

**City of Gunnison
Gunnison, Colorado**

**Financial Statements
December 31, 2020**



**City of Gunnison, Colorado
Financial Report
December 31, 2020**

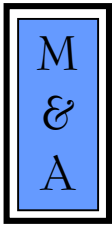
Table of Contents

	Page
INDEPENDENT AUDITOR'S REPORT	A1 – A3
Management's Discussion and Analysis	B1 – B9
Government-wide Financial Statements:	
Statement of Net Position	C1
Statement of Activities	C2
Fund Financial Statements:	
Balance Sheet – Governmental Funds	C3
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position	C4
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	C5
Reconciliation of Revenues, Expenditures and Changes in Fund Balances (Deficit) of Governmental Fund to the Statement of Activities	C6
Statement of Net Position – Proprietary Funds	C7
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	C8
Statement of Cash Flows – Proprietary Funds	C9
Statement of Fiduciary Net Position	C10
Statement of Changes in Fiduciary Net Position	C11
Notes to the Financial Statements	D1 – D24
Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:	
General Fund	E1 – E2
Street Improvement Fund	E3
Ditch Fund	E4
Statement of Changes in Net Pension Liability and Related Ratios	E5
Schedule of Contributions	E6
Schedule of Investment Returns	E7

**City of Gunnison, Colorado
Financial Report
December 31, 2020**

Table of Contents (continued)

	Page
Supplementary Information:	
Combining Balance Sheet – Nonmajor Governmental Funds	F1
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	F2
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:	
Conservation Trust Fund	F3
Risk Management Fund	F4
Marijuana Mitigation Fund	F5
Combining Statement of Net Position - Departments of the Enterprise Fund	F6
Combining Statement of Revenues, Expenses and Changes in Net Position - Departments of the Enterprise Fund	F7
Schedule of Revenues and Expenditures – Budget (Non-GAAP Basis) and Actual with Reconciliation to GAAP Basis – Proprietary Funds:	
Electric Department	F8
Water Department	F9
Sewer Department	F10
Refuse Department	F11
Communications Department	F12
Recreation Department	F13
Schedule of Revenues and Expenditures – Budget (Non-GAAP Basis) and Actual with Reconciliation to GAAP Basis – Internal Service Fund:	
Fleet Management Fund	F14
Statement of Changes in Fiduciary Net Position – Budget and Actual:	
Volunteer Firefighters' Pension Fund	F15
Annual Schedule of Revenues and Expenditures for Roads, Bridges and Streets	G1 - G2
Statutory Information:	
Report on Internal Control over Financial Reporting and on Other Compliance Matters Based on an Audit of Financial Statements Performed in Accordance with Governmental Auditing Standards	H1 - H2
Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance Required by Uniform Guidance	H3 - H4
Schedule of Findings and Questioned Costs	H5
Schedule of Prior Audit Findings and Questioned Costs	H6
Schedule of Expenditures of Federal Awards	H7



MCMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

CHAPEL SQUARE, BLDG C
245 CHAPEL PLACE, SUITE 300
P.O. Box 5850, AVON, CO 81620

WEB SITE: WWW.MCMAHANCPA.COM
MAIN OFFICE: (970) 845-8800
FACSIMILE: (970) 845-8108
E-MAIL: MCMAHAN@MCMAHANCPA.COM

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, 2020, 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, 2020, 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

PAUL J. BACKES, CPA, CGMA
MICHAEL N. JENKINS, CA, CPA, CGMA
DANIEL R. CUDAHY, CPA, CGMA

AVON: (970) 845-8800
ASPEN: (970) 544-3996
FRISCO: (970) 668-3481

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.

Additionally, the Schedule of Expenditures of Federal Awards included in the Single Audit section are presented for the purpose of additional analysis, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"), and are not a required part of the City's financial statements. Such information has been subjected to the auditing procedures applied 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 Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated **July 23, 2021** on our consideration of the City's internal control over financial reporting and on our tests of its compliance with provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.

McMahan and Associates, L.L.C.

**McMahan and Associates, L.L.C.
Avon, Colorado
July 23, 2021**

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Gunnison, Colorado

Management's Discussion and Analysis December 31, 2020

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, 2020.

Background Information

The City was incorporated in 1880. The predominant fund approach for the City is comprised of eight basic funds: the General Fund, four 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 \$4,643,727. This was attributable to accumulation of resources in the Enterprise Fund for a new electrical transformer and capital projects in the parks and Recreation Master Plan.
- The City's governmental funds combined fund balances increased by \$1,292,619 due to the City continuing to amass resources for larger street improvement projects in order to gain a lower unit cost. A new Street Improvements Fund was created in 2020 to make the restriction more transparent.

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.

Fiduciary Funds: Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. Fiduciary Funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for Fiduciary Funds is much like that used for Proprietary Funds. The Fiduciary Fund used by the City is the Volunteer Firefighters' Pension Fund. The basic Fiduciary Fund financial statements can be found in Section C of this report.

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 in section D 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>1/1/20</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/20</u>
<i>General Fund:</i>				
Emergency reserves	\$ 249,000	\$ 49,000	\$ -	298,000
Road and bridge	794,044	-	(794,044)	-
<i>Street Improvement Fund:</i>				
Road and bridge	-	2,877,044	-	2,877,044
<i>Conservation Trust:</i>				
Recreation	59,839	4,766	-	64,605
<i>Marijuana Mitigation:</i>				
Other	337,748	19,704	-	357,452
	<u>\$ 1,440,631</u>	<u>\$ 2,950,514</u>	<u>\$ (794,044)</u>	<u>3,597,101</u>

The following graphs show the City's net position for 2019 and 2020:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Assets:						
Current and other assets	\$ 11,988,131	9,230,305	\$ 14,739,204	\$ 19,896,276	\$ 26,727,335	\$ 29,126,581
Capital assets	15,194,748	15,024,535	28,504,320	22,506,282	43,699,068	37,530,817
Total Assets	<u>27,182,879</u>	<u>24,254,840</u>	<u>43,243,524</u>	<u>42,402,558</u>	<u>70,426,403</u>	<u>66,657,398</u>
Liabilities:						
Other liabilities	2,027,912	753,186	2,139,026	3,300,559	4,166,938	4,053,745
Long-term liabilities	1,037,727	1,196,103	16,703,005	17,567,445	17,740,732	18,763,548
Total Liabilities	<u>3,065,639</u>	<u>1,949,289</u>	<u>18,842,031</u>	<u>20,868,004</u>	<u>21,907,670</u>	<u>22,817,293</u>
Deferred Inflow of Resources:						
Unavailable property tax revenue	394,504	388,056	-	-	394,504	388,056
Unavailable revenue - Other	145,458	117,005	4,634	4,634	150,092	121,639
Total deferred inflow of resources	<u>539,962</u>	<u>505,061</u>	<u>4,634</u>	<u>4,634</u>	<u>544,596</u>	<u>509,695</u>
Net Position:						
Net investment in capital assets	14,549,273	14,180,059	12,977,517	11,928,160	27,526,790	26,108,219
Restricted	3,597,101	1,440,631	-	-	3,597,101	1,440,631
Unrestricted	5,430,904	6,179,800	11,419,342	9,601,760	16,850,246	15,781,560
Total Net Position	<u>\$ 23,577,278</u>	<u>\$ 21,800,490</u>	<u>\$ 24,396,859</u>	<u>\$ 21,529,920</u>	<u>\$ 47,974,137</u>	<u>\$ 43,330,410</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	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 1,717,404	\$ 1,920,587	\$ 11,867,596	\$ 11,292,363	\$ 13,585,000	\$ 13,212,950
Operating grants & contributions	197,242	197,340	77,042	-	274,284	197,340
Capital grants & contributions	161,075	-	1,261,042	1,392,315	1,422,117	1,392,315
General revenues:						
Property taxes	377,801	285,601	-	-	377,801	285,601
Sales and use taxes	7,418,705	7,129,935	2,001,531	1,943,871	9,420,236	9,073,806
Other taxes	1,115,016	1,235,109	-	-	1,115,016	1,235,109
Investment earnings and other revenue	874,678	510,481	186,899	364,128	1,061,577	874,609
Total Revenues	11,861,921	11,279,053	15,394,110	14,992,677	27,256,031	26,271,730
Expenses:						
General government	1,865,398	2,132,358	-	-	1,865,398	2,132,358
Public safety	3,262,502	3,098,358	-	-	3,262,502	3,098,358
Streets	2,792,530	2,095,530	-	-	2,792,530	2,095,530
Parks & recreation	1,505,408	1,627,736	-	-	1,505,408	1,627,736
Economic development	703,944	394,927	-	-	703,944	394,927
Electric	-	-	5,564,008	5,144,939	5,564,008	5,144,939
Water	-	-	1,139,104	1,126,217	1,139,104	1,126,217
Sewer	-	-	2,385,904	2,669,951	2,385,904	2,669,951
Refuse	-	-	744,898	776,966	744,898	776,966
Communications	-	-	887,357	919,935	887,357	919,935
Recreation	-	-	1,761,251	1,880,231	1,761,251	1,880,231
Total Expenses	10,129,782	9,348,909	12,482,522	12,518,239	22,612,304	21,867,148
Change in Net Position before transfers						
	1,732,139	1,930,144	2,911,588	2,474,438	4,643,727	4,404,582
Transfers	44,649	(20,247)	(44,649)	20,247	-	-
Change in Net Position	1,776,788	1,909,897	2,866,939	2,494,685	4,643,727	4,404,582
Net Position - Beginning	21,800,490	19,890,593	21,529,920	19,035,235	43,330,410	38,925,828
Net Position - Ending	\$ 23,577,278	\$ 21,800,490	\$ 24,396,859	\$ 21,529,920	\$ 47,974,137	\$ 43,330,410

Governmental activities: Governmental activities increased the City's net position by \$1,776,788. Key elements of this increase are as follows:

- Property taxes increased about \$92,200 from prior year due to increases in assessed values.
- There was an increase in grants and contributions not restricted to any program of \$321,224 due to increased state grants.
- The City continues to amass resources for larger street improvement projects in order to gain a lower unit cost. A new Street Improvements Fund was created to make the restriction more transparent.
-

Overview of the Financial Statements (continued)

Business-type activities: Business-type activities increased the City's net position by \$2,866,939. Key elements of this change are as follows:

- The net position in the Enterprise Fund increase is due to amassing resources for a new electrical transformer and capital projects in the parks and Recreation Master Plan.

Financial Analysis of the City's Funds

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

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

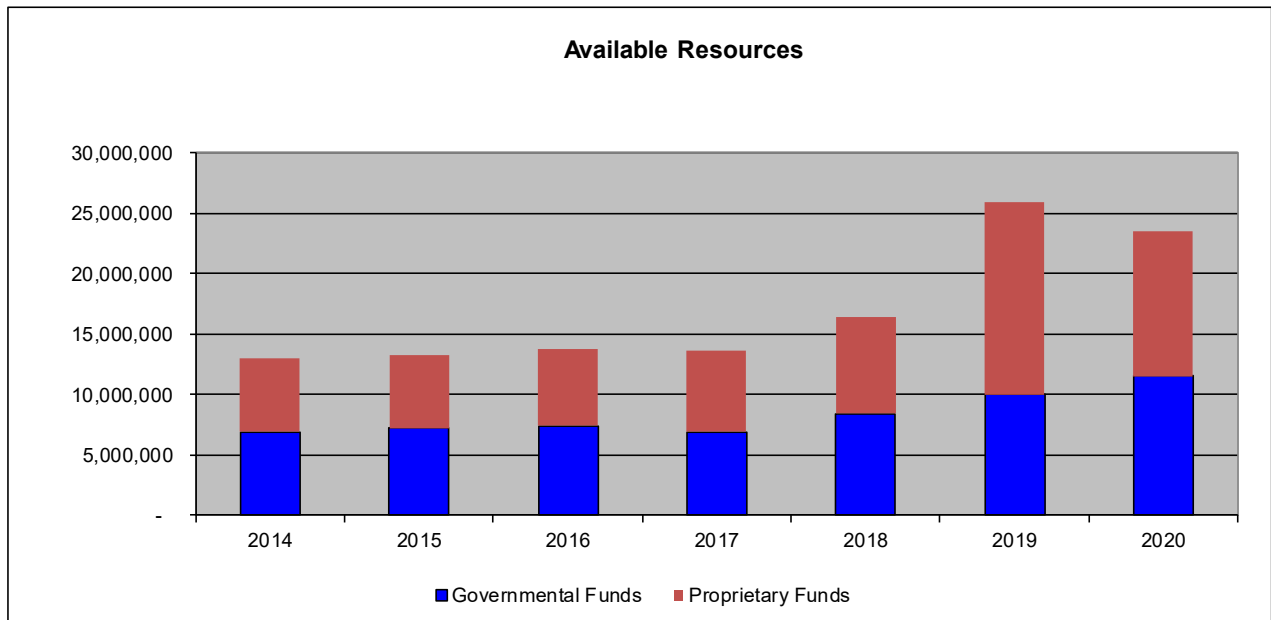
The City's available resources for 2020 is charted below:

	<u>Beginning Available Resources</u>	<u>Increase (Decrease)</u>	<u>Ending Available Resources</u>	<u>2020 Expenditures</u>	<u>% of EAR to Expenditures</u>
Governmental Funds:					
General Fund	6,595,098	(1,661,526)	4,933,572	10,339,390	48%
Conservation Trust Fund	59,839	4,766	64,605	48,885	132%
Ditch Fund	550,642	786	551,428	62,341	885%
Risk Management Fund	102,702	51,846	154,548	206,332	75%
Street Improvement Fund	-	2,877,044	2,877,044	1,467,192	196%
Marijuana Mitigation Fund	337,748	19,704	357,452	330,316	108%
Firefighters' Pension Fund	2,407,268	192,140	2,599,408	264,000	985%
Business-Type Funds:					
Enterprise Fund:					
Electric Department	3,713,051	1,944,904	5,657,955	5,399,939	105%
Water Department	1,136,460	(99,783)	1,036,677	1,325,243	78%
Waste Water Department	7,577,395	(6,141,514)	1,435,881	8,799,738	16%
Refuse Department	333,528	14,488	348,016	701,243	50%
Communications Department	152,899	(152,899)	-	859,775	0%
Recreation Department	2,839,871	363,478	3,203,349	3,228,652	99%
Internal Service Fund:					
Fleet Management	127,032	147,712	274,744	1,072,172	26%
	<u>25,933,533</u>	<u>(2,438,854)</u>	<u>23,494,679</u>	<u>34,105,218</u>	<u>69%</u>

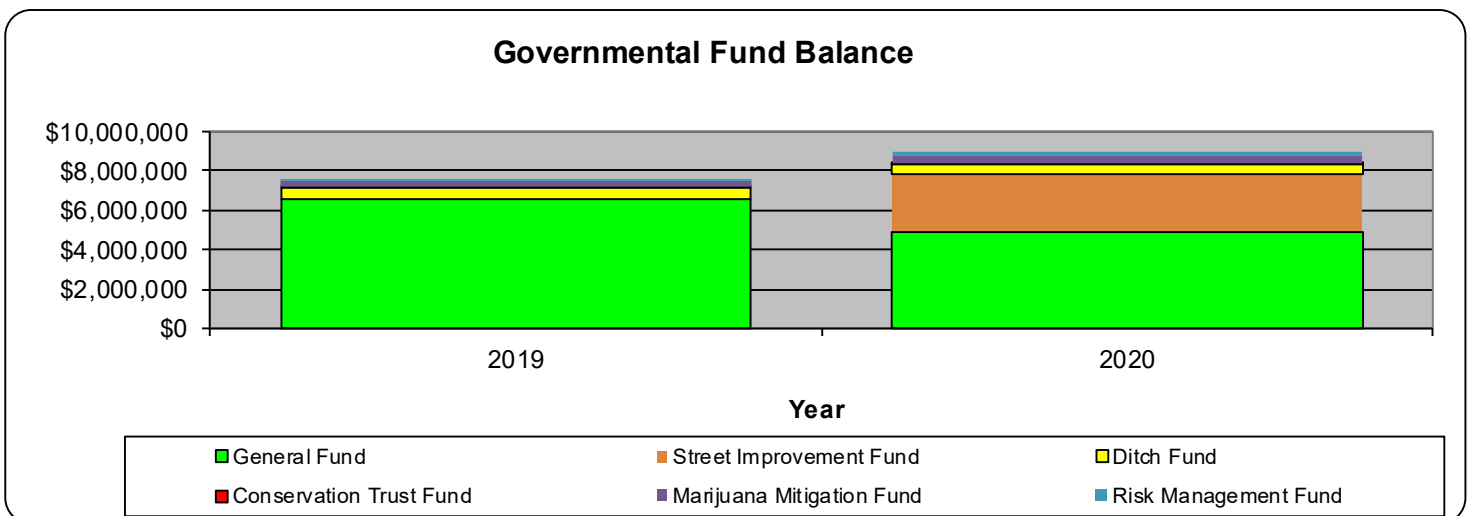
Financial Analysis of the City's Funds (continued)

Available Resources (continued):

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



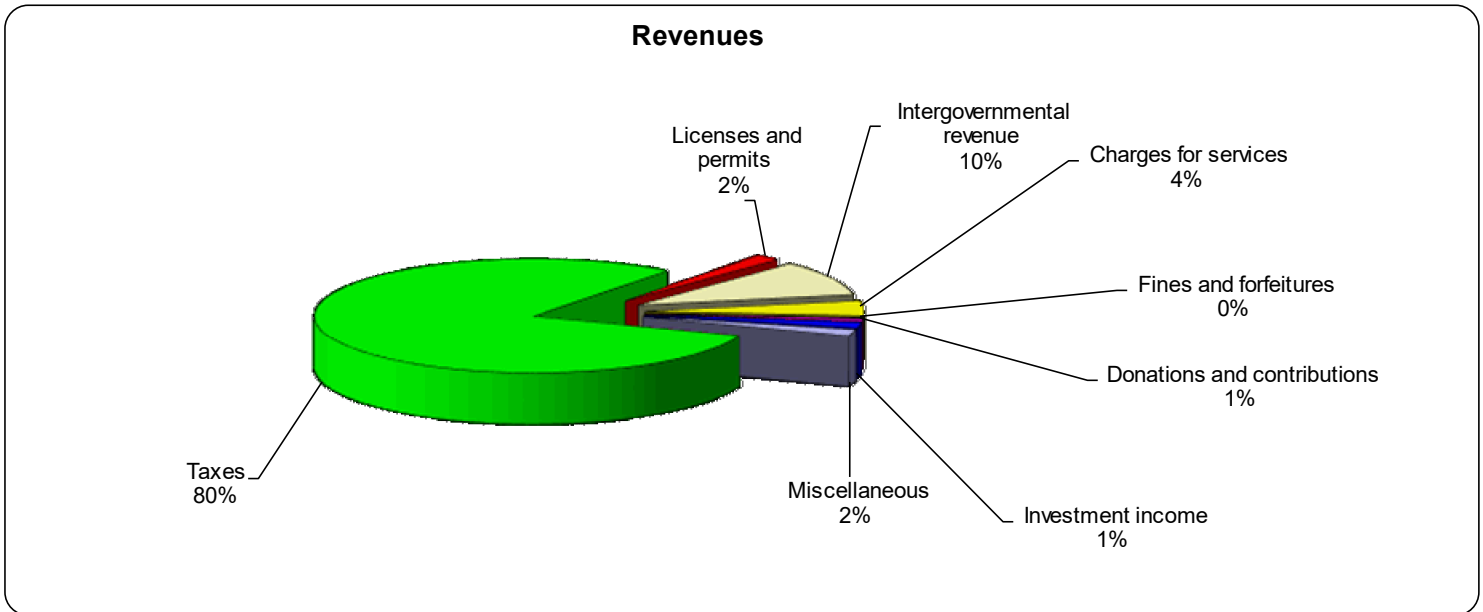
Governmental funds: The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure 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 \$8,938,649, an increase of \$1,292,619 from the prior year ending fund balances. The City's fund balances for past two years are presented in graph format below.



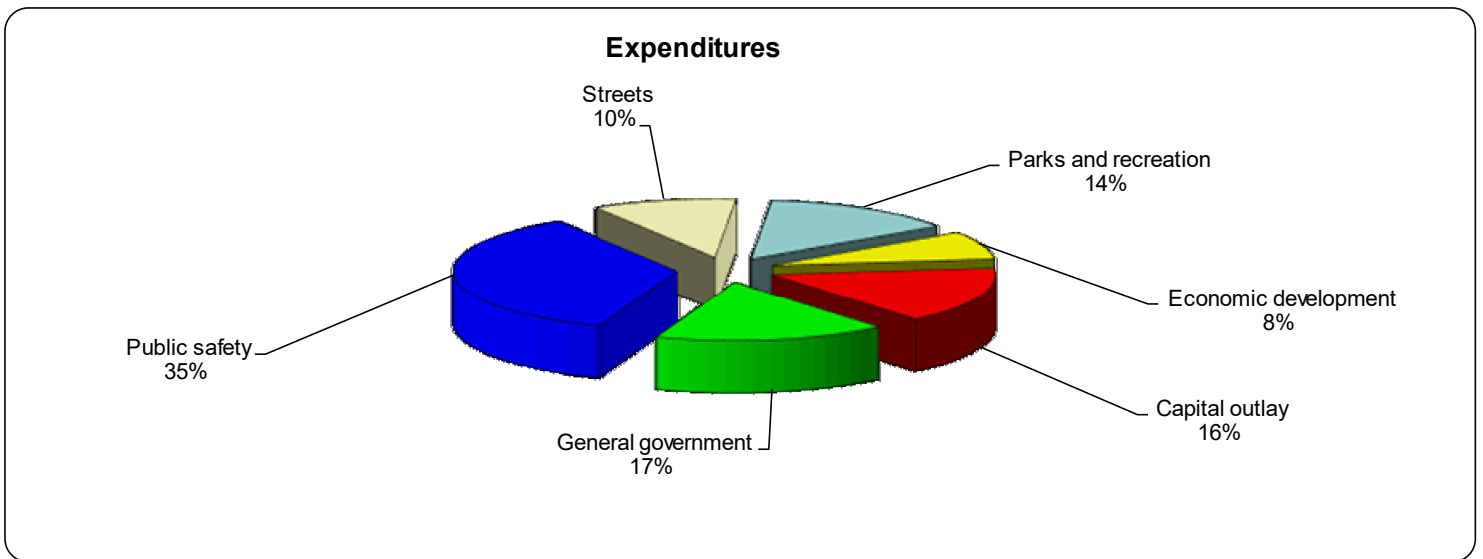
Financial Analysis of the City's Funds (continued)

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 2020:



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:

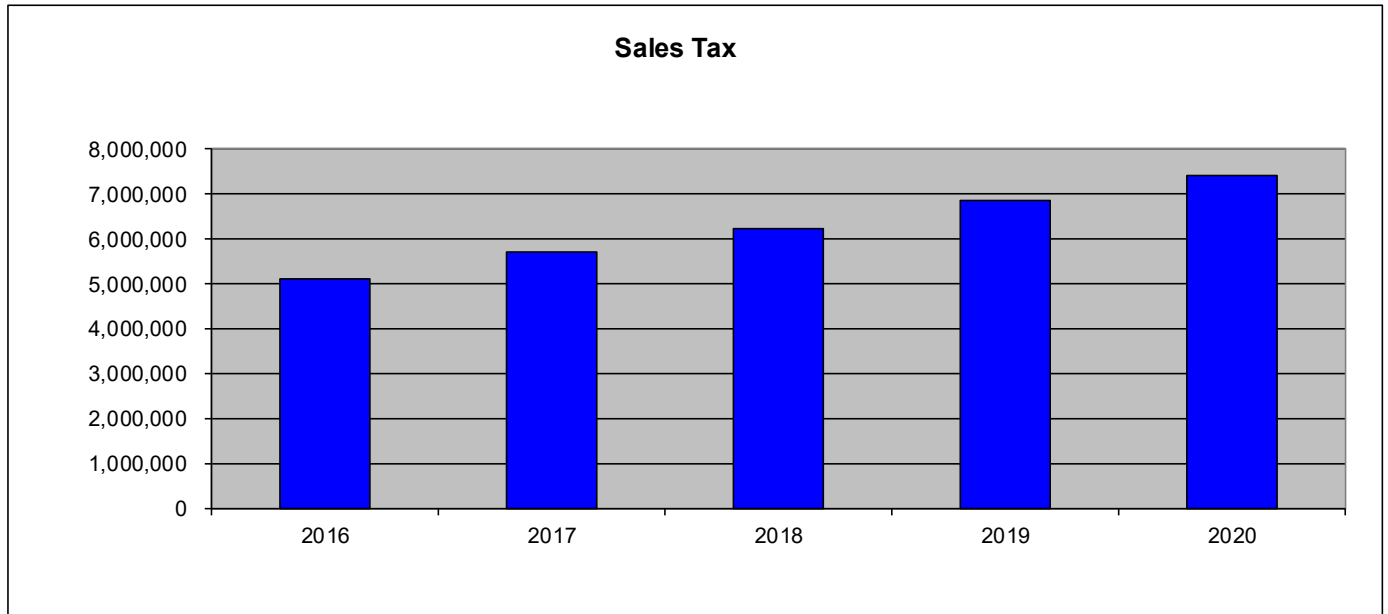
	Final Budget	Actual	Variance	Reason
Revenues:				
Sales & use tax	\$6,816,005	\$5,273,395	\$ (1,542,610)	30% of the sales tax restricted for street improvements, as well as resources saved over the past several years, were moved to a newly Created Street Improvements Fund to increase transparency.
Grant revenue	297,651	668,232	370,581	The City of Gunnison budgets for grants only once received. Some grants supporting capital that were not assured were received after adoption of the budget.
State highway users tax	166,565	-	(166,565)	State highway users tax revenues were moved to a newly Created Street Improvements Fund to increase transparency.
Total Revenues	<u>9,498,394</u>	<u>8,413,008</u>	<u>(1,085,386)</u>	
Expenditures:				
City council	426,475	22,157	404,318	The budget included an appropriation from the City Council's strategic implementation reserve in the event costs were needed to support COVID-19 recovery, which was not ultimately used.
City shop	298,417	8,315	290,102	The original budget included an appropriation to build an addition to the shop garage. This project was deferred to offset revenue losses that the City might have due to COVID-19.
Capital outlay and repairs	158,362	585,123	(426,761)	The Safe Routes to School Grant was not budgeted for in 2020, but was offset with \$350,991 in grant revenue for this sidewalk project.
Total Expenditures	<u>5,379,008</u>	<u>4,428,827</u>	<u>945,649</u>	

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 D14 and D15 of this report.

Long-term debts: As of the end of the current fiscal year, the City had \$17,218,581 in total long-term debt. This is composed of the 2015 sales and use tax revenue bonds, the 2019 Green Reserve Loan, the 2019 Sewer Revolving Loan and the 2019 Lease Payable. 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 2019 was \$346,430 or 3.8%. 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 \$4,933,572. The City's 2021 budget anticipates an ending General Fund balance of \$4,059,652.

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, 2020

Assets:	Governmental Activities	Business type Activities	Total
Current assets:			
Cash and investments - Unrestricted	9,863,487	10,710,937	20,574,424
Cash and investments - Restricted	-	1,625,303	1,625,303
Accounts, taxes, and interest receivable	1,553,236	1,297,366	2,850,602
Due from other governments	388,775	-	388,775
Prepaid expenses	182,633	17,045	199,678
Inventory	-	1,088,553	1,088,553
Total current assets	<u>11,988,131</u>	<u>14,739,204</u>	<u>26,727,335</u>
Capital assets:			
Land	2,818,836	560,253	3,379,089
Construction in progress	-	11,905,613	11,905,613
Land improvements	3,239,721	-	3,239,721
Buildings and improvements	7,957,824	25,386,723	33,344,547
Infrastructure	7,768,883	-	7,768,883
Vehicles	3,976,924	-	3,976,924
Machinery and equipment	4,048,286	11,356,076	15,404,362
Less accumulated depreciation	<u>(14,615,726)</u>	<u>(20,704,345)</u>	<u>(35,320,071)</u>
Total capital assets (net of accumulated depr.)	<u>15,194,748</u>	<u>28,504,320</u>	<u>43,699,068</u>
Total assets	<u>27,182,879</u>	<u>43,243,524</u>	<u>70,426,403</u>
Liabilities:			
Current liabilities:			
Accounts payable	607,147	2,015,070	2,622,217
Accrued payroll	74,519	27,083	101,602
Accrued expenses	1,320,653	15,249	1,335,902
Bond interest	23,293	51,924	75,217
Deposits	2,300	29,700	32,000
Total current liabilities	<u>2,027,912</u>	<u>2,139,026</u>	<u>4,166,938</u>
Noncurrent liabilities:			
Compensated absences	392,252	124,899	517,151
Accrued expenses	-	5,000	5,000
Bonds payable:			
Due within one year	-	360,000	360,000
Due in more than one year	-	4,235,000	4,235,000
Loans payable:			
Due within one year	-	553,665	553,665
Due in more than one year	-	11,424,441	11,424,441
Leases payable:			
Due within one year	206,870	-	206,870
Due in more than one year	438,605	-	438,605
Total noncurrent liabilities	<u>1,037,727</u>	<u>16,703,005</u>	<u>17,740,732</u>
Total liabilities	<u>3,065,639</u>	<u>18,842,031</u>	<u>21,907,670</u>
Deferred Inflow of Resources:			
Unavailable property tax revenue	394,504	-	394,504
Unavailable revenue - Other	145,458	4,634	150,092
Total deferred inflow of resources	<u>539,962</u>	<u>4,634</u>	<u>544,596</u>
Net Position:			
Net Investment in capital assets	14,549,273	12,977,517	27,526,790
Restricted	3,597,101	-	3,597,101
Unrestricted	5,430,904	11,419,342	16,850,246
Total Net Position	<u>23,577,278</u>	<u>24,396,859</u>	<u>47,974,137</u>

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

City of Gunnison, Colorado
Statement of Activities
December 31, 2020

	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	1,865,398	726,593	-	-	(1,138,805)	-	(1,138,805)
Public safety	3,262,502	60,768	88,632	-	(3,113,102)	-	(3,113,102)
Streets	2,792,530	803,879	16,774	161,075	(1,810,802)	-	(1,810,802)
Parks and recreation	1,505,408	123,590	91,836	-	(1,289,982)	-	(1,289,982)
Economic development	703,944	2,574	-	-	(701,370)	-	(701,370)
Total Governmental Activities	10,129,782	1,717,404	197,242	161,075	(8,054,061)	-	(8,054,061)
Business-type activities:							
Electric	5,564,008	7,301,062	-	-	-	1,737,054	1,737,054
Water	1,139,104	952,996	-	246,495	-	60,387	60,387
Sewer	2,385,904	2,009,467	-	697,333	-	320,896	320,896
Refuse	744,898	704,658	-	-	-	(40,240)	(40,240)
Communications	887,357	669,911	74,542	-	-	(142,904)	(142,904)
Recreation	1,761,251	229,502	2,500	317,214	-	(1,212,035)	(1,212,035)
Total Business-type Activities	12,482,522	11,867,596	77,042	1,261,042	-	723,158	723,158
Total Primary Government	22,612,304	13,585,000	274,284	1,422,117	(8,054,061)	723,158	(7,330,903)
General Revenues:							
Property tax, levied for general purposes					377,801	-	377,801
Specific ownership tax					46,785	-	46,785
General sales and use tax					7,418,705	2,001,531	9,420,236
Franchise tax					715,336	-	715,336
Other miscellaneous taxes					352,895	-	352,895
Investment earnings					100,302	105,330	205,632
Unrealized gains (losses)					83,083	79,569	162,652
Grants and contributions not restricted to any program					686,260	-	686,260
Gain on disposal of assets					5,033	2,000	7,033
Transfers					44,649	(44,649)	-
Total General Revenues, Special Items, and Transfers					9,830,849	2,143,781	11,974,630
Change in Net Position					1,776,788	2,866,939	4,643,727
Net Position - Beginning					21,800,490	21,529,920	43,330,410
Net Position - Ending					23,577,278	24,396,859	47,974,137

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

FUND FINANCIAL STATEMENTS

City of Gunnison, Colorado
Balance Sheet
Governmental Funds
December 31, 2020

	<u>General</u>	<u>Street Improvement Fund</u>	<u>Ditch Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Cash and investments - Unrestricted	5,352,198	2,900,646	552,994	540,820	9,346,658
Receivables, net of allowance for uncollectibles	1,125,965	40	15	32,579	1,158,599
Property tax receivable	394,504	-	-	-	394,504
Due from other governments	371,351	-	-	17,424	388,775
Prepaid expenses	182,633	-	-	-	182,633
Total Assets	<u>7,426,651</u>	<u>2,900,686</u>	<u>553,009</u>	<u>590,823</u>	<u>11,471,169</u>
Liabilities and Fund Equity:					
Liabilities:					
Accounts payable	574,337	8,525	1,581	14,218	598,661
Accrued payroll	65,827	5,117	-	-	70,944
Accrued expenses	1,320,653	-	-	-	1,320,653
Deposits	2,300	-	-	-	2,300
Total Liabilities	<u>1,963,117</u>	<u>13,642</u>	<u>1,581</u>	<u>14,218</u>	<u>1,992,558</u>
Deferred inflow of resources:					
Unavailable property tax revenue	394,504	-	-	-	394,504
Unavailable revenue - other	135,458	10,000	-	-	145,458
Total deferred inflow of resources	<u>529,962</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>539,962</u>
Fund Balances:					
Unspendable	182,633	-	-	-	182,633
Spendable:					
Restricted for emergencies	298,000	-	-	-	298,000
Restricted for road and bridge	-	2,877,044	-	-	2,877,044
Restricted for recreation	-	-	-	64,605	64,605
Restricted - other	-	-	-	357,452	357,452
Committed	-	-	551,428	-	551,428
Assigned	-	-	-	154,548	154,548
Unassigned	4,452,939	-	-	-	4,452,939
Total Fund Balances	<u>4,933,572</u>	<u>2,877,044</u>	<u>551,428</u>	<u>576,605</u>	<u>8,938,649</u>
Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>7,426,651</u>	<u>2,900,686</u>	<u>553,009</u>	<u>590,823</u>	<u>11,471,169</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, 2020

Governmental Funds Total Fund Balance	8,938,649
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.	26,503,796
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.	2,342,925
Less:	
Accumulated depreciation (excluding internal service fund) is not recognized in the governmental funds because capital assets are expensed at the time of acquisition.	(13,844,391)
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.	(363,701)
Governmental Activities Net Position	<u><u>23,577,278</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, 2020

	<u>General</u>	<u>Street Improvement Fund</u>	<u>Ditch Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Taxes	6,744,189	1,823,402	-	343,932	8,911,523
Licenses and permits	200,136	-	-	-	200,136
Intergovernmental revenue	816,632	177,849	50,017	52,010	1,096,508
Charges for services	208,972	6,861	-	251,967	467,800
Fines and forfeitures	10,394	7,300	-	-	17,694
Investment income	79,054	6,767	6,859	7,324	100,004
Unrealized gains (losses)	73,834	(1,920)	6,251	6,546	84,711
Donations and contributions	77,808	-	-	-	77,808
Miscellaneous	201,990	-	-	71	202,061
Total Revenues	<u>8,413,009</u>	<u>2,020,259</u>	<u>63,127</u>	<u>661,850</u>	<u>11,158,245</u>
Expenditures:					
General government	1,337,453	-	-	206,333	1,543,786
Public safety	3,080,097	-	-	183,560	3,263,657
Public works	254,531	636,610	62,341	-	953,482
Culture and recreation	1,290,534	-	-	-	1,290,534
Economic development	703,944	-	-	-	703,944
Capital outlay	585,123	830,582	-	31,461	1,447,166
Total Expenditures	<u>7,251,682</u>	<u>1,467,192</u>	<u>62,341</u>	<u>421,354</u>	<u>9,202,569</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,161,327</u>	<u>553,067</u>	<u>786</u>	<u>240,496</u>	<u>1,955,676</u>
Other Financing Sources (Uses):					
Sale of asset	10,270	-	-	-	10,270
Transfers in	254,585	2,323,977	-	-	2,578,562
Transfers (out)	(3,087,709)	-	-	(164,180)	(3,251,889)
Total Other Financing Sources (Uses)	<u>(2,822,854)</u>	<u>2,323,977</u>	<u>-</u>	<u>(164,180)</u>	<u>(663,057)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	<u>(1,661,527)</u>	<u>2,877,044</u>	<u>786</u>	<u>76,316</u>	<u>1,292,619</u>
Fund Balances - Beginning	<u>6,595,099</u>	<u>-</u>	<u>550,642</u>	<u>500,289</u>	<u>7,646,030</u>
Fund Balances - Ending	<u>4,933,572</u>	<u>2,877,044</u>	<u>551,428</u>	<u>576,605</u>	<u>8,938,649</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, 2020

Governmental Funds Changes in Fund Balances	1,292,619
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.	602,701
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.	(595,287)
Changes in the City employees' accrued compensated absences are considered changes in long-term liabilities. This is the amount that accrued compensated absences decreased.	(37,255)
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.	526,008
Assets disposed of prior to being fully depreciated are charged off upon disposition. This represents the assets disposed of during the year.	(11,998)
Governmental Activities Change in Net Position	1,776,788

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

**City of Gunnison
Statement of Net Position
Proprietary Funds
December 31, 2020**

	Enterprise Fund	Internal Service Fund
Assets:		
Current assets:		
Cash and investments - unrestricted	10,710,937	516,832
Cash and investments - restricted	1,625,303	-
Accounts receivables, net of allowance for uncollectibles	1,297,367	133
Inventories	1,088,552	-
Prepaid expenses	17,045	-
Total current assets	14,739,204	516,965
Non-current assets:		
Land	560,253	-
Construction in progress	11,905,613	-
Building and improvements	25,386,723	301,368
Machinery and equipment	11,356,076	3,005,311
Less: Accumulated depreciation	(20,704,345)	(771,334)
Total non-current assets	28,504,320	2,535,345
Total Assets	43,243,524	3,052,310
Liabilities:		
Current liabilities:		
Accounts payable	2,015,070	8,484
Accrued payroll	27,083	3,575
Accrued expenses	15,249	-
Long term debt interest payable	51,924	23,293
Deposits held	29,700	-
Deferred revenue	4,634	-
Non-current liabilities due within one year:		
Capital leases	-	206,870
Bonds	360,000	-
Loans	553,665	-
Total current liabilities	3,057,325	242,222
Non-current liabilities:		
Accrued compensated absences	124,899	28,558
Accrued expenses	5,000	-
Non-Current Liabilities - due longer than one year:		
Capital leases	-	438,605
Bonds	4,235,000	-
Loans	11,424,441	-
Total non-current liabilities	15,789,340	467,163
Total Liabilities	18,846,665	709,385
Net Position:		
Net Investment in capital assets	12,977,517	1,889,870
Unrestricted	11,419,342	453,055
Total Net Position	24,396,859	2,342,925

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, 2020

	Enterprise Fund	Internal Service Fund
Operating Revenue:		
Utility sales	11,784,935	697,748
Other revenue	82,660	656
Operating Revenue	11,867,595	698,404
Operating Expenses:		
Salaries and employee benefits	2,708,046	-
Purchased power	3,593,629	-
Purchased services	2,196,194	-
Operations and maintenance	2,029,362	-
Supplies	431,349	-
Depreciation and amortization	769,225	199,852
Fleet expenditures	-	697,523
Operating Expenses	11,727,805	897,375
Operating income (loss)	139,790	(198,971)
Non-Operating Revenues (Expenses):		
Taxes	2,001,531	-
Interest revenue	105,330	1,092
Interest expense	(349,538)	-
Unrealized gain (loss)	79,569	(851)
Grants and contributions	1,338,084	-
Sale of fixed assets	(35,410)	6,761
Total Non-Operating Revenues (Expenses)	3,139,566	7,002
Income (Loss) Before Contributions and Transfers	3,279,356	(191,969)
Capital contributions	(367,768)	-
Transfers in	47,981	717,976
Transfers (out)	(92,630)	-
Change in Net Position	2,866,939	526,007
Total Net Position - Beginning	21,529,920	1,816,918
Total Net Position - Ending	24,396,859	2,342,925

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, 2020

	Enterprise Fund	Internal Service Fund
Cash Flows From Operating Activities:		
Cash received from customers for services	15,505,891	-
Cash received from interfund charges	-	697,716
Other cash received	(311,365)	656
Cash paid for goods and services	(9,546,835)	(735,438)
Cash paid for employment services	(2,733,864)	4,594
Net Cash Provided (Used) by Operating Activities	2,913,827	(32,472)
Cash Flows From Non-Capital Financing Activities:		
Grants and contributions	77,042	-
Transfers (out)	(92,630)	-
Transfers in	47,981	717,976
Net Cash Provided by Non-Capital Financing Activities	32,393	717,976
Cash Flows From Capital Financing Activities:		
Purchase of fixed assets	(6,802,673)	(367,888)
Taxes levied for operations	2,001,531	-
Grants and contributions	1,261,042	-
Capital contributions	(367,768)	-
Interest paid	(349,538)	-
Principal paid	(837,879)	(199,001)
Net Cash (Used) by Capital Financing Activities	(5,095,285)	(566,889)
Cash Flows From Investing Activities:		
Interest received	184,899	241
Net Cash Provided by Investing Activities	184,899	241
Net Increase (Decrease) in Cash and Cash Equivalents	(1,964,166)	118,856
Cash and Cash Equivalents - Beginning	14,300,406	397,976
Cash and Cash Equivalents - Ending	12,336,240	516,832
Reconciliation of Operating (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating (loss)	139,790	(198,971)
Adjustments to reconcile operating (loss) to net cash provided (used) by operating activities:		
Depreciation	769,225	199,852
(Increase) decrease in accounts receivable	3,322,931	(32)
(Increase) decrease in inventories	(127,689)	-
(Increase) decrease in prepaid expenses	(2,336)	-
Increase (decrease) in accounts payable	(1,166,276)	(37,915)
Increase (decrease) in compensated absences	(26,561)	3,371
Increase (decrease) in deposits	4,000	-
Increase (decrease) in accrued wages	743	1,223
Total Adjustments	2,774,037	166,499
Net Cash Provided (Used) by Operating Activities	2,913,827	(32,472)

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, 2020

	<u>Volunteer Firefighters' Pension Fund</u>
Assets	
Cash and investments	2,544,746
Accounts receivable	<u>54,662</u>
Total Assets	<u>2,599,408</u>
Net Position	
Net position - held in trust for pension benefits	<u><u>2,599,408</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, 2020

	<u>Volunteer Firefighters' Pension Fund</u>
Additions	
Contributions	
City	40,510
District	40,510
State	54,662
Earnings on investments	<u>320,458</u>
Total Additions	<u>456,140</u>
Deductions	
Benefits	247,000
Expenses	<u>17,000</u>
Total Deductions	<u>264,000</u>
Change in net position	192,140
Net position at beginning of year	<u>2,407,268</u>
Net position at end of year	<u><u>2,599,408</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, 2020

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

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.

City of Gunnison
Notes to the Financial Statements
December 31, 2020
(continued)

I. Summary of Significant Accounting Policies (continued)

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

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.

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.

City of Gunnison
Notes to the Financial Statements
December 31, 2020
(continued)

I. Summary of Significant Accounting Policies (continued)

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

3. Fund Balance Disclosure (continued)

Spendable Fund Balance: (continued)

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.

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:

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.

City of Gunnison
Notes to the Financial Statements
December 31, 2020
(continued)

I. Summary of Significant Accounting Policies (continued)

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

4. Fund Financial Statements (continued)

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 *Street Improvement Fund* accounts for revenues derived from sales and use tax specifically for streets, as well as other revenues restricted for street improvements.

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

The *Risk Management Fund* accounts for revenues derived from insurance contributions 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, 2020
(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, 2020
(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, net asset value or amortized cost. 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, 2020
(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, 2020.

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 of governmental funds are accrued when incurred in the governmental activities column in the government-wide financial statements. Earned but unused vacation benefits of the proprietary funds are accrued when incurred as an expense and liability of the proprietary fund where the payroll is paid.

City of Gunnison
Notes to the Financial Statements
December 31, 2020
(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 \$12,659,405 represents capitalized costs of \$26,503,796 and accumulated depreciation of \$13,844,391.

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 \$2,342,925 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 \$363,701.

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 \$602,701 less depreciation expense of \$595,287.

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 \$37,255.

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 \$526,008 is included in the governmental statement of activities.

III. Stewardship, Compliance, and Accountability

A. Budgetary Information

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

As required by Colorado Statutes, the City followed the required timetable noted below in preparing, approving, and enacting its budget for 2020.

City of Gunnison
Notes to the Financial Statements
December 31, 2020
(continued)

III. Stewardship, Compliance, and Accountability (continued)

A. Budgetary Information (continued)

1. For the 2020 budget year, prior to August 25, 2019 (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, 2019, 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, 2019, 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 2019 were collected in 2020 and taxes certified in 2020 will be collected in 2021. 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	\$ 10,261,633	\$ 11,406,380	\$ 1,144,747
Marijuana Mitigation Fund	216,756	331,756	115,000
Fleet Fund	1,180,248	1,362,551	182,303
Water Department	1,310,753	1,335,752	24,999
Sewer Department	1,934,867	9,051,496	7,116,629
Communication Department	978,970	1,386,948	407,978
Recreation Department	3,669,025	3,909,312	240,287

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, 2020
(continued)

III. Stewardship, Compliance, and Accountability (continued)

C. TABOR Amendment

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 \$298,000, which is the approximate required reserve at December 31, 2020.

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 \$13,462,571 at year end. Petty cash totaled \$6,540.

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, 2020, 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	\$ 8,059,758	-	8,059,758	-
United States Agencies	2,155,156	-	2,155,156	-
Investments Measured at Net Asset Value				
COLOTRUST	3,575,715			
Investments Measured at Amortized Cost				
CSAFE	1,374,442			

City of Gunnison
Notes to the Financial Statements
December 31, 2020
(continued)

IV. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

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, 2020, the City's investments in COLOTRUST and C-SAFE were 24% and 9% 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, 2020
(continued)

IV. Detailed Notes on All Funds

A. Deposits and Investments (continued)

At December 31, 2020, unrealized gains were \$159,098 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	\$ 6,540	\$ 6,540	\$ -
<i>Demand Deposits:</i>				
Checking	Not Rated	5,155,189	5,155,189	-
Savings & money market	Not Rated	247,624	247,624	-
Certificates of deposit	Not Rated	8,059,758	4,350,123	3,709,635
<i>Investments:</i>				
United States Agencies	AA+	2,155,156	671,806	1,483,350
Investment Pools	AAAm	4,950,157	4,950,157	-
Total Cash and Investments		\$ 22,199,727	\$ 17,006,742	\$ 5,192,985
<i>Reconciliation to Statement of Net Position:</i>				
Cash and investments - Unrestricted		\$ 20,574,424		
Cash and investments - Restricted		1,625,303		
Total Cash and Investments		\$ 22,199,727		

City of Gunnison
Notes to the Financial Statements
December 31, 2020
(continued)

IV. Detailed Notes on All Funds (continued)

B. Receivables (continued)

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

	Governmental Funds				Total
	Street		Ditch Fund	Other Governmental Funds	
	General	Improvement Fund			
Receivables:					
Taxes	\$ 394,504	\$ -	\$ -	\$ -	\$ 394,504
Accounts and other receivable	1,125,965	40	15	32,579	1,158,599
Due from other governments	371,351	-	-	-	371,351
Gross receivables	<u>1,891,820</u>	<u>40</u>	<u>15</u>	<u>32,579</u>	<u>1,924,454</u>
Less: allowance for uncollectible	-	-	-	-	-
Net Receivables	<u><u>\$ 1,891,820</u></u>	<u><u>\$ 40</u></u>	<u><u>\$ 15</u></u>	<u><u>\$ 32,579</u></u>	<u><u>\$ 1,924,454</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 2020 but not available until 2021.

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	Recreation Department	
Receivables:						
Accounts receivable	\$ 861,295	\$ 115,313	\$ 228,661	\$ 76,046	\$ 3,429	\$ 1,284,744
Other receivables	-	-	-	-	12,623	12,623
Gross receivables	<u>861,295</u>	<u>115,313</u>	<u>228,661</u>	<u>76,046</u>	<u>16,052</u>	<u>1,297,367</u>
Less: allowance for uncollectible	-	-	-	-	-	-
Net Receivables	<u><u>\$ 861,295</u></u>	<u><u>\$ 115,313</u></u>	<u><u>\$ 228,661</u></u>	<u><u>\$ 76,046</u></u>	<u><u>\$ 16,052</u></u>	<u><u>\$ 1,297,367</u></u>

City of Gunnison
Notes to the Financial Statements
December 31, 2020
(continued)

IV. Detailed Notes on All Funds (continued)

C. Capital Assets

Capital asset activity for the year ended December 31, 2020 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
Capital assets, being depreciated:				
Land improvements	3,244,981	-	(5,260)	3,239,721
Buildings and improvements	7,963,820	5,750	(11,746)	7,957,824
Infrastructure	7,242,680	526,203	-	7,768,883
Machinery and equipment	4,128,565	76,499	(156,778)	4,048,286
Vehicles	3,937,894	368,899	(329,869)	3,976,924
Total capital assets being depreciated	<u>29,336,776</u>	<u>977,351</u>	<u>(503,653)</u>	<u>29,810,474</u>
Less accumulated depreciation for:				
Land improvements	(1,136,196)	(153,253)	5,260	(1,284,189)
Buildings and improvements	(2,782,701)	(189,842)	4,249	(2,968,294)
Infrastructure	(5,491,825)	(74,504)	-	(5,566,329)
Machinery and equipment	(2,186,763)	(200,254)	152,276	(2,234,741)
Vehicles	(2,714,756)	(177,285)	329,868	(2,562,173)
Total accumulated depreciation	<u>(14,312,241)</u>	<u>(795,138)</u>	<u>491,653</u>	<u>(14,615,726)</u>
Governmental Activities Capital Assets, Net	<u>\$ 15,024,535</u>	<u>\$ 182,213</u>	<u>\$ (12,000)</u>	<u>\$ 15,194,748</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 560,253	\$ -	\$ -	\$ 560,253
Construction in progress	5,857,217	6,048,396	-	11,905,613
Total Capital Assets, Not Depreciated	<u>6,417,470</u>	<u>6,048,396</u>	<u>-</u>	<u>12,465,866</u>
Capital assets, being depreciated:				
Building and improvements	25,627,407	386,422	(627,106)	25,386,723
Machinery and equipment	11,521,818	402,853	(568,595)	11,356,076
Total Capital Assets Being Depreciated	<u>37,149,225</u>	<u>789,275</u>	<u>(1,195,701)</u>	<u>36,742,799</u>
Less accumulated depreciation for:				
Buildings and improvements	(11,741,067)	(478,566)	608,649	(11,610,984)
Machinery and equipment	(9,319,346)	(290,659)	516,644	(9,093,361)
Total Accumulated Depreciation	<u>(21,060,413)</u>	<u>(769,225)</u>	<u>1,125,293</u>	<u>(20,704,345)</u>
Business-type activities capital assets, net	<u>\$ 22,506,282</u>	<u>\$ 6,068,446</u>	<u>\$ (70,408)</u>	<u>\$ 28,504,320</u>

City of Gunnison
Notes to the Financial Statements
December 31, 2020
(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	\$ 94,512	\$ 11,956
Public safety	121,110	-
Public works	395,840	929,688
Parks and recreation	183,676	35,707
Total - Governmental Activities	\$ 795,138	\$ 977,351
 <i>Business-type activities:</i>		
Electric Department	\$ 129,346	\$ 15,592
Water Department	60,723	246,862
Wastewater Department	134,814	6,076,084
Refuse Department	44,063	-
Communications Department	1,543	-
Recreation Department	398,736	499,133
Total - Business-type Activities	\$ 769,225	\$ 6,837,671

D. Transfers

At December 31, 2020, the City had the following transfers:

	In	Out
<i>Governmental Funds:</i>		
General Fund	\$ 254,585	\$ (3,087,709)
Street Improvement Fund	2,323,977	-
Other Governmental Funds	-	(164,180)
<i>Internal Service Funds:</i>		
Fleet Fund	717,976	-
<i>Proprietary Funds:</i>		
Recreation Department	47,981	(92,630)
Total	\$ 3,344,519	\$ (3,344,519)

City of Gunnison
Notes to the Financial Statements
December 31, 2020
(continued)

IV. Detailed Notes on All Funds (continued)

E. Other Liabilities

1. 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, 2020 was \$4,595,000. 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.

2. 2019 Sewer Revolving Fund Loan

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 were used for improvements at the existing wastewater treatment facility. The interest rate is 1.69% and the payments are due August 1 and February 1 beginning August 1, 2019 and ending on August 1, 2039. The principal outstanding at December 31, 2020 was \$9,063,046.

3. 2019 Green Reserve Loan

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 are 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. The principal outstanding at December 31, 2020 was \$2,915,060.

4. Lease Agreement

During 2019, the City entered into a lease agreement with Community First National Bank for the amount of \$1,070,403. The funds were used to purchase an aerial fire truck. The interest rate is 3.95% annually and the payments are due February 1 beginning February 1, 2019 and ending on February 1, 2023. The principal outstanding at December 31, 2020 was \$645,475.

5. Accrued Compensated Absences

Earned but unused compensated absence (e.g. paid time off) benefits amounted to \$517,151 at December 31, 2020. Unused compensated absences are shown as long-term debt on the Government-wide Statement of Net Position. Unused compensated absences of proprietary funds are recorded as an expense and liability of those funds as the benefits accrue to employees.

City of Gunnison
Notes to the Financial Statements
December 31, 2020
(continued)

IV. Detailed Notes on All Funds (continued)

E. Other Liabilities

6. Debt Schedule

The following payments are required:

Year	Governmental Activities Debt		
	Principal	Interest	Total
2021	\$ 206,870	\$ 25,525	\$ 232,395
2022	215,050	17,344	232,394
2023	223,555	8,840	232,395
Total	\$ 645,475	\$ 51,709	\$ 697,184

Year	Business-Type Activities Debt		
	Principal	Interest	Total
2021	\$ 913,665	\$ 235,405	\$ 1,149,070
2022	934,074	216,271	1,150,345
2023	953,400	196,970	1,150,370
2024	975,843	177,642	1,153,485
2025	991,207	158,034	1,149,241
2025 - 2029	5,250,623	500,499	5,751,122
2030 - 2034	3,730,908	126,478	3,857,386
2035 - 2039	2,823,386	27,136	2,850,522
Total	\$ 16,573,106	\$ 1,638,435	\$ 18,211,541

7. Changes in Debt

The City had the following changes in debt for the year ended December 31, 2020:

	1/1/20	Additions	Deletions	12/31/20	Due within one year
Governmental Activities Debt:					
Compensated absences	\$ 351,627	\$ 313,988	\$ 273,363	\$ 392,252	\$ -
2019 Lease Payable	844,476	-	199,001	645,475	206,870
Enterprise Debt:					
Accrued expenses	5,000	-	-	5,000	-
2015 Sales and Use Tax Bonds	4,950,000	-	355,000	4,595,000	360,000
2019 Green Reserve	3,000,000	-	84,940	2,915,060	84,940
2019 Sewer Revolving Loan	9,460,985	-	397,939	9,063,046	468,725
Compensated absences	151,460	127,842	154,403	124,899	-
Total	\$ 18,763,548	\$ 441,830	\$ 1,464,646	\$ 17,740,732	\$ 1,120,535

The compensated absences liability will be paid from the funds which employees' salaries are paid.

8. Debt Requirements

The City is compliant in ongoing disclosure requirements to the secondary bond market in accordance with the Securities and Exchange Commission's Rule 15c2-12.

City of Gunnison
Notes to the Financial Statements
December 31, 2020
(continued)

IV. Detailed Notes on All Funds (continued)

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 2020, 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, 2020, employees and the City made the required contributions to the plan of \$141,335 and \$141,335, respectively.

All of the Police Officer's Pension Plan investments at December 31, 2020 of \$5,701,926 are managed by the Colorado Retirement Association ("CRA"). Separately issued financial statements for the plan may be obtained from CRA 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, 2020, employees and the City made the required contributions to the plan of \$255,103 and \$255,103, respectively.

City of Gunnison
Notes to the Financial Statements
December 31, 2020
(continued)

IV. Detailed Notes on All Funds (continued)

G. Pension Plans (continued)

2. General Employee Pension Plan (continued)

All of the General Employee Pension Plan investments at December 31, 2020 of \$7,531,945 are managed CRA. Separately issued financial statements for the plan may be obtained from CRA 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, 2020, the Plan had 35 active non-retired members, and 43 retired members, for a total of 78 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.

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 2020, the City contributed \$40,510 to the Plan, the Fire Protection District contributed \$40,510, and the State contributed \$54,662. None of the City's payroll is covered by the pension plan because the firefighters are volunteers.

City of Gunnison
Notes to the Financial Statements
December 31, 2020
(continued)

IV. Detailed Notes on All Funds (continued)

G. Pension Plans (continued)

3. Volunteer Firefighters' Pension Plan (continued)

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, 2020, 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.

Net Pension Liability. The components of the net pension liability of the Plan at December 31, 2020 are as follows:

Total pension liability	\$ 3,164,005
Fiduciary net position	2,599,408
Net pension liability	<u>\$ 564,597</u>

City of Gunnison
Notes to the Financial Statements
December 31, 2020
(continued)

IV. Detailed Notes on All Funds (continued)

G. Pension Plans (continued)

3. Volunteer Firefighters' Pension Plan (continued)

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of January 1, 2021, 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	6.00% 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.

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	\$ 905,628	\$ 564,597	\$ 279,670

City of Gunnison
Notes to the Financial Statements
December 31, 2020
(continued)

IV. Detailed Notes on All Funds (continued)

H. Deferred Compensation Plan – Section 457

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

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

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

The general employee plan is administered by the International City Managers Association Retirement Corporation ("ICMA") and the police employee plan is administered by CRA. The City's contributions to the plans for the year ended December 31, 2020 were \$255,103 to the ICMA plan and \$47,363 to the CRA plan.

I. Restricted Fund Balance

The City had the following restrictions on fund balances at December 31, 2020:

	<u>1/1/20</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/20</u>
<i>General Fund:</i>				
Emergency reserves	\$ 249,000	\$ 49,000	\$ -	298,000
Road and bridge	794,044	-	(794,044)	-
<i>Street Improvement Fund:</i>				
Road and bridge	-	2,877,044	-	2,877,044
<i>Conservation Trust:</i>				
Recreation	59,839	4,766	-	64,605
<i>Marijuana Mitigation:</i>				
Other	337,748	19,704	-	357,452
	<u>\$ 1,440,631</u>	<u>\$ 2,950,514</u>	<u>\$ (794,044)</u>	<u>3,597,101</u>

J. Committed Fund Balance

The City had the following committed fund balances at December 31, 2020:

	<u>1/1/20</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/20</u>
<i>Ditch Fund:</i>				
Ditch maintenance	\$ 550,642	\$ 786	\$ -	\$ 551,428
	<u>\$ 550,642</u>	<u>786</u>	<u>-</u>	<u>551,428</u>

City of Gunnison
Notes to the Financial Statements
December 31, 2020
(continued)

IV. Detailed Notes on All Funds (continued)

K. Assigned Fund Balance

The City had the following assigned fund balances at December 31, 2020:

	<u>1/1/20</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/20</u>
<i>Special Revenue Funds:</i>				
Risk management fund	\$ 102,702	\$ 51,846	\$ -	\$ 154,548
	<u>\$ 102,702</u>	<u>\$ 51,846</u>	<u>\$ -</u>	<u>\$ 154,548</u>

V. Other Information

A. Joint Venture

At December 31, 2020, Gunnison/Hinsdale Authority had assets of \$518,963 liabilities of \$79,778 and \$439,185 in net position. Total revenues for 2020 were \$934,583 and total expenses were \$649,816 resulting in a net change in fund balance of \$284,767. 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, 2020. 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, 2020, is:

Fund:	Property and Casualty Pool Equity Ratio	Worker's Compensation Pool Equity Ratio
Loss Fund	0.870%	1.999%
Operating Fund	0.342%	0.484%
Excess Fund	1.339%	0.025%
Reserve Fund	0.101%	0.311%

City of Gunnison
Notes to the Financial Statements
December 31, 2020
(continued)

V. Other Information (continued)

B. Risk Management (continued)

CIRSA's combined financial information for the year ended December 31, 2020, is summarized as follows:

Assets:	
Cash and investments	\$ 34,119,836
Other assets	60,053,894
Total Assets	<u>\$ 94,173,730</u>
Total liabilities	<u>\$ 35,750,846</u>
Net position	<u>\$ 58,422,884</u>
Total Revenues	\$ 33,496,772
Total Expenses	<u>(25,048,576)</u>
Change in Net Position	<u>\$ 8,448,196</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. Construction Commitments

The City had the following contractual commitments at year end:

Fund	Project	Vendor	Contract Commitment	Completed	Retainage	Remaining
Wastewater	Wastewater facility	J.R. Filanc Construction	\$12,374,994	\$(11,579,998)	\$579,000	\$794,996
Street Improvement	Safe Routes to School	Western Gravel Constructor	\$559,993	\$(523,063)	\$26,153	\$36,930
Total			\$12,934,987	\$(12,103,061)	\$605,153	\$831,926

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, 2020
(With Comparative Actual Amounts For the Year Ended 2019)

	<u>2020</u>			Final Budget Variance Positive (Negative)	<u>2019</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:					
Taxes:					
General property taxes	377,819	377,819	377,801	(18)	285,601
Specific ownership tax	44,124	44,124	24,761	(19,363)	43,793
Sales & use tax	6,816,005	6,816,005	5,273,395	(1,542,610)	6,855,263
Franchise tax	697,468	697,468	715,336	17,868	698,921
Other taxes	259,000	259,000	352,895	93,895	492,392
Total Taxes	<u>8,194,416</u>	<u>8,194,416</u>	<u>6,744,188</u>	<u>(1,450,228)</u>	<u>8,375,970</u>
Licenses and Permits:					
Other licenses and permits	130,450	130,450	200,136	69,686	125,870
Intergovernmental Revenue:					
Grant revenue	80,597	297,651	668,232	370,581	427,341
State highway users tax	166,565	166,565	-	(166,565)	207,581
Other intergovernmental revenue	170,092	194,741	148,400	(46,341)	222,146
Total Intergovernmental Revenue	<u>417,254</u>	<u>658,957</u>	<u>816,632</u>	<u>157,675</u>	<u>857,068</u>
Charges for Services:					
Recreation revenue	213,142	213,142	87,016	(126,126)	210,954
Other charges for services	41,050	71,253	75,744	4,491	100,748
Rents	57,800	57,800	46,212	(11,588)	59,198
Total Charges for Services	<u>311,992</u>	<u>342,195</u>	<u>208,972</u>	<u>(133,223)</u>	<u>370,900</u>
Fines and Forfeitures:					
Traffic fines	25,000	25,000	10,394	(14,606)	28,319
Miscellaneous Revenue:					
Investment income	50,000	50,000	79,054	29,054	84,993
Unrealized gains (losses)	6,000	-	73,834	73,834	50,882
Donations and contributions	8,150	8,150	77,808	69,658	18,359
Other income	89,226	89,226	201,990	112,764	39,437
Total Miscellaneous Revenue	<u>153,376</u>	<u>147,376</u>	<u>432,686</u>	<u>285,310</u>	<u>193,671</u>
Total Revenues	<u>9,232,488</u>	<u>9,498,394</u>	<u>8,413,008</u>	<u>(1,085,386)</u>	<u>9,951,798</u>
Expenditures:					
General Government:					
City council	55,695	426,475	22,157	404,318	37,373
Municipal court	104,785	104,785	102,717	2,068	106,092
City attorney	45,922	45,922	45,682	240	41,024
City manager	202,129	202,129	188,948	13,181	174,965
City clerk	114,137	114,137	65,846	48,291	84,370
Finance	350,508	395,508	357,544	37,964	313,335
General services	165,587	165,587	155,042	10,545	270,056
Community development	411,913	459,788	399,516	60,272	540,852
Total General Government	<u>1,450,676</u>	<u>1,914,331</u>	<u>1,337,452</u>	<u>576,879</u>	<u>1,568,067</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, 2020
(With Comparative Actual Amounts For the Year Ended 2019)

	<u>2020</u>			Final Budget Variance Positive (Negative)	<u>2019</u>
	Original Budget	Final Budget	Actual		Actual
Expenditures: (continued)					
Public Safety:					
Police	2,657,391	2,657,391	2,512,426	144,965	2,544,975
Building inspection	152,735	152,735	151,181	1,554	146,236
Fire department	273,934	273,934	270,625	3,309	223,601
Hazardous material	23,361	23,361	16,976	6,385	17,860
LE Victim Advocate Program	28,051	28,051	28,932	(881)	15,840
Victims of Crime Act Grant	77,551	77,551	34,565	42,986	53,477
Victims of Crime Act Grant Match	19,633	19,633	19,043	590	22,468
Emergency Response	-	23,925	46,349	(22,424)	-
Total Public Safety	<u>3,232,656</u>	<u>3,256,581</u>	<u>3,080,097</u>	<u>176,484</u>	<u>3,024,457</u>
Public Works:					
Facilities maintenance	30,668	30,668	22,773	7,895	(25,979)
City hall	88,778	96,105	72,861	23,244	66,026
Public Works Administration	122,154	122,154	118,210	3,944	57,420
City shop	298,417	298,417	8,315	290,102	46,985
Street maintenance	641,622	-	-	-	629,423
Street improvements	1,549,100	-	-	-	366,699
Hwy 59 pedestrian crossings	-	-	-	-	565,866
Safe routes to school	-	-	32,372	(32,372)	84,581
Ohio Avenue safe walk	-	-	-	-	1,393
Total Public Works	<u>2,730,739</u>	<u>547,344</u>	<u>254,531</u>	<u>292,813</u>	<u>1,792,414</u>
Culture and Recreation:					
Cranor Hill	43,574	43,574	25,018	18,556	25,859
Senior meals	-	54,852	49,531	5,321	-
Senior programming	48,083	48,083	45,704	2,379	24,253
Recreation administration	431,831	431,831	366,564	65,267	422,784
Recreation programs	232,570	232,570	88,977	143,593	204,123
Parks	734,968	801,468	649,921	151,547	703,218
Van Tuyl Ranch	31,713	31,713	4,100	27,613	28,731
Lazy K	4,647	4,647	6,355	(1,708)	18,778
Lazy K Infrastructure Non-Grant	-	-	38,678	(38,678)	-
Next50 senior grant	10,972	10,972	15,686	(4,714)	2,042
Total Culture and Recreation	<u>1,538,358</u>	<u>1,659,710</u>	<u>1,290,534</u>	<u>369,176</u>	<u>1,429,788</u>
Economic Development:					
Public service grants	72,683	102,333	145,523	(43,190)	68,933
Economic development grants	23,817	220,296	268,636	(48,340)	23,817
Strategic partnerships	200,353	200,353	193,353	7,000	159,506
Events	155,285	140,286	96,432	43,854	142,671
Total Economic Development	<u>452,138</u>	<u>663,268</u>	<u>703,944</u>	<u>(40,676)</u>	<u>394,927</u>
Capital Outlay:					
Capital outlay and repairs	138,362	158,362	585,123	(426,761)	-
Total Expenditures	<u>9,542,929</u>	<u>8,199,596</u>	<u>7,251,681</u>	<u>947,915</u>	<u>8,209,653</u>
Excess (Deficiency) of Revenues over Expenditures	(310,441)	1,298,798	1,161,327	(137,471)	1,742,145
Other Financing Sources (Uses):					
Transfer in	302,696	384,196	254,585	(129,611)	202,312
Transfer (out)	(718,704)	(3,206,784)	(3,087,709)	119,075	(717,463)
Sale of assets	2,000	2,000	10,270	8,270	24,069
Total Other Financing Sources (Uses)	<u>(414,008)</u>	<u>(2,820,588)</u>	<u>(2,822,854)</u>	<u>(2,266)</u>	<u>(491,082)</u>
Net Change in Fund Balance	<u>(724,449)</u>	<u>(1,521,790)</u>	<u>(1,661,527)</u>	<u>(139,737)</u>	1,251,063
Fund Balance - Beginning			6,595,099		5,344,036
Fund Balance - Ending			<u>4,933,572</u>		<u>6,595,099</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 - Street Improvement Fund
For the Year Ended December 31, 2020
(With Comparative Actual Amounts For the Year Ended 2019)

	<u>2020</u>			Final Budget Variance Positive (Negative)	<u>2019</u>
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Taxes:					
Specific ownership tax	-	20,790	22,024	1,234	-
Sales & use tax	-	1,656,629	1,801,378	144,749	-
Total Taxes	<u>-</u>	<u>1,677,419</u>	<u>1,823,402</u>	<u>145,983</u>	<u>-</u>
Intergovernmental revenue:					
State grants	-	180,291	177,849	(2,442)	-
Charges for Services:					
Permits	-	1,000	6,861	5,861	-
Fines and Forfeitures:					
Traffic fines	-	5,477	7,300	1,823	-
Investment income	-	-	6,767	6,767	-
Unrealized gains (losses)	-	-	(1,920)	(1,920)	-
Total Revenues	<u>-</u>	<u>1,864,187</u>	<u>2,020,259</u>	<u>156,072</u>	<u>-</u>
Expenditures:					
Public works	-	693,568	636,610	56,958	-
Capital outlay	-	917,098	830,582	86,516	-
Total Expenditures	<u>-</u>	<u>1,610,666</u>	<u>1,467,192</u>	<u>143,474</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	-	253,521	553,067	12,598	-
Other Financing Sources (Uses):					
Transfer in	-	2,446,177	2,323,977	(122,200)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>2,446,177</u>	<u>2,323,977</u>	<u>(122,200)</u>	<u>-</u>
Net Change in Fund Balance	<u>-</u>	<u>2,699,698</u>	2,877,044	<u>(109,602)</u>	-
Fund Balance - Beginning			-		-
Fund Balance - Ending			<u>2,877,044</u>		<u>-</u>

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

City of Gunnison
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Ditch Fund
For the Year Ended December 31, 2020
(With Comparative Actual Amounts For the Year Ended 2019)

	<u>2020</u>			Final Budget Variance Positive (Negative)	<u>2019</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:					
Intergovernmental revenue:					
Mineral leasing	50,000	50,000	50,017	17	84,389
Investment income	2,500	2,500	6,859	4,359	8,555
Unrealized gains (losses)	-	-	6,251	6,251	5,081
Donations and contributions	-	-	-	-	788
Total Revenues	<u>52,500</u>	<u>52,500</u>	<u>63,127</u>	<u>10,627</u>	<u>98,813</u>
Expenditures:					
Public works	<u>358,599</u>	<u>358,599</u>	<u>62,341</u>	<u>296,258</u>	<u>54,727</u>
Total Expenditures	<u>358,599</u>	<u>358,599</u>	<u>62,341</u>	<u>296,258</u>	<u>54,727</u>
Net Change in Fund Balance	<u>(306,099)</u>	<u>(306,099)</u>	786	<u>306,885</u>	44,086
Fund Balance - Beginning			<u>550,642</u>		<u>506,556</u>
Fund Balance - Ending			<u>551,428</u>		<u>550,642</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, 2020

	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Service cost	34,413	34,522	25,739	20,432	19,739	28,211	28,497
Interest cost	194,001	197,908	169,664	151,455	134,458	141,346	123,133
Changes in plan benefits	-	332,243	-	323,200	323,808	-	288,476
Actuarial variations	(139,841)	(53,186)	147,019	9,540	(11,699)	(118,110)	-
Changes in assumptions	-	-	14,848	-	-	-	-
Benefits paid	(247,000)	(241,500)	(213,625)	(199,300)	(168,128)	(147,425)	(125,100)
Net Change in Pension Liability	(158,427)	269,987	143,645	305,327	298,178	(95,978)	315,006
Total Pension Liability - Beginning	3,322,432	3,052,445	2,908,800	2,603,473	2,305,295	2,401,273	2,086,267
Total Pension Liability - Ending	3,164,005	3,322,432	3,052,445	2,908,800	2,603,473	2,305,295	2,401,273
Plan Fiduciary Net Position							
City contribution	40,510	40,510	40,510	35,022	32,700	32,700	47,415
District contribution	40,510	40,510	40,510	35,022	32,700	32,700	47,415
Pension plan net investment income	320,458	370,581	(89,479)	267,561	145,397	(4,268)	113,332
Benefit payments	(247,000)	(241,500)	(213,625)	(199,300)	(164,128)	(147,425)	(125,100)
Pension plan administrative expenses	(17,000)	(17,000)	(17,000)	(17,000)	(16,961)	(16,420)	(12,422)
State of Colorado supplemental discretionary payment	54,662	54,662	50,960	53,238	58,860	58,860	64,773
Net Change in Plan Fiduciary Net Position	192,140	247,763	(188,124)	174,543	88,568	(43,853)	135,413
Plan Fiduciary Net Position - Beginning	2,407,268	2,159,505	2,347,629	2,173,086	2,084,518	2,128,371	1,992,958
Plan Fiduciary Net Position - Ending	2,599,408	2,407,268	2,159,505	2,347,629	2,173,086	2,084,518	2,128,371
Net Pension Liability - Ending	564,597	915,164	892,940	561,171	430,387	220,777	272,902
Plan Fiduciary Net Position as a Percentage of Total Pension Liab	82.2%	72.5%	70.7%	80.7%	83.5%	90.4%	88.6%
Covered Payroll	N/A	N/A	N/A	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	N/A	N/A	N/A

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

City of Gunnison
Schedule of Contributions
Volunteer Firefighters' Pension Fund (Unaudited)
December 31, 2020

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
2019	95,721	135,682	(39,961)	N/A	N/A
2020	97,135	135,682	(38,547)	N/A	N/A

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

City of Gunnison
Schedule of Investment Returns
Volunteer Firefighters' Pension Fund (Unaudited)
December 31, 2020

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%
2019	17.25%
2020	13.22%

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

SUPPLEMENTARY INFORMATION

City of Gunnison, Colorado
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2020

	<u>Special Revenue</u>			Total Nonmajor Governmental Funds
	<u>Conservation Trust</u>	<u>Marijuana Mitigation Fund</u>	<u>Risk Management Fund</u>	
Assets:				
Cash and investments - Unrestricted	47,111	324,943	168,766	540,820
Receivables, net of allowance for uncollectibles	70	32,509	-	32,579
Total Assets	<u>64,605</u>	<u>357,452</u>	<u>168,766</u>	<u>590,823</u>
Liabilities and Fund Equity:				
Liabilities:				
Accounts payable	-	-	14,218	14,218
Total Liabilities	<u>-</u>	<u>-</u>	<u>14,218</u>	<u>14,218</u>
Fund Balances:				
Spendable:				
Restricted for recreation	64,605	-	-	64,605
Restricted - other	-	357,452	-	357,452
Assigned	-	-	154,548	154,548
Total Fund Balances	<u>64,605</u>	<u>357,452</u>	<u>154,548</u>	<u>576,605</u>
Total Liabilities and Fund Balances	<u>64,605</u>	<u>357,452</u>	<u>168,766</u>	<u>590,823</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, 2020

	Special Revenue			Total Nonmajor Governmental Funds
	Conservation Trust	Marijuana Mitigation Fund	Risk Management Fund	
Revenues:				
Taxes	-	343,932	-	343,932
Intergovernmental revenue	52,010	-	-	52,010
Charges for services	-	-	251,967	251,967
Investment income	794	3,534	2,996	7,324
Unrealized gains (losses)	776	2,554	3,216	6,546
Miscellaneous	71	-	-	71
Total Revenues	53,651	350,020	258,179	661,850
Expenditures:				
General government	-	-	206,333	206,333
Public safety	-	183,560	-	183,560
Capital outlay and repairs	31,461	-	-	31,461
Total Expenditures	31,461	183,560	206,333	421,354
Excess (Deficiency) of Revenues Over Expenditures	22,190	166,460	51,846	240,496
Other Financing Sources (Uses):				
Transfers (out)	(17,424)	(146,756)	-	(164,180)
Total Other Financing Sources (Uses)	(17,424)	(146,756)	-	(164,180)
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	4,766	19,704	51,846	76,316
Fund Balances - Beginning	59,839	337,748	102,702	500,289
Fund Balances - Ending	64,605	357,452	154,548	576,605

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, 2020
(With Comparative Actual Amounts For the Year Ended 2019)

	<u>2020</u>			Final Budget Variance Positive (Negative)	<u>2019</u>
	<u>Original Budget</u>	<u>Original and Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:					
Intergovernmental revenue:					
State lottery funds	45,000	45,000	52,010	7,010	55,151
Other income	-	-	71	71	-
Investment income	350	350	794	444	815
Unrealized gains (losses)	-	-	776	776	452
Total Revenues	<u>45,350</u>	<u>45,350</u>	<u>53,651</u>	<u>8,301</u>	<u>56,418</u>
Expenditures:					
Capital outlay and repairs	38,500	38,500	31,461	7,039	29,462
Total Expenditures	<u>38,500</u>	<u>38,500</u>	<u>31,461</u>	<u>7,039</u>	<u>29,462</u>
Excess (Deficiency) of Revenues Over Expenditures	6,850	6,850	22,190	15,340	26,956
Other Financing Sources (Uses):					
Transfers (out)	(15,000)	(15,000)	(17,424)	(2,424)	(18,245)
Total Other Financing Sources (Uses)	<u>(15,000)</u>	<u>(15,000)</u>	<u>(17,424)</u>	<u>(2,424)</u>	<u>(18,245)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)			4,766		8,711
Fund Balance - Beginning			<u>59,839</u>		<u>51,128</u>
Fund Balance - Ending			<u><u>64,605</u></u>		<u><u>59,839</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, 2020
(With Comparative Actual Amounts For the Year Ended 2019)

	<u>2020</u>			Final Budget Variance Positive (Negative)	<u>2019</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:					
Charges for services	249,603	249,603	251,967	2,364	260,356
Investment income	1,500	1,500	2,996	1,496	2,963
Unrealized gains (losses)	-	-	3,216	3,216	2,075
Total Revenues	<u>251,103</u>	<u>251,103</u>	<u>258,179</u>	<u>7,076</u>	<u>265,394</u>
Expenditures:					
Insurance premiums	181,906	181,906	189,773	(7,867)	174,572
Insurance claims	50,000	87,953	16,560	71,393	47,204
Professional services	5,000	5,000	-	5,000	5,000
Total Expenditures	<u>236,906</u>	<u>274,859</u>	<u>206,333</u>	<u>68,526</u>	<u>226,776</u>
Excess (Deficiency) of Revenues Over Expenditures	14,197	(23,756)	51,846	75,602	38,618
Fund Balance - Beginning			<u>102,702</u>		<u>64,084</u>
Fund Balance - Ending			<u><u>154,548</u></u>		<u><u>102,702</u></u>

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

City of Gunnison
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Marijuana Mitigation Fund
For the Year Ended December 31, 2020
(With Comparative Actual Amounts For the Year Ended 2019)

	<u>2020</u>			Final Budget Variance Positive (Negative)	<u>2019</u>
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Taxes:					
Sales and use	259,900	259,900	343,932	84,032	274,672
Investment income	1,500	1,500	6,088	4,588	6,754
Total Revenues	<u>261,400</u>	<u>261,400</u>	<u>350,020</u>	<u>88,620</u>	<u>281,426</u>
Expenditures:					
Public safety	70,000	185,000	183,560	1,440	70,000
Total Expenditures	<u>70,000</u>	<u>185,000</u>	<u>183,560</u>	<u>1,440</u>	<u>70,000</u>
Excess (Deficiency) of Revenues over Expenditures	191,400	76,400	166,460	90,060	211,426
Other Financing Sources (Uses):					
Transfer (out)	(146,756)	(146,756)	(146,756)	-	(162,924)
Total Other Financing Sources (Uses)	<u>(146,756)</u>	<u>(146,756)</u>	<u>(146,756)</u>	<u>-</u>	<u>(162,924)</u>
Net Change in Fund Balance			19,704		48,502
Fund Balance - Beginning			<u>337,748</u>		<u>289,246</u>
Fund Balance - Ending			<u><u>357,452</u></u>		<u><u>337,748</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, 2020

	<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	4,764,037	983,892	1,111,761	272,147	-	3,579,100	10,710,937
Cash and cash equivalents - restricted	-	-	1,625,303	-	-	-	1,625,303
Accounts receivables, net of allowance for uncollectibles	861,295	115,313	228,661	76,046	-	16,052	1,297,367
Inventories	895,289	113,065	41,627	20,341	-	18,230	1,088,552
Prepaid expenses	7,713	1,065	6,960	-	-	1,307	17,045
Total current assets	<u>6,528,334</u>	<u>1,213,335</u>	<u>3,014,312</u>	<u>368,534</u>	<u>-</u>	<u>3,614,689</u>	<u>14,739,204</u>
Non-current assets:							
Land	8,843	50,000	501,410	-	-	-	560,253
Construction in progress	-	285,812	11,619,801	-	-	-	11,905,613
Building and improvements	2,205,103	1,863,486	7,012,451	315,188	-	13,990,495	25,386,723
Machinery and equipment	4,623,557	1,360,238	3,863,687	957,204	-	551,390	11,356,076
Less: Accumulated depreciation	<u>(4,969,876)</u>	<u>(2,540,317)</u>	<u>(8,527,408)</u>	<u>(721,213)</u>	<u>-</u>	<u>(3,945,531)</u>	<u>(20,704,345)</u>
Total non-current assets:	<u>1,867,627</u>	<u>1,019,219</u>	<u>14,469,941</u>	<u>551,179</u>	<u>-</u>	<u>10,596,354</u>	<u>28,504,320</u>
Total Assets	<u>8,395,961</u>	<u>2,232,554</u>	<u>17,484,253</u>	<u>919,713</u>	<u>-</u>	<u>14,211,043</u>	<u>43,243,524</u>
Liabilities:							
Current liabilities:							
Accounts payable	833,004	173,964	962,254	13,220	-	32,628	2,015,070
Accrued payroll	7,674	2,694	6,002	2,664	-	8,049	27,083
Accrued expenses	-	-	15,000	-	-	249	15,249
Long term debt interest payable	-	-	41,510	-	-	10,414	51,924
Deferred revenue	-	-	-	4,634	-	-	4,634
Deposits held	29,700	-	-	-	-	-	29,700
Non-current liabilities due within one year:							
Bonds	-	-	-	-	-	360,000	360,000
Loans	-	-	553,665	-	-	-	553,665
Total current liabilities:	<u>870,378</u>	<u>176,658</u>	<u>1,578,431</u>	<u>20,518</u>	<u>-</u>	<u>411,340</u>	<u>3,057,325</u>
Non-current liabilities:							
Accrued compensated absences	42,856	15,500	43,052	15,851	-	7,640	124,899
Accrued expenses	-	-	-	5,000	-	-	5,000
Non-Current Liabilities - due longer than one year:							
Bonds	-	-	-	-	-	4,235,000	4,235,000
Loans	-	-	11,424,441	-	-	-	11,424,441
Total non-current liabilities	<u>42,856</u>	<u>15,500</u>	<u>11,467,493</u>	<u>20,851</u>	<u>-</u>	<u>4,242,640</u>	<u>15,789,340</u>
Total Liabilities	<u>913,234</u>	<u>192,158</u>	<u>13,045,924</u>	<u>41,369</u>	<u>-</u>	<u>4,653,980</u>	<u>18,846,665</u>
Net Position:							
Net investment in capital assets	1,867,627	1,019,219	3,538,138	551,179	-	6,001,354	12,977,517
Unrestricted	5,615,100	1,021,177	900,191	327,165	-	3,555,709	11,419,342
Total Net Position	<u>7,482,727</u>	<u>2,040,396</u>	<u>4,438,329</u>	<u>878,344</u>	<u>-</u>	<u>9,557,063</u>	<u>24,396,859</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, 2020

	<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	7,282,867	936,024	1,965,873	704,271	669,691	226,209	11,784,935
Other revenue	18,195	16,972	43,594	387	220	3,292	82,660
Operating Revenue	<u>7,301,062</u>	<u>952,996</u>	<u>2,009,467</u>	<u>704,658</u>	<u>669,911</u>	<u>229,501</u>	<u>11,867,595</u>
Operating Expenses:							
Salaries and employee benefits	587,241	267,183	598,634	235,941	422,461	596,586	2,708,046
Purchased power	3,593,629	-	-	-	-	-	3,593,629
Purchased services	210,727	398,830	895,685	238,345	32,690	419,917	2,196,194
Operations and maintenance	982,686	313,783	391,386	200,108	35,261	106,138	2,029,362
Supplies	60,379	98,585	141,210	26,441	1,593	103,141	431,349
Depreciation and amortization	129,346	60,723	134,814	44,063	1,543	398,736	769,225
Operating Expenses	<u>5,564,008</u>	<u>1,139,104</u>	<u>2,161,729</u>	<u>744,898</u>	<u>493,548</u>	<u>1,624,518</u>	<u>11,727,805</u>
Operating income (loss)	1,737,054	(186,108)	(152,262)	(40,240)	176,363	(1,395,017)	139,790
Non-Operating Revenues (Expenses):							
Taxes	-	-	-	-	-	2,001,531	2,001,531
Interest revenue	50,315	11,978	(4,459)	3,515	1,197	42,784	105,330
Interest expense	-	-	(213,860)	-	-	(135,678)	(349,538)
Unrealized gains (losses)	41,070	10,547	(13,723)	3,198	1,443	37,034	79,569
Grants and contributions	-	246,495	697,333	-	74,542	319,714	1,338,084
Sale of fixed assets	-	-	(10,315)	2,000	(26,039)	(1,056)	(35,410)
Total Non-Operating Revenues (Expenses)	<u>91,385</u>	<u>269,020</u>	<u>454,976</u>	<u>8,713</u>	<u>51,143</u>	<u>2,264,329</u>	<u>3,139,566</u>
Income (Loss) Before Contributions and Transfers	1,828,439	82,912	302,714	(31,527)	227,506	869,312	3,279,356
Capital contributions	-	-	-	-	(367,768)	-	(367,768)
Transfers in	-	-	-	-	-	47,981	47,981
Transfers (out)	-	-	-	-	-	(92,630)	(92,630)
Change in Net Position	1,828,439	82,912	302,714	(31,527)	(140,262)	824,663	2,866,939
Total Net Position - Beginning	<u>5,654,288</u>	<u>1,957,484</u>	<u>4,135,615</u>	<u>909,871</u>	<u>140,262</u>	<u>8,732,400</u>	<u>21,529,920</u>
Total Net Position - Ending	<u>7,482,727</u>	<u>2,040,396</u>	<u>4,438,329</u>	<u>878,344</u>	<u>-</u>	<u>9,557,063</u>	<u>24,396,859</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, 2020
(With Comparative Actual Amounts For the Year Ended 2019)

	<u>2020</u>			<u>Final Budget Variance Positive (Negative)</u>	<u>2019</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Operating Revenue:					
Sales	7,483,450	7,483,450	7,282,867	(200,583)	6,811,310
Other revenue	25,900	25,900	18,195	(7,705)	28,173
Operating Revenue	<u>7,509,350</u>	<u>7,509,350</u>	<u>7,301,062</u>	<u>(208,288)</u>	<u>6,839,483</u>
Operating Expenses:					
Salaries and employee benefits	711,066	711,066	587,241	123,825	567,699
Purchased power	4,298,315	4,298,315	3,593,629	704,686	3,451,701
Purchased services	333,956	333,956	210,727	123,229	140,895
Operations and maintenance	1,401,604	1,401,604	982,686	418,918	1,010,033
Supplies	80,200	80,200	60,379	19,821	(138,858)
Capital outlay	-	-	15,592	(15,592)	465,005
Operating Expenses	<u>6,825,141</u>	<u>6,825,141</u>	<u>5,450,254</u>	<u>1,374,887</u>	<u>5,496,475</u>
Operating income (loss)	684,209	684,209	1,850,808	1,166,599	1,343,008
Non-Operating Revenues (Expenses):					
Interest Revenue	12,000	12,000	50,315	38,315	41,499
Unrealized gains (losses)	-	-	41,070	41,070	25,116
Sale of fixed assets	-	-	-	-	(1,000)
Total Non-Operating Revenues (Expenses)	<u>12,000</u>	<u>12,000</u>	<u>91,385</u>	<u>79,385</u>	<u>65,615</u>
Change in Net Position - Budgetary Basis	<u>696,209</u>	<u>696,209</u>	<u>1,942,193</u>	<u>1,245,984</u>	<u>1,408,623</u>
Reconciliation to GAAP Basis:					
Adjustments:					
Depreciation			(129,346)		(113,468)
Capital outlay			15,592		465,005
Total Adjustments			<u>(113,754)</u>		<u>351,537</u>
Total Net Position - Beginning			<u>5,654,288</u>		<u>3,894,128</u>
Total Net Position - Ending			<u>7,482,727</u>		<u>5,654,288</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, 2020
(With Comparative Actual Amounts For the Year Ended 2019)

	<u>2020</u>			Final Budget Variance Positive (Negative)	<u>2019</u>
	Original Budget	Final Budget	Actual		Actual
Operating Revenue:					
Sales	874,000	874,000	936,024	62,024	908,901
Other revenue	7,000	7,000	16,972	9,972	7,249
Operating Revenue	<u>881,000</u>	<u>881,000</u>	<u>952,996</u>	<u>71,996</u>	<u>916,150</u>
Operating Expenses:					
Salaries and employee benefits	272,499	272,498	267,183	5,315	250,648
Purchased services	712,211	712,211	398,830	313,381	267,011
Operations and maintenance	263,418	288,418	313,783	(25,365)	304,951
Supplies	62,625	62,625	98,585	(35,960)	242,705
Capital outlay	-	-	246,862	(246,862)	119,466
Operating Expenses	<u>1,310,753</u>	<u>1,335,752</u>	<u>1,325,243</u>	<u>10,509</u>	<u>1,184,781</u>
Operating income (loss)	(429,753)	(454,752)	(372,247)	82,505	(268,631)
Non-Operating Revenues (Expenses):					
Interest revenue	5,500	5,500	11,978	6,478	16,678
Unrealized gains (losses)	-	-	10,547	10,547	10,326
Grants and contributions	60,000	60,000	246,495	186,495	155,000
Total Non-Operating Revenues (Expenses)	<u>65,500</u>	<u>65,500</u>	<u>269,020</u>	<u>203,520</u>	<u>182,004</u>
Change in Net Position - Budgetary Basis	<u>(364,253)</u>	<u>(389,252)</u>	<u>(103,227)</u>	<u>286,025</u>	<u>(86,627)</u>
Reconciliation to GAAP Basis:					
Adjustments:					
Depreciation			(60,723)		(60,903)
Capital outlay			246,862		119,466
Total Adjustments			<u>186,139</u>		<u>58,563</u>
Total Net Position - Beginning			<u>1,957,484</u>		<u>1,985,548</u>
Total Net Position - Ending			<u>2,040,396</u>		<u>1,957,484</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, 2020
(With Comparative Actual Amounts For the Year Ended 2019)

	<u>2020</u>			Final Budget Variance Positive (Negative)	<u>2019</u>
	Original Budget	Final Budget	Actual		Actual
Operating Revenue:					
Sales	1,760,808	1,760,808	1,965,873	205,065	1,680,300
Other revenue	15,000	15,000	43,594	28,594	23,224
Operating Revenue	<u>1,775,808</u>	<u>1,775,808</u>	<u>2,009,467</u>	<u>233,659</u>	<u>1,703,524</u>
Operating Expenses:					
Salaries and employee benefits	579,618	579,619	598,634	(19,015)	551,067
Purchased services	615,232	7,652,860	895,685	6,757,175	1,384,438
Operations and maintenance	372,772	372,772	391,386	(18,614)	372,267
Supplies	255,125	334,125	141,210	192,915	206,593
Capital outlay	-	-	6,076,084	(6,076,084)	6,110,161
Operating Expenses	<u>1,822,747</u>	<u>8,939,376</u>	<u>8,102,999</u>	<u>836,377</u>	<u>8,624,526</u>
Operating income (loss)	(46,939)	(7,163,568)	(6,093,532)	1,070,036	(6,921,002)
Non-Operating Revenues (Expenses):					
Interest revenue	11,000	11,000	(4,459)	(15,459)	8,553
Debt service - principal	(482,879)	(482,879)	(482,879)	-	(80,535)
Interest expense	(112,120)	(112,120)	(213,860)	(101,740)	(44,813)
Unrealized gains (losses)	-	-	(13,723)	(13,723)	5,039
Grants and contributions	150,000	150,000	697,333	547,333	1,237,315
Sale of capital assets	-	30,000	30,000	-	19,911
Bond proceeds	-	-	-	-	12,541,520
Total Non-Operating Revenues (Expenses)	<u>(433,999)</u>	<u>(403,999)</u>	<u>12,412</u>	<u>416,411</u>	<u>13,686,990</u>
Change in Net Position - Budgetary Basis	<u>(480,938)</u>	<u>(7,567,567)</u>	<u>(6,081,120)</u>	<u>1,486,447</u>	<u>6,765,988</u>
Reconciliation to GAAP Basis:					
Adjustments:					
Bond proceeds			-		(12,541,520)
Capital outlay			6,076,084		6,110,161
Gain (loss) on disposal of assets			(40,315)		-
Debt service - Principal			482,879		80,535
Depreciation			(134,814)		(110,772)
Total Adjustments			<u>6,383,834</u>		<u>(6,461,596)</u>
Total Net Position - Beginning			<u>4,135,615</u>		<u>3,831,223</u>
Total Net Position - Ending			<u>4,438,329</u>		<u>4,135,615</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, 2020
(With Comparative Actual Amounts For the Year Ended 2019)

	<u>2020</u>			Final Budget Variance Positive (Negative)	<u>2019</u>
	Original Budget	Final Budget	Actual		Actual
Operating Revenue:					
Sales	729,041	729,041	704,271	(24,770)	629,830
Other revenue	-	-	387	387	11,134
Operating Revenue	<u>729,041</u>	<u>729,041</u>	<u>704,658</u>	<u>(24,383)</u>	<u>640,964</u>
Operating Expenses:					
Salaries and employee benefits	236,768	236,768	235,941	827	218,132
Purchased services	263,166	263,166	238,345	24,821	240,241
Operations and maintenance	211,000	211,000	200,108	10,892	240,728
Supplies	20,900	20,900	26,441	(5,541)	33,870
Capital outlay	-	-	-	-	13,952
Operating Expenses	<u>731,834</u>	<u>731,834</u>	<u>700,835</u>	<u>30,999</u>	<u>746,923</u>
Operating income (loss)	(2,793)	(2,793)	3,823	6,616	(105,959)
Non-Operating Revenues (Expenses):					
Interest revenue	1,500	1,500	3,515	2,015	5,499
Unrealized gains (losses)	-	-	3,198	3,198	3,620
Sale of capital assets	-	-	2,000	2,000	22
Total Non-Operating Revenues (Expenses)	<u>1,500</u>	<u>1,500</u>	<u>8,713</u>	<u>7,213</u>	<u>9,141</u>
Change in Net Position - Budgetary Basis	<u>(1,293)</u>	<u>(1,293)</u>	<u>12,536</u>	<u>13,829</u>	<u>(96,818)</u>
Reconciliation to GAAP Basis:					
Adjustments:					
Capital outlay			-		13,952
Depreciation			(44,063)		(43,994)
Total Adjustments			(44,063)		(30,042)
Total Net Position - Beginning			<u>909,871</u>		<u>1,036,731</u>
Total Net Position - Ending			<u>878,344</u>		<u>909,871</u>

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

City of Gunnison
Schedule of Revenues and Expenditures Budget (Non-GAAP Basis)
and Actual With Reconciliation to GAAP Basis
Proprietary Funds
Communication Fund
For the Year Ended December 31, 2020
(With Comparative Actual Amounts For the Year Ended 2019)

	2020			Final Budget Variance Positive (Negative)	2019
	Original Budget	Original and Final Budget	Actual		Actual
Operating Revenue:					
Sales	831,015	831,015	669,691	(161,324)	767,764
Other revenue	-	-	220	220	402
Operating Revenue	<u>831,015</u>	<u>831,015</u>	<u>669,911</u>	<u>(161,104)</u>	<u>768,166</u>
Operating Expenses:					
Salaries and employee benefits	838,921	838,920	422,461	416,459	803,819
Purchased services	59,816	467,795	32,690	435,105	56,679
Operations and maintenance	72,028	72,028	35,261	36,767	51,811
Supplies	8,205	8,205	1,593	6,612	4,533
Operating Expenses	<u>978,970</u>	<u>1,386,948</u>	<u>492,005</u>	<u>894,943</u>	<u>916,842</u>
Operating income (loss)	(147,955)	(555,933)	177,906	733,839	(148,676)
Non-Operating Revenues (Expenses):					
Interest revenue	2,500	2,500	1,197	(1,303)	3,948
Unrealized gains (losses)	-	-	1,443	1,443	2,608
Grants and contributions	167,202	167,202	74,542	(92,660)	158,903
Sale of capital assets	-	-	(26,039)	(26,039)	-
Total Non-Operating Revenues (Expenses)	<u>169,702</u>	<u>169,702</u>	<u>51,143</u>	<u>(118,559)</u>	<u>165,459</u>
Income (Loss) Before Contributions and Transfers	21,747	(386,231)	229,049	615,280	16,783
Capital contributions	-	-	(367,768)	(367,768)	-
Change in Net Position - Budgetary Basis	<u>21,747</u>	<u>(386,231)</u>	<u>(138,719)</u>	<u>247,512</u>	<u>16,783</u>
Reconciliation to GAAP Basis:					
Adjustments:					
Depreciation			(1,543)		(3,095)
Total Adjustments			(1,543)		(3,095)
Total Net Position - Beginning			<u>140,262</u>		<u>126,574</u>
Total Net Position - Ending			<u>-</u>		<u>140,262</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, 2020
(With Comparative Actual Amounts For the Year Ended 2019)

	2020			Final Budget Variance Positive (Negative)	2019
	Original Budget	Final Budget	Actual		Actual
Operating Revenue:					
Sales	409,374	409,375	226,209	(183,166)	418,471
Other revenue	4,100	4,100	3,292	(808)	5,606
Operating Revenue	<u>413,474</u>	<u>413,475</u>	<u>229,501</u>	<u>(183,974)</u>	<u>424,077</u>
Operating Expenses:					
Salaries and employee benefits	693,202	693,202	596,586	96,616	643,883
Purchased services	514,718	530,749	419,917	110,832	477,720
Operations and maintenance	502,054	523,967	106,138	417,829	120,280
Supplies	277,750	297,750	103,141	194,609	98,301
Capital outlay	-	-	499,133	(499,133)	98,354
Operating Expenses	<u>1,987,724</u>	<u>2,045,668</u>	<u>1,724,915</u>	<u>320,753</u>	<u>1,438,538</u>
Operating Income (Loss)	(1,574,250)	(1,632,193)	(1,495,414)	136,779	(1,014,461)
Non-Operating Revenues (Expenses):					
Taxes	1,920,194	1,920,194	2,001,531	81,337	1,943,871
Interest revenue	80,350	80,350	42,784	(37,566)	48,747
Debt service - principal	(355,000)	(355,000)	(355,000)	-	(345,000)
Interest expense	(136,475)	(136,475)	(135,678)	797	(146,544)
Unrealized gains (losses)	-	-	37,034	37,034	29,100
Grants and contributions	4,000	4,000	319,714	315,714	1,250
Sale of capital assets	-	3,000	3,000	-	-
Total Non-Operating Revenues (Expenses)	<u>1,513,069</u>	<u>1,516,069</u>	<u>1,913,385</u>	<u>397,316</u>	<u>1,531,424</u>
Income (Loss) Before Contributions and Transfers	(61,181)	(116,124)	417,971	534,095	516,963
Transfers in	1,091,517	1,117,360	968,410	(148,950)	553,308
Transfers (out)	(1,189,826)	(1,372,169)	(1,013,059)	359,110	(533,061)
Change in Net Position - Budgetary Basis	<u>(159,490)</u>	<u>(370,933)</u>	<u>373,322</u>	<u>744,255</u>	<u>537,210</u>
Reconciliation to GAAP Basis:					
Adjustments:					
Depreciation			(398,736)		(393,504)
Capital outlay			499,133		98,354
Gain (loss) on disposal of assets			(4,056)		(15,691)
Debt service - principal			355,000		345,000
Total Adjustments			<u>451,341</u>		<u>34,159</u>
Total Net Position - Beginning			<u>8,732,400</u>		<u>8,161,031</u>
Total Net Position - Ending			<u>9,557,063</u>		<u>8,732,400</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, 2020
(With Comparative Actual Amounts For the Year Ended 2019)

	2020			Final Budget Variance Positive (Negative)	2019
	Original Budget	Original and Final Budget	Actual		Actual
Operating Revenue:					
Charges for services	677,323	677,323	697,748	20,425	641,043
Other revenue	-	-	656	656	16
Operating Revenue	<u>677,323</u>	<u>677,323</u>	<u>698,404</u>	<u>21,081</u>	<u>641,059</u>
Operating Expenses:					
Fleet expenses	1,180,248	1,362,551	697,523	665,028	639,605
Capital outlay	-	-	374,649	(374,649)	1,528,280
Operating Expenses	<u>1,180,248</u>	<u>1,362,551</u>	<u>1,072,172</u>	<u>290,379</u>	<u>2,167,885</u>
Operating income (loss)	(502,925)	(685,228)	(373,768)	311,460	(1,526,826)
Non-Operating Revenues (Expenses):					
Interest revenue	1,000	1,000	1,092	92	3,480
Interest expense	-	-	-	-	(36,933)
Unrealized gains (losses)	-	-	(851)	(851)	1,646
Sale of capital assets	-	-	6,761	6,761	59,788
Total Non-Operating Revenues (Expenses)	<u>1,000</u>	<u>1,000</u>	<u>7,002</u>	<u>6,002</u>	<u>27,981</u>
Income (Loss) Before Contributions and Transfers	(501,925)	(684,228)	(366,766)	317,462	(1,498,845)
Transfers in	676,073	717,976	717,976	-	676,073
Change in Net Position - Budgetary Basis	<u>174,148</u>	<u>33,748</u>	<u>351,210</u>	<u>317,462</u>	<u>(822,772)</u>
Reconciliation to GAAP Basis:					
Adjustments:					
Depreciation			(199,852)		(128,051)
Capital outlay			374,649		1,528,280
Total Adjustments			<u>174,797</u>		<u>1,400,229</u>
Total Net Position - Beginning			<u>1,816,918</u>		<u>1,239,461</u>
Total Net Position - Ending			<u>2,342,925</u>		<u>1,816,918</u>

City of Gunnison
Statement of Changes in Fiduciary Net Position
Budget and Actual
Volunteer Firefighters' Pension Fund
For the Year Ended December 31, 2020
(With Comparative Actual Amounts For the Year Ended 2019)

	<u>2020</u>		<u>Final Budget Variance Positive (Negative)</u>	<u>2019</u>
	<u>Original and Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Additions				
Contributions	131,020	135,682	4,662	135,682
Earnings on investments	65,000	320,458	255,458	370,581
Total Additions	<u>196,020</u>	<u>456,140</u>	<u>260,120</u>	<u>506,263</u>
Deductions				
Benefits	252,000	247,000	5,000	241,500
Expenses	17,000	17,000	-	17,000
Total Deductions	<u>269,000</u>	<u>264,000</u>	<u>5,000</u>	<u>258,500</u>
Change in Net Position - Budgetary Basis	<u>(72,980)</u>	192,140	<u>255,120</u>	247,763
Total Net Position - Beginning		<u>2,407,268</u>		<u>2,159,505</u>
Total Net Position - Ending		<u>2,599,408</u>		<u>2,407,268</u>

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

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

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

LOCAL HIGHWAY FINANCE REPORT	City or County: City of Gunnison
	YEAR ENDING : December 2020

This Information From The Records Of City of Gunnison	Prepared By: Phone:	Ben Cowan 970-641-8162
---	------------------------	---------------------------

I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE

ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration
1. Total receipts available				
2. Minus amount used for collection expenses				
3. Minus amount used for nonhighway purposes				
4. Minus amount used for mass transit				
5. Remainder used for highway purposes				

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	834,949
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	586,575
		S&A Mtnc (09-4034)	603,279
		Less OT (4102)	13,728
		Less Cont Svc-Snow (09-4034-4360)	2,976
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	0	b. Snow and ice removal	16,705
(calculate so that cell E67 = 0)		OT (4102)	13,728
		Cont Svc.-Snow (4360)	2,976
3. Other local imposts (from page 2)	1,801,378	c. Other	0
4. Miscellaneous local receipts (from page 2)	7,300	d. Total (a. through c.)	16,705
5. Transfers from toll facilities	0	4. General administration & miscellaneous	123,366
		PW Admin (01-4031)	
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	502,269
a. Bonds - Original Issues	0	Police (01-4020) * 20% Per Chief	
b. Bonds - Refunding Issues	0	6. Total (1 through 5)	2,063,863
c. Notes	0	B. Debt service on local obligations:	
d. Total (a. + b. + c.)	0	1. Bonds:	
7. Total (1 through 6)	1,808,678	a. Interest	0
B. Private Contributions	0	b. Redemption	0
C. Receipts from State government		c. Total (a. + b.)	0
(from page 2)	183,099	2. Notes:	
D. Receipts from Federal Government		a. Interest	0
(from page 2)	0	b. Redemption	0
E. Total receipts (A.7 + B + C + D)	1,991,777	c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	0
		D. Payments to toll facilities	0
		E. Total disbursements (A.6 + B.3 + C + D)	2,063,863

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursement	D. Ending Balance	E. Reconciliation
	794,044	1,991,777	2,063,863	721,957	0

Notes and Comments:

FORM FHWA-536 (Rev.1-05)

PREVIOUS EDITIONS OBSOLETE

(Next Page)

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2020

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assesments	0	a. Interest on investments	0
b. Other local imposts:		b. Traffic Fines (09-3501)	7,300
1. Sales Taxes (30%)	1,801,378	c. Parking Garage Fees	0
City Sales Tax (09-3104)	1,704,941		
Use Tax (09-3106)	96,437		
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.)	1,801,378	h. Other	0
c. Total (a. + b.)	1,801,378	i. Total (a. through h.)	7,300
	(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 (09-3307)	161,075	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	0
a. State bond proceeds		b. FEMA	0
b. Project Match		c. HUD	0
c. Motor Vehicle Registration (09-3103)	22,024	d. Federal Transit Admin	0
d. Other (Specify)		e. U.S. Corps of Engineers	0
e. Other (Specify)		f. Other Federal	0
f. Total (a. through e.)	22,024	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	183,099	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs	0		0
b. Engineering Costs	33,331	33,331	33,331
c. Construction:			
(1). New Facilities			
(2). Capacity Improvements	0		0
(3). System Preservation	0	656,043	656,043
Material Crushing 09-4035 9103	0	0	
Gravel/Asphalt/Patching 09-4035 910€	8,661	0	
Concrete 09-4035-9112	1,125	0	
Slurry Seal 09-4035-9109	466,060	0	
Crack Seal 09-4035-9110	16,610	0	
Street Impvmt/Overlay 09-4035-9111	163,587	0	
(4). System Enhancement & Operation	0	145,575	145,575
Tree Program 09-4035-9101	50,906	0	
Tree Chipping 09-4035-9102	0	0	
Signs 09-4035-9105	34,669	0	
Paint Striping 09-4035-9104	60,000	0	
(4). Total Construction (1)+(2)+(3)	0	801,618	801,618
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.4)	0	834,949	834,949
			(Carry forward to page 1)

Notes and Comments:

STATUTORY INFORMATION



MCMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

CHAPEL SQUARE, BLDG C
245 CHAPEL PLACE, SUITE 300
P.O. Box 5850, AVON, CO 81620

WEB SITE: WWW.MCMAHANCPA.COM
MAIN OFFICE: (970) 845-8800
FACSIMILE: (970) 845-8108
E-MAIL: MCMAHAN@MCMAHANCPA.COM

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

**City Council
City of Gunnison, Colorado**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Gunnison (the "City") as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated July 23, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit on the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Member: American Institute of Certified Public Accountants

PAUL J. BACKES, CPA, CGMA
MICHAEL N. JENKINS, CA, CPA, CGMA
DANIEL R. CUDAHY, CPA, CGMA

AVON: (970) 845-8800
ASPEN: (970) 544-3996
FRISCO: (970) 668-3481

INDEPENDENT AUDITOR'S REPORT
City Council
City of Gunnison

Compliance and Other Matters

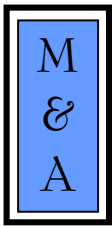
As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
Avon, Colorado
July 23, 2021



MCMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

CHAPEL SQUARE, BLDG C
245 CHAPEL PLACE, SUITE 300
P.O. Box 5850, AVON, CO 81620

WEB SITE: WWW.MCMAHANCPA.COM
MAIN OFFICE: (970) 845-8800
FACSIMILE: (970) 845-8108
E-MAIL: MCMAHAN@MCMAHANCPA.COM

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

**City Council
City of Gunnison, Colorado**

Report on Compliance for Each Major Program

We have audited the City of Gunnison's (the "City") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2020. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (the "Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the City's compliance with those requirements.

Member: American Institute of Certified Public Accountants

PAUL J. BACKES, CPA, CGMA
MICHAEL N. JENKINS, CA, CPA, CGMA
DANIEL R. CUDAHY, CPA, CGMA

AVON: (970) 845-8800
ASPEN: (970) 544-3996
FRISCO: (970) 668-3481

INDEPENDENT AUDITOR'S REPORT
City Council
City of Gunnison

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the City's internal control over compliance with types of requirements that could have a direct and material effect on each major federal program to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report in internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
Avon, Colorado
July 23, 2021

City of Gunnison, Colorado
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2020

Part I – Summary of Auditor’s Results

Financial Statements:

Type of auditor’s report issued	Unmodified
Internal control over financial reporting:	
Material weakness identified	None noted
Significant deficiency identified	None noted
Noncompliance material to financial statements noted	None noted

Federal Awards:

Internal control over major programs:	
Material weakness identified	None noted
Significant deficiency identified	None noted
Type of auditor’s report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations Part 200	No
Major programs:	
Capitalization Grants for Clean Water State Revolving Funds	CFDA #66.458
Dollar threshold used to identify Type A from Type B programs:	\$750,000
Identified as low-risk auditee	No

Part II – Findings Related to Financial Statements

Findings related to financial statements as required by <i>Government Auditing Standards</i>	None noted
Auditor-assigned reference number	Not applicable

Part III – Findings Related to Federal Awards

Internal control findings	None noted
Compliance findings	None noted
Questioned costs	None noted
Auditor-assigned reference number	Not applicable

City of Gunnison
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2020

There were no findings for the fiscal year ended December 31, 2019.

City of Gunnison
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Local Grant Project Number</u>	<u>Expenditures</u>
Environmental Protection Agency			
Passed through Colorado Water Resources & Power Development Authority:			
Capitalization grant for Clean Water State Revolving Loan Funds	66.458	W19AX421	\$ 1,957,601 A
Total Environmental Protection Agency			<u>1,957,601</u>
Department of the Interior			
Passed through the Colorado Department of Local Affairs:			
Energy & Mineral Impact Assistance Program (EIAF)	15.437	F19MLG8864	314,333
Total Department of the Interior			<u>314,333</u>
Department of Transportation			
Technical Assistance Grants (TAG)	20.710	693JK32040006PTAG	49,495
Passed through the Colorado Department of Transportation:			
Highway Planning and Construction	20.205	-	350,991 B
Total Department of Transportation			<u>400,486</u>
Department of the Treasury:			
Passed through the Colorado Department of Local Affairs:			
Passed through the Gunnison County, Colorado:			
Coronavirus Relief Fund (CVRF)	21.019	CVRF CM-023	218,678
Total Department of the Treasury			<u>218,678</u>
Department of Justice			
Patrick Leahy Bulletproof Vest Partnership (BVP)	16.607	-	450
Passed through the Colorado Department of Criminal Justice:			
Crime Victim Assistance	16.575	2018-VA-19-113-07	34,565
Total Department of Justice			<u>35,015</u>
Total			<u>\$ 2,926,113</u>
Additional Information for Clusters:			
A Clean Water State Revolving Fund Cluster			\$ 1,957,601
B Highway Planning and Construction Cluster			\$ 350,991

Notes to the Schedule of Expenditures of Federal Awards for the year ended December 31, 2020

Note 1. Basis of Presentation:

The Schedule of Expenditures of Federal Awards includes the federal grant activity of The City and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements on of Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Therefore some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the general purpose financial statements.

Note 2. Determining the Value of Non-cash Awards Expended:

Fair market value of assistance at the time of disbursement to the recipient, or the assessed value provided by the state or federal agency.

Note 3. Sub-recipients:

The City provided no funds to sub-recipients.

Note 4. Indirect Facilities and Administration costs:

The City does not use the 10% de minimis cost rate allowed in Title 2 U.S. Code of Federal Regulations (CFR) Part 200.414, indirect (F & A) costs.