

**City of Gunnison
Gunnison, Colorado**

**Financial Statements
December 31, 2021**



**City of Gunnison, Colorado
Financial Report
December 31, 2021**

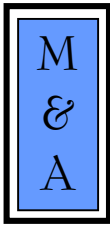
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INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited 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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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 as of December 31, 2021, 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 ("U.S. GAAP").

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The City's management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for one year after the date that the financial statements are issued.

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INDEPENDENT AUDITOR'S REPORT
To the Mayor and City Council
City of Gunnison

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with U.S. GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with U.S. GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

U.S. GAAP require the Management's Discussion and Analysis in section B, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 required supplementary information in accordance with U.S. GAAS, 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.

INDEPENDENT AUDITOR'S REPORT
To the Mayor and City Council
City of Gunnison

Required Supplementary Information (continued)

The budgetary comparison information in section E is not a required part of the basic financial statements but is supplementary information required by U.S. GAAP. Such 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining non-major fund financial statements, individual fund budgetary comparison information in section F, and the Local Highway Finance Report in section G, is/are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining non-major fund financial statements, individual fund budgetary comparison information, and the Annual Schedule of Revenues and Expenditures for Roads, Bridges and Streets are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic 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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 7, 2022 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.
June 7, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Gunnison, Colorado

Management's Discussion and Analysis December 31, 2021

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, 2021.

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 \$6,875,108. The City's Electric, Sewer and Recreation funds all had net income.
- The City's governmental funds combined fund balances increased by \$2,043,339 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, 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>1/1/21</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/21</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	-	4,050,465	-	4,050,465
<i>Conservation Trust:</i>				
Recreation	59,839	15,629	-	75,468
<i>Marijuana Mitigation:</i>				
Other	337,748	52,098	-	389,846
	<u>\$ 1,440,631</u>	<u>\$ 4,167,192</u>	<u>\$ (794,044)</u>	<u>4,813,779</u>

The following graphs show the City's net position for 2020 and 2021:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Assets:						
Current and other assets	\$ 15,544,963	11,988,131	\$ 16,179,368	\$ 14,739,204	\$ 31,724,331	\$ 26,727,335
Capital assets	15,427,332	15,194,749	30,292,753	28,504,320	45,720,085	43,699,069
Total Assets	<u>30,972,295</u>	<u>27,182,880</u>	<u>46,472,121</u>	<u>43,243,524</u>	<u>77,444,416</u>	<u>70,426,404</u>
Liabilities:						
Other liabilities	2,421,297	2,027,912	1,839,114	2,139,026	4,260,411	4,166,938
Long-term liabilities	822,731	1,037,728	15,838,498	16,703,005	16,661,229	17,740,733
Total Liabilities	<u>3,244,028</u>	<u>3,065,640</u>	<u>17,677,612</u>	<u>18,842,031</u>	<u>20,921,640</u>	<u>21,907,671</u>
Deferred Inflow of Resources:						
Unavailable property tax revenue	430,807	394,504	-	-	430,807	394,504
Unavailable revenue - Other	938,090	145,458	304,634	4,634	1,242,724	150,092
Total deferred inflow of resources	<u>1,368,897</u>	<u>539,962</u>	<u>304,634</u>	<u>4,634</u>	<u>1,673,531</u>	<u>544,596</u>
Net Position:						
Net investment in capital assets	14,988,728	14,549,273	14,009,311	12,977,517	28,998,039	27,526,790
Restricted	4,813,779	3,597,101	-	-	4,813,779	3,597,101
Unrestricted	6,556,863	5,430,904	14,480,564	11,419,342	21,037,427	16,850,246
Total Net Position	<u>\$ 26,359,370</u>	<u>\$ 23,577,278</u>	<u>\$ 28,489,875</u>	<u>\$ 24,396,859</u>	<u>\$ 54,849,245</u>	<u>\$ 47,974,137</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	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 1,948,049	\$ 1,717,404	\$ 12,600,808	\$ 11,867,596	\$ 14,548,857	\$ 13,585,000
Operating grants & contributions	177,440	197,242	-	77,042	177,440	274,284
Capital grants & contributions	205,350	161,075	1,173,665	1,261,042	1,379,015	1,422,117
General revenues:						
Property taxes	385,721	377,801	-	-	385,721	377,801
Sales and use taxes	8,896,335	7,418,705	2,428,111	2,001,531	11,324,446	9,420,236
Other taxes	918,088	1,115,016	-	-	918,088	1,115,016
Investment earnings and other revenue	1,319,766	874,678	(70,431)	186,899	1,249,335	1,061,577
Total Revenues	13,850,749	11,861,921	16,132,153	15,394,110	29,982,902	27,256,031
Expenses:						
General government	1,803,359	1,865,398	-	-	1,803,359	1,865,398
Public safety	3,173,223	3,262,502	-	-	3,173,223	3,262,502
Streets	2,783,055	2,792,530	-	-	2,783,055	2,792,530
Parks & recreation	3,021,089	1,505,408	-	-	3,021,089	1,505,408
Economic development	615,597	703,944	-	-	615,597	703,944
Electric	-	-	5,859,828	5,564,008	5,859,828	5,564,008
Water	-	-	1,220,796	1,139,104	1,220,796	1,139,104
Sewer	-	-	2,022,843	2,385,904	2,022,843	2,385,904
Refuse	-	-	744,822	744,898	744,822	744,898
Communications	-	-	-	887,357	-	887,357
Recreation	-	-	1,863,182	1,761,251	1,863,182	1,761,251
Total Expenses	11,396,323	10,129,782	11,711,471	12,482,522	23,107,794	22,612,304
Change in Net Position						
before transfers	2,454,426	1,732,139	4,420,682	2,911,588	6,875,108	4,643,727
Transfers	327,666	44,649	(327,666)	(44,649)	-	-
Change in Net Position	2,782,092	1,776,788	4,093,016	2,866,939	6,875,108	4,643,727
Net Position - Beginning	23,577,278	21,800,490	24,396,859	21,529,920	47,974,137	43,330,410
Net Position - Ending	\$ 26,359,370	\$ 23,577,278	\$ 28,489,875	\$ 24,396,859	\$ 54,849,245	\$ 47,974,137

Governmental activities: Governmental activities increased the City's net position by \$2,782,092. Key elements of this increase are as follows:

- Sales and use tax increased significantly due to increased economic activity.
- There was an increase in grants and contributions not restricted to any program of \$321,224 due to increased state grants.
- Parks and recreation increased due to Lazy K grant expenditures.

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 increased due Electric, Sewer and Recreation funds all having net income.

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.

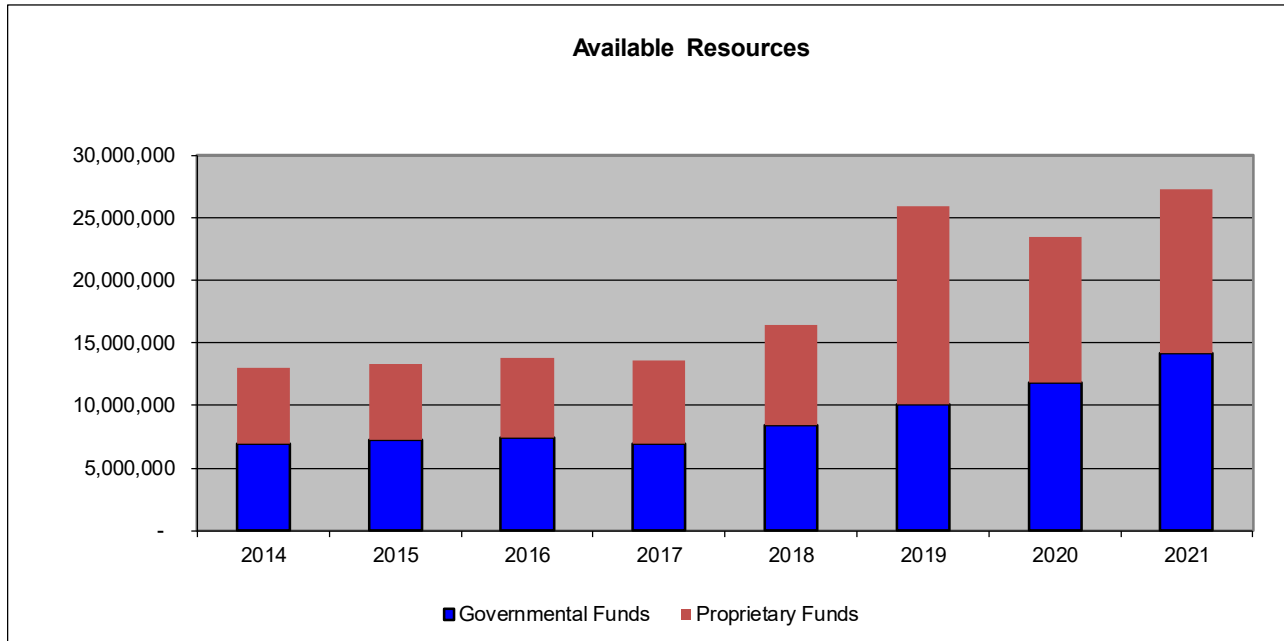
The City's available resources for 2021 is charted below:

	<u>Beginning Available Resources</u>	<u>Increase (Decrease)</u>	<u>Ending Available Resources</u>	<u>2021 Expenditures</u>	<u>% of EAR to Expenditures</u>
Governmental Funds:					
General Fund	4,933,571	1,010,890	5,944,461	9,475,449	63%
Conservation Trust Fund	64,604	10,865	75,469	50,212	150%
Ditch Fund	551,428	(227,552)	323,876	241,212	134%
Risk Management Fund	154,548	43,327	197,875	250,411	79%
Street Improvement Fund	2,877,043	1,173,421	4,050,464	1,430,293	283%
Marijuana Mitigation Fund	357,451	32,395	389,846	304,635	128%
Firefighters' Pension Fund	2,599,407	91,675	2,691,082	264,908	1016%
Business-Type Funds:					
Enterprise Fund:					
Electric Department	5,657,956	767,290	6,425,246	6,499,573	99%
Water Department	1,036,679	169,341	1,206,020	1,208,726	100%
Waste Water Department	1,435,884	(137,698)	1,298,186	3,884,856	33%
Refuse Department	348,016	140,858	488,874	701,167	70%
Recreation Department	3,203,349	454,869	3,658,218	3,061,842	119%
Internal Service Fund:					
Fleet Management	274,744	282,992	557,736	842,564	66%
	<u>23,494,680</u>	<u>3,812,673</u>	<u>27,307,353</u>	<u>28,215,848</u>	<u>97%</u>

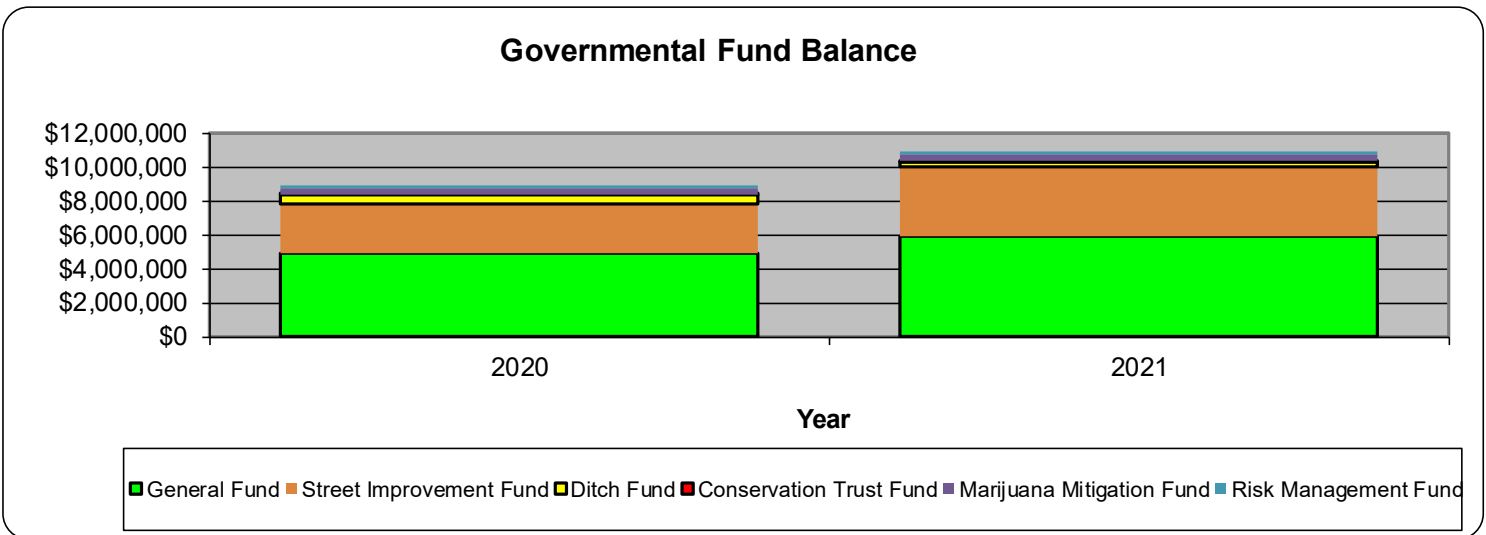
Financial Analysis of the City's Funds (continued)

Available Resources (continued):

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



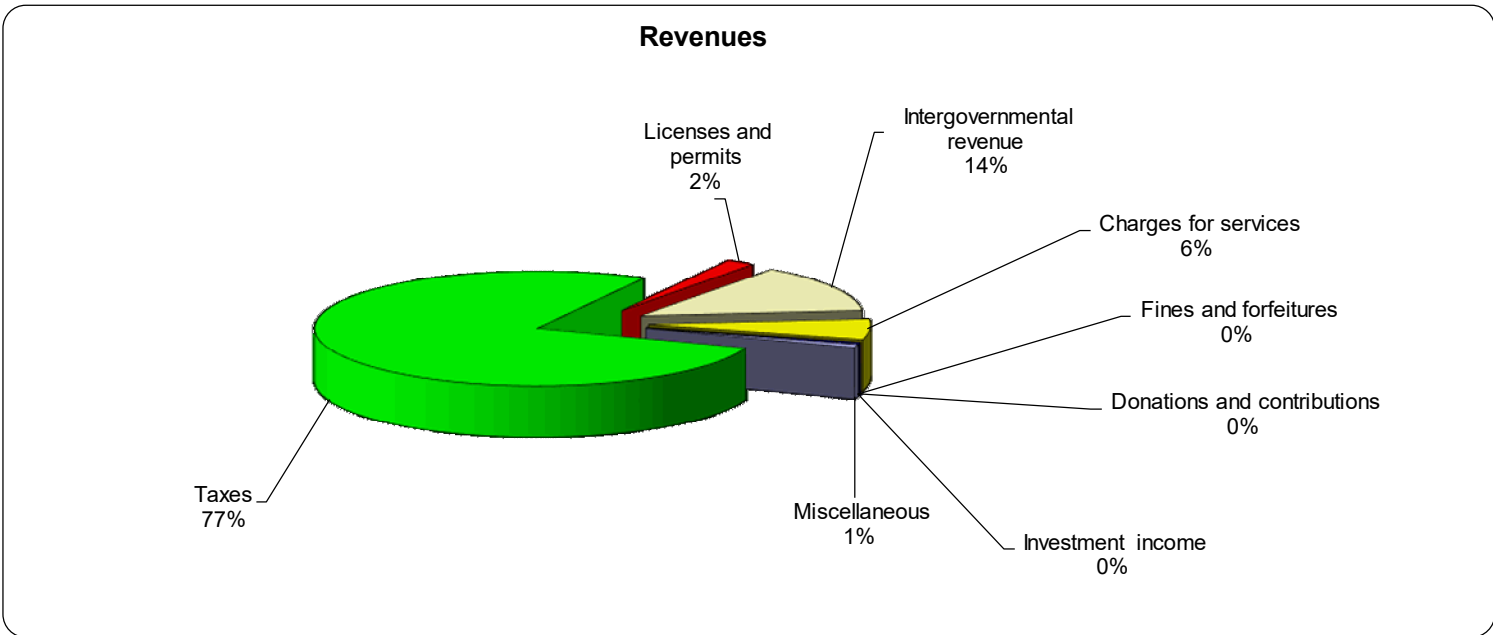
Governmental funds: The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure 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 \$2,043,339 from the prior year ending fund balances. The City's fund balances for past two years are presented in graph format below.



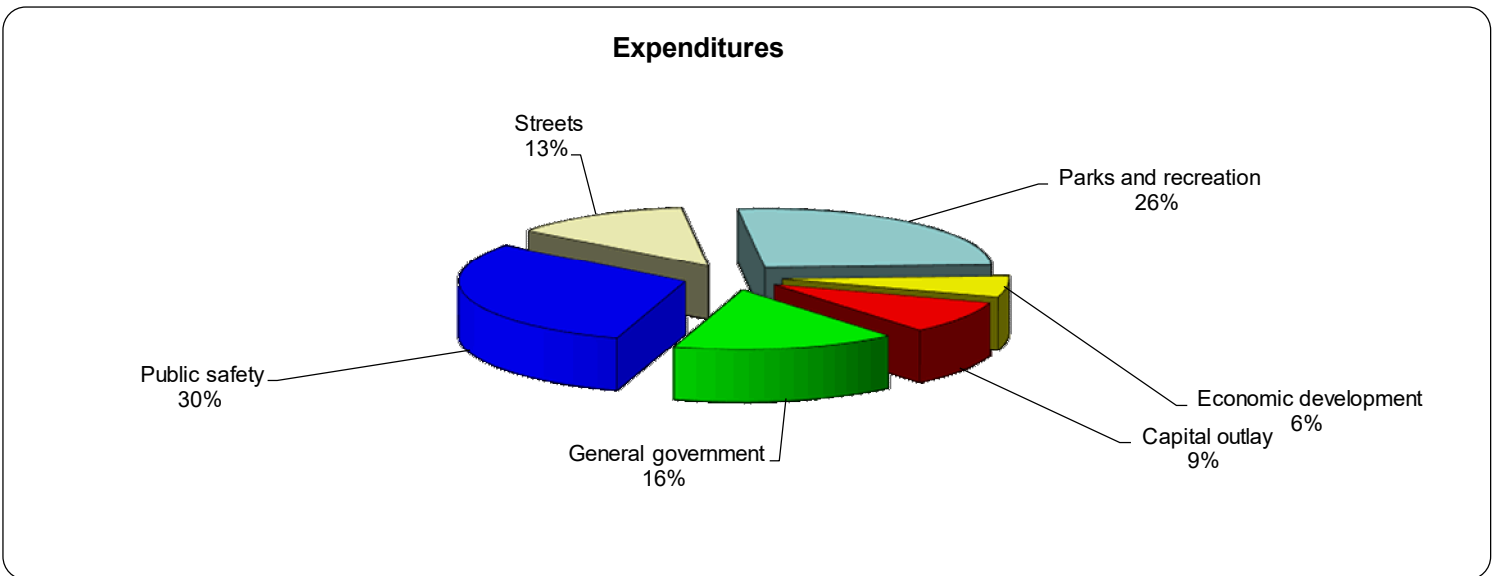
Financial Analysis of the City's Funds (continued)

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 2021:



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:

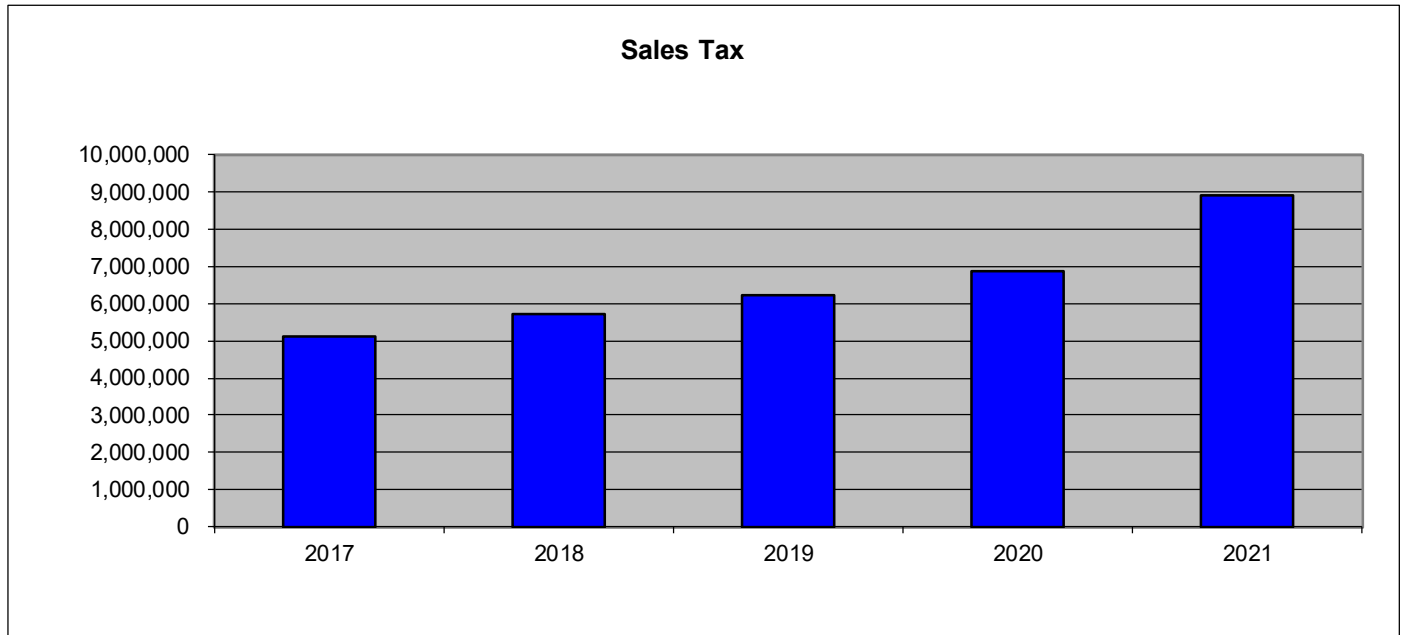
	Final Budget	Actual	Variance	Reason
Revenues:				
Sales & use tax	\$ 4,940,445	\$ 6,372,708	\$ 1,432,263	Conservative budgeting and increased economic activity
Expenditures:				
Police	2,754,438	2,636,037	118,401	Conservative Budgeting
Lazy K Infrastructure Non-Grant	481,000	206,341	274,659	Timing

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 \$16,661,229 in total long-term obligations. In 2021 the City refunded its 2015 Sales and Use Tax Revenue Bonds with its 2021 Sales and Use Tax Refunding Bonds.

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 2020 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 2022 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, 2021

	Governmental Activities	Business type Activities	Total
Assets:			
Current assets:			
Cash and investments - Unrestricted	12,466,289	12,648,506	25,114,795
Accounts, taxes, and interest receivable	1,804,254	2,461,217	4,265,471
Due from other governments	1,082,768	-	1,082,768
Prepaid expenses	191,652	11,551	203,203
Inventory	-	1,058,094	1,058,094
Total current assets	<u>15,544,963</u>	<u>16,179,368</u>	<u>31,724,331</u>
Capital assets:			
Land	2,818,836	560,253	3,379,089
Construction in progress	200,260	481,410	681,670
Land improvements	3,557,095	-	3,557,095
Buildings and improvements	7,958,036	38,446,575	46,404,611
Infrastructure	8,088,952	-	8,088,952
Vehicles	3,949,021	-	3,949,021
Machinery and equipment	4,080,839	11,971,188	16,052,027
Less accumulated depreciation	(15,225,707)	(21,166,673)	(36,392,380)
Total capital assets (net of accumulated depr.)	<u>15,427,332</u>	<u>30,292,753</u>	<u>45,720,085</u>
Total assets	<u>30,972,295</u>	<u>46,472,121</u>	<u>77,444,416</u>
Liabilities:			
Current liabilities:			
Accounts payable	1,156,734	1,435,764	2,592,498
Accrued payroll	98,213	41,952	140,165
Accrued expenses	1,148,226	287,040	1,435,266
Bond interest	15,824	43,458	59,282
Deposits	2,300	30,900	33,200
Total current liabilities	<u>2,421,297</u>	<u>1,839,114</u>	<u>4,260,411</u>
Noncurrent liabilities:			
Compensated absences	384,127	129,056	513,183
Accrued expenses	-	5,000	5,000
Bonds payable:			
Due within one year	-	400,000	400,000
Due in more than one year	-	3,880,000	3,880,000
Loans payable:			
Due within one year	-	559,074	559,074
Due in more than one year	-	10,865,368	10,865,368
Leases payable:			
Due within one year	215,050	-	215,050
Due in more than one year	223,554	-	223,554
Total noncurrent liabilities	<u>822,731</u>	<u>15,838,498</u>	<u>16,661,229</u>
Total liabilities	<u>3,244,028</u>	<u>17,677,612</u>	<u>20,921,640</u>
Deferred Inflow of Resources:			
Unavailable property tax revenue	430,807	-	430,807
Unavailable revenue - Other	938,090	304,634	1,242,724
Total deferred inflow of resources	<u>1,368,897</u>	<u>304,634</u>	<u>1,673,531</u>
Net Position:			
Net Investment in capital assets	14,988,728	14,009,311	28,998,039
Restricted	4,813,779	-	4,813,779
Unrestricted	6,556,863	14,480,564	21,037,427
Total Net Position	<u>26,359,370</u>	<u>28,489,875</u>	<u>54,849,245</u>

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

City of Gunnison, Colorado
Statement of Activities
December 31, 2021

Functions/Programs	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
Primary government:						
Governmental activities:						
General government	1,803,359	708,868	-	-	(1,094,491)	(1,094,491)
Public safety	3,173,223	53,719	40,359	-	(3,079,145)	(3,079,145)
Streets	2,783,055	807,216	33,838	205,350	(1,736,651)	(1,736,651)
Parks and recreation	3,021,089	348,763	103,243	-	(2,569,083)	(2,569,083)
Economic development	615,597	29,483	-	-	(586,114)	(586,114)
Total Governmental Activities	11,396,323	1,948,049	177,440	205,350	(9,065,484)	(9,065,484)
Business-type activities:						
Electric	5,859,828	7,333,939	-	-	-	1,474,111
Water	1,220,796	1,074,915	-	296,095	-	150,214
Sewer	2,022,843	2,877,266	-	871,120	-	1,725,543
Refuse	744,822	841,466	-	-	-	96,644
Communications	-	-	-	-	-	-
Recreation	1,863,182	473,222	-	6,450	-	(1,383,510)
Total Business-type Activities	11,711,471	12,600,808	-	1,173,665	-	2,063,002
Total Primary Government	23,107,794	14,548,857	177,440	1,379,015	(9,065,484)	(7,002,482)
General Revenues:						
Property tax, levied for general purposes					385,721	385,721
Specific ownership tax					50,387	50,387
General sales and use tax					8,896,335	11,324,446
Franchise tax					767,421	767,421
Real estate transfer assessment					45,000	45,000
Other miscellaneous taxes					55,280	55,280
Investment earnings					64,298	150,462
Unrealized gains (losses)					(109,084)	(232,481)
Grants and contributions not restricted to any program					1,317,662	1,327,662
Gain on disposal of assets					46,890	3,692
Transfers					327,666	-
Total General Revenues, Special Items, and Transfers					11,847,576	13,877,590
Change in Net Position					2,782,092	6,875,108
Net Position - Beginning					23,577,278	47,974,137
Net Position - Ending					26,359,370	54,849,245

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

FUND FINANCIAL STATEMENTS

City of Gunnison, Colorado
Balance Sheet
Governmental Funds
December 31, 2021

	<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	6,396,599	4,176,948	437,614	641,452	11,652,613
Receivables, net of allowance for uncollectibles	1,334,055	17,543	-	21,789	1,373,387
Property tax receivable	430,807	-	-	-	430,807
Due from other governments	1,082,768	-	-	-	1,082,768
Prepaid expenses	189,246	1,125	-	-	190,371
Total Assets	<u>9,433,475</u>	<u>4,195,616</u>	<u>437,614</u>	<u>663,241</u>	<u>14,729,946</u>
Liabilities and Fund Equity:					
Liabilities:					
Accounts payable	892,032	128,818	113,738	52	1,134,640
Accrued payroll	87,562	6,333	-	-	93,895
Accrued expenses	1,148,226	-	-	-	1,148,226
Deposits	2,300	-	-	-	2,300
Total Liabilities	<u>2,130,120</u>	<u>135,151</u>	<u>113,738</u>	<u>52</u>	<u>2,379,061</u>
Deferred inflow of resources:					
Unavailable property tax revenue	430,807	-	-	-	430,807
Unavailable revenue - other	928,090	10,000	-	-	938,090
Total deferred inflow of resources	<u>1,358,897</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>1,368,897</u>
Fund Balances:					
Unspendable	189,246	-	-	-	189,246
Spendable:					
Restricted for emergencies	298,000	-	-	-	298,000
Restricted for road and bridge	-	4,050,465	-	-	4,050,465
Restricted for recreation	-	-	-	75,468	75,468
Restricted - other	-	-	-	389,846	389,846
Committed	-	-	323,876	-	323,876
Assigned	-	-	-	197,875	197,875
Unassigned	5,457,212	-	-	-	5,457,212
Total Fund Balances	<u>5,944,458</u>	<u>4,050,465</u>	<u>323,876</u>	<u>663,189</u>	<u>10,981,988</u>
Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>9,433,475</u>	<u>4,195,616</u>	<u>437,614</u>	<u>663,241</u>	<u>14,729,946</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, 2021

Governmental Funds Total Fund Balance	10,981,988
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.	27,242,177
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.	2,753,800
Less:	
Accumulated depreciation (excluding internal service fund) is not recognized in the governmental funds because capital assets are expensed at the time of acquisition.	(14,251,430)
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.	(367,165)
Governmental Activities Net Position	<u><u>26,359,370</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, 2021

	<u>General</u>	<u>Street Improvement Fund</u>	<u>Ditch Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Taxes	7,653,317	2,208,729	-	338,327	10,200,373
Licenses and permits	270,524	-	-	-	270,524
Intergovernmental revenue	1,463,545	239,188	14,936	61,543	1,779,212
Charges for services	453,942	4,307	-	293,801	752,050
Fines and forfeitures	4,455	22,355	-	-	26,810
Investment income	40,794	12,991	2,924	5,120	61,829
Unrealized gains (losses)	(53,768)	(38,856)	(4,600)	(6,969)	(104,193)
Donations and contributions	1,901	-	-	-	1,901
Miscellaneous	105,489	-	400	21	105,910
Total Revenues	<u>9,940,199</u>	<u>2,448,714</u>	<u>13,660</u>	<u>691,843</u>	<u>13,094,416</u>
Expenditures:					
General government	1,472,374	-	-	250,411	1,722,785
Public safety	3,147,619	-	-	144,500	3,292,119
Public works	322,426	806,745	241,212	-	1,370,383
Culture and recreation	2,819,466	-	-	-	2,819,466
Economic development	615,597	-	-	-	615,597
Capital outlay	308,863	623,548	-	30,116	962,527
Total Expenditures	<u>8,686,345</u>	<u>1,430,293</u>	<u>241,212</u>	<u>425,027</u>	<u>10,782,877</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,253,854</u>	<u>1,018,421</u>	<u>(227,552)</u>	<u>266,816</u>	<u>2,311,539</u>
Other Financing Sources (Uses):					
Sale of asset	(5,000)	-	-	-	(5,000)
Transfers in	551,138	155,000	-	-	706,138
Transfers (out)	(789,106)	-	-	(180,232)	(969,338)
Total Other Financing Sources (Uses)	<u>(242,968)</u>	<u>155,000</u>	<u>-</u>	<u>(180,232)</u>	<u>(268,200)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	<u>1,010,886</u>	<u>1,173,421</u>	<u>(227,552)</u>	<u>86,584</u>	<u>2,043,339</u>
Fund Balances - Beginning	<u>4,933,572</u>	<u>2,877,044</u>	<u>551,428</u>	<u>576,605</u>	<u>8,938,649</u>
Fund Balances - Ending	<u>5,944,458</u>	<u>4,050,465</u>	<u>323,876</u>	<u>663,189</u>	<u>10,981,988</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, 2021

Governmental Funds Changes in Fund Balances	2,043,339
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.	908,835
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.	(577,493)
Changes in the City employees' accrued compensated absences are considered changes in long-term liabilities. This is the amount that accrued compensated absences decreased.	(3,464)
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.	410,875
Governmental Activities Change in Net Position	2,782,092

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

**City of Gunnison
Statement of Net Position
Proprietary Funds
December 31, 2021**

	Enterprise Fund	Internal Service Fund
Assets:		
Current assets:		
Cash and investments - unrestricted	12,648,506	813,674
Accounts receivables, net of allowance for uncollectibles	2,461,217	60
Inventories	1,058,094	1,281
Prepaid expenses	11,551	-
Total current assets	16,179,368	815,015
Non-current assets:		
Land	560,253	-
Construction in progress	481,410	-
Building and improvements	38,446,575	301,368
Machinery and equipment	11,971,188	3,109,493
Less: Accumulated depreciation	(21,166,673)	(974,276)
Total non-current assets	30,292,753	2,436,585
Total Assets	46,472,121	3,251,600
Liabilities:		
Current liabilities:		
Accounts payable	1,435,760	22,088
Accrued payroll	41,952	4,318
Accrued expenses	287,040	-
Long term debt interest payable	43,458	15,824
Deposits held	30,900	-
Deferred revenue	304,634	-
Non-current liabilities due within one year:		
Capital leases	-	215,050
Bonds	400,000	-
Loans	559,074	-
Total current liabilities	3,102,818	257,280
Non-current liabilities:		
Accrued compensated absences	129,056	16,966
Accrued expenses	5,000	-
Non-Current Liabilities - due longer than one year:		
Capital leases	-	223,554
Bonds	3,880,000	-
Loans	10,865,368	-
Total non-current liabilities	14,879,424	240,520
Total Liabilities	17,982,242	497,800
Net Position:		
Net Investment in capital assets	14,009,311	1,997,981
Unrestricted	14,480,567	755,819
Total Net Position	28,489,878	2,753,800

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, 2021

	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>
Operating Revenue:		
Utility sales	12,052,193	712,225
Other revenue	548,616	129
Operating Revenue	<u>12,600,809</u>	<u>712,354</u>
Operating Expenses:		
Salaries and employee benefits	2,519,380	-
Purchased power	3,584,836	-
Purchased services	1,991,007	-
Operations and maintenance	2,272,347	-
Supplies	369,991	-
Depreciation and amortization	783,277	230,892
Fleet expenditures	-	710,432
Operating Expenses	<u>11,520,838</u>	<u>941,324</u>
Operating income (loss)	1,079,971	(228,970)
Non-Operating Revenues (Expenses):		
Taxes	2,428,111	-
Interest revenue	86,165	2,726
Interest expense	(196,258)	-
Unrealized gain (loss)	(123,397)	(5,637)
Grants and contributions	1,183,665	-
Sale of fixed assets	(37,573)	51,890
Total Non-Operating Revenues (Expenses)	<u>3,340,713</u>	<u>48,979</u>
Income (Loss) Before Contributions and Transfers	4,420,684	(179,991)
Transfers in	587,716	590,865
Transfers (out)	(915,381)	-
Change in Net Position	<u>4,093,019</u>	<u>410,874</u>
Total Net Position - Beginning	<u>24,396,859</u>	<u>2,342,926</u>
Total Net Position - Ending	<u><u>28,489,878</u></u>	<u><u>2,753,800</u></u>

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

City of Gunnison
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2021

	Enterprise Fund	Internal Service Fund	Total
Cash Flows From Operating Activities:			
Cash received from customers for services	10,888,342	-	10,888,342
Cash received from interfund charges	-	712,298	712,298
Other cash received	849,816	129	849,945
Cash paid for goods and services	(8,498,211)	(705,578)	(9,203,789)
Cash paid for employment services	(2,500,353)	(10,849)	(2,511,202)
Net Cash Provided (Used) by Operating Activities	<u>739,594</u>	<u>(4,000)</u>	<u>735,594</u>
Cash Flows From Non-Capital Financing Activities:			
Grants and contributions	10,000	-	10,000
Transfers (out)	(915,381)	-	(915,381)
Transfers in	587,716	590,865	1,178,581
Net Cash Provided by Non-Capital Financing Activities	<u>(317,665)</u>	<u>590,865</u>	<u>273,200</u>
Cash Flows From Capital Financing Activities:			
Purchase of fixed assets	(2,609,284)	(80,242)	(2,689,526)
Taxes levied for operations	2,428,111	-	2,428,111
Grants and contributions	1,173,665	-	1,173,665
Interest paid	(196,258)	-	(196,258)
Principal paid	(868,664)	(206,871)	(1,075,535)
Net Cash (Used) by Capital Financing Activities	<u>(72,430)</u>	<u>(287,113)</u>	<u>(359,543)</u>
Cash Flows From Investing Activities:			
Interest received	(37,232)	(2,911)	(40,143)
Net Cash Provided by Investing Activities	<u>(37,232)</u>	<u>(2,911)</u>	<u>(40,143)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	312,267	296,841	609,108
Cash and Cash Equivalents - Beginning	12,336,238	516,833	12,853,071
Cash and Cash Equivalents - Ending	<u>12,648,505</u>	<u>813,674</u>	<u>13,462,179</u>
Reconciliation of Operating (Loss) to			
Net Cash Provided (Used) by Operating Activities:			
Operating (loss)	1,079,971	(228,970)	851,001
Adjustments to reconcile operating (loss) to net cash provided (used) by operating activities:			
Depreciation	783,277	230,892	1,014,169
(Increase) decrease in accounts receivable	(1,163,851)	73	(1,163,778)
(Increase) decrease in inventories	30,459	-	30,459
(Increase) decrease in prepaid expenses	5,494	(1,281)	4,213
Increase (decrease) in accounts payable	(315,983)	6,135	(309,848)
Increase (decrease) in compensated absences	4,157	(11,592)	(7,435)
Increase (decrease) in deposits	1,200	-	1,200
Increase (decrease) in deferred revenue	300,000	-	300,000
Increase (decrease) in accrued wages	14,870	743	15,613
Total Adjustments	<u>(340,377)</u>	<u>224,970</u>	<u>(115,407)</u>
Net Cash Provided (Used) by Operating Activities	<u>739,594</u>	<u>(4,000)</u>	<u>735,594</u>

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

City of Gunnison
Statement of Fiduciary Net Position
Fiduciary Fund
For the Year Ended December 31, 2021

	<u>Volunteer Firefighters' Pension Fund</u>
Assets	
Cash and investments	2,655,860
Accounts receivable	<u>35,222</u>
Total Assets	<u>2,691,082</u>
Net Position	
Net position - held in trust for pension benefits	<u><u>2,691,082</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, 2021

	<u>Volunteer Firefighters' Pension Fund</u>
Additions	
Contributions	
City	40,510
District	40,510
State	54,662
Earnings on investments	320,458
Total Additions	<u>456,140</u>
Deductions	
Benefits	247,000
Expenses	17,000
Total Deductions	<u>264,000</u>
Change in net position	192,140
Net position at beginning of year	<u>2,599,408</u>
Net position at end of year	<u><u>2,791,548</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, 2021

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, 2021
(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, 2021
(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, 2021
(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, 2021
(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, 2021
(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, 2021
(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, 2021.

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, 2021
(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 \$12,990,747 represents capitalized costs of \$27,242,177 and accumulated depreciation of \$14,251,430.

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 \$2,753,800 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 \$367,165.

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 \$908,835 less depreciation expense of \$577,493.

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 \$3,464.

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 \$410,875 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 2021.

City of Gunnison
Notes to the Financial Statements
December 31, 2021
(continued)

III. Stewardship, Compliance, and Accountability (continued)

A. Budgetary Information (continued)

1. For the 2021 budget year, prior to August 25, 2020 (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, 2020, 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, 2020, 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 2020 were collected in 2021 and taxes certified in 2021 will be collected in 2022. Taxes are due on January 1st in the year of collection; however, they may be paid in either one installment (no later than April 30th) or two equal installments (not later than February 28th and June 15th) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 16th.

During the year the City approved the following budget amendments:

Fund	Original Budget	Final Budget	Amendment
General Fund	\$ 9,604,898	\$ 10,473,000	\$ 868,102
Conservation Trust Fund	\$ 53,500	\$ 55,500	\$ 2,000
Ditch Fund	\$ 358,905	\$ 359,407	\$ 502
Marijuana Mitigation Fund	225,335	304,635	79,300
Fleet Fund	1,362,089	1,366,557	4,468
Electric Department	9,188,925	9,213,845	24,920
Water Department	1,310,924	1,323,420	12,496
Sewer Department	2,182,432	3,532,986	1,350,554
Refuse Department	780,329	782,775	2,446
Recreation Department	3,621,868	3,705,535	83,667

City of Gunnison
Notes to the Financial Statements
December 31, 2021
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20; commonly known as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

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

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, 2021.

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 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.

City of Gunnison
Notes to the Financial Statements
December 31, 2021
(Continued)

IV. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

At December 31, 2021, the City had the following recurring fair value measurements:

<u>Investments Measured at Fair Value</u>	<u>Total</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Certificates of deposit	\$ 7,605,582	-	7,605,582	-
United States Treasuries	1,989,062		1,989,062	-
United States Agencies	6,931,075	-	6,931,075	-
<u>Investments Measured at Net Asset Value</u>				
COLOTRUST	3,577,435			
<u>Investments Measured at Amortized Cost</u>				
CSAFE	1,374,925			

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, 2021, the City's investments in COLOTRUST and C-SAFE were 17% and 6% of the City's investment portfolio, respectively.

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

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

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

City of Gunnison
Notes to the Financial Statements
December 31, 2021
(continued)

IV. Detailed Notes on All Funds

A. Deposits and Investments (continued)

At December 31, 2021, unrealized losses were \$189,771 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, savings & money mkt	Not Rated	3,690,126	3,690,126	-
Certificates of deposit	Not Rated	7,605,582	980,000	6,625,582
<i>Investments:</i>				
United States Agencies	AA+	6,931,075	-	6,931,075
United States Treasuries	AA+	1,989,062	-	1,989,062
Pension fund investments	AA+	2,595,910		
Investment Pools	AAAm	4,952,360	4,952,360	-
 Total Cash and Investments		<u>\$ 27,770,655</u>	<u>\$ 9,629,026</u>	<u>\$ 15,545,719</u>
 <i>Reconciliation to Statements of Net Position:</i>				
Cash and investments - Unrestricted		\$ 25,114,795		
Cash and investments (Fiduciary Net Position)		<u>2,655,860</u>		
 Total Cash and Investments		<u>\$ 27,770,655</u>		

City of Gunnison
Notes to the Financial Statements
December 31, 2021
(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
	General	Street Improvement Fund	Ditch Fund	Other Governmental Funds	
Receivables:					
Taxes	\$ 430,807	\$ -	\$ -	\$ -	\$ 430,807
Accounts and other receivable	1,334,055	17,543	-	21,789	1,373,387
Accrued interest	-	-	-	-	-
Due from other governments	1,082,768	-	-	-	1,082,768
Loans receivable	-	-	-	-	-
Gross receivables	<u>2,847,630</u>	<u>17,543</u>	<u>-</u>	<u>21,789</u>	<u>2,886,962</u>
Less: allowance for uncollectible	-	-	-	-	-
Net Receivables	<u><u>\$ 2,847,630</u></u>	<u><u>\$ 17,543</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 21,789</u></u>	<u><u>\$ 2,886,962</u></u>

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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 2021 but not available until 2022.

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	\$ 716,731	\$ 113,198	\$ 1,526,206	\$ 76,317	\$ 163	\$ 2,432,615
Accrued interest	-	-	-	-	-	-
Other receivables	-	-	-	-	28,602	28,602
Due from other governments	-	-	-	-	-	-
Loans receivable	-	-	-	-	-	-
Gross receivables	<u>716,731</u>	<u>113,198</u>	<u>1,526,206</u>	<u>76,317</u>	<u>28,765</u>	<u>2,461,217</u>
Less: allowance for uncollectible	-	-	-	-	-	-
Net Receivables	<u><u>\$ 716,731</u></u>	<u><u>\$ 113,198</u></u>	<u><u>\$ 1,526,206</u></u>	<u><u>\$ 76,317</u></u>	<u><u>\$ 28,765</u></u>	<u><u>\$ 2,461,217</u></u>

City of Gunnison
Notes to the Financial Statements
December 31, 2021
(continued)

IV. Detailed Notes on All Funds (continued)

C. Capital Assets

Capital asset activity for the year ended December 31, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,818,836	\$ -	\$ -	\$ 2,818,836
Construction in progress	-	200,260	-	200,260
Capital assets, being depreciated:				
Land improvements	3,239,721	317,374	-	3,557,095
Buildings and improvements	7,957,824	63,632	(63,420)	7,958,036
Infrastructure	7,768,883	320,069	-	8,088,952
Machinery and equipment	4,048,286	139,633	(107,080)	4,080,839
Vehicles	3,976,924	-	(27,903)	3,949,021
Total capital assets being depreciated	<u>29,810,474</u>	<u>1,040,968</u>	<u>(198,403)</u>	<u>30,653,039</u>
Less accumulated depreciation for:				
Land improvements	(1,284,189)	(151,509)	-	(1,435,698)
Buildings and improvements	(2,968,294)	(190,885)	63,421	(3,095,758)
Infrastructure	(5,566,329)	(91,043)	-	(5,657,372)
Machinery and equipment	(2,234,741)	(199,595)	107,080	(2,327,256)
Vehicles	(2,562,173)	(175,353)	27,903	(2,709,623)
Total accumulated depreciation	<u>(14,615,726)</u>	<u>(808,385)</u>	<u>198,404</u>	<u>(15,225,707)</u>
Governmental Activities Capital Assets, Net	<u>\$ 15,194,748</u>	<u>\$ 232,583</u>	<u>\$ 1</u>	<u>\$ 15,427,332</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 560,253	\$ -	\$ -	\$ 560,253
Construction in progress	11,905,613	481,410	(11,905,613)	481,410
Total Capital Assets, Not Depreciated	<u>12,465,866</u>	<u>481,410</u>	<u>(11,905,613)</u>	<u>1,041,663</u>
Capital assets, being depreciated:				
Building and improvements	25,386,723	13,138,781	(78,929)	38,446,575
Machinery and equipment	11,356,076	863,332	(248,220)	11,971,188
Total Capital Assets Being Depreciated	<u>36,742,799</u>	<u>14,002,113</u>	<u>(327,149)</u>	<u>50,417,763</u>
Less accumulated depreciation for:				
Buildings and improvements	(11,610,984)	(485,386)	72,731	(12,023,639)
Machinery and equipment	(9,093,361)	(297,893)	248,220	(9,143,034)
Total Accumulated Depreciation	<u>(20,704,345)</u>	<u>(783,279)</u>	<u>320,951</u>	<u>(21,166,673)</u>
Business-type activities capital assets, net	<u>\$ 28,504,320</u>	<u>\$ 13,700,244</u>	<u>\$ (11,911,811)</u>	<u>\$ 30,292,753</u>

City of Gunnison
Notes to the Financial Statements
December 31, 2021
(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:

	<u>Depreciation Expense</u>	<u>Capital Outlay</u>
<i>Governmental activities:</i>		
General government	\$ 90,891	\$ 200,261
Public safety	104,935	71,133
Public works	427,810	452,201
Parks and recreation	184,749	317,373
Total - Governmental Activities	<u>\$ 808,385</u>	<u>\$ 1,040,968</u>
 <i>Business-type activities:</i>		
Electric Department	\$ 129,552	\$ 769,315
Water Department	62,473	50,403
Wastewater Department	139,335	1,442,183
Refuse Department	44,063	-
Communications Department	-	-
Recreation Department	407,854	316,008
Total - Business-type Activities	<u>\$ 783,279</u>	<u>\$ 2,577,909</u>

D. Transfers

At December 31, 2021, the City had the following transfers:

	<u>In</u>	<u>Out</u>
<i>Governmental Funds:</i>		
General Fund	\$ 551,138	\$ (789,106)
Street Improvement Fund	155,000	-
Other Governmental Funds	-	(180,232)
<i>Internal Service Funds:</i>		
Fleet Fund	590,865	-
<i>Proprietary Funds:</i>		
Recreation Department	587,716	(915,381)
Total	<u>\$ 1,884,719</u>	<u>\$ (1,884,719)</u>

City of Gunnison
Notes to the Financial Statements
December 31, 2021
(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, 2021 was \$4,280,000. 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, 2021 was \$8,509,382.

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, 2021 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, 2021 was \$438,604.

5. Accrued Compensated Absences

Earned but unused compensated absence (e.g. paid time off) benefits amounted to \$513,183 at December 31, 2021. 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, 2021
(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
2022	\$ 215,050	\$ 17,344	\$ 232,394
2023	223,554	8,840	232,394
Total	\$ 438,604	\$ 26,184	\$ 464,788

Year	Business-Type Activities Debt		
	Principal	Interest	Total
2022	\$ 959,074	\$ 167,518	\$ 1,126,591
2023	973,400	152,202	1,125,602
2024	990,843	137,054	1,127,896
2025	1,001,207	121,822	1,123,029
2026	1,021,798	107,008	1,128,806
2025 - 2029	5,310,341	322,408	5,632,750
2030 - 2034	3,310,405	93,669	3,404,074
2035 - 2039	2,137,374	16,049	2,153,423
Total	\$ 15,704,442	\$ 1,117,729	\$ 16,822,171

7. Changes in Debt

The City had the following changes in debt for the year ended December 31, 2021:

	1/1/21	Additions	Deletions	12/31/21	Due within one year
Governmental Activities Debt:					
Compensated absences	\$ 392,252	\$ -	\$ 8,125	\$ 384,127	\$ -
2019 Lease Payable	645,475	-	206,871	438,604	215,050
Enterprise Debt:					
Accrued expenses	5,000	-	-	5,000	-
2015 Sales and Use Tax Bonds	4,595,000	-	4,595,000	-	-
2019 Green Reserve	2,915,060	-	-	2,915,060	84,940
2019 Sewer Revolving Loan	9,063,046	-	553,664	8,509,382	474,134
2021 Sales and Use Tax Bonds	-	4,655,000	375,000	4,280,000	400,000
MEAN payable	-	-	-	-	-
Compensated absences	124,899	4,157	-	129,056	-
Total	\$ 17,740,732	\$ 4,659,157	\$ 5,738,660	\$ 16,661,229	\$ 1,174,124

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

City of Gunnison
Notes to the Financial Statements
December 31, 2021
(Continued)

IV. Detailed Notes on All Funds (continued)

E. Other Liabilities

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.

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 2021, the City maintained the liability of \$5,000. Debt notes: 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, 2021, 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, 2021 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.

City of Gunnison
Notes to the Financial Statements
December 31, 2021
(Continued)

IV. Detailed Notes on All Funds (continued)

G. Pension Plans (continued)

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, 2021, employees and the City made the required contributions to the plan of \$255,103 and \$255,103, respectively.

All of the General Employee Pension Plan investments at December 31, 2021 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, 2021, the Plan had 31 active non-retired members, and 42 retired members, for a total of 73 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 2021, 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, 2021
(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, 2021, 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, 2021 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, 2021
(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, 2022, 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, 2021
(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, 2021 were 57% 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, 2021:

	<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, 2021:

	<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, 2021
(continued)

IV. Detailed Notes on All Funds (continued)

K. Assigned Fund Balance

The City had the following assigned fund balances at December 31, 2021:

	<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, 2021, Gunnison/Hinsdale Authority had assets of \$518,963 liabilities of \$79,778 and \$439,185 in net position. Total revenues for 2021 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, 2021. 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, 2021, 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, 2021
(continued)

V. Other Information (continued)

B. Risk Management (continued)

CIRSA's combined financial information for the year ended December 31, 2021, 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	(25,048,576)
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:

<u>Fund</u>	<u>Project</u>	<u>Vendor</u>	<u>Contract Commitment</u>	<u>Completed</u>	<u>Retainage</u>	<u>Remaining</u>
General	Lazy K	Rundle Const.	\$ 1,509,059	\$ 762,155	\$ 38,108	\$ 746,903
Street Imp.	Quartz Realignment	United Co.	2,476,437	302,648	15,132	2,173,789
Ditch	River Restoration	Watervation	170,637	86,617	3,852	84,020
Wastewater	Septage Station	Hensel Phelps	355,680	291,386	3,215	291,386
			<u>\$ 4,511,813</u>	<u>\$ 1,442,806</u>	<u>\$ 60,307</u>	<u>\$ 3,296,098</u>

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, 2021
(With Comparative Actual Amounts For the Year Ended 2020)

	<u>2021</u>			<u>Final Budget</u>	<u>2020</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
Revenues:					
Taxes:					
General property taxes	385,521	385,521	385,721	200	377,801
Specific ownership tax	23,994	23,994	27,187	3,193	24,761
Sales & use tax	4,940,445	4,940,445	6,372,708	1,432,263	5,273,395
Franchise tax	728,899	728,899	767,421	38,522	715,336
Other taxes	229,245	229,245	55,280	(173,965)	352,895
Total Taxes	<u>6,308,104</u>	<u>6,308,104</u>	<u>7,608,317</u>	<u>1,300,213</u>	<u>6,744,188</u>
Licenses and Permits:					
Other licenses and permits	129,050	129,050	270,524	141,474	200,136
Intergovernmental Revenue:					
Grant revenue	1,442,336	1,479,271	1,359,385	(119,886)	668,232
Other intergovernmental revenue	155,994	155,994	104,160	(51,834)	148,400
Total Intergovernmental Revenue	<u>1,598,330</u>	<u>1,635,265</u>	<u>1,463,545</u>	<u>(171,720)</u>	<u>816,632</u>
Charges for Services:					
Real estate transfer fee	-	-	45,000	45,000	-
Recreation revenue	223,142	223,142	309,692	86,550	87,016
Other charges for services	116,753	116,753	94,152	(22,601)	75,744
Rents	57,104	57,104	50,098	(7,006)	46,212
Total Charges for Services	<u>396,999</u>	<u>396,999</u>	<u>498,942</u>	<u>101,943</u>	<u>208,972</u>
Fines and Forfeitures:					
Traffic fines	12,500	12,500	4,455	(8,045)	10,394
Miscellaneous Revenue:					
Investment income	35,000	35,000	40,794	5,794	79,054
Unrealized gains (losses)	15,000	-	(53,768)	(53,768)	73,834
Donations and contributions	8,150	8,150	1,901	(6,249)	77,808
Other income	54,810	54,810	105,489	50,679	201,990
Total Miscellaneous Revenue	<u>112,960</u>	<u>97,960</u>	<u>94,416</u>	<u>(3,544)</u>	<u>432,686</u>
Total Revenues	<u>8,557,943</u>	<u>8,579,878</u>	<u>9,940,199</u>	<u>1,360,321</u>	<u>8,413,008</u>
Expenditures:					
General Government:					
City council	41,675	72,800	79,078	(6,278)	22,157
Municipal court	106,811	108,688	82,772	25,916	102,717
City attorney	44,310	44,310	54,491	(10,181)	45,682
City manager	212,991	247,824	228,525	19,299	188,948
City clerk	122,219	157,679	102,430	55,249	65,846
Finance	340,976	352,625	348,837	3,788	357,544
General services	198,404	206,393	198,565	7,828	155,042
Community development	384,299	427,361	377,676	49,685	399,516
Total General Government	<u>1,451,685</u>	<u>1,617,680</u>	<u>1,472,374</u>	<u>145,306</u>	<u>1,337,452</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, 2021
(With Comparative Actual Amounts For the Year Ended 2020)

	<u>2021</u>			<u>Final Budget</u>	<u>2020</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
	<u>Budget</u>	<u>Budget</u>		<u>Positive</u>	
				<u>(Negative)</u>	
Expenditures: (continued)					
Public Safety:					
Police	2,716,936	2,754,438	2,636,037	118,401	2,512,426
Building inspection	154,364	156,365	153,785	2,580	151,181
Fire department	271,547	274,311	275,956	(1,645)	270,625
Hazardous material	-	-	-	-	16,976
LE Victim Advocate Program	45,156	45,610	36,188	9,422	28,932
Victims of Crime Act Grant	42,089	42,089	36,239	5,850	34,565
Victims of Crime Act Grant Match	11,584	11,584	9,412	2,172	19,043
Emergency Response	-	-	-	-	46,349
Total Public Safety	<u>3,241,676</u>	<u>3,284,397</u>	<u>3,147,617</u>	<u>136,780</u>	<u>3,080,097</u>
Public Works:					
Facilities maintenance	97,706	100,545	72,907	27,638	22,773
Janitorial services	15,200	15,200	(2,905)	18,105	-
City hall	89,305	89,305	84,184	5,121	72,861
Public Works Administration	191,245	205,313	194,285	11,028	118,210
City shop	(34,439)	(34,439)	(26,043)	(8,396)	8,315
Safe routes to school	-	-	-	-	32,372
Total Public Works	<u>359,017</u>	<u>375,924</u>	<u>322,428</u>	<u>53,496</u>	<u>254,531</u>
Culture and Recreation:					
Cranor Hill	43,508	43,974	25,922	18,052	25,018
Senior meals	88,855	89,518	90,773	(1,255)	49,531
Senior programming	54,858	55,454	50,576	4,878	45,704
Recreation administration	428,718	434,097	383,774	50,323	366,564
Recreation programs	244,411	247,402	242,994	4,408	88,977
Parks	728,380	756,650	714,763	41,887	649,921
Van Tuyl Ranch	31,554	31,554	3,511	28,043	4,100
Lazy K	4,581	4,581	3,336	1,245	6,355
Lazy K Infrastructure Grant	1,230,000	1,230,000	1,092,155	137,845	-
Lazy K Infrastructure Non-Grant	139,000	481,000	206,341	274,659	38,678
Next50 senior grant	11,127	11,127	5,320	5,807	15,686
Total Culture and Recreation	<u>3,004,992</u>	<u>3,385,357</u>	<u>2,819,465</u>	<u>565,892</u>	<u>1,290,534</u>
Economic Development:					
Public service grants	78,833	60,000	55,500	4,500	145,523
Economic development grants	17,667	89,000	89,315	(315)	268,636
Strategic partnerships	195,993	324,253	317,751	6,502	193,353
Events	159,711	161,065	153,032	8,033	96,432
Total Economic Development	<u>452,204</u>	<u>634,318</u>	<u>615,598</u>	<u>18,720</u>	<u>703,944</u>
Capital Outlay:					
Capital outlay and repairs	300,000	305,000	308,863	(3,863)	585,123
Debt Service:					
Total Expenditures	<u>8,809,574</u>	<u>9,602,676</u>	<u>8,686,345</u>	<u>916,331</u>	<u>7,251,681</u>
Excess (Deficiency) of Revenues over Expenditures	(251,631)	(1,022,798)	1,253,854	2,276,652	1,161,327
Other Financing Sources (Uses):					
Transfer in	510,084	534,584	551,138	16,554	254,585
Transfer (out)	(795,324)	(870,324)	(789,106)	81,218	(3,087,709)
Sale of assets	2,000	2,000	(5,000)	(7,000)	10,270
Total Other Financing Sources (Uses)	<u>(283,240)</u>	<u>(333,740)</u>	<u>(242,968)</u>	<u>90,772</u>	<u>(2,822,854)</u>
Net Change in Fund Balance	<u>(534,871)</u>	<u>(1,356,538)</u>	1,010,886	<u>2,367,424</u>	(1,661,527)
Fund Balance - Beginning			4,933,572		6,595,099
Fund Balance - Ending			<u>5,944,458</u>		<u>4,933,572</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, 2021
(With Comparative Actual Amounts For the Year Ended 2020)

	2021			Final Budget Variance Positive (Negative)	2020
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Taxes:					
General property taxes	-	-	-	-	-
Specific ownership tax	21,414	21,414	23,200	1,786	22,024
Sales & use tax	1,666,652	1,666,652	2,185,300	518,648	1,801,378
Miscellaneous revenue	-	-	229	229	-
Total Taxes	<u>1,688,066</u>	<u>1,688,066</u>	<u>2,208,729</u>	<u>520,663</u>	<u>1,823,402</u>
Intergovernmental revenue:					
State grants	217,325	292,325	239,188	(53,137)	177,849
Charges for Services:					
Permits	1,000	1,000	4,307	3,307	6,861
Fines and Forfeitures:					
Traffic fines	10,000	10,000	22,355	12,355	7,300
Investment income	-	-	12,991	12,991	6,767
Unrealized gains (losses)	-	-	(38,856)	(38,856)	(1,920)
Total Revenues	<u>1,916,391</u>	<u>1,991,391</u>	<u>2,448,714</u>	<u>457,323</u>	<u>2,020,259</u>
Expenditures:					
Public works	762,212	915,217	806,745	108,472	636,610
Capital outlay	3,636,391	3,514,191	623,548	2,890,643	830,582
Total Expenditures	<u>4,398,603</u>	<u>4,429,408</u>	<u>1,430,293</u>	<u>2,999,115</u>	<u>1,467,192</u>
Excess (Deficiency) of Revenues over Expenditures	(2,482,212)	(2,438,017)	1,018,421	(2,541,792)	553,067
Other Financing Sources (Uses):					
Transfer in	441,633	516,633	155,000	(361,633)	2,323,977
Transfer (out)	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>441,633</u>	<u>516,633</u>	<u>155,000</u>	<u>(361,633)</u>	<u>2,323,977</u>
Net Change in Fund Balance	<u>(2,040,579)</u>	<u>(1,921,384)</u>	1,173,421	<u>(2,903,425)</u>	2,877,044
Fund Balance - Beginning			<u>2,877,044</u>		-
Fund Balance - Ending			<u>4,050,465</u>		<u>2,877,044</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, 2021
(With Comparative Actual Amounts For the Year Ended 2020)

	<u>2021</u>			Final Budget Variance Positive (Negative)	<u>2020</u>
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Intergovernmental revenue:					
Mineral leasing	50,000	50,000	14,936	(35,064)	50,017
Investment income	3,000	3,000	2,924	(76)	6,859
Unrealized gains (losses)	1,500	1,500	(4,600)	(6,100)	6,251
Miscellaneous revenue	-	-	400	400	-
	<u>54,500</u>	<u>54,500</u>	<u>13,660</u>	<u>(40,840)</u>	<u>63,127</u>
Total Revenues					
Expenditures:					
Public works	<u>358,905</u>	<u>359,407</u>	<u>241,212</u>	<u>118,195</u>	<u>62,341</u>
	<u>358,905</u>	<u>359,407</u>	<u>241,212</u>	<u>118,195</u>	<u>62,341</u>
Total Expenditures					
Net Change in Fund Balance	<u><u>(304,405)</u></u>	<u><u>(304,907)</u></u>	<u>(227,552)</u>	<u><u>77,355</u></u>	786
Fund Balance - Beginning			<u>551,428</u>		<u>550,642</u>
Fund Balance - Ending			<u><u>323,876</u></u>		<u><u>551,428</u></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, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability								
Service cost	29,432	34,413	34,522	25,739	20,432	19,739	28,211	28,497
Interest cost	184,196	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)	(247,000)	(241,500)	(213,625)	(199,300)	(168,128)	(147,425)	(125,100)
Net Change in Pension Liability	(33,372)	(158,427)	269,987	143,645	305,327	298,178	(95,978)	315,006
Total Pension Liability - Beginning	3,164,005	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	<u>3,130,633</u>	<u>3,164,005</u>	<u>3,322,432</u>	<u>3,052,445</u>	<u>2,908,800</u>	<u>2,603,473</u>	<u>2,305,295</u>	<u>2,401,273</u>
Plan Fiduciary Net Position								
City contribution	40,510	40,510	40,510	40,510	35,022	32,700	32,700	47,415
District contribution	40,510	40,510	40,510	40,510	35,022	32,700	32,700	47,415
Pension plan net investment income	220,900	320,458	370,581	(89,479)	267,561	145,397	(4,268)	113,332
Benefit payments	(247,700)	(247,000)	(241,500)	(213,625)	(199,300)	(164,128)	(147,425)	(125,100)
Pension plan administrative expenses	(17,208)	(17,000)	(17,000)	(17,000)	(17,000)	(16,961)	(16,420)	(12,422)
State of Colorado supplemental discretionary payment	54,662	54,662	54,662	50,960	53,238	58,860	58,860	64,773
Net Change in Plan Fiduciary Net Position	91,674	192,140	247,763	(188,124)	174,543	88,568	(43,853)	135,413
Plan Fiduciary Net Position - Beginning	2,599,408	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	<u>2,691,082</u>	<u>2,599,408</u>	<u>2,407,268</u>	<u>2,159,505</u>	<u>2,347,629</u>	<u>2,173,086</u>	<u>2,084,518</u>	<u>2,128,371</u>
Net Pension Liability - Ending	439,551	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	86.0%	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	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	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, 2021

FY Ending December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
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
2021	68,128	135,682	(67,554)	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, 2021

<u>FY Ending December 31,</u>	<u>Net Money- Weighted Rate of Return</u>
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%
2021	6.00%

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, 2021

	<u>Special Revenue</u>			<u>Total Nonmajor Governmental Funds</u>
	<u>Conservation Trust</u>	<u>Marijuana Mitigation Fund</u>	<u>Risk Management Fund</u>	
Assets:				
Cash and investments - Unrestricted	75,468	368,057	197,927	641,452
Receivables, net of allowance for uncollectibles	-	21,789	-	21,789
Total Assets	<u>75,468</u>	<u>389,846</u>	<u>197,927</u>	<u>663,241</u>
Liabilities and Fund Equity:				
Liabilities:				
Accounts payable	-	-	52	52
Total Liabilities	<u>-</u>	<u>-</u>	<u>52</u>	<u>52</u>
Fund Balances:				
Spendable:				
Restricted for recreation	75,468	-	-	75,468
Restricted - other	-	389,846	-	389,846
Assigned	-	-	197,875	197,875
Total Fund Balances	<u>75,468</u>	<u>389,846</u>	<u>197,875</u>	<u>663,189</u>
Total Liabilities and Fund Balances	<u>75,468</u>	<u>389,846</u>	<u>197,927</u>	<u>663,241</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, 2021

	Special Revenue			Total Nonmajor Governmental Funds
	Conservation Trust	Marijuana Mitigation Fund	Risk Management Fund	
Revenues:				
Taxes	-	338,327	-	338,327
Intergovernmental revenue	61,543	-	-	61,543
Charges for services	-	-	293,801	293,801
Investment income	257	2,161	2,702	5,120
Unrealized gains (losses)	(745)	(3,459)	(2,765)	(6,969)
Miscellaneous	21	-	-	21
Total Revenues	<u>61,076</u>	<u>337,029</u>	<u>293,738</u>	<u>691,843</u>
Expenditures:				
General government	-	-	250,411	250,411
Public safety	-	144,500	-	144,500
Capital outlay and repairs	30,116	-	-	30,116
Total Expenditures	<u>30,116</u>	<u>144,500</u>	<u>250,411</u>	<u>425,027</u>
Excess (Deficiency) of Revenues Over Expenditures	30,960	192,529	43,327	266,816
Other Financing Sources (Uses):				
Transfers (out)	(20,097)	(160,135)	-	(180,232)
Total Other Financing Sources (Uses)	<u>(20,097)</u>	<u>(160,135)</u>	<u>-</u>	<u>(180,232)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	10,863	32,394	43,327	86,584
Fund Balances - Beginning	<u>64,605</u>	<u>357,452</u>	<u>154,548</u>	<u>576,605</u>
Fund Balances - Ending	<u><u>75,468</u></u>	<u><u>389,846</u></u>	<u><u>197,875</u></u>	<u><u>663,189</u></u>

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

City of Gunnison
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Conservation Trust Fund
For the Year Ended December 31, 2021
(With Comparative Actual Amounts For the Year Ended 2020)

	2021			Final Budget Variance Positive (Negative)	2020
	Original Budget	Original and Final Budget	Actual		Actual
Revenues:					
Intergovernmental revenue:					
State lottery funds	45,000	47,000	61,543	14,543	52,010
Other income	-	-	21	21	71
Investment income	400	400	257	(143)	794
Unrealized gains (losses)	300	300	(745)	(1,045)	776
Total Revenues	<u>45,700</u>	<u>47,700</u>	<u>61,076</u>	<u>13,376</u>	<u>53,651</u>
Expenditures:					
Capital outlay and repairs	38,500	38,500	30,116	8,384	31,461
Total Expenditures	<u>38,500</u>	<u>38,500</u>	<u>30,116</u>	<u>8,384</u>	<u>31,461</u>
Excess (Deficiency) of Revenues Over Expenditures	7,200	9,200	30,960	21,760	22,190
Other Financing Sources (Uses):					
Transfers (out)	(15,000)	(17,000)	(20,097)	(3,097)	(17,424)
Total Other Financing Sources (Uses)	<u>(15,000)</u>	<u>(17,000)</u>	<u>(20,097)</u>	<u>(3,097)</u>	<u>(17,424)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)			10,863		4,766
Fund Balance - Beginning			<u>64,605</u>		<u>59,839</u>
Fund Balance - Ending			<u><u>75,468</u></u>		<u><u>64,605</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, 2021
(With Comparative Actual Amounts For the Year Ended 2020)

	<u>2021</u>			Final Budget Variance Positive (Negative)	<u>2020</u>
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Charges for services	269,000	269,000	293,801	24,801	251,967
Investment income	2,000	2,000	2,702	702	2,996
Unrealized gains (losses)	2,000	2,000	(2,765)	(4,765)	3,216
Total Revenues	<u>273,000</u>	<u>273,000</u>	<u>293,738</u>	<u>20,738</u>	<u>258,179</u>
Expenditures:					
Insurance premiums	203,817	203,817	203,230	587	189,773
Insurance claims	50,000	100,000	46,757	53,243	16,560
Professional services	5,000	5,000	424	4,576	-
Total Expenditures	<u>258,817</u>	<u>308,817</u>	<u>250,411</u>	<u>58,406</u>	<u>206,333</u>
Excess (Deficiency) of Revenues Over Expenditures	14,183	(35,817)	43,327	79,144	51,846
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)			43,327		51,846
Fund Balance - Beginning			<u>154,548</u>		<u>102,702</u>
Fund Balance - Ending			<u><u>197,875</u></u>		<u><u>154,548</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, 2021
(With Comparative Actual Amounts For the Year Ended 2020)

	<u>2021</u>			Final Budget Variance Positive (Negative)	<u>2020</u>
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Taxes:					
Sales and use	308,975	308,975	338,327	29,352	343,932
Investment income	2,500	2,500	(1,298)	(3,798)	6,088
Total Revenues	<u>311,475</u>	<u>311,475</u>	<u>337,029</u>	<u>25,554</u>	<u>350,020</u>
Expenditures:					
Public safety	70,000	144,500	144,500	-	183,560
Total Expenditures	<u>70,000</u>	<u>144,500</u>	<u>144,500</u>	<u>-</u>	<u>183,560</u>
Excess (Deficiency) of Revenues over Expenditures	241,475	166,975	192,529	25,554	166,460
Other Financing Sources (Uses):					
Transfer (out)	(155,335)	(160,135)	(160,135)	-	(146,756)
Total Other Financing Sources (Uses)	<u>(155,335)</u>	<u>(160,135)</u>	<u>(160,135)</u>	<u>-</u>	<u>(146,756)</u>
Net Change in Fund Balance			32,394		19,704
Fund Balance - Beginning			<u>357,452</u>		<u>337,748</u>
Fund Balance - Ending			<u><u>389,846</u></u>		<u><u>357,452</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, 2021

	<u>Electric Department</u>	<u>Water Department</u>	<u>Sewer Department</u>	<u>Refuse Department</u>	<u>Recreation Department</u>	<u>Total</u>
Assets:						
Current assets:						
Cash and cash equivalents	6,381,364	1,002,942	780,658	412,959	4,070,583	12,648,506
Accounts receivables, net of allowance for uncollectibles	716,732	113,198	1,526,206	76,316	28,765	2,461,217
Inventories	854,974	121,643	47,774	18,434	15,269	1,058,094
Prepaid expenses	2,750	1,841	6,960	-	-	11,551
Total current assets	<u>7,955,820</u>	<u>1,239,624</u>	<u>2,361,598</u>	<u>507,709</u>	<u>4,114,617</u>	<u>16,179,368</u>
Non-current assets:						
Land	8,843	50,000	501,410	-	-	560,253
Construction in progress	-	-	204,702	-	276,708	481,410
Building and improvements	2,126,174	2,172,343	19,842,375	315,188	13,990,495	38,446,575
Machinery and equipment	5,178,323	1,369,855	3,875,116	957,204	590,690	11,971,188
Less: Accumulated depreciation	(4,812,148)	(2,585,049)	(8,650,815)	(765,276)	(4,353,385)	(21,166,673)
Total non-current assets:	<u>2,501,192</u>	<u>1,007,149</u>	<u>15,772,788</u>	<u>507,116</u>	<u>10,504,508</u>	<u>30,292,753</u>
Total Assets	<u>10,457,012</u>	<u>2,246,773</u>	<u>18,134,386</u>	<u>1,014,825</u>	<u>14,619,125</u>	<u>46,472,121</u>
Liabilities:						
Current liabilities:						
Accounts payable	901,970	29,020	456,904	9,815	38,051	1,435,760
Accrued payroll	11,837	4,583	9,553	4,386	11,593	41,952
Accrued expenses	285,867	-	-	-	1,173	287,040
Long term debt interest payable	-	-	37,878	-	5,580	43,458
Deferred revenue - property taxes	300,000	-	-	-	-	300,000
Deferred revenue	-	-	-	4,634	-	4,634
Deposits held	30,900	-	-	-	-	30,900
Non-current liabilities due within one year:						
Bonds	-	-	-	-	400,000	400,000
Loans	-	-	559,074	-	-	559,074
Total current liabilities:	<u>1,530,574</u>	<u>33,603</u>	<u>1,063,409</u>	<u>18,835</u>	<u>456,397</u>	<u>3,102,818</u>
Non-current liabilities:						
Accrued compensated absences	36,379	19,912	42,618	17,038	13,109	129,056
Accrued expenses	-	-	-	5,000	-	5,000
Non-Current Liabilities - due longer than one year:						
Bonds	-	-	-	-	3,880,000	3,880,000
Loans	-	-	10,865,368	-	-	10,865,368
Total non-current liabilities	<u>36,379</u>	<u>19,912</u>	<u>10,907,986</u>	<u>22,038</u>	<u>3,893,109</u>	<u>14,879,424</u>
Total Liabilities	<u>1,566,953</u>	<u>53,515</u>	<u>11,971,395</u>	<u>40,873</u>	<u>4,349,506</u>	<u>17,982,242</u>
Net Position:						
Net investment in capital assets	2,501,192	1,007,149	3,769,346	507,116	6,224,508	14,009,311
Restricted	-	-	-	-	-	-
Unrestricted	6,388,867	1,186,109	2,393,645	466,836	4,045,110	14,480,567
Total Net Position	<u>8,890,059</u>	<u>2,193,258</u>	<u>6,162,991</u>	<u>973,952</u>	<u>10,269,618</u>	<u>28,489,878</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, 2021

	Electric Department	Water Department	Sewer Department	Refuse Department	Recreation Department	Total
Operating Revenue:						
Sales	7,325,260	1,072,130	2,345,116	841,055	468,632	12,052,193
Other revenue	8,679	2,785	532,150	411	4,591	548,616
Operating Revenue	<u>7,333,939</u>	<u>1,074,915</u>	<u>2,877,266</u>	<u>841,466</u>	<u>473,223</u>	<u>12,600,809</u>
Operating Expenses:						
Salaries and employee benefits	640,083	319,253	645,200	241,741	673,103	2,519,380
Purchased power	3,584,836	-	-	-	-	3,584,836
Purchased services	266,576	460,550	661,727	222,352	379,802	1,991,007
Operations and maintenance	1,123,886	306,305	445,794	217,531	178,831	2,272,347
Supplies	114,896	72,215	72,080	19,135	91,665	369,991
Depreciation and amortization	129,552	62,473	139,335	44,063	407,854	783,277
Operating Expenses	<u>5,859,829</u>	<u>1,220,796</u>	<u>1,964,136</u>	<u>744,822</u>	<u>1,731,255</u>	<u>11,520,838</u>
Operating income (loss)	1,474,110	(145,881)	913,130	96,644	(1,258,032)	1,079,971
Non-Operating Revenues (Expenses):						
Taxes	-	-	-	-	2,428,111	2,428,111
Interest revenue	42,519	6,485	5,486	2,655	29,020	86,165
Interest expense	-	-	(64,207)	-	(132,051)	(196,258)
Unrealized gains (losses)	(60,599)	(9,337)	(6,367)	(3,691)	(43,403)	(123,397)
Grants and contributions	-	296,095	871,120	-	16,450	1,183,665
Sale of fixed assets	(48,698)	5,500	5,500	-	125	(37,573)
Total Non-Operating Revenues (Expenses)	<u>(66,778)</u>	<u>298,743</u>	<u>811,532</u>	<u>(1,036)</u>	<u>2,298,252</u>	<u>3,340,713</u>
Income (Loss) Before Contributions and Transfers	1,407,332	152,862	1,724,662	95,608	1,040,220	4,420,684
Transfers in	-	-	-	-	587,716	587,716
Transfers (out)	-	-	-	-	(915,381)	(915,381)
Change in Net Position	<u>1,407,332</u>	<u>152,862</u>	<u>1,724,662</u>	<u>95,608</u>	<u>712,555</u>	<u>4,093,019</u>
Total Net Position - Beginning	<u>7,482,727</u>	<u>2,040,396</u>	<u>4,438,329</u>	<u>878,344</u>	<u>9,557,063</u>	<u>24,396,859</u>
Total Net Position - Ending	<u><u>8,890,059</u></u>	<u><u>2,193,258</u></u>	<u><u>6,162,991</u></u>	<u><u>973,952</u></u>	<u><u>10,269,618</u></u>	<u><u>28,489,878</u></u>

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

City of Gunnison
Schedule of Revenues and Expenditures Budget (Non-GAAP Basis)
and Actual With Reconciliation to GAAP Basis
Proprietary Funds
Electric Department
For the Year Ended December 31, 2021
(With Comparative Actual Amounts For the Year Ended 2020)

	<u>2021</u>			<u>2020</u>	
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget Variance Positive (Negative)</u>	<u>Actual</u>
Operating Revenue:					
Sales	7,483,450	7,483,450	7,325,260	(158,190)	7,282,867
Other revenue	25,400	25,400	8,679	(16,721)	18,195
Operating Revenue	<u>7,508,850</u>	<u>7,508,850</u>	<u>7,333,939</u>	<u>(174,911)</u>	<u>7,301,062</u>
Operating Expenses:					
Salaries and employee benefits	699,312	724,232	640,083	84,149	587,241
Purchased power	4,298,315	4,298,315	3,584,836	713,479	3,593,629
Purchased services	382,595	382,595	266,576	116,019	210,727
Operations and maintenance	3,380,898	3,380,898	1,123,886	2,257,012	1,145,036
Supplies	327,500	327,500	114,896	212,604	(101,971)
Capital outlay	-	-	769,315	(769,315)	15,592
Operating Expenses	<u>9,088,620</u>	<u>9,113,540</u>	<u>6,499,592</u>	<u>2,613,948</u>	<u>5,450,254</u>
Operating income (loss)	<u>(1,579,770)</u>	<u>(1,604,690)</u>	<u>834,347</u>	<u>2,439,037</u>	<u>1,850,808</u>
Non-Operating Revenues (Expenses):					
Interest Revenue	30,000	30,000	42,519	12,519	50,315
Unrealized gains (losses)	-	-	(60,599)	(60,599)	41,070
Sale of fixed assets	-	-	(42,500)	(42,500)	-
Total Non-Operating Revenues (Expenses)	<u>30,000</u>	<u>30,000</u>	<u>(60,580)</u>	<u>(90,580)</u>	<u>91,385</u>
Income (Loss) Before Contributions and Transfers	<u>(1,549,770)</u>	<u>(1,574,690)</u>	<u>773,767</u>	<u>2,348,457</u>	<u>1,942,193</u>
Transfers (out)	(100,305)	(100,305)	-	100,305	-
Change in Net Position - Budgetary Basis	<u>(1,650,075)</u>	<u>(1,674,995)</u>	<u>773,767</u>	<u>2,448,762</u>	<u>1,942,193</u>
Reconciliation to GAAP Basis:					
Adjustments:					
Sale of fixed assets			(6,198)		-
Depreciation			(129,552)		(129,346)
Capital outlay			769,315		15,592
Total Adjustments			<u>633,565</u>		<u>(113,754)</u>
Total Net Position - Beginning			<u>7,482,727</u>		<u>5,654,288</u>
Total Net Position - Ending			<u>8,890,059</u>		<u>7,482,727</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, 2021
(With Comparative Actual Amounts For the Year Ended 2020)

	2021			Final Budget Variance Positive (Negative)	2020
	Original Budget	Final Budget	Actual		Actual
Operating Revenue:					
Sales	1,079,000	1,079,000	1,072,130	(6,870)	936,024
Other revenue	8,500	8,500	2,785	(5,715)	16,972
Operating Revenue	<u>1,087,500</u>	<u>1,087,500</u>	<u>1,074,915</u>	<u>(12,585)</u>	<u>952,996</u>
Operating Expenses:					
Salaries and employee benefits	332,696	345,192	319,253	25,939	267,183
Purchased services	423,909	380,909	460,550	(79,641)	398,830
Operations and maintenance	285,482	285,482	306,305	(20,823)	313,783
Supplies	218,425	118,425	72,215	46,210	98,585
Capital outlay	-	143,000	50,403	92,597	246,862
Operating Expenses	<u>1,260,512</u>	<u>1,273,008</u>	<u>1,208,726</u>	<u>64,282</u>	<u>1,325,243</u>
Operating income (loss)	(173,012)	(185,508)	(133,811)	51,697	(372,247)
Non-Operating Revenues (Expenses):					
Interest revenue	7,000	7,000	6,485	(515)	11,978
Unrealized gains (losses)	1,000	1,000	(9,337)	(10,337)	10,547
Grants and contributions	60,000	60,000	296,095	236,095	246,495
Sale of fixed assets	-	-	5,500	5,500	-
Total Non-Operating Revenues (Expenses)	<u>68,000</u>	<u>68,000</u>	<u>298,743</u>	<u>230,743</u>	<u>269,020</u>
Income (Loss) Before Contributions and Transfers	(105,012)	(117,508)	164,932	282,440	(103,227)
Transfers (out)	(50,412)	(50,412)	-	50,412	-
Change in Net Position - Budgetary Basis	<u>(155,424)</u>	<u>(167,920)</u>	<u>164,932</u>	<u>332,852</u>	<u>(103,227)</u>
Reconciliation to GAAP Basis:					
Adjustments:					
Capital contributions			-		-
Depreciation			(62,473)		(60,723)
Capital outlay			50,403		246,862
Total Adjustments			<u>(12,070)</u>		<u>186,139</u>
Total Net Position - Beginning			<u>2,040,396</u>		<u>1,957,484</u>
Total Net Position - Ending			<u>2,193,258</u>		<u>2,040,396</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, 2021
(With Comparative Actual Amounts For the Year Ended 2020)

	2021			Final Budget Variance Positive (Negative)	2020
	Original Budget	Final Budget	Actual		Actual
Operating Revenue:					
Sales	2,055,044	2,055,044	2,345,116	290,072	1,965,873
Other revenue	35,200	35,200	532,150	496,950	43,594
Operating Revenue	<u>2,090,244</u>	<u>2,090,244</u>	<u>2,877,266</u>	<u>787,022</u>	<u>2,009,467</u>
Operating Expenses:					
Salaries and employee benefits	638,591	666,923	645,200	21,723	598,634
Purchased services	532,895	1,717,527	661,727	1,055,800	895,685
Operations and maintenance	398,367	398,367	445,794	(47,427)	391,386
Supplies	453,125	590,715	72,080	518,635	141,210
Capital outlay	-	-	1,442,183	(1,442,183)	6,076,084
Operating Expenses	<u>2,022,978</u>	<u>3,373,532</u>	<u>3,266,984</u>	<u>106,548</u>	<u>8,102,999</u>
Operating income (loss)	67,266	(1,283,288)	(389,718)	893,570	(6,093,532)
Non-Operating Revenues (Expenses):					
Interest revenue	5,000	5,000	5,486	486	(4,459)
Debt service - principal	(553,665)	(553,665)	(553,665)	-	(482,879)
Interest expense	(109,042)	(109,042)	(64,207)	44,835	(213,860)
Unrealized gains (losses)	2,500	2,500	(6,367)	(8,867)	(13,723)
Grants and contributions	200,000	200,000	871,120	671,120	697,333
Sale of capital assets	-	-	5,500	5,500	30,000
Total Non-Operating Revenues (Expenses)	<u>(455,207)</u>	<u>(455,207)</u>	<u>257,867</u>	<u>713,074</u>	<u>12,412</u>
Income (Loss) Before Contributions and Transfers	(387,941)	(1,738,495)	(131,851)	1,606,644	(6,081,120)
Transfers (out)	(50,412)	(50,412)	-	50,412	-
Change in Net Position - Budgetary Basis	<u>(438,353)</u>	<u>(1,788,907)</u>	<u>(131,851)</u>	<u>1,657,056</u>	<u>(6,081,120)</u>
Reconciliation to GAAP Basis:					
Adjustments:					
Capital outlay			1,442,183		6,076,084
Gain (loss) on disposal of assets			-		(40,315)
Debt service - Principal			553,665		482,879
Depreciation			(139,335)		(134,814)
Total Adjustments			<u>1,856,513</u>		<u>6,383,834</u>
Total Net Position - Beginning			<u>4,438,329</u>		<u>4,135,615</u>
Total Net Position - Ending			<u><u>6,162,991</u></u>		<u><u>4,438,329</u></u>

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

City of Gunnison
Schedule of Revenues and Expenditures Budget (Non-GAAP Basis)
and Actual With Reconciliation to GAAP Basis
Proprietary Funds
Refuse Fund
For the Year Ended December 31, 2021
(With Comparative Actual Amounts For the Year Ended 2020)

	<u>2021</u>			Final Budget Variance Positive (Negative)	<u>2020</u>
	Original Budget	Final Budget	Actual		Actual
Operating Revenue:					
Sales	762,433	762,433	841,055	78,622	704,271
Other revenue	-	-	411	411	387
Operating Revenue	<u>762,433</u>	<u>762,433</u>	<u>841,466</u>	<u>79,033</u>	<u>704,658</u>
Operating Expenses:					
Salaries and employee benefits	241,771	244,217	241,741	2,476	235,941
Purchased services	238,821	238,821	222,352	16,469	238,345
Operations and maintenance	233,044	233,044	217,531	15,513	200,108
Supplies	22,400	22,400	19,135	3,265	26,441
Operating Expenses	<u>736,036</u>	<u>738,482</u>	<u>700,759</u>	<u>37,723</u>	<u>700,835</u>
Operating income (loss)	26,397	23,951	140,707	116,756	3,823
Non-Operating Revenues (Expenses):					
Interest revenue	1,500	1,500	2,655	1,155	3,515
Unrealized gains (losses)	-	-	(3,691)	(3,691)	3,198
Sale of capital assets	-	-	-	-	2,000
Total Non-Operating Revenues (Expenses)	<u>1,500</u>	<u>1,500</u>	<u>(1,036)</u>	<u>(2,536)</u>	<u>8,713</u>
Income (Loss) Before Contributions and Transfers	27,897	25,451	139,671	114,220	12,536
Transfers (out)	(44,293)	(44,293)	-	44,293	-
Change in Net Position - Budgetary Basis	<u>(16,396)</u>	<u>(18,842)</u>	139,671	<u>158,513</u>	12,536
Reconciliation to GAAP Basis:					
Adjustments:					
Depreciation			(44,063)		(44,063)
Total Adjustments			(44,063)		(44,063)
Total Net Position - Beginning			878,344		909,871
Total Net Position - Ending			<u>973,952</u>		<u>878,344</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, 2021
(With Comparative Actual Amounts For the Year Ended 2020)

	2021			Final Budget Variance Positive (Negative)	2020
	Original Budget	Original and Final Budget	Actual		Actual
Operating Revenue:					
Sales	-	-	-	-	669,691
Other revenue	-	-	-	-	220
Operating Revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>669,911</u>
Operating Expenses:					
Salaries and employee benefits	-	-	-	-	422,461
Purchased services	-	-	-	-	32,690
Operations and maintenance	-	-	-	-	35,261
Supplies	-	-	-	-	1,593
Operating Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>492,005</u>
Operating income (loss)	-	-	-	-	177,906
Non-Operating Revenues (Expenses):					
Interest revenue	-	-	-	-	1,197
Unrealized gains (losses)	-	-	-	-	1,443
Grants and contributions	-	-	-	-	74,542
Sale of capital assets	-	-	-	-	(26,039)
Total Non-Operating Revenues (Expenses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,143</u>
Income (Loss) Before Contributions and Transfers	-	-	-	-	229,049
Capital contributions	-	-	-	-	(367,768)
Change in Net Position - Budgetary Basis	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(138,719)</u>
Reconciliation to GAAP Basis:					
Adjustments:					
Depreciation			-		(1,543)
Total Adjustments			<u>-</u>		<u>(1,543)</u>
Total Net Position - Beginning			<u>-</u>		<u>140,262</u>
Total Net Position - Ending			<u>-</u>		<u>-</u>

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

City of Gunnison
Schedule of Revenues and Expenditures Budget (Non-GAAP Basis)
and Actual With Reconciliation to GAAP Basis
Proprietary Funds
Recreation Fund
For the Year Ended December 31, 2021
(With Comparative Actual Amounts For the Year Ended 2020)

	<u>2021</u>			Final Budget Variance Positive (Negative)	<u>2020</u>
	Original Budget	Final Budget	Actual		Actual
Operating Revenue:					
Sales	393,515	393,515	468,632	75,117	226,209
Other revenue	4,100	4,100	4,591	491	3,292
Operating Revenue	<u>397,615</u>	<u>397,615</u>	<u>473,223</u>	<u>75,608</u>	<u>229,501</u>
Operating Expenses:					
Salaries and employee benefits	714,318	733,485	673,103	60,382	596,586
Purchased services	412,693	412,693	379,802	32,891	419,917
Operations and maintenance	273,457	283,885	178,831	105,054	106,138
Supplies	809,938	809,938	91,665	718,273	103,141
Capital outlay	-	-	316,008	(316,008)	499,133
Operating Expenses	<u>2,210,406</u>	<u>2,240,001</u>	<u>1,639,409</u>	<u>600,592</u>	<u>1,724,915</u>
Operating Income (Loss)	(1,812,791)	(1,842,386)	(1,166,186)	676,200	(1,495,414)
Non-Operating Revenues (Expenses):					
Taxes	1,851,837	1,851,837	2,428,111	576,274	2,001,531
Interest revenue	30,350	30,350	29,020	(1,330)	42,784
Debt service - principal	(360,000)	(360,000)	(375,000)	(15,000)	(355,000)
Interest expense	(126,713)	(156,285)	(132,051)	24,234	(135,678)
Unrealized gains (losses)	8,500	8,500	(43,403)	(51,903)	37,034
Grants and contributions	370,205	370,205	16,450	(353,755)	319,714
Sale of capital assets	-	-	125	125	3,000
Total Non-Operating Revenues (Expenses)	<u>1,774,179</u>	<u>1,744,607</u>	<u>1,923,252</u>	<u>178,645</u>	<u>1,913,385</u>
Income (Loss) Before Contributions and Transfers	(38,612)	(97,779)	757,066	854,845	417,971
Capital contributions	-	-	-	-	-
Transfers in	633,041	635,041	587,716	(47,325)	968,410
Transfers (out)	(924,749)	(949,249)	(915,381)	33,868	(1,013,059)
Change in Net Position - Budgetary Basis	<u>(330,320)</u>	<u>(411,987)</u>	<u>429,401</u>	<u>841,388</u>	<u>373,322</u>
Reconciliation to GAAP Basis:					
Adjustments:					
Depreciation			(407,854)		(398,736)
Capital outlay			316,008		499,133
Gain (loss) on disposal of assets			-		(4,056)
Debt service - principal			375,000		355,000
Total Adjustments			<u>283,154</u>		<u>451,341</u>
Total Net Position - Beginning			9,557,063		8,732,400
Total Net Position - Ending			<u>10,269,618</u>		<u>9,557,063</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, 2021
(With Comparative Actual Amounts For the Year Ended 2020)

	2021			Final Budget Variance Positive (Negative)	2020
	Original Budget	Original and Final Budget	Actual		Actual
Operating Revenue:					
Charges for services	717,774	717,774	712,225	(5,549)	697,748
Other revenue	-	-	129	129	656
Operating Revenue	<u>717,774</u>	<u>717,774</u>	<u>712,354</u>	<u>(5,420)</u>	<u>698,404</u>
Operating Expenses:					
Fleet expenses	1,327,096	1,331,564	710,432	621,132	697,523
Capital outlay	-	-	132,132	(132,132)	374,649
Operating Expenses	<u>1,327,096</u>	<u>1,331,564</u>	<u>842,564</u>	<u>489,000</u>	<u>1,072,172</u>
Operating income (loss)	(609,322)	(613,790)	(130,210)	483,580	(373,768)
Non-Operating Revenues (Expenses):					
Interest revenue	-	-	2,726	2,726	1,092
Unrealized gains (losses)	-	-	(5,637)	(5,637)	(851)
Sale of capital assets	50,000	50,000	51,890	1,890	6,761
Total Non-Operating Revenues (Expenses)	<u>50,000</u>	<u>50,000</u>	<u>48,979</u>	<u>(1,021)</u>	<u>7,002</u>
Income (Loss) Before Contributions and Transfers	(559,322)	(563,790)	(81,231)	482,559	(366,766)
Transfers in	590,865	590,865	590,865	-	717,976
Transfers (out)	34,993	34,993	-	(34,993)	-
Change in Net Position - Budgetary Basis	<u>66,536</u>	<u>62,068</u>	<u>509,634</u>	<u>447,566</u>	<u>351,210</u>
Reconciliation to GAAP Basis:					
Adjustments:					
Capital contributions			-		-
Depreciation			(230,892)		(199,852)
Capital outlay			132,132		374,649
Total Adjustments			<u>(98,760)</u>		<u>174,797</u>
Total Net Position - Beginning			<u>2,342,925</u>		<u>1,816,918</u>
Total Net Position - Ending			<u>2,753,799</u>		<u>2,342,925</u>

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

City of Gunnison
Statement of Changes in Fiduciary Net Position
Budget and Actual
Volunteer Firefighters' Pension Fund
For the Year Ended December 31, 2021
(With Comparative Actual Amounts For the Year Ended 2020)

	2021			Final Budget Variance Positive (Negative)	2020
	Original Budget	Original and Final Budget	Actual		Actual
Additions					
Contributions	131,020	131,020	135,682	4,662	135,682
Earnings on investments	65,000	65,000	320,458	255,458	320,458
Total Additions	<u>196,020</u>	<u>196,020</u>	<u>456,140</u>	<u>260,120</u>	<u>456,140</u>
Deductions					
Benefits	270,600	270,600	247,000	23,600	247,000
Expenses	17,000	17,000	17,000	-	17,000
Total Deductions	<u>287,600</u>	<u>287,600</u>	<u>264,000</u>	<u>23,600</u>	<u>264,000</u>
Change in Net Position - Budgetary Basis	<u>(91,580)</u>	<u>(91,580)</u>	192,140	<u>236,520</u>	192,140
Total Net Position - Beginning			<u>2,599,408</u>		<u>2,407,268</u>
Total Net Position - Ending			<u>2,791,548</u>		<u>2,599,408</u>

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



Steps for printing your content and returning to 'Edit Mode

1. Click Ctrl + A on a Windows machine or Command + A on a Mac to select all data.
2. Right-click your mouse and select Print.
3. Confirm that print settings are correct - make sure "selection only" isn't checked.
4. Print hard copy or to PDF.
5. Click "Edit Mode" to return to modifying your data.
6. Remember to click "Save" to save any changes.

Annual Highway Finance Report - CY21

Email address: bcowan@gunnisonco.gov
City/County: Gunnison

Receipts, Disbursements & Costs

II - Receipts for Road & Street Purposes

A. Receipts from local sources

2. General Fund Appropriations:	\$	155,000.04
3. Other local imposts: <i>from A.3. 'Total' below</i>	\$	2,189,481.72
4. Miscellaneous local receipts: <i>from A.4. 'Total' below</i>	\$	35,699.56
5. Transfers from toll facilities	\$	0.00
6. Proceeds of sale of bonds and notes		
a. Bonds - Original Issues:	\$	0.00
b. Bonds - Refunding Issues:	\$	0.00
c. Notes:	\$	0.00

SubTotal: \$ 2,380,181.32

B. Private Contributions \$ 0.00

Receipts, Disbursements & Costs

II - Receipts for Road & Street Purposes (Detail)

A.3. Other local imposts

a. Property Taxes & Assessments	\$	0.00
b. Other Local Imposts		
1. Sales Taxes:	\$	2,185,299.72
2. Infrastructure and Impact Fees:	\$	4,182.00
3. Liens:	\$	0.00
4. Licenses:	\$	0.00
5. Specific Ownership and/or Other:	\$	0.00
Total: (a + b) carried to 'Other local imposts' above	\$	<u>2,189,481.72</u>

A.4. Miscellaneous local receipts

a. Interest on Investments:	\$	12,991.12
b. Traffic fines and Penalties:	\$	22,355.00
c. Parking Garage Fees:	\$	0.00
d. Parking Meter Fees:	\$	0.00
e. Sale of Surplus Property:	\$	0.00
f. Charges for Services:	\$	0.00
g. Other Misc. Receipts:	\$	0.00
h. Other:	\$	353.44
Total: (a through h) carried to 'Misc local receipts' above	\$	<u>35,699.56</u>

C. Receipts from State Government

1. Highway User Taxes:	\$	205,349.87
3. Other State funds:		
c. Motor Vehicle Registrations:	\$	23,199.96
d. Other (Specify):		
Comments: State Highway Maintenance Agr	\$	22,344.43
e. Other (Specify):		
Comments: undefined	\$	0.00
Total: (1+3c,d,e)	\$	<u>250,894.26</u>

D. Receipts from Federal Government

2. Other Federal Agencies		
a. Forest Service:	\$	0.00
b. FEMA:	\$	0.00

c. HUD:	\$	0.00
d. Federal Transit Administration:	\$	0.00
e. U.S. Corp of Engineers	\$	0.00
f. Other Federal:	\$	0.00
Total: (2a-f)		\$ 0.00

Receipts, Disbursements & Costs

III - Disbursements for Road & Street Purposes

A. Local highway disbursements

1. Capital outlay: (from A.1.d. 'Total Capital Outlay' below)	\$	810,608.65
2. Maintenance:	\$	587,199.43
3. Road and street services		
a. Traffic control operations:	\$	0.00
b. Snow and ice removal:	\$	32,484.99
c. Other:	\$	0.00
4. General administration and miscellaneous	\$	85,071.00
5. Highway law enforcement and safety	\$	511,233.51
Total: (A.1-5)		\$ 2,026,597.58

B. Debt service on local obligations

1. Bonds		
a. Interest	\$	0.00
b. Redemption	\$	0.00
2. Notes		
a. Interest	\$	0.00
b. Redemption	\$	0.00
SubTotal: (1+2)		\$ 0.00

C. Payments to State for Highways:	\$	0.00
D. Payments to Toll Facilities:	\$	0.00

Total Disbursements: (A+B+C+D) \$ 2,026,597.58

Receipts, Disbursements & Costs

III - Disbursements for Road & Street Purposes - (Detail)

	A. ON NATIONAL HIGHWAY SYSTEM	B. OFF NATIONAL HIGHWAY SYSTEM	C. TOTAL
A. 1. Capital Outlay			
a. Right-Of-Way Costs:	\$ 0.00	\$ 0.00	\$ 0.00
b. Engineering Costs:	\$ 0.00	\$ 167,122.75	\$ 167,122.75
c. Construction			
1. New Facilities:	\$ 0.00	\$ 0.00	\$ 0.00
2. Capacity Improvements:	\$ 0.00	\$ 0.00	\$ 0.00
3. System Preservation:	\$ 0.00	\$ 551,166.98	\$ 551,166.98
4. System Enhancement:	\$ 0.00	\$ 92,318.92	\$ 92,318.92
5. Total Construction:			\$ 643,485.90
d. Total Capital Outlay: <i>(Lines A.1.a. + 1.b. + 1.c.5)</i>			\$ 810,608.65

Receipts, Disbursements & Costs

IV. Local Highway Debt Status

	OPENING DEBT	AMOUNT ISSUED	REDEMPTIONS	CLOSING DEBT
A. Bonds (Total)	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
1. Bonds (Refunding Portion)		\$ 0.00	\$ 0.00	\$ 0.00
B. Notes (Total):	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

Receipts, Disbursements & Costs

V - Local Road & Street Fund Balance

A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
\$ 721,956.57	\$ 2,631,075.58	\$ 2,026,597.58	\$ 1,326,434.57	\$ 0.00

Notes and Comments:

undefined

Please enter your name: Ben Cowan

Please provide a telephone number where you may be reached: 970-641-8162

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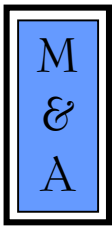
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STATUTORY INFORMATION



MCMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

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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

To the City Council City of Gunnison

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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 7, 2022.

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 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. We consider the deficiency described in the schedule of findings and questioned cost as item 2021-001 to be a significant deficiency.

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

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**INDEPENDENT AUDITOR'S REPORT
To the Board of County Commissioners
City of Gunnison**

Compliance and Other Matters

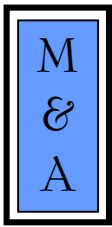
As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect 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 *Governmental 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.
June 7, 2022**



MCMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

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

**To the City Council
City of Gunnison**

Opinion on Each Major Federal Program

We have audited City of Gunnison's (the "City") compliance with the types of compliance requirements described in the *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, 2021. 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.

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, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

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**INDEPENDENT AUDITOR'S REPORT
To the City Council
City of Gunnison**

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

INDEPENDENT AUDITOR'S REPORT
To the City Council
City of Gunnison

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

McMahan and Associates, L.L.C.
McMahan and Associates, L.L.C.
June 7, 2022

City of Gunnison
SCHEDULE OF PRIOR YEARS FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2021
(Continued)
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	None noted
Identification of major programs:	
Community Development Block Grant	ALN 14.228
Dollar threshold used to identify Type A from Type B programs:	\$750,000
Identified as low-risk auditee	Yes

Part II – Findings Related to Financial Statements

Findings related to financial statements as required by <i>Government Auditing Standards</i>	No
Auditor-assigned reference number	N/A

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 YEARS FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2021
(Continued)

There were no findings for the year ended December 31, 2020.

City of Gunnison
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Local Grant Project Number</u>	<u>Expenditures</u>
Department of Housing and Urban Development			
Passed through Department of Local Affairs			
Community development block grant	14.228	H1CDB31428	\$ 1,054,047
Total Environmental Protection Agency			<u>1,054,047</u>
Department of the Interior			
Passed through the Colorado Department of Local Affairs:			
Energy & Mineral Impact Assistance Program (EIAF)	15.437	F19MLG8864	50,000
Total Department of the Interior			<u>50,000</u>
Department of Transportation			
Technical Assistance Grants (TAG)	20.710	693JK32040006PTAG	50,095
Total Department of Transportation			<u>50,095</u>
Department of Justice			
Passed through the Colorado Department of Criminal Justice:			
Crime Victim Assistance	16.575	2020-VA-21-442-07	36,239
Total Department of Justice			<u>36,239</u>
Total			<u>\$ 1,190,381</u>

Notes to the Schedule of Expenditures of Federal Awards for the year ended December 31, 2021

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.