



City of Gunnison, Colorado

Financial Statements and Supplementary
Information

For the Year Ended December 31, 2013

City of Gunnison, Colorado

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Introductory Section

CITY OF GUNNISON, COLORADO

CITY COUNCIL, BOARDS, COMMISSIONS AND MANAGEMENT

AS OF DECEMBER 31, 2013

City Council

Bob Drexel – Mayor
Stu Ferguson – Mayor Pro-Tem
Richard Hagan
Carolyn Riggs
Anne Steinbeck

Building Board of Appeals

Jerry Kowal - Chair
Jerry Greene
Chris Klein
Jody Reeser
Matt Ventura

Firemen's Pension Board

Jim Miles, Chief
Dennis Spritzer, Fireman
Ernie Young, Fireman
Dan McKenna, District Board
Steve Williams, District Board
Wendy Collins, Finance Director
Bob Drexel, Councilmember
Stu Ferguson, Councilmember

Gunnison Valley Land Preservation Board

Sonja Chavez de Baca
Vacant

Zoning Board of Adjustments and Appeals

Marla Larson, Chair
Marian Hicks, Vice Chair
Wesley Bailey, Jr.
Scott Frazier
Ellen Harriman

Election Commission

Gail Davidson, City Clerk
Marian Hicks
Thelma Reece

Planning and Zoning Commission

Bob Beda
Sharon Cave
Erich Ferchau
Greg Larson
Erik Niemeyer
Andy Tocke
Stu Ferguson, Council Representative

City Management

Ken Colman, City Manager
Gail Davidson, City Clerk
Steve Westbay, Director of Community Development
Wendy Collins, Director of Finance
Dan Ampietro, Director of Parks & Recreation
Keith Robinson, Chief of Police
Ken Bradford, Director of Public Works
Kathleen Fogo, City Attorney

City Group Health Plan Trustees

Ken Coleman, City Manager
Anne Steinbeck, City Council
Wendy Collins, Finance Director
Dan Ampietro, Parks & Recreation Director
Keith Robinson, Police Chief
Ken Bradford, Public Works Director

Financial Section



Independent Auditor's Report

Honorable Mayor and Members
of the City Council
City of Gunnison, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Gunnison, Colorado (the "City") as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements.

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Gunnison, Colorado as of December 31, 2013, 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.



Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 14, the budgetary comparison information on Page 48, and the schedule of funding progress on Page 49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other 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 introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules, and state compliance section are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and state compliance section are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. This 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Anton Collins Mitchell LLP

Greeley, Colorado
July 22, 2014

City of Gunnison, Colorado
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2013

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, 2013. We encourage readers to consider the information presented here in conjunction with the additional information furnished in our basic financial statements to better understand the financial position of the City of Gunnison.

Background Information

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

Financial Highlights

The assets of the City exceeded its liabilities at the close of the fiscal year ended December 31, 2013 by \$31,609,718 (net position). Of this amount, \$9,991,254 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies as more fully described below. The City's total net position increased \$909,682.

At the close of the fiscal year ended December 31, 2013, the City's governmental funds reported combined ending fund balance of \$4,662,265, an increase of \$215,399 in comparison with the prior year. Approximately 85% of the ending fund balance, \$3,978,687, is available for use within the City's policies (unassigned fund balance).

The unassigned fund balance for the general fund was \$3,978,687 or 57% of the total general fund expenditures and other financing uses. This represents a \$302,916 increase from the prior fiscal year. The City's fund balance policy is to maintain a fund balance equal to at least 30% of the governmental fund operating appropriations.

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 are comprised of three components: (1) government-wide financial statements; (2) fund financial statements; and (3) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements themselves.

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 of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between these categories reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether financial position is improving or deteriorating.

City of Gunnison, Colorado
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2013

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported when 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 (e.g., uncollected taxes and earned, but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues, *governmental activities*, from other functions that are intended to recover all or a significant portion of their costs through user fees and charges, *business type activities*. The governmental activities of the City include general government, public safety, public works, parks and recreation, grants and contributions, capital outlay, conservation trust, ditches, and internal service funds. The business type activities of the City include electric, water, sewer, refuse, communications, and recreation (pool, rink, trails).

The government-wide financial statements can be found on pages 15 - 17 of this report.

Fund Financial Statements

A fund is a grouping of related accounts 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 two categories: governmental funds and proprietary 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 current sources and uses 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 effect of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The governmental funds are separated into the following major and non-major funds: general fund (major), conservation trust fund (non-major), and ditch fund (non-major).

In accordance with the Charter of the City of Gunnison, an annual appropriated budget is adopted for all governmental funds. A budgetary comparison statement has been provided for these funds to demonstrate compliance with these budgets.

City of Gunnison, Colorado
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2013

The basic governmental fund financial statements can be found on pages 18 - 21 of this report.

Proprietary Funds: There are two types of proprietary funds, enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government wide financial statements, only in more detail. The City uses the enterprise fund to account for electric, water, sewer, refuse, communications, and recreation (pool, rink, and trail) operations. The City uses an internal service fund to account for fleet services provided to departments on a cost reimbursement basis. The proprietary fund statements provide separate information for the enterprise fund and the internal service fund. The Enterprise Fund is considered to be a major fund, and the Fleet Service Fund is a non-major fund.

The basic proprietary fund financial statements can be found on pages 22 - 25 of this report.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government such as pension funds. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the City's programs. The City has one trust fund, the Gunnison Firemen's Pension Fund. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 26 - 27 of this report.

Notes to Basic 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 basic financial statements can be found on pages 28-47 of this report.

Other information

The combining statements referred to earlier in connection with non-major governmental funds and budgetary comparisons for other funds are presented following the required supplementary information on pensions. Combining and individual statements and schedules can be found on pages 48 - 65 of this report.

City of Gunnison, Colorado
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2013

Table 1
Major Features of the Government-wide and Fund Financial Statements

| | Government-wide Statements | Fund Financial Statements | | |
|--|--|---|--|---|
| | | Governmental Funds | Proprietary Fund | Fiduciary Fund |
| Scope | Entire City (except fiduciary funds) | The activities of the City that are not proprietary or fiduciary | Activities the City operates similar to private businesses: electric, water, sewer, trash, communications, recreation (pool, rink, trails) | Instances in which the City administers resources on behalf of someone else |
| Required Financial Statements | Statement of Net Position Statement of Activities | Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balances | Statement of Net Position Statement of Revenues, Expenses and Changes in Net Position Statement of Cash Flows | Statement of Fiduciary Net Position Statement of Changes in Fiduciary Net Position |
| Accounting basis and measurement focus | Accrual accounting and economic resources focus | Modified accrual accounting and current financial focus | Accrual accounting and economic resources focus | Accrual accounting and economic resources focus |
| Type of asset/liability | All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, short-term and long-term | Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included | All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, and short-term and long-term | All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both short-term and long-term; funds do not currently contain capital assets, although they can |
| Type of inflow/outflow information | All revenues and expenses during year, regardless of when cash is received or paid | Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable | All revenues and expenses during the year, regardless of when cash is received or paid | All additions and deductions during the year, regardless of when cash is received or paid |

City of Gunnison, Colorado
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2013

Government-Wide Financial Analysis

As noted earlier, over time, net position may serve as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities and deferred inflows of resources by \$31,609,718 at December 31, 2013, which is an increase of \$909,682 during the year. The City is able to report positive balances in all categories of net position, for the government as a whole.

City of Gunnison's Condensed Net Position

| | Governmental Activities | | Business-Type Activities | | Total | |
|---------------------------|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | <u>2013</u> | <u>2012</u> | <u>2013</u> | <u>2012</u> | <u>2013</u> | <u>2012</u> |
| Current and Other Assets | \$ 5,787,728 | \$ 5,295,035 | \$ 7,139,298 | \$ 6,809,530 | \$ 12,927,026 | \$ 12,104,565 |
| Capital Assets - Net | 10,682,917 | 9,702,940 | 17,172,816 | 17,586,740 | 27,855,733 | 27,289,680 |
| Total Assets | 16,470,645 | 14,997,975 | 24,312,114 | 24,396,270 | 40,782,759 | 39,394,245 |
| Current Liabilities | 446,251 | 179,907 | 1,054,412 | 604,679 | 1,500,663 | 784,586 |
| Noncurrent Liabilities: | | | | | | |
| Long-term Liabilities | 122,034 | 230,960 | 7,283,842 | 7,383,122 | 7,405,876 | 7,614,082 |
| Total Liabilities | 568,285 | 410,867 | 8,338,254 | 7,987,801 | 8,906,539 | 8,398,668 |
| Deferred Inflows | | | | | | |
| of Resources | 266,502 | 295,541 | - | - | 266,502 | 295,541 |
| Net Position: | | | | | | |
| Net Investment in | | | | | | |
| Capital Assets | 10,682,917 | 9,663,014 | 10,143,786 | 10,311,439 | 20,826,703 | 19,974,453 |
| Restricted | 243,974 | 210,155 | 547,787 | 547,401 | 791,761 | 757,556 |
| Unrestricted | 4,708,967 | 4,418,398 | 5,282,287 | 5,549,629 | 9,991,254 | 9,968,027 |
| Total Net Position | \$ 15,635,858 | \$ 14,291,567 | \$ 15,973,860 | \$ 16,408,469 | \$ 31,609,718 | \$ 30,700,036 |

City of Gunnison, Colorado
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2013

The largest portion of the City's net position, \$20,826,703 or 66%, reflects its investments in capital assets (e.g., land, buildings, equipment, improvements, construction in progress, and infrastructure), less any debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide service to citizens; consequently these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. A small portion of the City's net position, \$791,761, or approximately 2%, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position, \$9,991,254 or 32%, may be used to meet the government's ongoing obligations.

City of Gunnison, Colorado
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2013

**City of Gunnison's Condensed Change in Net
Position**

| | 2013 | | | 2012 |
|--|----------------------------|-----------------------------|----------------------|----------------------|
| | Governmental Activities | Business-Type Activities | Total | Total |
| Revenues | | | | |
| Program revenues: | | | | |
| Charges for services | \$ 351,615 | \$ 7,976,140 | \$ 8,327,755 | \$ 7,919,669 |
| Operating grants and contributions | 1,106,939 | 9,831 | 1,116,770 | 394,705 |
| Capital grants and contributions | 44,065 | 191,287 | 235,352 | 426,588 |
| General revenues: | | | | |
| Property taxes | 296,649 | - | 296,649 | 297,821 |
| Specific Ownership Taxes | 15,870 | - | 15,870 | 14,506 |
| Sales and Use Taxes | 4,569,826 | 1,325,582 | 5,895,408 | 5,396,382 |
| Franchise Taxes | 473,445 | - | 473,445 | 441,553 |
| Other Taxes | 204,453 | - | 204,453 | 189,391 |
| Other Revenues | 72,389 | 93,016 | 165,405 | 236,278 |
| Gain on Sale of Capital Assets | - | - | - | 10,336 |
| Earnings on Investments | 8,018 | 9,504 | 17,522 | 53,273 |
| Transfers | 179,150 | (179,150) | - | - |
| Total Revenues | 7,322,419 | 9,426,210 | 16,748,629 | 15,380,502 |
| Expenses | | | | |
| General Government | 823,669 | - | 823,669 | 840,965 |
| Public Safety | 1,795,392 | - | 1,795,392 | 1,856,367 |
| Public Works | 2,153,357 | - | 2,153,357 | 2,339,686 |
| Culture and Recreation | 1,082,382 | - | 1,082,382 | 1,170,854 |
| Grants and Contributions | 122,802 | - | 122,802 | 127,916 |
| Interest on Long-Term Debt | 526 | - | 526 | 2,417 |
| Electric | - | 5,426,759 | 5,426,759 | 5,171,683 |
| Water | - | 709,891 | 709,891 | 614,737 |
| Sewer | - | 1,195,522 | 1,195,522 | 1,201,989 |
| Refuse | - | 483,350 | 483,350 | 400,972 |
| Communications | - | 639,846 | 639,846 | 604,464 |
| Recreation | - | 1,405,451 | 1,405,451 | 1,400,869 |
| Total Expenses | 5,978,128 | 9,860,819 | 15,838,947 | 15,732,919 |
| Change in Net Position | 1,344,291 | (434,609) | 909,682 | (352,417) |
| Net Position Beginning of Year | 14,291,567 | 16,408,469 | 30,700,036 | 31,190,053 |
| Cumulative effect of change in accounting principle | - | - | - | (137,600) |
| Net Position End of Year | \$ 15,635,858 | \$ 15,973,860 | \$ 31,609,718 | \$ 30,700,036 |

City of Gunnison, Colorado
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2013

Governmental Activities: Governmental activities increased the City's total net position by \$1,344,291. Total governmental activities revenues increased \$889,255. The most significant changes in revenues include an increase in program revenues of \$347,652, and an increase in taxes of \$430,438. Otherwise, governmental activities revenues increased \$111,165. Expenses associated with governmental activities decreased by \$360,077, primarily due to aggressive street overlay projects.

Business-type Activities: Business-type activities decreased the City's total net position by \$434,609. Total business-type activities revenues increased \$478,872. The most significant changes in revenues include an increase in program revenues of \$591,263, and an increase in taxes of \$115,734. Otherwise, business-type activities revenues decreased \$228,125 due mostly to the payment of a loan from the General Fund to the Enterprise Fund-Recreation Division for bond insurance.

Financial Analysis of the Government's Funds

As noted earlier, fund accounting is used to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds: The focus of government funds is to provide information on near term inflows, outflows and balances of spendable resources. In particular, unassigned 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 2013, the City's governmental funds reported combined ending fund balance of \$4,662,265, an increase of \$215,399 in comparison with the prior year. Expenditures for capital equipment and capital projects were \$2,778,038 and are reflected in the General, Conservation Trust, and Ditch funds. Of the \$4,662,265 ending fund balance, 85%, or \$3,978,687, constitutes unreserved fund balance, which is available for appropriation at the City's discretion. The remainder of the fund balance is non-spendable, restricted or assigned to indicate that it is not available for new spending because it is already committed to meet a state constitution mandated emergency reserve, \$215,214, restricted for parks and recreation, \$28,760, and other assigned purposes, \$375,520.

The City has one major governmental fund, the General Fund. The City has two non-major governmental funds, the Conservation Trust and Ditch Funds.

The General Fund is the primary operating fund for the City. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance to the total fund operating expenditures. Unassigned fund balance represents 57% of the total 2013 expenditures. The fund equity of the City's General Fund increased by \$243,406 during 2013.

The Conservation Trust Fund had total fund equity at the end of 2013 of \$28,760. This fund accounts for State of Colorado lottery funds and is to be used for parks and recreation services and capital investment. There was an increase of \$13,132 in the Conservation Trust Fund equity from the prior year.

City of Gunnison, Colorado
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2013

The Ditch Fund had total fund equity at the end of 2013 of \$345,219. This fund receives its funding source through State of Colorado Mineral Leasing funds, which are then utilized to provide maintenance of and capital improvements to the ditch system. There was a decrease of \$41,139 in the Ditch Fund equity from the prior year, due to a decrease of mineral leasing fund revenues and a major ditch diversion project expense.

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

The City has one enterprise fund consisting of the following departments: the Electric Department, Water Department, Sewer Department, Refuse (Solid Waste) Department; Communications Department; and the Recreation Department. Unrestricted net position of the enterprise fund, at the end of 2013, amounted to \$5,282,287. A breakdown of the unrestricted net position by department is: Electric Department, \$1,440,491; Water Department, \$919,615; Sewer Department, \$1,389,624; Refuse Department, \$615,610; Communications Department, \$37,796; and Recreation Department, \$879,151. Total net position decreased by \$434,609 in comparison with the prior year.

Budgetary Highlights:

General Fund: Differences between original budget and the final amended budget for General Fund activities resulted in an overall increase in appropriations of \$1,213,388. This increase was a result of additional funds appropriated out of fund balance for expenses related to a fiber optics expansion project and a portion of the new public safety facility; and for grant funds received for the public safety facility.

Proprietary Funds: Differences between original budget and the final amended budget for Proprietary Fund activities resulted in an overall increase in appropriations of \$336,000. This increase was a result of additional funds appropriated out of fund balances for expenses related to additional purchased power; higher than expected fuel costs; and emergency repairs to the City's wastewater treatment plant and pool equipment.

Capital Asset and Debt Administration

Capital Assets: The City's investment in capital assets, net of accumulated depreciation, for its governmental and business type activities as of December 31, 2013, amounts to \$27,855,733, an increase of \$566,053 from the prior year. As required by GASB 34, the investment in capital assets includes land, buildings, building improvements and equipment.

City of Gunnison, Colorado
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2013

Long - Term Debt: At the end of 2013, long term debt outstanding was \$7,400,876. This debt represents bonds secured solely by specific revenue sources (i.e., revenue bonds), obligations under capital leases, the MEAN payable, and accrued compensated absences. At the end of 2013, the only outstanding bonded debt was secured by a one-percent sales tax revenue dedicated to the City's recreation department for the purpose of constructing the City's pool facility and the Jorgensen Event Center, amounting to \$7,015,000.

Economic Factors and Next Year's Budget and Rates

- The City continues to maintain a healthy financial position, with reserves above the 30% target amount.
- Sales tax revenues are estimated to increase by 1.4% from fiscal year 2013.
- Street improvement expenses have been reduced by \$338,000. \$351,000 has been budgeted for upgrades to the City Hall Municipal building and \$100,000 has been budgeted for an update to the City of Gunnison Master Plan.
- Proprietary fund revenues are projected to increase by \$206,183, while expenses are projected to increase by \$329,776. Cash reserves will be used purchase new software and meter equipment in both the electric and water divisions; for additional slip-lining of aging sewer lines; for manhole rehabilitation; to resurface the gym floor at the Community Center; to reroof the locker rooms at the Jorgensen Event Center; to make the final payment on the loan from the General Fund to the Recreation Division for bond insurance; and to expand the City's trail system.
- Rates for utility users will remain the same in 2014, as no rate increases are proposed.

Request for Information

This financial report is designed to provide a general overview of the City's finances for those interested. Questions concerning any of the information provided in the report or requests for additional financial information should be addressed to:

Finance Director
City of Gunnison
201 West Virginia Avenue
Gunnison, CO 81230

Basic Financial Statements

City of Gunnison, Colorado
Statement of Net Position
December 31, 2013

| | Governmental Activities | Business-Type Activities | Total |
|--|----------------------------|-----------------------------|----------------------|
| Assets | | | |
| Equity in pooled cash and investments | \$ 4,222,177 | \$ 5,002,347 | \$ 9,224,524 |
| Accounts and taxes receivable | 1,484,147 | 847,832 | 2,331,979 |
| Inventories | - | 758,474 | 758,474 |
| Prepaid items | 64,084 | 177 | 64,261 |
| Restricted pooled cash and investments | - | 547,787 | 547,787 |
| Internal balances | 17,320 | (17,320) | - |
| Capital assets: | | | |
| Non depreciable | 1,940,997 | 560,253 | 2,501,250 |
| Depreciable, net of accumulated depreciation | 8,741,920 | 16,612,560 | 25,354,480 |
| Total assets | 16,470,645 | 24,312,110 | 40,782,755 |
| Liabilities | | | |
| Accounts payable | 355,962 | 917,901 | 1,273,863 |
| Customer deposits | - | 56,180 | 56,180 |
| Accrued expenses | 90,289 | 56,045 | 146,334 |
| Accrued interest payable | - | 24,285 | 24,285 |
| Noncurrent liabilities: | | | |
| Compensated absences payable | 122,034 | 117,202 | 239,236 |
| Pollution remediation obligation | - | 5,000 | 5,000 |
| Due within one year | - | 272,100 | 272,100 |
| Due in more than one year | - | 6,889,540 | 6,889,540 |
| Total liabilities | 568,285 | 8,338,253 | 8,906,538 |
| Deferred inflows of resources | | | |
| Unearned revenue - property taxes | 266,502 | - | 266,502 |
| Total deferred inflows of resources | 266,502 | - | 266,502 |
| Net Position | | | |
| Net investment in capital assets | 10,682,917 | 10,121,683 | 20,804,600 |
| Restricted | 243,974 | 547,787 | 791,761 |
| Unrestricted | 4,708,967 | 5,304,387 | 10,013,354 |
| Total net position | \$ 15,635,858 | \$ 15,973,857 | \$ 31,609,715 |

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

City of Gunnison, Colorado
Statement of Activities
Year Ended December 31, 2013

| Functions/programs | Expenses | Program Revenues | | |
|---|----------------------|----------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Governmental activities: | | | | |
| General government | \$ 823,669 | \$ 33,223 | \$ 267,704 | \$ - |
| Public safety | 1,795,392 | 95,782 | 8,928 | - |
| Public works | 2,153,357 | 51,867 | 795,028 | 44,065 |
| Culture and recreation | 1,082,382 | 170,743 | 35,279 | - |
| Grants and contributions | 122,802 | - | - | - |
| Interest on long-term debt | 526 | - | - | - |
| Total governmental activities | 5,978,128 | 351,615 | 1,106,939 | 44,065 |
| Business-type activities: | | | | |
| Electric | 5,426,759 | 4,977,502 | - | 43,120 |
| Water | 709,891 | 523,908 | - | 48,918 |
| Sewer | 1,195,522 | 1,017,403 | - | 99,249 |
| Refuse | 483,350 | 507,168 | 9,831 | - |
| Communications | 639,846 | 637,734 | - | - |
| Recreation | 1,405,451 | 312,425 | - | - |
| Total business-type activities | 9,860,819 | 7,976,140 | 9,831 | 191,287 |
| Total primary government | \$ 15,838,947 | \$ 8,327,755 | \$ 1,116,770 | \$ 235,352 |
| General revenues | | | | |
| Property taxes | | | | |
| Specific ownership taxes | | | | |
| Sales and use taxes | | | | |
| Franchise taxes | | | | |
| Other taxes | | | | |
| Other revenues | | | | |
| Earnings on investments | | | | |
| Total general revenues | | | | |
| Transfers in (out) | | | | |
| Total general revenues and transfers | | | | |
| Change in net position | | | | |
| Net position at beginning of year | | | | |
| Net position at end of year | | | | |

| Net (Expense) Revenue and Change in Net Position | | |
|---|-----------------------------|---------------|
| Governmental Activities | Business-Type Activities | Total |
| \$ (522,742) | \$ - | \$ (522,742) |
| (1,690,682) | - | (1,690,682) |
| (1,262,397) | - | (1,262,397) |
| (876,360) | - | (876,360) |
| (122,802) | - | (122,802) |
| (526) | - | (526) |
| (4,475,509) | - | (4,475,509) |
| - | (406,137) | (406,137) |
| - | (137,065) | (137,065) |
| - | (78,870) | (78,870) |
| - | 33,649 | 33,649 |
| - | (2,112) | (2,112) |
| - | (1,093,026) | (1,093,026) |
| - | (1,683,561) | (1,683,561) |
| (4,475,509) | (1,683,561) | (6,159,070) |
| 296,649 | - | 296,649 |
| 15,870 | - | 15,870 |
| 4,569,826 | 1,325,582 | 5,895,408 |
| 473,445 | - | 473,445 |
| 204,453 | - | 204,453 |
| 72,389 | 93,016 | 165,405 |
| 8,018 | 9,504 | 17,522 |
| 5,640,650 | 1,428,102 | 7,068,752 |
| 179,150 | (179,150) | - |
| 5,819,800 | 1,248,952 | 7,068,752 |
| 1,344,291 | (434,609) | 909,682 |
| 14,291,567 | 16,408,469 | 30,700,036 |
| \$ 15,635,858 | \$ 15,973,860 | \$ 31,609,718 |

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

City of Gunnison, Colorado
Balance Sheet
Governmental Funds
December 31, 2013

| | General | Other Governmental Funds | Total Governmental Funds |
|---|---------------------|--------------------------------|--------------------------------|
| Assets | | | |
| Equity in pooled cash and investments | \$ 3,418,754 | \$ 373,979 | \$ 3,792,733 |
| Accounts receivable | 1,217,600 | - | 1,217,600 |
| Property tax receivable | 266,502 | - | 266,502 |
| Interfund advance to the Enterprise Fund | 17,320 | - | 17,320 |
| Prepaid items | 64,084 | - | 64,084 |
| Totals assets | \$ 4,984,260 | \$ 373,979 | \$ 5,358,239 |
| Liabilities, deferred inflows of resources and fund balances | | | |
| Liabilities | | | |
| Accounts payable | \$ 344,285 | \$ - | \$ 344,285 |
| Accrued expenses | 85,187 | - | 85,187 |
| Total liabilities | 429,472 | - | 429,472 |
| Deferred inflows of resources | | | |
| Unearned revenue - property taxes | 266,502 | - | 266,502 |
| Total deferred inflows of resources | 266,502 | - | 266,502 |
| Fund balances | | | |
| Nonspendable | 64,084 | - | 64,084 |
| Restricted | 215,214 | 28,760 | 243,974 |
| Assigned | 30,301 | 345,219 | 375,520 |
| Unassigned | 3,978,687 | - | 3,978,687 |
| Total fund balances | 4,288,286 | 373,979 | 4,662,265 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 4,984,260 | \$ 373,979 | \$ 5,358,239 |

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

City of Gunnison, Colorado
Reconciliation of the Governmental Funds Balance Sheet
With the Government-wide Statement of Net Position
Year Ended December 31, 2013

Amounts reported for governmental activities in the statement of net position are different because:

| | | |
|-------------------------------------|--|--------------|
| Fund balances of governmental funds | | \$ 4,662,265 |
|-------------------------------------|--|--------------|

Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the fund financial statements.

| | | |
|--------------------------------|---------------------|------------|
| Capital assets | \$ 22,442,723 | |
| Less: accumulated depreciation | <u>(11,922,520)</u> | 10,520,203 |

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.

560,074

Long-term liabilities are not due and payable from current financial resources, and therefore, are not reported as liabilities on the fund financial statements. Long-term liabilities at year-end consist of:

| | | |
|--|---------------------|----------------------|
| <u>Compensated absences payable</u> | <u>\$ (106,684)</u> | <u>(106,684)</u> |
| Total net position of governmental activities | | \$ 15,635,858 |

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
Year Ended December 31, 2013

| | General | Other Governmental Funds | Total Governmental Funds |
|--|---------------------|--------------------------------|--------------------------------|
| Revenues | | | |
| Taxes and fees | \$ 5,560,243 | \$ - | \$ 5,560,243 |
| Licenses and permits | 64,480 | - | 64,480 |
| Charges for services | 255,010 | - | 255,010 |
| Fines and forfeitures | 32,125 | - | 32,125 |
| Intergovernmental | 1,071,660 | 79,344 | 1,151,004 |
| Earnings on investments | 6,752 | 667 | 7,419 |
| Rents and miscellaneous | 62,389 | 10,000 | 72,389 |
| Total revenues | 7,052,659 | 90,011 | 7,142,670 |
| Expenditures | | | |
| Current: | | | |
| General government | 782,889 | - | 782,889 |
| Public safety | 1,728,144 | - | 1,728,144 |
| Public works | 671,532 | 24,050 | 695,582 |
| Culture and recreation | 957,777 | - | 957,777 |
| Grants and contributions | 122,802 | - | 122,802 |
| Debt service: | | | |
| Principal | 39,926 | - | 39,926 |
| Interest | 1,263 | - | 1,263 |
| Capital outlay | 2,687,619 | 90,419 | 2,778,038 |
| Total expenditures | 6,991,952 | 114,469 | 7,106,421 |
| Excess (deficiency) of revenues over expenditures | 60,707 | (24,458) | 36,249 |
| Other financing sources (uses) | | | |
| Transfers in | 201,529 | - | 201,529 |
| Transfers out | (18,830) | (3,549) | (22,379) |
| Total other financing sources (uses) | 182,699 | (3,549) | 179,150 |
| Net changes in fund balances | 243,406 | (28,007) | 215,399 |
| Fund balances at beginning of year | 4,044,880 | 401,986 | 4,446,866 |
| Fund balances at end of year | \$ 4,288,286 | \$ 373,979 | \$ 4,662,265 |

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

City of Gunnison, Colorado
Reconciliation of the Governmental Funds Statement of
Revenues, Expenditures and Changes in Fund Balances
with the Government-wide Statement of Activities
Year Ended December 31, 2013

Amounts reported for governmental activities in the statement of activities are different because:

| | | |
|--|----|---------|
| Total net change in fund balance - governmental funds. | \$ | 215,399 |
|--|----|---------|

Capital outlay to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities.

| | | | |
|------------------------|------------------|--|---------|
| Cost of capital assets | \$ 1,540,588 | | |
| Depreciation expense | <u>(554,329)</u> | | 986,259 |

| | | | |
|---|--|--|--------|
| Internal service funds are used by management to charge the cost of services to individual funds. The net revenue of the internal service funds are included in governmental activities in the statement of activities. | | | 31,090 |
|---|--|--|--------|

| | | | |
|--|--|--|--------|
| Capital lease payments are expenditures in the governmental funds but are shown as reductions in long-term liabilities in the statement of net position and do not affect the statement of activities. | | | 39,926 |
|--|--|--|--------|

| | | | |
|---|--|--|-----|
| Decrease in accrued interest payable reflected against interest expense on the statement of activities and not reflected in the governmental fund statement of revenues, expenditures and changes in fund balances. | | | 737 |
|---|--|--|-----|

| | | | |
|--|--|--|--------|
| Decrease in accrued compensated absences liability reflected as an expense on the statement of activities and not reflected as an expense on the governmental fund statement of revenues, expenditures and changes in fund balances. | | | 70,880 |
|--|--|--|--------|

| | | | |
|---|----|-----------|--|
| Change in net position of governmental activities | \$ | 1,344,291 | |
|---|----|-----------|--|

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

City of Gunnison, Colorado
Statement of Net Position
Proprietary Funds
December 31, 2013

| | Enterprise Fund | Governmental Activities - Internal Service Fund |
|--|----------------------|--|
| Assets | | |
| Current assets | | |
| Equity in pooled cash and investments | \$ 5,002,348 | \$ 429,444 |
| Accounts and taxes receivable | 847,832 | 45 |
| Inventories | 758,474 | - |
| Prepaid items | 177 | - |
| Total current assets | 6,608,831 | 429,489 |
| Noncurrent assets | | |
| Restricted pooled cash and investments | 547,787 | - |
| Capital assets | | |
| Nondepreciable | 560,253 | |
| Depreciable, net of accumulated depreciation | 16,612,563 | 162,714 |
| Total noncurrent assets | 17,720,603 | 162,714 |
| Total assets | 24,329,434 | 592,203 |
| Liabilities and net position | | |
| Current liabilities | | |
| Accounts payable | 917,902 | 11,677 |
| Accrued expenses | 56,045 | 5,102 |
| Customer deposits | 56,180 | - |
| Accrued interest payable | 24,285 | - |
| Interfund advance from the General Fund | 17,320 | - |
| Current portion of long-term debt | 272,100 | - |
| Total current liabilities | 1,343,832 | 16,779 |
| Noncurrent liabilities | | |
| Pollution remediation obligation | 5,000 | - |
| Compensated absences payable | 117,202 | 15,350 |
| MEAN payable | 110,510 | - |
| Bonds payable | 6,779,030 | - |
| Total noncurrent liabilities | 7,011,742 | 15,350 |
| Total liabilities | 8,355,574 | 32,129 |
| Net position | | |
| Net investment in capital assets | 10,143,786 | 162,714 |
| Restricted for debt service | 547,787 | - |
| Unrestricted | 5,282,287 | 397,360 |
| Total net position | \$ 15,973,860 | \$ 560,074 |

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

City of Gunnison, Colorado
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Year Ended December 31, 2013

| | Enterprise Fund | Governmental Activities - Internal Service Fund |
|---|----------------------|--|
| Operating revenues | | |
| Electricity sales | \$ 4,977,502 | \$ - |
| Water sales | 523,908 | - |
| Sanitary sewer charges | 1,017,403 | - |
| Trash collection fees | 507,168 | - |
| Communication services | 637,734 | - |
| Recreation department charges | 312,425 | - |
| Miscellaneous revenues | 93,016 | 14,741 |
| Fleet rental revenues | - | 358,000 |
| Total operating revenues | 8,069,156 | 372,741 |
| Operating expenses | | |
| Cost of sales and services | 3,957,666 | - |
| MEAN Regulatory ISO Transmission Adjustment | 132,610 | - |
| Operations, maintenance and repair | 3,218,768 | - |
| Administration and general | 910,154 | - |
| Depreciation | 775,270 | 6,282 |
| Small equipment | 567,622 | - |
| Fleet expenses | - | 335,968 |
| Total operating expenses | 9,562,090 | 342,250 |
| Operating income (loss) | (1,492,934) | 30,491 |
| Nonoperating revenues (expenses) | | |
| Sales and use tax | 1,325,582 | - |
| Intergovernmental | 9,831 | - |
| Earnings on investments | 9,504 | 599 |
| Interest expense | (298,729) | - |
| Total nonoperating revenues (expenses) | 1,046,188 | 599 |
| Income (loss) before contributions and transfers | (446,746) | 31,090 |
| Capital contributions | 141,500 | - |
| Hook-up services | 49,787 | - |
| Transfers in | 22,379 | - |
| Transfers out | (201,529) | - |
| Change in net position | (434,609) | 31,090 |
| Net position at beginning of year | 16,408,469 | 528,984 |
| Net position at end of year | \$ 15,973,860 | \$ 560,074 |

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

City of Gunnison, Colorado
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2013

| | Enterprise Fund | Governmental Activities - Internal Service Fund |
|---|---------------------|--|
| Cash flows from operating activities | | |
| Cash received from customers | \$ 7,978,906 | \$ 372,718 |
| Cash payments to suppliers | (6,088,443) | (117,537) |
| Cash payments to employees | (2,089,240) | (214,008) |
| Net cash flows from operating activities | (198,777) | 41,173 |
| Cash flows from non-capital financing activities | | |
| Sales and use tax | 1,325,582 | - |
| Operating grants and contributions | 9,831 | - |
| Transfers in | 22,379 | - |
| Transfers out | (201,529) | - |
| Net cash flows from non-capital financing activities | 1,156,263 | - |
| Cash flows from capital and related financing activities | | |
| Capital grants and contributions | 191,287 | - |
| Acquisitions of capital assets | (361,346) | - |
| Change in restricted pooled cash and investments | (387) | - |
| Principal paid on long-term debt | (245,000) | - |
| Interest paid on long-term debt | (300,766) | - |
| Net cash flows from capital and related financing activities | (716,212) | - |
| Cash flows from investing activities | | |
| Proceeds from sale or maturity of investments | 2,059,445 | (63,036) |
| Purchases of investments | (2,415,000) | - |
| Earnings on investments | 9,504 | 599 |
| Net cash flows from investing activities | (346,051) | (62,437) |
| Net change in cash and cash equivalents | (104,777) | (21,264) |
| Cash and cash equivalents at beginning of year | 349,041 | 28,871 |
| Cash and cash equivalents at end of year | 244,264 | 7,607 |
| Investments at end of year | 4,758,084 | 421,837 |
| Cash and investments at end of year | \$ 5,002,348 | \$ 429,444 |

Continued

City of Gunnison, Colorado
Statement of Cash Flows
Proprietary Funds
(Continued)

| | Enterprise Fund | Governmental Activities - Internal Service Fund |
|--|---------------------|--|
| Reconciliation of operating income (loss) to net cash flows from operating activities | | |
| Operating income (loss) | \$ (1,492,934) | \$ 30,491 |
| Adjustments to reconcile operating income (loss) to net cash flows from operating activities: | | |
| Depreciation | 775,270 | 6,282 |
| (Increase) decrease in : | | |
| Accounts receivable | (46,428) | (23) |
| Prepaid expenses | 2,260 | 320 |
| Inventories | (12,905) | - |
| Increase (decrease) in: | | |
| Accounts payable | 445,165 | 1,588 |
| Accrued expenses | 6,098 | 635 |
| General Fund advances | (21,529) | - |
| MEAN Payable | 132,610 | - |
| Customer deposits | (765) | - |
| Compensated absences payable | 14,381 | 1,880 |
| Net cash flows from operating activities | \$ (198,777) | \$ 41,173 |

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

City of Gunnison, Colorado
Statement of Fiduciary Net Position
Fiduciary Fund
December 31, 2013

| | Volunteer Firefighters' Pension Fund |
|---|--|
| Assets | |
| Cash and investments | \$ 1,992,958 |
| Receivables | 29,430 |
| Total assets | 2,022,388 |
| Net position | |
| Net position - held in trust for pension benefits | \$ 2,022,388 |

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

City of Gunnison, Colorado
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
Year Ended December 31, 2013

| | Volunteer Firefighters' Pension Fund |
|-----------------------------------|--|
| Additions | |
| Contributions | \$ 130,830 |
| Earnings on investments | 250,613 |
| Total additions | 381,443 |
| Deductions | |
| Benefits | 118,275 |
| Expenses | 16,434 |
| Total deductions | 134,709 |
| Change in net position | 246,734 |
| Net position at beginning of year | 1,775,654 |
| Net position at end of year | \$ 2,022,388 |

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

City of Gunnison, Colorado
Notes to Financial Statements
December 31, 2013

1. Summary of Significant Accounting Policies

The financial statements of the City of Gunnison, Colorado (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

Reporting Entity

The City was incorporated in 1880 and adopted its Home Rule Charter during 1962. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: 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 basic financial statements include the accounts of all City operations. As required by GAAP, these financial statements present the activities of the City, which is legally separate and financially independent of other state and local governments.

As defined by GAAP established by the GASB, the financial reporting entity consists of the primary government, as well as component units, which are legally separate organizations for which elected officials of the primary government are financially accountable. Financial accountability is defined as:

- 1) Appointment of a voting majority of the component unit's governing board, and either, a) the ability to impose its will by the primary government, or b) there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on, the primary government; or
- 2) Fiscal dependency on the primary government and there is a potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government or (3) a jointly appointed board.

Based on the application of these criteria, there are no component units included in the City's reporting entity.

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 10. 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.

City of Gunnison, Colorado
Notes to Financial Statements
December 31, 2013

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

Fund Accounting

The City uses funds to report its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types."

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked funds (special revenue funds), and the capital projects fund. The following are the City's major and non-major governmental funds:

General Fund - The General Fund (a major fund) is the City's general operating fund and is used to account for all financial transactions except those required to be accounted for in another fund. Major revenue sources include local property taxes, sales tax, franchise tax and other intergovernmental revenues. Expenditures include all costs associated with the daily operations of general government, public safety, public works, parks and recreation and community development.

The other governmental funds (non-major funds) are Special Revenue Funds (Conservation Trust and Ditch) and are established to account for revenues derived from state lottery revenues or other earmarked revenue sources which finance specific activities as required by law or administrative action.

Proprietary funds focus on the determination of the changes in net position, financial position and cash flows and are classified as enterprise funds or internal service funds. Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The City has one major enterprise fund, which is used to account 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 internal service fund, the Fleet Management Fund, a nonmajor fund.

The City has one fiduciary fund, the Volunteer Firefighters' Pension Fund, which accounts for retirement benefits for the volunteer firefighters.

Basis of Presentation

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

City of Gunnison, Colorado
Notes to Financial Statements
December 31, 2013

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliations, with a brief explanation, to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function or program of the City's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

Fund Financial Statements

Fund financial statements report detailed information about the City. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Cigarette taxes, sales taxes, auto use taxes, taxpayer-assessed taxes, earnings on investments and charges for services are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

The proprietary fund type is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operations of the fund are included on the statement of net position. The statement of revenues, expenses and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary funds use the accrual basis of accounting.

City of Gunnison, Colorado
Notes to Financial Statements
December 31, 2013

Revenues - Exchange and Non-exchange Transactions

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, available means expected to be received within sixty days of fiscal year-end.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, intergovernmental revenues and donations. On an accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. Revenues from grants, intergovernmental revenues and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: sales taxes and other intergovernmental revenues.

Unearned Revenue

Unearned revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when resources are received by the City before it has a legal claim to them, as when grant monies are received prior to meeting eligibility requirements. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Accounts 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. 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 the proprietary funds principal ongoing operations. The principal operating revenues of the government's enterprise and internal service funds are charges to customers for sales and services. Operating expenses for enterprise and internal service 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.

City of Gunnison, Colorado
Notes to Financial Statements
December 31, 2013

Budgets and Budgetary Accounting

An annual budget and appropriation ordinance is adopted by the City Council in accordance with the City Charter. The budget is prepared on a basis consistent with GAAP for all governmental and proprietary funds, except that for proprietary funds, principal payments of long-term liabilities and purchases of capital assets are budgeted as expenditures, and the issuance of long-term liabilities are budgeted as other financing sources.

On, or about October 15, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. Also, public hearings are conducted at a special meeting and at regular City Council meetings to obtain taxpayer comments. Prior to December 15, the budget is legally adopted by the City Council.

Colorado law requires that all funds have legally adopted budgets and total expenditures for each fund cannot exceed the amount appropriated. The fund level of classification is the level of classification at which expenditures may not legally exceed appropriations.

All appropriations lapse at the end of each fiscal year. Appropriations for a fund may be increased provided they are offset by unanticipated resources.

Budgeted amounts reported in the accompanying financial statements are as originally adopted and as amended by the City Council throughout the year. The following is a summary of the original budget, total revisions and revised budget for those funds with amended budgets for the year ended December 31, 2013:

| | Original Budget | Total Revisions | Revised Budget |
|--------------------------------------|----------------------|---------------------|----------------------|
| Governmental funds: | | | |
| General fund | \$ 6,651,843 | \$ 1,213,388 | \$ 7,865,231 |
| Special revenue funds: | | | |
| Conservation trust fund | 37,500 | - | 37,500 |
| Ditch fund | 183,293 | - | 183,293 |
| Internal service fund: | | | |
| Fleet management fund | 346,978 | - | 346,978 |
| Enterprise fund (departments): | | | |
| Electric department | 4,978,661 | 302,000 | 5,280,661 |
| Water department | 664,161 | - | 664,161 |
| Sewer department | 1,154,026 | 21,000 | 1,175,026 |
| Refuse department | 691,457 | - | 691,457 |
| Communications department | 826,258 | - | 826,258 |
| Recreation department | 1,512,675 | 13,000 | 1,525,675 |
| Fiduciary Fund: | | | |
| Volunteer Firefighters' Pension Fund | 104,500 | 30,225 | 134,725 |
| Total funds | \$ 17,151,352 | \$ 1,579,613 | \$ 18,730,965 |

City of Gunnison, Colorado
Notes to Financial Statements
December 31, 2013

Cash, Cash Equivalents and Temporary Investments

Cash, cash equivalents and temporary investments include cash on hand, demand deposits, certificates of deposit and participation in local government investment pools. All cash equivalents have an original maturity date of less than three months. Cash balances from different funds are combined and invested to the extent possible in local government investment pools.

To improve cash management, cash received by the City is pooled and invested. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the City's records. Interest in the pool is presented as "Equity in Pooled Cash and Investments" on the financial statements. Investments of the City's cash management pool and investments with an original maturity of three months or less at the time they are purchased by the City are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Property Taxes

Property taxes are levied prior to December 31 and attach as an enforceable lien on property on January 1. Taxes are payable in full on April 30 or in two installments on the last day of February and June 15. The County Treasurer's office collects property taxes and remits to the City on a monthly basis. Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred outflows of resources is recorded at December 31. As the tax is collected in the succeeding year, the deferred outflow of resources is recognized as revenue and the receivable is reduced.

Short-Term Inter-fund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables, if any, are classified as internal balances on the government-wide statement of net position and classified as due from other funds or due to other funds on the balance sheet.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Because these assets do not represent current financial resources, there is a corresponding nonspendable fund balance.

Capital Assets

Capital assets, which include land, buildings and other improvements, infrastructure, machinery and equipment, and vehicles, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements, and in the proprietary fund financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

City of Gunnison, Colorado
Notes to Financial Statements
December 31, 2013

Capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

| Description | Governmental | Business-Type |
|----------------------------------|---------------|---------------|
| Land improvements | 15 - 25 Years | 15 - 25 Years |
| Buildings and other improvements | 15 - 50 Years | 15 - 50 Years |
| Infrastructure | 15 - 65 Years | 33 - 65 Years |
| Machinery and equipment | 5 - 30 Years | 5 - 30 Years |
| Licensed vehicles | 5 - 8 Years | 5 - 8 Years |

Compensated Absences Payable

In accordance with the provisions of the GASB Statement No. 16, *Accounting for Compensated Absences*, vested or accumulated vacation pay that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation pay that are not expected to be liquidated with expendable available financial resources are reported on the government-wide financial statements. Compensated absences are reported in governmental funds only if they have matured.

Accrued Liabilities and Long-Term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental or business-type activities. Bond premiums are deferred and amortized over the life of the bonds using the effective interest rate method as principal is paid. Bonds payable are reported net of the applicable bond premium or discount. Debt issuance costs are recognized as an expenditure/expense during the period of issuance.

In the fund financial statements, governmental fund types recognize bond premiums and bond issuance costs during the period of issuance. The face amount of debt issued is reported as other financing sources. Premiums on the debt issuance are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service.

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. Payments made within sixty days after year-end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

City of Gunnison, Colorado
Notes to Financial Statements
December 31, 2013

Fund Balance and Net Position

In the government-wide and proprietary fund financial statements, net position is classified in the following categories:

Net Investment in Capital Assets - This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

Restricted Net Position - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position - This category represents the net position of the City, which is not restricted for any project or other purpose. A deficit will require future funding.

In the governmental fund financial statements, fund balances are classified in five separate categories. The categories, and their general meanings, are as follows:

Nonspendable - amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, or the laws or regulations of other governments.

Committed - amounts that can be used only for specific purposes determined by a formal action of the City Council. The City Council is the highest level of decision making authority for the City. Commitments may be established, modified, or rescinded only through resolutions approved by City Council.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The City Council has authority to assign amounts for specific purposes.

Unassigned - all other spendable amounts.

City of Gunnison, Colorado
Notes to Financial Statements
December 31, 2013

As of December 31, 2013, fund balances are composed of the following:

| | General Fund | Other Governmental Funds | Total Governmental Funds |
|--|---------------------|--------------------------------|--------------------------------|
| Nonspendable: | | | |
| Prepaid items | \$ 64,084 | \$ - | \$ 64,084 |
| Restricted: | | | |
| Emergency reserve | 215,214 | - | 215,214 |
| Parks and recreation (conservation trust fund) | - | 28,760 | 28,760 |
| Assigned: | | | |
| Special revenue funds | - | 345,219 | 345,219 |
| Special purposes (Note 14) | 30,301 | - | 30,301 |
| Unassigned | 3,978,687 | - | 3,978,687 |
| Total | \$ 4,288,286 | \$ 373,979 | \$ 4,662,265 |

When an expenditure is incurred for purposes for which both restricted and unrestricted resources are available, it is the City's policy to use restricted resources first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City has provided otherwise in its commitment or assignment actions.

Contribution of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, or from grants or outside contributions of resources to be used for capital acquisition and construction.

Interfund Transactions

Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other inter-fund transactions are reported as transfers.

Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Council, and that are either unusual in nature or infrequent in occurrence. There were no extraordinary or special items during 2013.

City of Gunnison, Colorado
Notes to Financial Statements
December 31, 2013

Use of Estimates

The preparation of financial statements, in conformity with GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and could be material.

2. Cash, Cash Equivalents and Investments

The composition of the City's cash, cash equivalents and investments including restricted cash on December 31, 2013, was as follows:

| | S & P Rating | Fair Value | Concentration of Credit Risk |
|--------------------------------|--------------|---------------------|---------------------------------|
| Cash on hand | N/A | \$ 1,418 | N/A |
| Cash in financial institutions | N/A | 2,238,990 | N/A |
| Certificates of deposit | N/A | 5,633,230 | 59.1% |
| COLOTRUST | AAAm | 835,220 | 8.8% |
| CSAFE | AAAm | 677,002 | 7.1% |
| FNMA | NR to AA+ | 1,885,950 | 19.8% |
| FFCB | AA+ | 493,460 | 5.2% |
| Total | | \$11,765,270 | |

Cash and investments per statement of net position:

| | | |
|--|--|----------------------|
| Government-wide Financial Statements: | | |
| Equity in pooled cash and investments | | \$ 9,224,525 |
| Restricted pooled cash and investments | | 547,787 |
| Fiduciary Fund Statements: | | |
| Cash and investments | | 1,992,958 |
| Total | | \$ 11,765,270 |

City of Gunnison, Colorado
Notes to Financial Statements
December 31, 2013

Custodial Credit Risk - Deposits

This is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits. The City's deposit policy is in accordance with Colorado Revised Statutes ("CRS") 11-10.5-101, the Colorado Public Deposit Protection Act ("PDPA"), which governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance limits must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed to create a single collateral pool for all public funds held. The pool is maintained by another institution, or held in trust for all of the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The institution's internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At December 31, 2013, all of the City's deposits were either insured by federal depository insurance or collateralized under PDPA and are therefore not deemed to be exposed to custodial credit risk.

Custodial Credit Risk - Investments

For investments, custodial credit risk is the risk that in the event of a failure of a counter party, the City would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a specific policy for custodial credit risk. As of December 31, 2013, the City had no investments exposed to custodial credit risk outside of its investment in the Colorado Secure Assets Fund ("CSAFE") and COLOTRUST discussed below.

Credit Risk - Investments

State statutes and the City's investment policies authorize the City to invest in obligations of the U.S. Treasury and U.S. agencies, obligations of the State of Colorado or of any county, school, authority, and certain towns and cities therein, notes or bonds secured by insured mortgages or trust deeds, obligations of national mortgage associations, and certain repurchase agreements.

Local Government Investment Pools

At December 31, 2013, the City had invested \$1,512,222 in CSAFE and COLOTRUST, local government investment pools established in Colorado to pool surplus funds for investment purposes. These funds operate similarly to a money market fund and each share is equal in value to \$1.00. The designated custodial bank of the pooled investments provides safekeeping and depository services in connection with the direct investment and withdrawal functions of the pooled investments. All securities owned by pooled investments are held by the Federal Reserve Bank in the account maintained for the custodial banks. Investments of pooled investments consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury Notes. The final maturity of any and all securities purchased by pooled investments may not exceed one year. The investment policy of CSAFE and COLOTRUST does not include investing in derivatives.

Interest Rate Risk

Colorado Revised Statutes and the City's investment policies limit investment maturities to five years or less from the date of purchase. This limit on investment maturities is a means of limiting exposure to fair value fluctuations arising from changing interest rates.

City of Gunnison, Colorado
Notes to Financial Statements
December 31, 2013

3. Interfund Transactions

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Contributed capital between the governmental funds and proprietary funds is shown within the transfer line for financial statement presentation.

The following table summarizes interfund transfers for the year ended December 31, 2013:

| Transfers Out: | Transfers In | | |
|---------------------------------|-------------------|------------------|-------------------|
| | General Fund | Enterprise Fund | Totals |
| Governmental Funds: | | | |
| General Fund | \$ - | \$ 18,830 | \$ 18,830 |
| Nonmajor funds | - | 3,549 | 3,549 |
| Total governmental funds | - | 22,379 | 22,379 |
| Enterprise Fund | 201,529 | - | 201,529 |
| Total all funds | \$ 201,529 | \$ 22,379 | \$ 223,908 |

The General Fund recorded an Interfund advance due to the Enterprise Fund (receivable) of \$17,320 on the Balance Sheet and the Enterprise Fund recorded an offsetting interfund advance from the General Fund (payable) on the Statement of Net Position. This was the result of a cash advance from the General Fund, which is expected to be repaid in the near term.

4. Receivables

Receivables at December 31, 2013, consist of the following:

| | General Fund | Enterprise Fund | Internal Service Fund | Pension Fund | Total |
|-------------------|--------------------|-------------------|-----------------------|------------------|---------------------|
| Taxes | \$ 812,310 | \$ 137,505 | \$ - | \$ - | \$ 949,815 |
| Trade accounts | - | 601,164 | - | - | 601,164 |
| Intergovernmental | 656,650 | 73,877 | - | 29,430 | 759,957 |
| Other | 15,142 | 35,286 | 45 | - | 50,473 |
| Total | \$1,484,102 | \$ 847,832 | \$ 45 | \$ 29,430 | \$ 2,361,409 |

City of Gunnison, Colorado
Notes to Financial Statements
December 31, 2013

5. Capital Assets

Governmental capital asset activity for the year ended December 31, 2013, was as follows:

| | Beginning Balance | Additions | Deletions | Ending Balance |
|--|----------------------|------------|-----------|-------------------|
| Governmental Activities | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 1,940,997 | \$ - | \$ - | \$ 1,940,997 |
| Capital assets being depreciated: | | | | |
| Land improvements | 1,637,288 | 10,264 | - | 1,647,552 |
| Buildings and improvements | 5,520,945 | 1,082,116 | - | 6,603,061 |
| Infrastructure | 6,657,146 | 26,114 | - | 6,683,260 |
| Machinery and equipment | 3,295,749 | 344,939 | (1,999) | 3,638,689 |
| Licensed vehicles | 2,854,141 | 77,155 | - | 2,931,296 |
| | 19,965,269 | 1,540,588 | (1,999) | 21,503,858 |
| Less accumulated depreciation: | | | | |
| Land improvements | (673,033) | (87,471) | - | (760,504) |
| Buildings and improvements | (1,699,526) | (118,949) | - | (1,818,475) |
| Infrastructure | (4,990,872) | (59,192) | - | (5,050,064) |
| Machinery and equipment | (2,421,083) | (155,080) | 1,999 | (2,574,164) |
| Licensed vehicles | (2,418,812) | (139,919) | - | (2,558,731) |
| | (12,203,326) | (560,611) | 1,999 | (12,761,938) |
| Capital assets being depreciated, net | 7,761,943 | 979,977 | - | 8,741,920 |
| Total governmental activities capital assets | \$ 9,702,940 | \$ 979,977 | \$ - | \$10,682,917 |

Depreciation for governmental activities has been allocated to various activities as follows:

| | |
|------------------------|-------------------|
| General government | \$ 34,814 |
| Public safety | 20,967 |
| Public works | 465,980 |
| Culture and recreation | 38,850 |
| Total | \$ 560,611 |

City of Gunnison, Colorado
Notes to Financial Statements
December 31, 2013

Business-type capital asset activity for the year ended December 31, 2013, was as follows:

| | Beginning Balance | Additions | Deletions | Ending Balance |
|--|----------------------|--------------|-----------|-------------------|
| Business-Type Activities | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 560,253 | \$ - | \$ - | \$ 560,253 |
| Capital assets being depreciated: | | | | |
| Land improvements | 1,665,153 | - | - | 1,665,153 |
| Building and improvements | 15,675,913 | - | - | 15,675,913 |
| Infrastructure | 6,494,866 | - | - | 6,494,866 |
| Machinery and equipment | 8,598,634 | 89,890 | - | 8,688,524 |
| Licensed vehicles | 1,998,934 | 271,456 | - | 2,270,390 |
| | 34,433,500 | 361,346 | - | 34,794,846 |
| Less accumulated depreciation: | | | | |
| Land improvements | (586,139) | (89,097) | - | (675,236) |
| Building and improvements | (4,466,431) | (282,094) | - | (4,748,525) |
| Infrastructure | (3,635,554) | (81,687) | - | (3,717,241) |
| Machinery and equipment | (7,133,520) | (172,312) | - | (7,305,832) |
| Licensed vehicles | (1,585,369) | (150,080) | - | (1,735,449) |
| | (17,407,013) | (775,270) | - | (18,182,283) |
| Capital assets being depreciated, net | 17,026,487 | (413,924) | - | 16,612,563 |
| Total business-type activities capital assets | \$ 17,586,740 | \$ (413,924) | \$ - | \$17,172,816 |

Depreciation for business type activities has been allocated to various activities as follows:

| | |
|----------------|------------|
| Electric | \$ 179,060 |
| Water | 67,105 |
| Sewer | 73,634 |
| Refuse | 80,920 |
| Communications | 22,112 |
| Recreation | 352,439 |
| Total | \$ 775,270 |

6. Long Term Debt

Governmental Activities

On April 22, 2011, the City entered into a capital lease for the purchase of a 2009 Sterling Truck. The lease was for \$78,668 and bore interest at 3.13%. The lease required two annual payments of \$41,189 beginning in April of 2012. The lease was paid in full in April 2013.

City of Gunnison, Colorado
Notes to Financial Statements
December 31, 2013

Business-Type Activities

Sales and Use Tax Revenue Bonds, Series 2007

These bonds are due serially on December 1, with interest from 3.75% to 4.35% payable semiannually. XL Capital Assurance Inc., a New York stock insurance company (the "Surety"), in consideration for the payment of a premium and subject to the terms of the insurance policy, has unconditionally and irrevocably agreed to pay the trustee or the paying agent for the benefit of the owners of the bonds that portion of the principal and interest on the bonds that shall become due for payment but shall be unpaid by reason of nonpayment by the City. Bonds maturing after December 1, 2018 are callable prior to maturity. The principal balance due as of December 31, 2013, is \$7,015,000.

Municipal Energy Agency of Nebraska Regulatory ISO Transmission Adjustment (MEAN Payable)

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

A summary of changes in long-term debt for the year ended December 31, 2013, follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---------------------------------|----------------------|------------|--------------|-------------------|------------------------|
| Governmental activities | | | | | |
| Obligations under | | | | | |
| capital leases | \$ 39,926 | \$ - | \$ (39,926) | \$ - | \$ - |
| Compensated absences | 191,034 | 139,514 | (208,514) | 122,034 | - |
| | \$ 230,960 | \$ 139,514 | \$ (248,440) | \$ 122,034 | \$ - |
| Business-type activities | | | | | |
| Bonds: | | | | | |
| 2007 sales and use | | | | | |
| tax bonds | \$7,260,000 | \$ - | \$ (245,000) | \$ 7,015,000 | \$ 250,000 |
| Premiums: | | | | | |
| 2007 sales and use | | | | | |
| tax bonds | 15,301 | - | (1,271) | 14,030 | - |
| MEAN Payable | - | 132,610 | - | 132,610 | 22,100 |
| Compensated absences | 102,821 | 123,396 | (109,015) | 117,202 | - |
| | \$7,378,122 | \$ 256,006 | \$ (355,286) | \$ 7,278,842 | \$ 272,100 |

City of Gunnison, Colorado
Notes to Financial Statements
December 31, 2013

The annual requirements to amortize all outstanding debts are as follows:

| Year | Business Type Activities | |
|--------------|--------------------------|---------------------|
| | Principal | Interest |
| 2014 | \$ 272,100 | \$ 291,428 |
| 2015 | 286,520 | 282,053 |
| 2016 | 301,520 | 271,653 |
| 2017 | 311,520 | 260,653 |
| 2018 | 321,520 | 249,252 |
| 2019-2023 | 1,664,430 | 1,059,360 |
| 2024-2028 | 2,030,000 | 689,475 |
| 2029-2033 | 1,960,000 | 217,270 |
| Total | \$ 7,147,610 | \$ 3,321,144 |

Bond Covenant

As required by the Series 2007 bond agreement, the City is required to establish, in a separate bank account, a debt service reserve to fund the subsequent year's debt service requirements. The City has restricted investments of \$547,787 for this purpose, which are presented as restricted pooled cash and investments in the accompanying statement of net position.

7. 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 postclosure 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 postclosure 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 2013, the City maintained the liability of \$5,000. Actual costs may be higher due to inflation, changes in technology or changes in regulations. Closure and care financial requirements are expected to be met by the operations of the enterprise fund.

8. Pension Plans

New Policemen 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, 2013, employees and the City made the required contributions to the plan of \$81,596 and \$81,596, respectively.

City of Gunnison, Colorado
Notes to Financial Statements
December 31, 2013

All of the New Police Pension Plan investments at December 31, 2013, of \$2,444,605, are managed by the Colorado County Officials and Employees Retirement Association (“CCOERA”). Separately issued financial statements for the plan may be obtained from CCOERA at 4949 South Syracuse St., Suite 400, Denver, Colorado 80237.

Volunteer Firefighters’ Pension Plan

The City has a single employer-defined benefit pension plan for volunteer firefighters as authorized by State of Colorado statutes. The Plan is included as a trust fund in the City's financial statements. The Volunteer Firefighters’ Pension Plan (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.

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. In 2013, the City contributed \$32,700 to the Plan, the Fire Protection District contributed \$32,700, and the State contributed \$65,430. None of the City payroll is covered by the pension plan because the firefighters are volunteers.

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 amount shown below as “Net Pension Obligation” is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected benefit increases, estimated to be payable in the future as a result of volunteer firefighter service to date. The measure is the actuarial present value of credited projected benefits and is intended to help users assess: (1) the Plan’s funding status on a going concern basis; and (2) progress made in accumulating sufficient assets to pay benefits when due.

An actuarial study was performed for the Plan at January 1, 2013. Significant actuarial assumptions at January 1, 2013 are detailed below:

- Mortality - 1994 Group Annuity Mortality Table, Sex-distinct rate - Modified
- Investment Yield - 6.0% per annum, compounded annually
- Retirement Age - Age 50 and 20 years of service
- Asset Valuation Method - Market value
- Actuarial Cost Method - Entry-age actuarial cost method

Based on an amortization period of 20 years using the level dollar method on an open basis, the Plan’s expected contributions are sufficient to eliminate the unfunded actuarial accrued liability. Trend information of the Plan follows:

| Fiscal Year Funding | Annual Required Contributions | Percentage or ARC Contribution | Net Pension Obligation |
|------------------------|-------------------------------------|--------------------------------------|------------------------------|
| 2011 | \$ 32,700 | 100% | \$ - |
| 2012 | \$ 32,700 | 100% | \$ - |
| 2013 | \$ 32,700 | 100% | \$ - |

City of Gunnison, Colorado
Notes to Financial Statements
December 31, 2013

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

General Employee Pension Plan

The City contributes to a defined contribution multiple-employer public employee retirement system on behalf of all full-time permanent employees with one or more service years. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employee participation is mandatory. 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, 2013, employees and the City made the required contributions to the plan of \$157,471 and \$157,471, respectively.

All of the General Employee Pension Plan investments, at December 31, 2013, of \$4,925,228 were managed by the CCOERA. Separately issued financial statements for the fund may be obtained from CCOERA.

9. Deferred Compensation Plan

The City offers to employees two different deferred compensation plans created in accordance with Internal Revenue Code Section 457. The non-police employee plan is administered by the International City Managers Association Retirement Corporation ("ICMA") and the police employee plan is administered by CCOERA. The Plan permits 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. The plan assets are held in trust for the benefit of the employee and therefore not reflected on the financial statements of the City. The City's contributions to the plans for the year ending December 31, 2013, were \$14,517 to the ICMA 457 plan and \$38,003 to the CCOERA 457 plan.

10. Joint Ventures

Gunnison/Hinsdale Combined Emergency Telephone Service Authority Board

At December 31, 2013 (date of latest available information), Gunnison/Hinsdale Authority had assets of \$415,078, liabilities of \$142,128 and \$272,950 in net position. Total revenues for 2013 were \$215,846 and total expenses were \$515,048 resulting in a net change in fund balance of \$(299,202). The amount of the City's share of these amounts is based upon the percentage of the county wide telephone accesses to be served.

11. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial insurance to mitigate these risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years and there have been no significant reductions in insurance coverage from coverage in the prior year.

City of Gunnison, Colorado
Notes to Financial Statements
December 31, 2013

12. Contingencies

Grants and Contributions

The City participates in a number of federal, state, and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government. As of December 31, 2013, grant expenditures have not been audited, but the City believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the City.

13. Compliance

In November 1992, Colorado voters passed an amendment (the "Amendment" or "TABOR") to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. The limits on property taxes, revenue, and "fiscal year spending" include allowable annual increases tied to inflation and local growth in construction valuation. Fiscal year spending, as defined by the Amendment, excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves (balances). The Amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue earned in excess of the "spending limit" must be refunded or approved to be retained by the City under specified voting requirements by the entire electorate.

On May 9, 1995, the City's electorate approved Proposition No. 2. As a result, the City is authorized to collect and increase fiscal year spending such that the full revenues generated during 1994 and each subsequent year thereafter by its existing taxes and from all other sources other than municipal taxes, may be expended without limitation under Article X, Section 20, of the Colorado Constitution. Tax rates may be increased only if approved by a majority of voters.

The Amendment also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by the Amendment, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending (excluding bonded debt service). At December 31, 2013 the City has restricted \$215,214 in the General Fund for emergencies as defined under Article X, Section 20 of the Colorado Constitution.

The City believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions will require judicial interpretation.

City of Gunnison, Colorado
Notes to Financial Statements
December 31, 2013

14. Assigned Fund Balance

The fund balance in the General Fund is assigned as follows as of December 31, 2013:

| | | |
|-------------------|----|--------|
| Youth Council | \$ | 350 |
| Scholarships | | 7,122 |
| Senior Additions | | 1,000 |
| Law enforcement | | 10,745 |
| Court forfeitures | | 10,420 |
| DARE | | 664 |
| | \$ | 30,301 |

15. Subsequent Events

The City evaluated subsequent events through July 22, 2014, the date these financial statements were available to be issued. There were no subsequent events that required recognition or additional disclosure in these financial statements.

Required Supplementary Information

City of Gunnison, Colorado
Schedule of Revenues, Expenditures and
Changes in Fund Balance (Budget and Actual)
General Fund
Year Ended December 31, 2013

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|--|------------------|--------------|-------------------|-------------------------------|
| | Original | Final | | Positive (Negative) |
| Revenues | | | | |
| Taxes and fees | \$ 5,056,992 | \$ 5,056,992 | \$ 5,560,243 | \$ 503,251 |
| Licenses and permits | 23,920 | 23,920 | 64,480 | 40,560 |
| Charges for services | 357,211 | 368,211 | 255,010 | (113,201) |
| Fines and forfeitures | 27,070 | 35,118 | 32,125 | (2,993) |
| Intergovernmental | 273,767 | 1,336,767 | 1,071,660 | (265,107) |
| Earnings on investments | 22,221 | 22,221 | 6,752 | (15,469) |
| Rents and miscellaneous | 42,990 | 42,990 | 62,389 | 19,399 |
| Total revenues | 5,804,171 | 6,886,219 | 7,052,659 | 166,440 |
| Expenditures | | | | |
| Current: | | | | |
| General government | 801,636 | 801,636 | 782,889 | 18,747 |
| Public safety | 1,834,464 | 1,824,464 | 1,728,144 | 96,320 |
| Public works | 721,870 | 721,870 | 671,532 | 50,338 |
| Culture and recreation | 969,394 | 980,394 | 957,777 | 22,617 |
| Grants and contributions | 256,997 | 256,997 | 122,802 | 134,195 |
| Debt service: | | | | |
| Principal | - | - | 39,926 | (39,926) |
| Interest | - | - | 1,263 | (1,263) |
| Capital outlay | 1,959,854 | 3,172,242 | 2,687,619 | 484,623 |
| Total expenditures | 6,544,215 | 7,757,603 | 6,991,952 | 765,651 |
| Excess (deficiency) of revenues over expenditures | (740,044) | (871,384) | 60,707 | 932,091 |
| Other financing sources (uses) | | | | |
| Transfers in | 218,850 | 218,850 | 201,529 | (17,321) |
| Transfers out | (107,628) | (107,628) | (18,830) | 88,798 |
| Total other financing sources (uses) | 111,222 | 111,222 | 182,699 | 71,477 |
| Net change in fund balance | \$ (628,822) | \$ (760,162) | 243,406 | \$ 1,003,568 |
| Fund balance at beginning of year | | | 4,044,880 | |
| Fund balance at end of year | | | \$ 4,288,286 | |

See accompanying Independent Auditor's Report.

City of Gunnison, Colorado
Schedule of Funding Progress
Volunteer Firefighters' Pension Fund

Analysis of Funding Progress

| Year | Actuarial Value of Assets | Actuarial Accrued Liability | Excess (Deficiency) of Assets Over AAL | Percent Funded | Annual Covered Payroll |
|-------|------------------------------|--------------------------------|---|-------------------|---------------------------|
| 2009 | \$ 1,065,012 | \$ 1,353,533 | \$ (288,521) | 79% | N/A |
| 2011 | \$ 1,520,739 | \$ 1,516,769 | \$ 3,970 | 100% | N/A |
| 2013* | \$ 1,775,654 | \$ 2,054,607 | \$ (278,953) | 86% | N/A |

* Date of latest actuarial study was January 1, 2013.

Revenues by Source

| Year | City Contributions | District Contributions | State Contributions | Investment Income (Loss) | Total |
|------|-----------------------|---------------------------|------------------------|-----------------------------|------------|
| 2011 | \$ 32,700 | \$ 40,000 | \$ 57,780 | \$ (2,930) | \$ 127,550 |
| 2012 | \$ 32,700 | \$ 32,700 | \$ 65,430 | \$ 198,385 | \$ 329,215 |
| 2013 | \$ 32,700 | \$ 32,700 | \$ 65,430 | \$ 250,613 | \$ 381,443 |

Expenses by Source

| Year | Benefits | Administrative Expenses | Total |
|------|------------|----------------------------|------------|
| 2011 | \$ 93,060 | \$ 5,924 | \$ 98,984 |
| 2012 | \$ 98,993 | \$ 3,873 | \$ 102,866 |
| 2013 | \$ 118,275 | \$ 16,434 | \$ 134,709 |

See accompanying Independent Auditor's Report.

Other Supplementary Information

City of Gunnison, Colorado
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2013

| | Conservation Trust Fund | Ditch Fund | Total Nonmajor Governmental Funds |
|--|----------------------------|-------------------|---|
| Assets | | | |
| Equity in pooled cash and investments | \$ 28,760 | \$ 345,219 | \$ 373,979 |
| Total assets | \$ 28,760 | \$ 345,219 | \$ 373,979 |
| Liabilities and Fund Balances | | | |
| Liabilities | | | |
| Accounts payable | \$ - | \$ - | \$ - |
| Total liabilities | - | - | - |
| Fund balances | | | |
| Restricted | 28,760 | - | 28,760 |
| Assigned | - | 345,219 | 345,219 |
| Total fund balances | 28,760 | 345,219 | 373,979 |
| Total liabilities and fund balances | \$ 28,760 | \$ 345,219 | \$ 373,979 |

See accompanying Independent Auditor's Report.

City of Gunnison, Colorado
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2013

| | Conservation Trust Fund | Ditch Fund | Total Nonmajor Governmental Funds |
|---|----------------------------|-------------------|---|
| Revenues | | | |
| Intergovernmental | \$ 35,279 | \$ 44,065 | \$ 79,344 |
| Earnings on investments | 62 | 605 | 667 |
| Other revenue | - | 10,000 | 10,000 |
| Total revenues | 35,341 | 54,670 | 90,011 |
| Expenditures | | | |
| Current: | | | |
| Public works | - | 24,050 | 24,050 |
| Capital outlay | 18,660 | 71,759 | 90,419 |
| Total expenditures | 18,660 | 95,809 | 114,469 |
| Excess (Deficiency) of revenues over expenditures | 16,681 | (41,139) | (24,458) |
| Other financing uses | | | |
| Transfers out | (3,549) | - | (3,549) |
| Net change in fund balances | 13,132 | (41,139) | (28,007) |
| Fund balances at beginning of year | 15,628 | 386,358 | 401,986 |
| Fund balances at end of year | \$ 28,760 | \$ 345,219 | \$ 373,979 |

See accompanying Independent Auditor's Report.

City of Gunnison, Colorado
Schedule of Revenues, Expenditures and
Changes in Fund Balance (Budget and Actual)
Conservation Trust Fund
Year Ended December 31, 2013

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--------------------------------------|------------------|---------------|-------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Intergovernmental | \$ 37,500 | \$ 37,500 | \$ 35,279 | \$ (2,221) |
| Earnings on investments | 100 | 100 | 62 | (38) |
| Total revenues | 37,600 | 37,600 | 35,341 | (2,259) |
| Expenditures | | | | |
| Capital outlay | 25,000 | 25,000 | 18,660 | 6,340 |
| Total expenditures | 25,000 | 25,000 | 18,660 | 6,340 |
| Excess of revenues over expenditures | 12,600 | 12,600 | 16,681 | 4,081 |
| Other financing uses | | | | |
| Transfers out | (12,500) | (12,500) | (3,549) | 8,951 |
| Net change in fund balance | \$ 100 | \$ 100 | 13,132 | \$ 13,032 |
| Fund balance at beginning of year | | | 15,628 | |
| Fund balance at end of year | | | \$ 28,760 | |

See accompanying Independent Auditor's Report.

City of Gunnison, Colorado
Schedule of Revenues, Expenditures and
Changes in Fund Balance (Budget and Actual)
Ditch Fund
Year Ended December 31, 2013

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|-----------------------------------|------------------|--------------|-------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Intergovernmental | \$ 52,000 | \$ 52,000 | \$ 44,065 | \$ (7,935) |
| Earnings on investments | 1,718 | 1,718 | 605 | (1,113) |
| Other revenue | - | - | 10,000 | 10,000 |
| Total revenues | 53,718 | 53,718 | 54,670 | 952 |
| Expenditures | | | | |
| Current | | | | |
| Public works | 33,293 | 33,293 | 24,050 | 9,243 |
| Capital outlay | 150,000 | 150,000 | 71,759 | 78,241 |
| Total expenditures | 183,293 | 183,293 | 95,809 | 87,484 |
| Net change in fund balance | \$ (129,575) | \$ (129,575) | (41,139) | \$ 88,436 |
| Fund balance at beginning of year | | | 386,358 | |
| Fund balance at end of year | | | \$ 345,219 | |

See accompanying Independent Auditor's Report.

City of Gunnison, Colorado
Combining Statement of Net Position
Departments of the Enterprise Fund
December 31, 2013

| | Electric Department | Water Department | Sewer Department |
|--|------------------------|---------------------|---------------------|
| Assets | | | |
| Current assets | | | |
| Equity in pooled cash and investments | \$ 1,649,702 | \$ 809,940 | \$ 1,266,427 |
| Accounts and taxes receivable | 466,399 | 36,832 | 85,168 |
| Inventories | 406,670 | 101,094 | 93,223 |
| Prepaid items | - | - | - |
| Total current assets | 2,522,771 | 947,866 | 1,444,818 |
| Non-current assets | | | |
| Restricted pooled cash and investments | - | - | - |
| Capital assets | | | |
| Nondepreciable | 8,843 | 50,000 | 501,410 |
| Depreciable, net of accumulated depreciation | 2,320,393 | 759,901 | 1,761,264 |
| Total non-current assets | 2,329,236 | 809,901 | 2,262,674 |
| Total assets | 4,852,007 | 1,757,767 | 3,707,492 |
| Liabilities and net position | | | |
| Current liabilities | | | |
| Accounts payable | 852,052 | 8,175 | 4,702 |
| Accrued expenses | 15,830 | 4,535 | 11,158 |
| Customer deposits | 56,180 | - | - |
| Accrued interest payable | - | - | - |
| Interfund advance from the General Fund | - | - | - |
| Current portion of long-term debt | 22,100 | - | - |
| Total current liabilities | 946,162 | 12,710 | 15,860 |
| Non-current liabilities | | | |
| Pollution remediation obligation | - | - | - |
| Compensated absences payable | 25,608 | 15,541 | 39,334 |
| MEAN payable | 110,510 | - | - |
| Revenue bonds payable | - | - | - |
| Total non-current liabilities | 136,118 | 15,541 | 39,334 |
| Total liabilities | 1,082,280 | 28,251 | 55,194 |
| Net position | | | |
| Net investment in capital assets | 2,329,236 | 809,901 | 2,262,674 |
| Restricted for debt service | - | - | - |
| Unrestricted | 1,440,491 | 919,615 | 1,389,624 |
| Total net position | \$ 3,769,727 | \$ 1,729,516 | \$ 3,652,298 |

| | Refuse Department | Communication Department | Recreation Department | Total |
|----|----------------------|-----------------------------|--------------------------|---------------|
| \$ | 536,135 | \$ 25,393 | \$ 714,751 | \$ 5,002,348 |
| | 43,634 | 56,065 | 159,734 | 847,832 |
| | 56,870 | - | 100,617 | 758,474 |
| | - | - | 177 | 177 |
| | 636,639 | 81,458 | 975,279 | 6,608,831 |
| | - | - | 547,787 | 547,787 |
| | - | - | - | 560,253 |
| | 368,815 | 91,138 | 11,311,052 | 16,612,563 |
| | 368,815 | 91,138 | 11,858,839 | 17,720,603 |
| | 1,005,454 | 172,596 | 12,834,118 | 24,329,434 |
| | 9,744 | 4,463 | 38,766 | 917,902 |
| | 2,763 | 12,320 | 9,439 | 56,045 |
| | - | - | - | 56,180 |
| | - | - | 24,285 | 24,285 |
| | - | - | 17,320 | 17,320 |
| | - | - | 250,000 | 272,100 |
| | 12,507 | 16,783 | 339,810 | 1,343,832 |
| | 5,000 | - | - | 5,000 |
| | 3,522 | 26,879 | 6,318 | 117,202 |
| | - | - | - | 110,510 |
| | - | - | 6,779,030 | 6,779,030 |
| | 8,522 | 26,879 | 6,785,348 | 7,011,742 |
| | 21,029 | 43,662 | 7,125,158 | 8,355,574 |
| | 368,815 | 91,138 | 4,282,022 | 10,143,786 |
| | - | - | 547,787 | 547,787 |
| | 615,610 | 37,796 | 879,151 | 5,282,287 |
| \$ | 984,425 | \$ 128,934 | \$ 5,708,960 | \$ 15,973,860 |

See accompanying Independent Auditor's Report.

City of Gunnison, Colorado
Combining Statement of Revenues, Expenses and Changes in Net Position
Departments of the Enterprise Fund
Year Ended December 31, 2013

| | Electric Department | Water Department | Sewer Department |
|---|------------------------|---------------------|---------------------|
| Operating revenues | | | |
| Electricity sales | \$ 4,977,502 | \$ - | \$ - |
| Water sales | - | 523,908 | - |
| Sanitary sewer charges | - | - | 1,017,403 |
| Trash collection fees | - | - | - |
| Communication services | - | - | - |
| Recreation department charges | - | - | - |
| Miscellaneous operating revenues | 19,247 | 7,055 | 20,632 |
| Total operating revenues | 4,996,749 | 530,963 | 1,038,035 |
| Operating expenses | | | |
| Cost of sales and services | 3,957,666 | - | - |
| MEAN Regulatory ISO Transmission Adjustment | 132,610 | - | - |
| Operations, maintenance and repair | 457,784 | 347,344 | 800,369 |
| Administration and general | 578,882 | 133,925 | 104,246 |
| Depreciation | 179,060 | 67,105 | 73,634 |
| Small equipment | 120,757 | 161,517 | 217,273 |
| Total operating expenses | 5,426,759 | 709,891 | 1,195,522 |
| Operating income (loss) | (430,010) | (178,928) | (157,487) |
| Nonoperating revenues (expenses) | | | |
| Sales and use tax | - | - | - |
| Intergovernmental | - | - | - |
| Earnings on investments | 1,796 | 1,365 | 1,758 |
| Interest expense | - | - | - |
| Total other revenues (expenses) | 1,796 | 1,365 | 1,758 |
| Income (loss) before contributions and transfers | (428,214) | (177,563) | (155,729) |
| Capital contributions | - | 44,500 | 97,000 |
| Hook-up services | 43,120 | 4,418 | 2,249 |
| Transfers in | - | - | - |
| Transfers out | - | - | - |
| Change in net position | (385,094) | (128,645) | (56,480) |
| Net position at beginning of year | 4,154,821 | 1,858,161 | 3,708,778 |
| Net position at end of year | \$ 3,769,727 | \$ 1,729,516 | \$ 3,652,298 |

| Refuse Department | Communications Department | Recreation Department | Total |
|----------------------|------------------------------|--------------------------|---------------|
| \$ - | \$ - | \$ - | \$ 4,977,502 |
| - | - | - | 523,908 |
| - | - | - | 1,017,403 |
| 507,168 | - | - | 507,168 |
| - | 637,734 | - | 637,734 |
| - | - | 312,425 | 312,425 |
| 34,294 | - | 11,788 | 93,016 |
| 541,462 | 637,734 | 324,213 | 8,069,156 |
| - | - | - | 3,957,666 |
| - | - | - | 132,610 |
| 296,063 | 617,734 | 699,474 | 3,218,768 |
| 93,101 | - | - | 910,154 |
| 80,920 | 22,112 | 352,439 | 775,270 |
| 13,266 | - | 54,809 | 567,622 |
| 483,350 | 639,846 | 1,106,722 | 9,562,090 |
| 58,112 | (2,112) | (782,509) | (1,492,934) |
| - | - | 1,325,582 | 1,325,582 |
| 9,831 | - | - | 9,831 |
| 1,514 | 863 | 2,208 | 9,504 |
| - | - | (298,729) | (298,729) |
| 11,345 | 863 | 1,029,061 | 1,046,188 |
| 69,457 | (1,249) | 246,552 | (446,746) |
| - | - | - | 141,500 |
| - | - | - | 49,787 |
| - | - | 22,379 | 22,379 |
| - | (178,000) | (23,529) | (201,529) |
| 69,457 | (179,249) | 245,402 | (434,609) |
| 914,968 | 308,183 | 5,463,558 | 16,408,469 |
| \$ 984,425 | \$ 128,934 | \$ 5,708,960 | \$ 15,973,860 |

See accompanying Independent Auditor's Report.

City of Gunnison, Colorado
Schedule of Revenues, Expenses and Changes in Net Position
Budget and Actual (Non-GAAP Basis)
Electric Department
Year Ended December 31, 2013

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|-------------------|---------------------|---------------------|---|
| | Original | Final | | |
| Operating revenues | | | | |
| Electricity sales | \$ 4,942,036 | \$ 4,942,036 | \$ 4,977,502 | \$ 35,466 |
| Miscellaneous operating revenues | 7,000 | 7,000 | 19,247 | 12,247 |
| Total operating revenues | 4,949,036 | 4,949,036 | 4,996,749 | 47,713 |
| Expenditures | | | | |
| Purchased power | 3,652,205 | 3,952,205 | 3,957,666 | (5,461) |
| Operations, maintenance and repair | 485,789 | 487,789 | 457,784 | 30,005 |
| Administration and general | 586,167 | 586,167 | 578,882 | 7,285 |
| Small equipment | 254,500 | 254,500 | 120,757 | 133,743 |
| Capital outlay | - | - | 63,051 | (63,051) |
| Total expenditures | 4,978,661 | 5,280,661 | 5,178,140 | 102,521 |
| Excess (deficiency) of operating revenues over expenditures | (29,625) | (331,625) | (181,391) | 150,234 |
| Other revenues | | | | |
| Earnings on investments | 11,000 | 11,000 | 1,796 | (9,204) |
| Hook-up services | 10,000 | 10,000 | 43,120 | 33,120 |
| Total other revenues | 21,000 | 21,000 | 44,916 | 23,916 |
| Change in net position - budgetary basis | \$ (8,625) | \$ (310,625) | (136,475) | \$ 174,150 |
| Reconciliation to GAAP basis | | | | |
| Capital outlay | | | 63,051 | |
| MEAN Regulatory ISO Transmission Adjustment | | | (132,610) | |
| Depreciation | | | (179,060) | |
| Change in net position - GAAP basis | | | (385,094) | |
| Net position at beginning of year | | | 4,154,821 | |
| Net position at end of year | | | \$ 3,769,727 | |

See accompanying Independent Auditor's Report.

City of Gunnison, Colorado
Schedule of Revenues, Expenses and Changes in Net Position
Budget and Actual (Non-GAAP Basis)
Water Department
Year Ended December 31, 2013

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|---------------------|---------------------|---------------------|---|
| | Original | Final | | |
| Operating revenues | | | | |
| Water sales | \$ 549,367 | \$ 549,367 | \$ 523,908 | \$ (25,459) |
| Miscellaneous operating revenues | 1,250 | 1,250 | 7,055 | 5,805 |
| Total operating revenues | 550,617 | 550,617 | 530,963 | (19,654) |
| Expenditures | | | | |
| Operations, maintenance and repair | 356,688 | 356,688 | 347,344 | 9,344 |
| Administration and general | 138,473 | 138,473 | 133,925 | 4,548 |
| Small equipment | 169,000 | 169,000 | 161,517 | 7,483 |
| Total expenditures | 664,161 | 664,161 | 642,786 | 21,375 |
| Deficiency of operating revenues over expenditures | (113,544) | (113,544) | (111,823) | 1,721 |
| Other revenues | | | | |
| Earnings on investments | 4,822 | 4,822 | 1,365 | (3,457) |
| Hook-up services | 750 | 750 | 4,418 | 3,668 |
| Tap fees | 5,000 | 5,000 | 44,500 | 39,500 |
| Total other revenues | 10,572 | 10,572 | 50,283 | 39,711 |
| Change in net position - budgetary basis | \$ (102,972) | \$ (102,972) | (61,540) | \$ 41,432 |
| Reconciliation to GAAP basis | | | | |
| Depreciation | | | (67,105) | |
| Change in net position - GAAP basis | | | (128,645) | |
| Net position at beginning of year | | | 1,858,161 | |
| Net position at end of year | | | \$ 1,729,516 | |

See accompanying Independent Auditor's Report.

City of Gunnison, Colorado
Schedule of Revenues, Expenses and Changes in Net Position
Budget and Actual (Non-GAAP Basis)
Sewer Department
Year Ended December 31, 2013

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|---------------------|---------------------|----------------------------|---|
| | Original | Final | | |
| Operating revenues | | | | |
| Sanitary sewer charges | \$ 984,402 | \$ 984,402 | \$ 1,017,403 | \$ 33,001 |
| Miscellaneous operating revenues | 12,600 | 12,600 | 20,632 | 8,032 |
| Total operating revenues | 997,002 | 997,002 | 1,038,035 | 41,033 |
| Expenditures | | | | |
| Operations, maintenance and repair | 821,164 | 842,164 | 800,369 | 41,795 |
| Administration and general | 100,862 | 100,862 | 104,246 | (3,384) |
| Small equipment | 232,000 | 232,000 | 217,273 | 14,727 |
| Total expenditures | 1,154,026 | 1,175,026 | 1,121,888 | 53,138 |
| Deficiency of operating revenues over expenditures | (157,024) | (178,024) | (83,853) | 94,171 |
| Other revenues | | | | |
| Earnings on investments | 11,573 | 11,573 | 1,758 | (9,815) |
| Hook-up services | - | - | 2,249 | 2,249 |
| Tap fees | 11,000 | 11,000 | 97,000 | 86,000 |
| Total other revenues | 22,573 | 22,573 | 101,007 | 78,434 |
| Change in net position - budgetary basis | \$ (134,451) | \$ (155,451) | 17,154 | \$ 172,605 |
| Reconciliation to GAAP basis | | | | |
| Depreciation | | | <u>(73,634)</u> | |
| Change in net position - GAAP basis | | | (56,480) | |
| Net position at beginning of year | | | <u>3,708,778</u> | |
| Net position at end of year | | | <u>\$ 3,652,298</u> | |

See accompanying Independent Auditors' Report.

City of Gunnison, Colorado
Schedule of Revenues, Expenses and Changes in Net Position
Budget and Actual (Non-GAAP Basis)
Refuse Department
Year Ended December 31, 2013

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|---------------------|---------------------|-------------------|---|
| | Original | Final | | |
| Operating revenues | | | | |
| Trash collections fees | \$ 511,831 | \$ 511,831 | \$ 507,168 | \$ (4,663) |
| Miscellaneous operating revenues | 35,937 | 35,937 | 34,294 | (1,643) |
| Total operating revenues | 547,768 | 547,768 | 541,462 | (6,306) |
| Expenditures | | | | |
| Operations, maintenance and repair | 299,370 | 299,370 | 296,063 | 3,307 |
| Administration and general | 99,587 | 99,587 | 93,101 | 6,486 |
| Landfill closure expenses | 2,500 | 2,500 | - | 2,500 |
| Small equipment | 10,000 | 10,000 | 13,266 | (3,266) |
| Capital outlay | 280,000 | 280,000 | 271,456 | 8,544 |
| Total expenditures | 691,457 | 691,457 | 673,886 | 17,571 |
| Excess (deficiency) of operating revenues over expenditures | (143,689) | (143,689) | (132,424) | 11,265 |
| Nonoperating revenues | | | | |
| Intergovernmental revenues | 5,000 | 5,000 | 9,831 | 4,831 |
| Earnings on investments | 1,700 | 1,700 | 1,514 | (186) |
| Total other revenues | 6,700 | 6,700 | 11,345 | 4,645 |
| Change in net position - budgetary basis | \$ (136,989) | \$ (136,989) | (121,079) | \$ 15,910 |
| Reconciliation to GAAP basis | | | | |
| Depreciation | | | (80,920) | |
| Capital outlay | | | 271,456 | |
| Change in net position - GAAP basis | | | 69,457 | |
| Net position at beginning of year | | | 914,968 | |
| Net position at end of year | | | \$ 984,425 | |

See accompanying Independent Auditor's Report.

City of Gunnison, Colorado
Schedule of Revenues, Expenses and Changes in Net Position
Budget and Actual (Non-GAAP Basis)
Communications Department
Year Ended December 31, 2013

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|---------------------|---------------------|-------------------|---|
| | Original | Final | | |
| Operating revenues | | | | |
| Communication services | \$ 643,041 | \$ 643,041 | \$ 637,734 | \$ (5,307) |
| Total operating revenues | 643,041 | 643,041 | 637,734 | (5,307) |
| Expenditures | | | | |
| Operations, maintenance and repair | 646,258 | 646,258 | 617,734 | 28,524 |
| Total expenditures | 646,258 | 646,258 | 617,734 | 28,524 |
| Excess (deficiency) of operating revenues over expenditures | (3,217) | (3,217) | 20,000 | 23,217 |
| Other revenues | | | | |
| Earnings on investments | 1,220 | 1,220 | 863 | (357) |
| Total other revenues | 1,220 | 1,220 | 863 | (357) |
| Net income before transfers | (1,997) | (1,997) | 20,863 | 22,860 |
| Transfers in | 2,000 | 2,000 | - | (2,000) |
| Transfers out | (180,000) | (180,000) | (178,000) | 2,000 |
| Change in net position - budgetary basis | \$ (179,997) | \$ (179,997) | (157,137) | \$ 22,860 |
| Reconciliation to GAAP basis | | | | |
| Depreciation | | | (22,112) | |
| Change in net position - GAAP basis | | | (179,249) | |
| Net position at beginning of year | | | 308,183 | |
| Net position at end of year | | | \$ 128,934 | |

See accompanying Independent Auditor's Report.

City of Gunnison, Colorado
Schedule of Revenues, Expenses and Changes in Net Position
Budget and Actual (Non-GAAP Basis)
Recreation Department
Year Ended December 31, 2013

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|-------------------|-------------------|---------------------|---|
| | Original | Final | | |
| Operating revenues | | | | |
| Recreation department charges | \$ 326,600 | \$ 327,600 | \$ 312,425 | \$ (15,175) |
| Miscellaneous operating revenues | - | - | 11,788 | 11,788 |
| Total operating revenues | 326,600 | 327,600 | 324,213 | (3,387) |
| Expenditures | | | | |
| Operations, maintenance and repair | 749,835 | 762,835 | 699,474 | 63,361 |
| Small equipment | 178,225 | 178,225 | 54,809 | 123,416 |
| Capital outlay | - | - | 26,836 | (26,836) |
| Total expenditures | 928,060 | 941,060 | 781,119 | 159,941 |
| Excess (deficiency) of operating revenues over expenditures | (601,460) | (613,460) | (456,906) | 156,554 |
| Other revenues (expenses) | | | | |
| Sales tax | 1,171,731 | 1,171,731 | 1,262,018 | 90,287 |
| Use tax | 29,700 | 29,700 | 63,564 | 33,864 |
| Earnings on investments | 4,741 | 4,741 | 2,208 | (2,533) |
| Interest expense | (300,765) | (300,765) | (298,729) | 2,036 |
| Principal paid | (245,000) | (245,000) | (245,000) | - |
| Total other revenues (expenses) | 660,407 | 660,407 | 784,061 | 123,654 |
| Net income before transfers | 58,947 | 46,947 | 327,155 | 280,208 |
| Transfers in | 118,128 | 118,128 | 22,379 | (95,749) |
| Transfers out | (38,850) | (38,850) | (23,529) | 15,321 |
| Change in net position - budgetary basis | \$ 138,225 | \$ 126,225 | 326,005 | \$ 199,780 |
| Reconciliation to GAAP basis | | | | |
| Depreciation | | | (352,439) | |
| Capital outlay | | | 26,836 | |
| Principal paid | | | 245,000 | |
| Change in net position - GAAP basis | | | 245,402 | |
| Net position at beginning of year | | | 5,463,558 | |
| Net position at end of year | | | \$ 5,708,960 | |

See accompanying Independent Auditor's Report.

City of Gunnison, Colorado
Schedule of Revenues, Expenses and Changes in Net Position
Budget and Actual (Non-GAAP Basis)
Internal Service - Fleet Management Fund
Year Ended December 31, 2013

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---|------------------|------------------|-------------------|-------------------------------|
| | Original | Final | | Positive (Negative) |
| Operating revenues | | | | |
| Monthly repair revenue | \$ 108,792 | \$ 108,792 | \$ 108,792 | \$ - |
| Fleet rental revenue | 249,208 | 249,208 | 249,208 | - |
| Miscellaneous operating revenues | 14,700 | 14,700 | 14,741 | 41 |
| Total operating revenues | 372,700 | 372,700 | 372,741 | 41 |
| Expenditures | | | | |
| Fleet expenses | 346,978 | 346,978 | 335,968 | 11,010 |
| Excess of revenues over expenditures | 25,722 | 25,722 | 36,773 | 11,051 |
| Other revenues | | | | |
| Earnings on investments | 1,678 | 1,678 | 599 | (1,079) |
| Change in net position - budgetary basis | \$ 27,400 | \$ 27,400 | 37,372 | \$ 9,972 |
| Reconciliation to GAAP basis | | | | |
| Depreciation | | | (6,282) | |
| Change in net position - GAAP basis | | | 31,090 | |
| Net position at beginning of year | | | 528,984 | |
| Net position at end of year | | | \$ 560,074 | |

See accompanying Independent Auditor's Report.

City of Gunnison, Colorado
Schedule of Changes in Fiduciary Net Position
Budget and Actual
Volunteer Firefighters' Pension Fund
Year Ended December 31, 2013

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|-----------------------------------|-------------------|-------------------|---------------------|---|
| | Original | Final | | |
| Additions | | | | |
| Contributions | \$ 133,130 | \$ 133,130 | \$ 130,830 | \$ (2,300) |
| Earnings on investments | 106,233 | 168,260 | 250,613 | 82,353 |
| Total additions | 239,363 | 301,390 | 381,443 | 80,053 |
| Deductions | | | | |
| Benefits | 100,500 | 118,275 | 118,275 | - |
| Expenses | 4,000 | 16,450 | 16,434 | 16 |
| Total deductions | 104,500 | 134,725 | 134,709 | 16 |
| Change in net position | \$ 134,863 | \$ 166,665 | 246,734 | \$ 80,069 |
| Net position at beginning of year | | | <u>1,775,654</u> | |
| Net position at end of year | | | <u>\$ 2,022,388</u> | |

See accompanying Independent Auditor's Report.

State Compliance Section

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

| | | |
|---|--|---|
| LOCAL HIGHWAY FINANCE REPORT | | City or County: City of Gunnison |
| | | YEAR ENDING : December 2013 |
| This Information From The Records Of City of Gunnison | | Prepared By: Wendy Collins Phone: 970-641-8162 |

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

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

| II. RECEIPTS FOR ROAD AND STREET PURPOSES | | III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES | |
|---|-----------|---|-----------|
| ITEM | AMOUNT | ITEM | AMOUNT |
| A. Receipts from local sources: | | A. Local highway disbursements: | |
| 1. Local highway-user taxes | | 1. Capital outlay (from page 2) | 951,812 |
| a. Motor Fuel (from Item I.A.5.) | | 2. Maintenance: | 471,362 |
| b. Motor Vehicle (from Item I.B.5.) | | 3. Road and street services: | |
| c. Total (a.+b.) | | a. Traffic control operations | |
| 2. General fund appropriations | 483,767 | b. Snow and ice removal | 10,921 |
| 3. Other local imposts (from page 2) | 1,191,034 | c. Other | |
| 4. Miscellaneous local receipts (from page 2) | 10,630 | d. Total (a. through c.) | 10,921 |
| 5. Transfers from toll facilities | | 4. General administration & miscellaneous | 133,175 |
| 6. Proceeds of sale of bonds and notes: | | 5. Highway law enforcement and safety | 286,054 |
| a. Bonds - Original Issues | | 6. Total (1 through 5) | 1,853,324 |
| b. Bonds - Refunding Issues | | B. Debt service on local obligations: | |
| c. Notes | | 1. Bonds: | |
| d. Total (a. + b. + c.) | 0 | a. Interest | |
| 7. Total (1 through 6) | 1,685,431 | b. Redemption | |
| B. Private Contributions | | c. Total (a. + b.) | 0 |
| C. Receipts from State government (from page 2) | 167,893 | 2. Notes: | |
| D. Receipts from Federal Government (from page 2) | 0 | a. Interest | |
| E. Total receipts (A.7 + B + C + D) | 1,853,324 | b. Redemption | |
| | | c. Total (a. + b.) | 0 |
| | | 3. Total (1.c + 2.c) | 0 |
| | | C. Payments to State for highways | |
| | | D. Payments to toll facilities | |
| | | E. Total disbursements (A.6 + B.3 + C + D) | 1,853,324 |

IV. LOCAL HIGHWAY DEBT STATUS
(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

| | A. Beginning Balance | B. Total Receipts | C. Total Disbursements | D. Ending Balance | E. Reconciliation |
|--|----------------------|-------------------|------------------------|-------------------|-------------------|
| | 0 | 1,853,324 | 1,853,324 | 0 | 0 |

Notes and Comments:

| | |
|-------------------------------------|---------------------------------------|
| LOCAL HIGHWAY FINANCE REPORT | STATE: Colorado |
| | YEAR ENDING (mm/yy): December 2013 |

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

| ITEM | AMOUNT | ITEM | AMOUNT |
|-----------------------------------|---------------------------|---|---------------------------|
| A.3. Other local imposts: | | A.4. Miscellaneous local receipts: | |
| a. Property Taxes and Assessments | 0 | a. Interest on investments | |
| b. Other local imposts: | | b. Traffic Fines & Penalties | 10,630 |
| 1. Sales Taxes | 1,191,034 | c. Parking Garage Fees | |
| 2. Infrastructure & Impact Fees | | d. Parking Meter Fees | |
| 3. Liens | | e. Sale of Surplus Property | |
| 4. Licenses | | f. Charges for Services | |
| 5. Specific Ownership &/or Other | | g. Other Misc. Receipts | |
| 6. Total (1. through 5.) | 1,191,034 | h. Other | |
| c. Total (a. + b.) | 1,191,034 | i. Total (a. through h.) | 10,630 |
| | (Carry forward to page 1) | | (Carry forward to page 1) |

| ITEM | AMOUNT | ITEM | AMOUNT |
|--|---------|--|---------------------------|
| C. Receipts from State Government | | D. Receipts from Federal Government | |
| 1. Highway-user taxes | 150,197 | 1. FHWA (from Item I.D.5.) | |
| 2. State general funds | | 2. Other Federal agencies: | |
| 3. Other State funds: | | a. Forest Service | |
| a. State bond proceeds | | b. FEMA | |
| b. Project Match | | c. HUD | |
| c. Motor Vehicle Registrations | 17,696 | d. Federal Transit Admin | |
| d. Other (Specify) | | e. U.S. Corps of Engineers | |
| e. Other (Specify) | | f. Other Federal | |
| f. Total (a. through e.) | 17,696 | g. Total (a. through f.) | 0 |
| 4. Total (1. + 2. + 3.f) | 167,893 | 3. Total (1. + 2.g) | |
| | | | (Carry forward to page 1) |

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

| | ON NATIONAL HIGHWAY SYSTEM (a) | OFF NATIONAL HIGHWAY SYSTEM (b) | TOTAL (c) |
|---|---|--|---------------------------|
| A.1. Capital outlay: | | | |
| a. Right-Of-Way Costs | | | 0 |
| b. Engineering Costs | | | 0 |
| c. Construction: | | | |
| (1). New Facilities | | | 0 |
| (2). Capacity Improvements | | | 0 |
| (3). System Preservation | | 924,364 | 924,364 |
| (4). System Enhancement & Operation | | 27,448 | 27,448 |
| (5). Total Construction (1) + (2) + (3) + (4) | 0 | 951,812 | 951,812 |
| d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5) | 0 | 951,812 | 951,812 |
| | | | (Carry forward to page 1) |

Notes and Comments: