,222</u>	<u>6,848</u>	<u>152,525</u>	<u>1,990,210</u>	<u>2,676,770</u>
Income (Loss) Before Contributions and Transfers	660,390	207,583	15,352	20,373	28,157	802,013	1,733,868
Transfers in	-	-	-	-	-	58,321	58,321
Transfers (out)	(8,783)	(5,855)	(8,783)	-	-	(7,168)	(30,589)
Change in Net Position	651,607	201,728	6,569	20,373	28,157	853,166	1,761,600
Total Net Position - Beginning	3,242,521	1,783,820	3,824,654	1,016,358	98,417	7,307,865	17,273,635
Total Net Position - Ending	<u>3,894,128</u>	<u>1,985,548</u>	<u>3,831,223</u>	<u>1,036,731</u>	<u>126,574</u>	<u>8,161,031</u>	<u>19,035,235</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, 2018
(With Comparative Actual Amounts For the Year Ended 2017)

	2018			Final Budget Variance Positive (Negative)	2017
	Original Budget	Final Budget	Actual		Actual
Operating Revenue:					
Sales	6,530,356	6,530,356	6,038,233	(492,123)	5,771,265
Other revenue	27,900	27,900	38,525	10,625	27,676
Operating Revenue	<u>6,558,256</u>	<u>6,558,256</u>	<u>6,076,758</u>	<u>(481,498)</u>	<u>5,798,941</u>
Operating Expenses:					
Salaries and employee benefits	665,416	656,633	655,670	963	584,509
Purchased power	4,263,600	4,263,600	3,542,396	721,204	3,790,487
Purchased services	177,559	177,559	148,014	29,545	90,265
Operations and maintenance	1,256,301	1,256,301	954,546	301,755	755,437
Supplies	224,200	224,200	15,676	208,524	90,426
Capital outlay	-	-	14,467	(14,467)	133,455
Operating Expenses	<u>6,587,076</u>	<u>6,578,293</u>	<u>5,330,769</u>	<u>1,247,524</u>	<u>5,444,579</u>
Operating income (loss)	(28,820)	(20,037)	745,989	766,026	354,362
Non-Operating Revenues (Expenses):					
Interest Revenue	5,000	5,000	19,678	14,678	8,217
Debt service - principal	-	-	(30,942)	(30,942)	(26,522)
Unrealized gains (losses)	-	-	835	835	(430)
Sale of fixed assets	19,000	19,000	-	(19,000)	-
Total Non-Operating Revenues (Expenses)	<u>24,000</u>	<u>24,000</u>	<u>(10,429)</u>	<u>(34,429)</u>	<u>(18,735)</u>
Income (Loss) Before Contributions and Transfers	(4,820)	3,963	735,560	731,597	335,627
Transfers (out)	-	(8,783)	(8,783)	-	-
Change in Net Position - Budgetary Basis	<u>(4,820)</u>	<u>(4,820)</u>	<u>726,777</u>	<u>731,597</u>	<u>335,627</u>
Reconciliation to GAAP Basis:					
Adjustments:					
Depreciation			(120,579)		(156,798)
Capital outlay			14,467		133,455
Debt service - Principal			30,942		26,522
Total Adjustments			<u>(75,170)</u>		<u>3,179</u>
Total Net Position - Beginning			<u>3,242,521</u>		<u>2,903,715</u>
Total Net Position - Ending			<u>3,894,128</u>		<u>3,242,521</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, 2018
(With Comparative Actual Amounts For the Year Ended 2017)

	<u>2018</u>			<u>Final Budget Variance Positive (Negative)</u>	<u>2017</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Operating Revenue:					
Sales	743,257	743,257	905,419	162,162	731,032
Other revenue	9,500	9,500	18,090	8,590	11,468
Operating Revenue	<u>752,757</u>	<u>752,757</u>	<u>923,509</u>	<u>170,752</u>	<u>742,500</u>
Operating Expenses:					
Salaries and employee benefits	315,856	310,001	292,358	17,643	238,068
Purchased services	233,568	233,568	231,825	1,743	157,538
Operations and maintenance	264,930	264,930	234,098	30,832	175,302
Supplies	86,500	86,500	41,243	45,257	39,185
Capital outlay	-	-	42,318	(42,318)	39,947
Operating Expenses	<u>900,854</u>	<u>894,999</u>	<u>841,842</u>	<u>53,157</u>	<u>650,040</u>
Operating income (loss)	(148,097)	(142,242)	81,667	223,909	92,460
Non-Operating Revenues (Expenses):					
Interest revenue	-	-	13,454	13,454	6,850
Unrealized gains (losses)	-	-	(118)	(118)	(222)
Grants and contributions	35,000	35,000	134,500	99,500	120,500
Sale of fixed assets	-	-	(1,384)	(1,384)	-
Total Non-Operating Revenues (Expenses)	<u>35,000</u>	<u>35,000</u>	<u>146,452</u>	<u>111,452</u>	<u>127,128</u>
Income (Loss) Before Contributions and Transfers	(113,097)	(107,242)	228,119	335,361	219,588
Transfers (out)	-	(5,855)	(5,855)	-	-
Change in Net Position - Budgetary Basis	<u>(113,097)</u>	<u>(113,097)</u>	<u>222,264</u>	<u>335,361</u>	<u>219,588</u>
Reconciliation to GAAP Basis:					
Adjustments:					
Depreciation			(62,854)		(67,310)
Capital outlay			42,318		39,947
Total Adjustments			<u>(20,536)</u>		<u>(27,363)</u>
Total Net Position - Beginning			<u>1,783,820</u>		<u>1,591,595</u>
Total Net Position - Ending			<u>1,985,548</u>		<u>1,783,820</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, 2018
(With Comparative Actual Amounts For the Year Ended 2017)

	2018			Final Budget Variance Positive (Negative)	2017
	Original Budget	Final Budget	Actual		Actual
Operating Revenue:					
Sales	1,380,752	1,380,752	1,462,827	82,075	1,266,569
Other revenue	18,000	18,000	21,964	3,964	18,067
Operating Revenue	<u>1,398,752</u>	<u>1,398,752</u>	<u>1,484,791</u>	<u>86,039</u>	<u>1,284,636</u>
Operating Expenses:					
Salaries and employee benefits	662,024	653,241	593,924	59,317	478,508
Purchased services	386,635	1,189,444	756,899	432,545	258,016
Operations and maintenance	250,251	250,251	254,654	(4,403)	398,609
Supplies	225,000	405,089	134,402	270,687	60,190
Capital outlay	-	-	305,451	(305,451)	231,461
Operating Expenses	<u>1,523,910</u>	<u>2,498,025</u>	<u>2,045,330</u>	<u>452,695</u>	<u>1,426,784</u>
Operating income (loss)	(125,158)	(1,099,273)	(560,539)	538,734	(142,148)
Non-Operating Revenues (Expenses):					
Interest Revenue	7,500	7,500	18,272	10,772	11,306
Unrealized gains (losses)	-	-	(866)	(866)	82
Grants and Contributions	70,000	370,000	327,000	(43,000)	278,500
Sale of Fixed Assets	-	-	15,816	15,816	-
Total Non-Operating Revenues (Expenses)	<u>77,500</u>	<u>377,500</u>	<u>360,222</u>	<u>(17,278)</u>	<u>289,888</u>
Income (Loss) Before Contributions and Transfers	(47,658)	(721,773)	(200,317)	521,456	147,740
Transfers (out)	-	(8,783)	(8,783)	-	-
Change in Net Position - Budgetary Basis	<u>(47,658)</u>	<u>(730,556)</u>	<u>(209,100)</u>	<u>521,456</u>	<u>147,740</u>
Reconciliation to GAAP Basis:					
Adjustments:					
Capital outlay			305,451		231,461
Depreciation			(89,782)		(85,132)
Total Adjustments			<u>215,669</u>		<u>146,329</u>
Total Net Position - Beginning			<u>3,824,654</u>		<u>3,530,585</u>
Total Net Position - Ending			<u>3,831,223</u>		<u>3,824,654</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, 2018
(With Comparative Actual Amounts For the Year Ended 2017)

	2018			Final Budget Variance Positive (Negative)	2017
	Original Budget	Final Budget	Actual		Actual
Operating Revenue:					
Sales	484,106	484,106	602,781	118,675	570,720
Other revenue	100	100	23	(77)	504
Operating Revenue	484,206	484,206	602,804	118,598	571,224
Operating Expenses:					
Salaries and employee benefits	210,809	210,809	181,607	29,202	164,835
Purchased services	288,830	288,830	213,012	75,818	160,227
Operations and maintenance	123,053	231,161	111,042	120,119	135,625
Supplies	22,600	22,600	32,511	(9,911)	29,398
Capital outlay	-	-	109,102	(109,102)	564,291
Operating Expenses	645,292	753,400	647,274	106,126	1,054,376
Operating income (loss)	(161,086)	(269,194)	(44,470)	224,724	(483,152)
Non-Operating Revenues (Expenses):					
Interest revenue	7,000	7,000	4,648	(2,352)	7,696
Unrealized gains (losses)	2,000	2,000	(300)	(2,300)	1,008
Sale of fixed assets	-	-	2,500	2,500	(420)
Total Non-Operating Revenues (Expenses)	9,000	9,000	6,848	(2,152)	8,284
Income (Loss) Before Contributions and Transfers	(152,086)	(260,194)	(37,622)	222,572	(474,868)
Transfers (out)	-	-	-	-	(50,000)
Change in Net Position - Budgetary Basis	(152,086)	(260,194)	(37,622)	222,572	(524,868)
Reconciliation to GAAP Basis:					
Adjustments:					
Capital outlay			109,102		564,291
Depreciation			(51,107)		(92,953)
Total Adjustments			57,995		471,338
Total Net Position - Beginning			1,016,358		1,069,888
Total Net Position - Ending			1,036,731		1,016,358

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

	<u>2018</u>		Final Budget Variance Positive (Negative)	<u>2017</u>
	Original and Final Budget	Actual		Actual
Operating Revenue:				
Sales	721,473	721,476	3	609,199
Other revenue	-	377	377	242
Operating Revenue	<u>721,473</u>	<u>721,853</u>	<u>380</u>	<u>609,441</u>
Operating Expenses:				
Salaries and employee benefits	788,025	760,347	27,678	704,465
Purchased services	48,450	39,933	8,517	35,299
Operations and maintenance	39,776	38,652	1,124	20,663
Supplies	25,400	5,606	19,794	10,219
Capital outlay	-	15,903	(15,903)	-
Operating Expenses	<u>901,651</u>	<u>860,441</u>	<u>41,210</u>	<u>770,646</u>
Operating income (loss)	(180,178)	(138,588)	41,590	(161,205)
Non-Operating Revenues (Expenses):				
Interest revenue	1,500	2,755	1,255	1,818
Unrealized gains (losses)	500	104	(396)	371
Grants and contributions	161,292	149,666	(11,626)	145,087
Sale of fixed assets	-	-	-	(1,051)
Total Non-Operating Revenues (Expenses)	<u>163,292</u>	<u>152,525</u>	<u>(10,767)</u>	<u>146,225</u>
Change in Net Position - Budgetary Basis	<u>(16,886)</u>	<u>13,937</u>	<u>30,823</u>	<u>(14,980)</u>
Reconciliation to GAAP Basis:				
Adjustments:				
Capital outlay		15,903		-
Depreciation		(1,683)		(12,570)
Total Adjustments		<u>14,220</u>		<u>(12,570)</u>
Total Net Position - Beginning		<u>98,417</u>		<u>125,967</u>
Total Net Position - Ending		<u><u>126,574</u></u>		<u><u>98,417</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
Recreation Fund
For the Year Ended December 31, 2018
(With Comparative Actual Amounts For the Year Ended 2017)

	2018			Final Budget Variance Positive (Negative)	2017
	Original Budget	Final Budget	Actual		Actual
Operating Revenue:					
Sales	357,549	357,549	361,028	3,479	338,981
Other revenue	4,000	4,000	5,432	1,432	5,845
Operating Revenue	<u>361,549</u>	<u>361,549</u>	<u>366,460</u>	<u>4,911</u>	<u>344,826</u>
Operating Expenses:					
Salaries and employee benefits	584,808	584,808	559,991	24,817	489,342
Purchased services	667,396	667,396	462,394	205,002	344,451
Operations and maintenance	118,616	210,890	42,987	167,903	60,864
Supplies	131,450	442,023	106,221	335,802	81,806
Capital outlay	-	-	369,880	(369,880)	428,166
Operating Expenses	<u>1,502,270</u>	<u>1,905,117</u>	<u>1,541,473</u>	<u>363,644</u>	<u>1,404,629</u>
Operating Income (Loss)	(1,140,721)	(1,543,568)	(1,175,013)	368,555	(1,059,803)
Non-Operating Revenues (Expenses):					
Taxes	1,694,945	1,694,945	1,896,680	201,735	1,719,682
Interest revenue	10,700	10,700	30,121	19,421	55,068
Debt service - principal	(335,001)	(335,001)	(335,000)	1	(315,000)
Interest expense	(150,469)	(150,469)	(154,362)	(3,893)	(372,705)
Unrealized gains (losses)	3,700	3,700	(1,622)	(5,322)	243
Grants and contributions	-	206,831	220,504	13,673	242,284
Refunding debt proceeds	-	-	-	-	5,945,000
Payment to refunding agent	-	-	-	-	(6,230,000)
Sale of fixed assets	-	-	500	500	-
Total Non-Operating Revenues (Expenses)	<u>1,223,875</u>	<u>1,430,706</u>	<u>1,656,821</u>	<u>226,115</u>	<u>1,044,572</u>
Income (Loss) Before Contributions and Transfers	83,154	(112,862)	481,808	594,670	(15,231)
Transfers in	649,812	659,812	502,261	(157,551)	367,204
Transfers (out)	(713,513)	(723,513)	(451,108)	272,405	(352,235)
Change in Net Position - Budgetary Basis	<u>19,453</u>	<u>(176,563)</u>	<u>532,961</u>	<u>709,524</u>	<u>(262)</u>
Reconciliation to GAAP Basis:					
Adjustments:					
Depreciation			(383,064)		(346,929)
Capital outlay			369,880		428,166
Gain (loss) on disposal of assets			(1,611)		-
Debt service - principal			335,000		315,000
Debt service - refunding			-		6,230,000
Debt proceeds			-		(5,945,000)
Total Adjustments			<u>320,205</u>		<u>681,237</u>
Total Net Position - Beginning			<u>7,307,865</u>		<u>6,626,890</u>
Total Net Position - Ending			<u>8,161,031</u>		<u>7,307,865</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, 2018
(With Comparative Actual Amounts For the Year Ended 2017)

	2018		2017	
	Original and Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Operating Revenue:				
Charges for services	549,641	522,421	(27,220)	458,902
Other revenue	-	52	52	10,245
Operating Revenue	<u>549,641</u>	<u>522,473</u>	<u>(27,168)</u>	<u>469,147</u>
Operating Expenses:				
Fleet expenses	1,362,961	540,697	822,264	505,217
Capital outlay	-	625,831	(625,831)	219,727
Operating Expenses	<u>1,362,961</u>	<u>1,166,528</u>	<u>196,433</u>	<u>724,944</u>
Operating income (loss)	(813,320)	(644,055)	169,265	(255,797)
Non-Operating Revenues (Expenses):				
Interest revenue	300	5,894	5,594	210
Unrealized gains (losses)	100	(185)	(285)	11
Sale of fixed assets	-	(21,050)	(21,050)	(600)
Total Non-Operating Revenues (Expenses)	<u>400</u>	<u>(15,341)</u>	<u>(15,741)</u>	<u>(379)</u>
Income (Loss) Before Contributions and Transfers	(812,920)	(659,396)	153,524	(256,176)
Transfers in	686,393	686,393	-	448,909
Change in Net Position - Budgetary Basis	<u>(126,527)</u>	<u>26,997</u>	<u>153,524</u>	<u>192,733</u>
Reconciliation to GAAP Basis:				
Adjustments:				
Depreciation		(40,882)		(18,441)
Capital outlay		625,831		219,727
Total Adjustments		<u>584,949</u>		<u>201,286</u>
Total Net Position - Beginning		<u>627,515</u>		<u>233,496</u>
Total Net Position - Ending		<u><u>1,239,461</u></u>		<u><u>627,515</u></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, 2018
(With Comparative Actual Amounts For the Year Ended 2017)

	2018		Final Budget Variance Positive (Negative)	2017
	Original and Final Budget	Actual		Actual
Additions				
Contributions	144,060	131,980	(12,080)	123,282
Earnings on investments	107,000	(89,479)	(196,479)	267,561
Total Additions	251,060	42,501	(208,559)	390,843
Deductions				
Benefits	225,150	213,625	11,525	199,300
Expenses	20,500	17,000	3,500	17,000
Total Deductions	245,650	230,625	15,025	216,300
Change in Net Position - Budgetary Basis	5,410	(188,124)	(223,584)	174,543
Total Net Position - Beginning		2,347,629		2,173,086
Total Net Position - Ending		2,159,505		2,347,629

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

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

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

LOCAL HIGHWAY FINANCE REPORT

City or County:
City of Gunnison
YEAR ENDING :
December 2018

This Information From The Records Of City of Gunnison

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)	694,686
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	508,616
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		b. Snow and ice removal	16,923
3. Other local imposts (from page 2)	1,707,012	c. Other	0
4. Miscellaneous local receipts (from page 2)	8,736	d. Total (a. through c.)	16,923
5. Transfers from toll facilities		4. General administration & miscellaneous	53,255
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	450,657
a. Bonds - Original Issues		6. Total (1 through 5)	1,724,137
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	0
7. Total (1 through 6)	1,715,748	b. Redemption	0
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	225,214	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	0
E. Total receipts (A.7 + B + C + D)	1,940,962	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)	1,724,137

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	1,940,962	1,724,137	216,825	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2018

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	0
b. Other local imposts:		b. Traffic Fines & Penalties	8,736
1. Sales Taxes	1,707,012	c. Parking Garage Fees	0
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.)	1,707,012	h. Other	0
c. Total (a. + b.)	1,707,012	i. Total (a. through h.)	8,736
	(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	204,438	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 Registrations	20,776	d. Federal Transit Admin	0
d. Other (Specify) - DOLA Grant	0	e. U.S. Corps of Engineers	0
e. Other (Specify)	0	f. Other Federal	0
f. Total (a. through e.)	20,776	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	225,214	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	0
b. Engineering Costs	92,960	0	92,960
c. Construction:			
(1). New Facilities	0	0	0
(2). Capacity Improvements	0	0	0
(3). System Preservation	0	507,683	507,683
(4). System Enhancement & Operation	0	94,043	94,043
(5). Total Construction (1) + (2) + (3) + (4)	0	601,726	601,726
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	92,960	601,726	694,686
			(Carry forward to page 1)

Notes and Comments: