

# City of Gunnison, Colorado

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## Financial Statements and Supplementary Information For the Year Ended December 31, 2011



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## **INTRODUCTORY SECTION**

**CITY OF GUNNISON, COLORADO**

**CITY COUNCIL, BOARDS, COMMISSIONS AND MANAGEMENT**

**Year Ended December 31, 2011**

Council Members

Jonathan Houck – Mayor  
Ellen Harriman – Mayor Pro-Tem  
Robert Drexel  
Bill Nesbitt  
Edmund Seymour

Zoning Board of Adjustments and Appeals

Wesley Bailey, Jr. – Chair  
Marla Larson – Vice Chair  
Marian Hicks  
Scott Frazier  
(vacant position)

Planning and Zoning Commission

Bob Beda - Chair  
Erich Ferchau  
Stu Ferguson  
Greg Larson  
Carolyn Riggs  
Dusty Syzmanski  
Edmund Seymour – Council Representative

Election Commission

Wilma Duffy  
Marian Hicks  
Thelma Reece – Alternate  
Gail Davidson – City Clerk

Building Board of Appeals

Jerry Greene – Chair  
Chris Klein  
Jerry Kowal  
John Sloan  
Jeff Wilkinson

Firemen's Pension Board

Jim Miles – Chief  
Heath Smith – Fireman  
Dennis Spritzer – Fireman  
Jim McDermott – District  
Steve Williams – District  
Robert Drexel – Councilmember  
Ellen Harriman – Councilmember  
Wendy Hanson – Finance Director

Gunnison Valley Land Preservation Board

Sonja Chavez de Baca  
(vacant position)

City Management

Dan Ampietro – Director of Parks/Recreation  
Ken Bradford – Director of Public Works  
Ken Coleman – City Manager  
Gail Davidson – City Clerk  
Wendy Hanson – Director of Finance  
Keith Robinson – Chief of Police  
Steve Westbay – Director of Community Development  
Rod Landwehr – City Attorney

Insurance Trustees

Dan Ampietro – Parks & Recreation Director  
Ken Bradford – Director of Public Works  
Ken Coleman – City Manager  
Wendy Hanson – Director of Finance  
Keith Robinson – Chief of Police  
Robert Drexel – Councilmember

**FINANCIAL SECTION**



## INDEPENDENT AUDITORS' 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, 2011 which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As noted in Note 2 to the financial statements, certain errors resulting in an understatement of net assets of the business-type activities and the Enterprise Fund as of December 31, 2010 were discovered by management of the City during the current year. Accordingly, an adjustment has been made to each respective activity's or fund's net assets as of December 31, 2010 to correct the error.

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, as of December 31, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 14, budgetary comparison information for the General Fund on page 44, and schedule of funding progress on page 45, 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.

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Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section 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 10, 2012

**City of Gunnison, Colorado**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended December 31, 2011**

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As management of the City of Gunnison (the "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, 2011. 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, 2011 by \$31,190,053 (net assets). Of this amount, \$10,874,053 (unrestricted net assets) 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 assets increased by \$1,394,487.

At the close of the fiscal year ended December 31, 2011, the City's governmental funds reported combined ending fund balance of \$4,824,340, an increase of \$411,191 in comparison with the prior year. Approximately 87 percent of the ending fund balance, \$4,193,244, is available for use within the City's policies (unassigned fund balance).

The unassigned fund balance for the general fund was \$4,193,244 or 72 percent of the total general fund expenditures and other financing uses. This represents a \$382,726 increase from the prior fiscal year. The City's fund balance policy is to maintain a fund balance equal to at least 30 percent 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 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 assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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, 2011**

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The statement of activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets 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, insurance reserves, and ditches. The business-type activities of the City include electric, water, sewer, refuse, communications, pool, rink, trails, and internal service funds.

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, conservation trust fund, and ditch fund.

**City of Gunnison, Colorado**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended December 31, 2011**

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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.

The basic governmental fund financial statements can be found on pages 18 - 20 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, 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 21 - 24 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 Volunteer Firefighters' 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 25 - 26 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 27-43 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 44 – 61 of this report.

**City of Gunnison, Colorado**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended December 31, 2011**

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, pool, rink, trails	Instances in which the City administers resources on behalf of someone else
Required Financial Statements	Statement of Net Assets  Statement of Activities	Balance Sheet  Statement of Revenues, Expenditures and Changes in Fund Balances	Statement of Net Assets  Statement of Revenues, Expenses and Changes in Net Assets  Statement of Cash Flows	Statement of Fiduciary Net Assets  Statement of Changes in Fiduciary Net Assets
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 and liabilities, 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 and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, 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, 2011**

**Government-Wide Financial Analysis**

As noted earlier, over time, net assets may serve as a useful indicator of a government's financial position. In the case of the City of Gunnison, assets exceeded liabilities by \$31,190,053 at December 31, 2011, which is an increase of \$1,394,487 during the year. Further, the City is able to report positive balances in all three categories of net assets, for the government as a whole.

**Condensed Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Current and						
other assets	\$ 5,654,451	\$ 5,617,808	\$ 7,270,646	\$ 6,834,574	\$ 12,925,097	\$ 12,452,382
Capital Assets - Net	9,405,555	9,358,321	17,849,574	18,373,757	27,255,129	27,732,078
Total Assets	<u>15,060,006</u>	<u>14,976,129</u>	<u>25,120,220</u>	<u>25,208,331</u>	<u>40,180,226</u>	<u>40,184,460</u>
Current Liabilities	500,743	880,651	490,202	537,541	990,945	1,418,192
Noncurrent Liabilities:						
Long-term Liabilities	362,655	344,561	7,636,573	8,626,141	7,999,228	8,970,702
Total Liabilities	<u>863,398</u>	<u>1,225,212</u>	<u>8,126,775</u>	<u>9,163,682</u>	<u>8,990,173</u>	<u>10,388,894</u>
Net Assets:						
Invested in capital						
assets net of						
related debt	9,246,700	9,200,755	10,337,965	10,635,806	19,584,665	19,836,561
Restricted	199,066	178,608	546,909	344,082	745,975	522,690
Unrestricted	4,750,842	4,371,554	6,108,571	5,064,761	10,859,413	9,436,315
Total Net Assets	<u>\$ 14,196,608</u>	<u>\$ 13,750,917</u>	<u>\$ 16,993,445</u>	<u>\$ 16,044,649</u>	<u>\$ 31,190,053</u>	<u>\$ 29,795,566</u>

The largest portion of the City's net assets, \$19,584,665 or 62.8%, 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 assets, \$731,335 or 2.3%, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets, \$10,874,053 or 34.9%, 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, 2011**

**City of Gunnison's Change in Net Assets**

	<b>2011</b>			<b>2010</b>
	Governmental Activities	Business-Type Activities	Total	Total
<b>Revenues</b>				
Program revenues:				
Charges for services	\$ 288,029	\$ 7,726,909	\$ 8,014,938	\$ 8,130,486
Operating grants and contributions	454,161	8,982	463,143	584,103
Capital grants and contributions	210,768	122,550	333,318	15,000
General revenues:				
Property taxes	337,554	-	337,554	336,162
Specific Ownership Taxes	14,018	-	14,018	15,115
Sales and Use Taxes	4,166,362	1,205,105	5,371,467	5,462,538
Franchise Taxes	468,974	-	468,974	375,923
Other Taxes	170,124	-	170,124	119,843
Other Revenues	70,535	124,927	195,462	1,473,310
Gain on Sale of Capital Assets	-	27,500	27,500	4,901
Earnings on Investments	30,911	37,273	68,184	73,201
Reduction of pollution remediation liability	-	756,220	756,220	-
Transfers	(43,638)	43,638	-	-
<b>Total Revenues</b>	<b>6,167,798</b>	<b>10,053,104</b>	<b>16,220,902</b>	<b>16,590,582</b>
<b>Expenses</b>				
General Government	1,052,580	-	1,052,580	1,029,900
Public Safety	1,861,439	-	1,861,439	1,838,192
Public Works	1,685,745	-	1,685,745	1,611,214
Culture and Recreation	1,006,292	-	1,006,292	935,184
Grants and Contributions	87,120	-	87,120	93,420
Development/Housing	24,500	-	24,500	32,402
Interest on Long-Term Debt	5,525	-	5,525	6,296
Electric	-	4,539,680	4,539,680	4,710,311
Water	-	661,705	661,705	580,810
Sewer	-	1,370,513	1,370,513	1,215,862
Refuse	-	410,729	410,729	409,897
Communications	-	615,305	615,305	618,554
Cranor Hill	-	-	-	5,657
Recreation	-	1,594,763	1,594,763	1,236,885
<b>Total Expenses</b>	<b>5,723,201</b>	<b>9,192,695</b>	<b>14,915,896</b>	<b>14,324,584</b>
<b>Subtotal</b>	<b>444,597</b>	<b>860,409</b>	<b>1,305,006</b>	<b>2,265,998</b>
Prior Period Adjustments	-	89,481	89,481	-
<b>Change in Net Assets</b>	<b>444,597</b>	<b>949,890</b>	<b>1,394,487</b>	<b>2,265,998</b>
<b>Net Assets Beginning of Year</b>	<b>13,752,011</b>	<b>16,043,555</b>	<b>29,795,566</b>	<b>27,529,568</b>
<b>Net Assets End of Year</b>	<b>\$ 14,196,608</b>	<b>\$ 16,993,445</b>	<b>\$ 31,190,053</b>	<b>\$ 29,795,566</b>

**City of Gunnison, Colorado**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended December 31, 2011**

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**Governmental Activities** Governmental activities increased the City's total net assets by \$444,597. Total governmental activities revenues increased \$716,755. The most significant change in revenues includes a decrease in transfers out. Otherwise, governmental activities revenues increased \$52,692. Expenses associated with governmental activities increased by \$176,593, just over 3%.

**Business-type Activities** Business-type activities increased the City's total net assets by \$949,890. Total business-type activities revenues decreased \$1,086,435. In the previous fiscal year, funds were transferred from the governmental activities in the amount of \$707,701. Business-type activities expenses increased \$414,719 due mostly to lower budgeted revenues.

**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 2011, the City's governmental funds reported combined ending net assets of \$4,824,340, an increase of \$411,191 in comparison with the prior year. Expenditures for capital equipment and capital projects were \$1,318,296 and are reflected in the General, Conservation Trust, and Ditch funds. Combined ending fund balances for all governmental funds were \$4,824,340, of which 87%, or \$4,193,244 constitutes unreserved fund balance, which is available for appropriation at the City's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it is already committed to meet a state constitution mandated emergency reserve, \$184,426, and other assigned purposes, \$387,273.

The City has one major governmental fund, the General Fund (including Insurance Reserve). 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 74.3% of the total 2011 expenditures. The fund equity of the City's General Fund increased by \$427,008 during 2011.

**City of Gunnison, Colorado**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended December 31, 2011**

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The Conservation Trust Fund had total fund equity at the end of 2011 of \$14,640. This fund accounts for State of Colorado lottery funds and is to be used for parks and recreation services and capital investment. There was a decrease of \$9,751 in the Conservation Trust Fund equity from the prior year, due to additional capital projects.

The Ditch Fund had total fund equity at the end of 2011 of \$343,684. This fund receives its funding source through State of Colorado Mineral Leasing funds, which are then utilized to provide capital improvements to the ditch system. There was a decrease of \$7,160 in the Ditch Fund equity from the prior year, due to a ditch replacement project on one of the City's main streets.

**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; Emergency Communications Department; and the Recreation Department. Unrestricted net assets of the enterprise fund, at the end of 2011, amount to \$6,108,571. A breakdown of these unrestricted net assets by department is: Electric Department, \$2,162,720; Water Department, \$970,883; Sewer Department, \$1,561,244; Refuse Fund, \$571,074; Emergency Communications Department, \$205,772; and Recreation Department, \$636,878. Total net assets increased by \$860,409 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 \$895,828. This increase was a result of additional funds appropriated out of fund balance for expenses related to employee bonuses; for funds received through Great Outdoors Colorado for the Teller Baseball Field renovation; and for transfers to fund the recreation bond reserve insurance.

**Proprietary Funds:** Differences between original budget and the final amended budget for Proprietary Fund activities resulted in an overall increase in appropriations of \$222,724. This increase was a result of additional funds appropriated out of fund balances for expenses related to employee bonuses; funds received for new electrical construction materials; repairs to the auto belay system; funds received for special events; funds appropriated for safety repairs to the Jorgensen Event Center; and funds appropriated to purchase a backup ice surfacing machine.

**City of Gunnison, Colorado**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended December 31, 2011**

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**Capital Asset and Debt Administration**

**Capital Assets** The City's investment in capital assets for its governmental and business type activities as of December 31, 2011, amounts to \$27,255,129, a decrease of \$476,949 from the prior year. As required by GASB 34, the investment in capital assets includes land, buildings, building improvements and equipment.

**Long -Term Debt** At the end of 2011, long term debt outstanding was \$7,984,228. This debt represents bonds secured solely by specific revenue sources (i.e., revenue bonds), obligations under capital leases, and compensated absences. At the end of 2011, 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 \$7,511,609. Obligations under capital leases total \$158,855 for the Community Center's heating, ventilation, and air-conditioning (HVAC) system; and a 2009 Sterling dump truck. Compensated absences totaled \$313,764.

**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 remain flat from fiscal year 2011.
- Street improvement expenses have been reduced by \$333,820. Capital expenses in the general fund have been increased by \$327,502 to match a grant to purchase a new fire truck; to replace a snow blower; and to pave the parking lot at the Jorgensen Event Center
- Proprietary fund revenues are projected to decrease by \$267,499, while expenses are projected to decrease by \$469,961. Cash reserves will be used to share the cost of a new water main in the Van Tuyl Village, and to perform extensive pipe lining in the City's sewer system.
- No rate adjustments are anticipated for the electric, water, sewer, or refuse utility departments in 2012.

City of Gunnison, Colorado  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2011

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**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 Assets**  
**December 31, 2011**

	Governmental Activities	Business-Type Activities	Total
<b><u>ASSETS</u></b>			
Equity in pooled cash and investments	\$ 4,530,414	\$ 5,171,192	\$ 9,701,606
Accounts and taxes receivable	894,548	847,284	1,741,832
Inventories	-	734,404	734,404
Prepaid items	59,806	2,940	62,746
Restricted pooled cash and investments	-	546,909	546,909
Deferred charges	-	137,600	137,600
Internal balances	169,683	(169,683)	-
Capital assets, net of accumulated depreciation	9,405,555	17,849,574	27,255,129
<b><u>Total assets</u></b>	<b>15,060,006</b>	<b>25,120,220</b>	<b>40,180,226</b>
<b><u>LIABILITIES</u></b>			
Accounts payable	136,270	364,471	500,741
Customer deposits	-	56,174	56,174
Accrued expenses	51,601	43,772	95,373
Accrued interest payable	3,677	25,785	29,462
Unearned revenue	309,195	-	309,195
Noncurrent liabilities:			
Compensated absences payable	203,800	109,964	313,764
Pollution remediation obligation	-	15,000	15,000
Due within one year	118,915	235,000	353,915
Due in more than one year	39,940	7,276,609	7,316,549
<b><u>Total liabilities</u></b>	<b>863,398</b>	<b>8,126,775</b>	<b>8,990,173</b>
<b><u>NET ASSETS</u></b>			
Invested in capital assets, net of related debt	9,246,700	10,337,965	19,584,665
Restricted	199,066	546,909	745,975
Unrestricted	4,750,842	6,108,571	10,859,413
<b><u>Total net assets</u></b>	<b>\$ 14,196,608</b>	<b>\$ 16,993,445</b>	<b>\$ 31,190,053</b>

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

**City of Gunnison, Colorado**  
**Statement of Activities**  
**Year Ended December 31, 2011**

<u>Functions/programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Service</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
General government	\$ 1,052,580	\$ 29,962	\$ 2,500	\$ -
Public safety	1,861,439	58,938	10,252	-
Public works	1,685,745	19,469	404,389	-
Culture and recreation	1,006,292	179,660	37,020	210,768
Grants and contributions	87,120	-	-	-
Development and housing	24,500	-	-	-
Interest on long-term debt	5,525	-	-	-
<u>Total government activities</u>	<u>5,723,201</u>	<u>288,029</u>	<u>454,161</u>	<u>210,768</u>
Business-type activities:				
Electric	4,539,680	4,748,876	-	57,018
Water	661,705	538,395	-	6,006
Sewer	1,370,513	1,018,005	-	59,000
Refuse	410,729	524,422	8,982	-
Communications	615,305	590,034	-	-
Recreation	1,594,763	307,177	-	526
<u>Total business-type activities</u>	<u>9,192,695</u>	<u>7,726,909</u>	<u>8,982</u>	<u>122,550</u>
<u>Total primary government</u>	<u>\$ 14,915,896</u>	<u>\$ 8,014,938</u>	<u>\$ 463,143</u>	<u>\$ 333,318</u>

General revenues

Property taxes  
Specific ownership taxes  
Sales and use taxes  
Franchise taxes  
Other taxes  
Other revenues  
Gain on sale of capital assets  
Earnings on investments  
Reduction of pollution remediation liability

Total general revenues

Transfers in (out)

Total general revenues and transfers

Change in net assets

Net assets at beginning of year, as previously reported

Prior period adjustment (Note 2)

Net assets at ending of year

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

Net (Expense) Revenue  
and Change in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (1,020,118)	\$ -	\$ (1,020,118)
(1,792,249)	-	(1,792,249)
(1,261,887)	-	(1,261,887)
(578,844)	-	(578,844)
(87,120)	-	(87,120)
(24,500)	-	(24,500)
(5,525)	-	(5,525)
<u>(4,770,243)</u>	<u>-</u>	<u>(4,770,243)</u>
-	266,214	266,214
-	(117,304)	(117,304)
-	(293,508)	(293,508)
-	122,675	122,675
-	(25,271)	(25,271)
-	(1,287,060)	(1,287,060)
<u>-</u>	<u>(1,334,254)</u>	<u>(1,334,254)</u>
<u>(4,770,243)</u>	<u>(1,334,254)</u>	<u>(6,104,497)</u>
337,554	-	337,554
14,018	-	14,018
4,166,362	1,205,105	5,371,467
468,974	-	468,974
170,124	-	170,124
70,535	124,927	195,462
-	27,500	27,500
30,911	37,273	68,184
-	756,220	756,220
<u>5,258,478</u>	<u>2,151,025</u>	<u>7,409,503</u>
<u>(43,638)</u>	<u>43,638</u>	<u>-</u>
<u>5,214,840</u>	<u>2,194,663</u>	<u>7,409,503</u>
444,597	860,409	1,305,006
13,752,011	16,043,555	29,795,566
-	89,481	89,481
<u>\$ 14,196,608</u>	<u>\$ 16,993,445</u>	<u>\$ 31,190,053</u>

**City of Gunnison, Colorado**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2011**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
Equity in pooled cash and investments	\$ 3,830,253	\$ 361,754	\$ 4,192,007
Accounts receivable	593,123	-	593,123
Property tax receivable	301,414	-	301,414
Interfund advance to the Enterprise Fund	169,683	-	169,683
Prepaid items	59,397	-	59,397
<u>Totals assets</u>	<u>\$ 4,953,870</u>	<u>\$ 361,754</u>	<u>\$ 5,315,624</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts payable	\$ 127,058	\$ 3,430	\$ 130,488
Accrued expenses	51,601	-	51,601
Unearned revenue	309,195	-	309,195
<u>Total liabilities</u>	<u>487,854</u>	<u>3,430</u>	<u>491,284</u>
<u>Fund balances</u>			
Nonspendable	59,397	-	59,397
Restricted	184,426	14,640	199,066
Assigned	28,949	343,684	372,633
Unassigned	4,193,244	-	4,193,244
<u>Total fund balances</u>	<u>4,466,016</u>	<u>358,324</u>	<u>4,824,340</u>
<u>Total liabilities and fund balances</u>	<u>\$ 4,953,870</u>	<u>\$ 361,754</u>	<u>\$ 5,315,624</u>

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

Fund balances of governmental funds	\$ 4,824,340
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Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the fund financial statements.

Capital assets	\$ 20,158,430	
Less: accumulated depreciation	(10,928,310)	9,230,120

Internal service funds are collapsed into governmental activities	492,250
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Long-term liabilities are not due and payable in the current period, and therefore, are not reported as liabilities on the fund financial statements.

Long-term liabilities at year-end consist of :

Capital leases payable	\$ 158,855	
Compensated absences payable	187,570	
Accrued interest payable	3,677	(350,102)

Total net assets of governmental activities	<u>\$ 14,196,608</u>
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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, 2011**

	General	Other Governmental Funds	Total Governmental Funds
<u>Revenues</u>			
Taxes and fees	\$ 5,157,032	\$ -	\$ 5,157,032
Licenses and permits	29,273	-	29,273
Charges for services	231,275	-	231,275
Fines and forfeitures	27,481	-	27,481
Intergovernmental	468,934	195,995	664,929
Earnings on investments	26,652	1,998	28,650
Rents and miscellaneous	70,535	-	70,535
<u>Total revenues</u>	<u>6,011,182</u>	<u>197,993</u>	<u>6,209,175</u>
<u>Expenditures</u>			
Current:			
General government	950,586	-	950,586
Public safety	1,746,916	-	1,746,916
Public works	736,922	9,978	746,900
Culture and recreation	876,692	-	876,692
Grants and contributions	87,120	-	87,120
Development and housing	24,500	-	24,500
Debt service:			
Principal	77,379	-	77,379
Interest	5,719	-	5,719
Capital outlay	1,135,543	182,753	1,318,296
<u>Total expenditures</u>	<u>5,641,377</u>	<u>192,731</u>	<u>5,834,108</u>
<u>Excess of revenues over expenditures</u>	<u>369,805</u>	<u>5,262</u>	<u>375,067</u>
<u>Other financing sources (uses)</u>			
Proceeds from capital lease	78,668	-	78,668
Transfers in	184,399	-	184,399
Transfers out	(205,864)	(22,173)	(228,037)
<u>Total other financing sources (uses)</u>	<u>57,203</u>	<u>(22,173)</u>	<u>35,030</u>
<u>Excess (deficiency) of revenues and other sources over expenditures and other uses</u>	<u>427,008</u>	<u>(16,911)</u>	<u>410,097</u>
<u>Fund balances at beginning of year</u>	<u>4,039,008</u>	<u>375,235</u>	<u>4,414,243</u>
<u>Fund balances at end of year</u>	<u>\$ 4,466,016</u>	<u>\$ 358,324</u>	<u>\$ 4,824,340</u>

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, 2011**

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

Total net change in fund balance - governmental funds.	\$	410,097
<p>Capital outlays 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 assets and allocated over their estimated useful lives as annual depreciation expense in the statement of activities.</p>		
Capital outlay	\$	602,903
Depreciation expense		<u>(543,515)</u>
		59,388
Internal service funds are collapsed into governmental activities.		(6,221)
Capital lease payments are expenditures in the governmental funds but are shown as reductions in long-term liabilities in the statement of net assets and do not affect the statement of activities.		77,379
Proceeds from capital leases are treated as an other financing source in governmental fund financial statements, but increase liabilities in the government-wide statements.		(78,668)
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.		194
Increase 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.		<u>(17,572)</u>
Change in net assets of governmental activities	<u>\$</u>	<u>444,597</u>

**City of Gunnison, Colorado**  
**Statement of Net Assets**  
**Proprietary Funds**  
**December 31, 2011**

	Enterprise Fund	Governmental Activities - Internal Service Fund
<u>ASSETS</u>		
<u>Current assets</u>		
Equity in pooled cash and investments	\$ 5,171,192	\$ 338,407
Receivables	847,284	11
Inventories	734,404	-
Prepaid items	2,940	409
	6,755,820	338,827
<u>Total current assets</u>		
<u>Noncurrent assets</u>		
Restricted pooled cash and investments	546,909	-
Deferred charges	137,600	-
Capital assets, net of accumulated depreciation	17,849,574	175,435
	18,534,083	175,435
<u>Total noncurrent assets</u>		
	25,289,903	514,262
<u>Total assets</u>		
<u>LIABILITIES AND NET ASSETS</u>		
<u>Current liabilities</u>		
Accounts payable	364,471	5,782
Accrued expenses	43,772	-
Customer deposits	56,174	-
Accrued interest payable	25,785	-
Interfund advance from the General Fund	169,683	-
Current portion of bonds payable	235,000	-
	894,885	5,782
<u>Total current liabilities</u>		
<u>Noncurrent liabilities</u>		
Pollution remediation obligation	15,000	-
Compensated absences payable	109,964	16,230
Bonds payable	7,276,609	-
	7,401,573	16,230
<u>Total noncurrent liabilities</u>		
	8,296,458	22,012
<u>Total liabilities</u>		
<u>Net assets</u>		
Invested in capital assets, net of related debt	10,337,965	175,435
Restricted for debt service	546,909	-
Unrestricted	6,108,571	316,815
	16,993,445	492,250
<u>Total net assets</u>	\$ 16,993,445	\$ 492,250

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

**City of Gunnison, Colorado**  
**Statement of Revenues, Expenses and Changes in Net Assets**  
**Proprietary Funds**  
**Year Ended December 31, 2011**

	Enterprise Fund	Governmental Activities - Internal Service Fund
<u>Operating revenues</u>		
Electricity sales	\$ 4,748,876	\$ -
Water sales	538,395	-
Sanitary sewer charges	1,018,005	-
Trash collection fees	524,422	-
Communication service	590,034	-
Recreation department charges	307,177	-
Sales and use tax	1,205,105	-
Miscellaneous operating revenues	124,927	16,810
Fleet rental revenues	-	375,653
	<hr/>	<hr/>
<u>Total operating revenues</u>	9,056,941	392,463
<u>Operating expenses</u>		
Cost of sales and services	3,218,576	-
Operations, maintenance and repair	3,403,271	-
Landfill closure expenses	10,912	-
Administration and general	903,616	-
Depreciation	937,943	12,154
Small equipment	390,810	-
Fleet expenses	-	388,791
	<hr/>	<hr/>
<u>Total operating expenses</u>	8,865,128	400,945
<u>Operating income (loss)</u>	191,813	(8,482)
<u>Nonoperating revenues (expenses)</u>		
Intergovernmental	9,508	-
Gain on sale of capital assets	27,500	-
Earnings on investments	37,273	2,261
Reduction of pollution remediation liability	756,220	-
Interest expense	(327,567)	-
	<hr/>	<hr/>
<u>Total nonoperating revenues (expenses)</u>	502,934	2,261
<u>Income (loss) before contributions and transfers</u>	694,747	(6,221)
Capital contributions	61,500	-
Hook-up services	60,524	-
Transfers in	218,037	-
Transfers out	(174,399)	-
	<hr/>	<hr/>
<u>Changes in net assets</u>	860,409	(6,221)
<u>Net assets at beginning of year, previously reported</u>	16,043,555	498,471
Prior period adjustment (Note 2)	89,481	-
	<hr/>	<hr/>
<u>Net assets at end of year</u>	<u>\$ 16,993,445</u>	<u>\$ 492,250</u>

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, 2011**

	Enterprise Fund	Governmental Activities - Internal Service Fund
<u>Cash flows from operating activities</u>		
Cash received from customers	\$ 8,983,451	\$ 392,699
Cash payments to suppliers	(6,162,275)	(183,244)
Cash payments to employees	(1,836,718)	(214,525)
<u>Net cash flows from operating activities</u>	<u>984,458</u>	<u>(5,070)</u>
<u>Cash flows from non-capital financing activities</u>		
Operating grants and contributions	9,508	-
Advance from the General Fund	169,683	-
Transfers in, net	43,638	-
<u>Net cash flows from non-capital financing activities</u>	<u>222,829</u>	<u>-</u>
<u>Cash flows from capital and related financing activities</u>		
Capital grants and contributions	786,981	-
Acquisitions of capital assets	(462,357)	-
Proceeds from the sale of capital assets	76,097	-
Change in restricted pooled cash and investments	(202,827)	-
Principal paid on long-term debt	(225,000)	-
Interest paid on long-term debt	(319,384)	-
<u>Net cash flows from capital and related financing activities</u>	<u>(346,490)</u>	<u>-</u>
<u>Cash flows from investing activities</u>		
Net (purchases of) proceeds from investments	(605,763)	5,654
Earnings on investments	37,273	2,261
<u>Net cash flows from investing activities</u>	<u>(568,490)</u>	<u>7,915</u>
<u>Net change in cash and cash equivalents</u>	<u>292,307</u>	<u>2,845</u>
<u>Cash and cash equivalents at beginning of year</u>	<u>512,916</u>	<u>61,706</u>
<u>Cash and cash equivalents at end of year</u>	<u>805,223</u>	<u>64,551</u>
<u>Investments at end of year</u>	<u>4,365,969</u>	<u>273,856</u>
<u>Cash and investments at end of year</u>	<u>\$ 5,171,192</u>	<u>\$ 338,407</u>

**City of Gunnison, Colorado**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended December 31, 2011**

	Enterprise Fund	Governmental Activities - Internal Service Fund
<b><u>Reconciliation of operating income (loss) to net cash flows from operating activities</u></b>		
Operating income (loss)	\$ 191,813	\$ (8,482)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:		
Depreciation	937,943	12,154
(Increase) decrease in :		
Accounts receivable	(56,538)	236
Prepaid expenses	(115)	(10)
Inventories	(36,668)	-
Increase (decrease) in:		
Accounts payable	(28,019)	(8,201)
Customer deposits	(16,952)	-
Compensated absences payable	(7,006)	(767)
<b><u>Net cash flows from operating activities</u></b>	<b>\$ 984,458</b>	<b>\$ (5,070)</b>
<b><u>Noncash investing, capital and financing activities:</u></b>		
Reduction of pollution remediation liability	\$ 756,220	\$ -

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

**City of Gunnison, Colorado**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Fund**  
**December 31, 2011**

	<u>Volunteer Firefighters'</u> <u>Pension Fund</u>
<u>ASSETS</u>	
Cash and investments	\$ 1,549,305
Total assets	<u>1,549,305</u>
<u>NET ASSETS</u>	
Net assets - held in trust for pension benefits	<u>\$ 1,549,305</u>

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

**City of Gunnison, Colorado**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Fund**  
**Year Ended December 31, 2011**

	Volunteer Firefighters' Pension Fund
<u>Additions</u>	
Contributions	\$ 130,480
Earnings on investments	(2,930)
	127,550
<u>Total additions</u>	127,550
<u>Deductions</u>	
Benefits	93,060
Expenses	5,924
	98,984
<u>Total deductions</u>	98,984
<u>Change in net assets</u>	28,566
<u>Net assets at beginning of year</u>	1,520,739
<u>Net assets at end of year</u>	\$ 1,549,305

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

**City of Gunnison, Colorado**  
**Notes to Financial Statements**  
**December 31, 2011**

Note 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 City also applies Financial Accounting Standards Board ("FASB") statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities provided they do not conflict with or contradict GASB pronouncements. 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.

The determination to include separate governmental entities is based on the criteria of GASB Statement No. 14, *The Financial Reporting Entity* ("GASB No. 14"), which defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. To be financially accountable, a voting majority of the component unit's board must be appointed by the primary government, and either A) the primary government must be able to impose its will, or B) the primary government may potentially benefit financially or be financially responsible for the component unit.

The financial statements of the City do not include any separately administered organizations as there were none as defined in the aforementioned paragraph.

Joint Ventures

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 11. 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 ("Gunnison/Hinsdale Authority"). Gunnison/Hinsdale Authority is an organization created by intergovernmental agreement in 1998 solely to provide for the operation of the emergency telephone service programs. Gunnison/Hinsdale Authority is governed by a seven (7) member board selected as defined in Article III of the agreement. The governing board is autonomous as to budgeting and fiscal matters.

The investment in the joint venture was recorded as an expenditure at the time the investment was made.

Complete financial statements of these joint ventures can be obtained from:

Gunnison/Hinsdale Combined Emergency  
Telephone Service Authority  
P.O. Box 239  
Gunnison, Colorado 81230

**City of Gunnison, Colorado**  
**Notes to Financial Statements**  
**December 31, 2011**

Note 1 - Summary of Significant Accounting Policies (Continued)

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 assets, 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, Communication, 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 assets 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.

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.

**City of Gunnison, Colorado**  
**Notes to Financial Statements**  
**December 31, 2011**

Note 1 - Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

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 enterprise 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 and all liabilities associated with the operations of the fund are included on the statement of net assets. The statement of revenues, expenses and changes in net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets. 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.

**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.

**City of Gunnison, Colorado**  
**Notes to Financial Statements**  
**December 31, 2011**

Note 1 - Summary of Significant Accounting Policies (Continued)

Basis of Accounting (Continued)

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.

**Deferred Revenue** - Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred 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 deferred 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.

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.

**City of Gunnison, Colorado**  
**Notes to Financial Statements**  
**December 31, 2011**

Note 1 - Summary of Significant Accounting Policies (Continued)

Budgets and Budgetary Accounting (Continued)

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. 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, 2011:

	<u>Original Budget</u>	<u>Total Revisions</u>	<u>Revised Budget</u>
<u>Governmental funds:</u>			
General fund	\$ 5,752,917	\$ 895,828	\$ 6,648,745
Special revenue funds:			
Conservation trust fund	50,610	-	50,610
Ditch fund	256,099	-	256,099
Internal service fund:			
Fleet management fund	392,803	6,249	399,052
Enterprise fund (departments):			
Electric department	4,926,272	53,624	4,979,896
Water department	664,234	4,287	668,521
Sewer department	1,268,258	9,882	1,278,140
Refuse department	368,080	2,979	371,059
Communications department	604,695	14,533	619,228
Recreation department	1,745,718	131,170	1,876,888
Fiduciary Fund:			
Volunteer Firefighters' Pension Fund	99,680	-	99,680
Total funds	<u>\$ 16,129,366</u>	<u>\$ 1,118,552</u>	<u>\$ 17,247,918</u>

Cash and 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.

**City of Gunnison, Colorado**  
**Notes to Financial Statements**  
**December 31, 2011**

Note 1 - Summary of Significant Accounting Policies (Continued)

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 revenue is recorded at December 31. As the tax is collected in the succeeding year, the deferred revenue 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 assets 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.

Deferred Charges

Bond issue costs are recorded as deferred charges in the accounts of the enterprise fund. They are amortized over the term of the bond issues using the effective-interest method.

Capital Assets

Capital assets, which include land, buildings, equipment, vehicles, and furniture and fixtures, 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.

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

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Buildings	25 - 50 Years	N/A
Buildings and other improvements	20 Years	N/A
Infrastructure	15 - 40 Years	N/A
Furniture and equipment	5 - 30 Years	N/A
Utility systems	N/A	25 - 50 Years

Accrued 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.

**City of Gunnison, Colorado**  
**Notes to Financial Statements**  
**December 31, 2011**

Note 1 - Summary of Significant Accounting Policies (Continued)

Accrued Liabilities and Long-Term Obligations

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.

Fund Balance and Net Assets

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

Invested in Capital Assets, Net of Related Debt – This category groups all capital assets, including infrastructure, into one component of net assets. 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 Assets – 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 Assets – This category represents the net assets of the City, which are 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 separate categories. The categories, and their general meanings, are as follows:

Nonspendable – amounts that cannot be spent either because they are in non-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, 2011**

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund Balance and Net Assets (Continued)

As of December 31, 2011, fund balances are composed of the following:

	General Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:			
Prepaid items	\$ 59,397	\$ -	\$ 59,397
Restricted:			
Emergency reserve	184,426	-	184,426
Parks and recreation (conservation trust)	-	14,640	-
Assigned:			
Special revenue funds	-	358,324	358,324
Special purposes (Note 15)	28,949	-	28,949
Unassigned:	4,193,244	-	4,193,244
 Total	 <u>\$ 4,466,016</u>	 <u>\$ 372,964</u>	 <u>\$ 4,824,340</u>

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, it is the City's policy to use restricted funds to have been spent 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. During 2011, the City reduced its pollution remediation obligation, as detailed in Note 8.

New Pronouncement

The GASB issued Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions* effective for reporting periods after June 15, 2010. The statement established fund balance classifications, provides for a hierarchy of spending constraints for spendable resources and requires disclosure of nonspendable and spendable resources. The City adopted this in the fiscal year 2011 and has disclosed this information in Note 1 (Fund Balance and Net Assets).

**City of Gunnison, Colorado**  
**Notes to Financial Statements**  
**December 31, 2011**

Note 2 – Prior Period Adjustment

During 2011, management of the City determined that certain inventory items relating to refuse and sewer were improperly expensed in the prior year. The result of the correction was to increase opening net assets in the government-wide financial statements and the Enterprise Fund by \$89,500.

Note 3 - Cash, Cash Equivalents and Investments

The composition of the City’s cash and cash equivalents including restricted cash on December 31, 2011, was as follows:

	S & P Rating	Fair Value	Weighted Average Maturity Date (in days)	Concentration of Credit Risk
Cash on hand	-	\$ 1,018	-	N/A
Cash in financial institution	-	3,915,275	-	N/A
Certificates of deposit	-	6,177,767	-	78.4%
COLOTRUST	AAAm	629,497	N/A	8.0%
CSAFE	AAAm	1,074,263	N/A	13.6%
 Total		 <u>\$ 11,797,820</u>		

Cash and investments per Statement of Net Assets:

Government Wide Financial Statements:		
Pooled cash and investments		\$ 9,701,606
Restricted pooled cash and investments		546,909
Fiduciary Fund Statements:		
Pooled cash and investments		<u>1,549,305</u>
 Total		 <u>\$ 11,797,820</u>

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, 2011, 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.

**City of Gunnison, Colorado**  
**Notes to Financial Statements**  
**December 31, 2011**

Note 3 - Cash, Cash Equivalents and Investments (Continued)

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, 2011, 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, 2011, the City had invested \$1,703,760 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.

Note 4 - Interfund Transfers

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, 2011:

Transfers Out:	Transfers In		
	General Fund	Enterprise Fund	Totals
Governmental Funds:			
General Fund	\$ -	\$ 205,864	\$ 205,864
Nonmajor funds	10,000	12,173	22,173
Total governmental funds	10,000	218,037	228,037
Enterprise Fund	174,399	-	174,399
Total all funds	<u>\$ 184,399</u>	<u>\$ 218,037</u>	<u>\$ 402,436</u>

**City of Gunnison, Colorado**  
**Notes to Financial Statements**  
**December 31, 2011**

Note 5 - Receivables and Interfund Loans

Receivables at December 31, 2011, consist of the following:

	General Fund	Enterprise Fund	Internal Service Fund	Total
Taxes	\$ 789,516	\$ 120,105	\$ -	\$ 909,621
Trade accounts	-	617,117	-	617,117
Intergovernmental	98,339	31,378	-	129,717
Other	6,682	78,684	11	85,377
<b>Total</b>	<b>\$ 894,537</b>	<b>\$ 847,284</b>	<b>\$ 11</b>	<b>\$ 1,741,832</b>

Note 6 - Capital Assets

Governmental capital asset activity for the year ended December 31, 2011, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Business-Type Activities</b>				
Capital assets not being depreciated:				
Land	\$ 560,253	\$ -	\$ -	\$ 560,253
Construction in progress	361,189	-	(361,189)	-
Total capital assets not being depreciated	921,442	-	(361,189)	560,253
Capital assets being depreciated:				
Land improvements	1,425,205	119,246	-	1,544,451
Building and improvements	15,285,186	370,155	-	15,655,341
Infrastructure	6,322,727	7,500	-	6,330,227
Machinery and equipment	8,416,320	166,379	(89,467)	8,493,232
Licensed vehicles	1,927,784	160,266	(170,196)	1,917,854
	33,377,222	823,546	(259,663)	33,941,105
Less accumulated depreciation:				
Land improvements	(419,288)	(82,361)	-	(501,649)
Building and improvements	(3,685,375)	(490,235)	-	(4,175,610)
Infrastructure	(3,480,399)	(77,189)	-	(3,557,588)
Machinery and equipment	(6,823,931)	(169,929)	40,869	(6,952,991)
Licensed vehicles	(1,515,913)	(118,229)	170,196	(1,463,946)
	(15,924,906)	(937,943)	211,065	(16,651,784)
Capital assets being depreciated, net	17,452,316	(114,397)	(48,598)	17,289,321
<b>Total business-type activities capital assets</b>	<b>\$ 18,373,758</b>	<b>\$ (114,397)</b>	<b>\$ (409,787)</b>	<b>\$17,849,574</b>

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

General government	\$ 40,008
Public safety	87,796
Public works	347,848
Culture and recreation	80,017
<b>Total</b>	<b>\$ 555,669</b>

**City of Gunnison, Colorado**  
**Notes to Financial Statements**  
**December 31, 2011**

Note 6 - Capital Assets (Continued)

Business-type capital asset activity for the year ended December 31, 2011, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Business-Type Activities</b>				
Capital assets not being depreciated:				
Land	\$ 560,253	\$ -	\$ -	\$ 560,253
Construction in progress	361,189	-	(361,189)	-
Total capital assets not being depreciated	921,442	-	(361,189)	560,253
Capital assets being depreciated:				
Land improvements	1,425,205	119,246	-	1,544,451
Building and improvements	15,285,186	370,155	-	15,655,341
Infrastructure	6,322,727	7,500	-	6,330,227
Machinery and equipment	8,416,320	166,379	(89,466)	8,493,233
Licensed vehicles	1,927,784	160,266	(170,196)	1,917,854
	33,377,222	823,546	(259,662)	33,941,106
Less accumulated depreciation:				
Land improvements	(419,288)	(82,361)	-	(501,649)
Building and improvements	(3,685,375)	(490,235)	-	(4,175,610)
Infrastructure	(3,480,399)	(77,189)	-	(3,557,588)
Machinery and equipment	(6,823,931)	(169,929)	40,869	(6,952,991)
Licensed vehicles	(1,515,913)	(118,229)	170,196	(1,463,946)
	(15,924,906)	(937,943)	211,065	(16,651,784)
Capital assets being depreciated, net	17,452,315	(114,397)	(48,597)	17,289,321
<b>Total business-type activities capital assets</b>	<b>\$ 18,373,757</b>	<b>\$ (114,397)</b>	<b>\$ (409,786)</b>	<b>\$ 17,849,574</b>

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

Electric	\$ 168,617
Water	93,838
Sewer	211,319
Trash	31,090
Dispatch	25,987
Recreation	407,092
	<u>937,943</u>
	<u>\$ 937,943</u>

Note 7 - Long Term Debt

Governmental Activities

On April 27, 2005, the City entered into a capital lease for the construction of an HVAC system for the Community Center. The lease is for \$505,652 and bears interest at a 3.63 percent rate. The lease requires seven annual payments of \$83,098 beginning in April of 2007. This lease will be paid off as of April 2012.

On April 22, 2011, the City entered into a capital lease for the purchase of a 2009 Sterling Truck. The lease is for \$78,668 and bears interest at a 3.13 percent rate. The lease requires two annual payments of \$41,189 beginning in April of 2012. The lease will be paid off as of April 2013.

**City of Gunnison, Colorado**  
**Notes to Financial Statements**  
**December 31, 2011**

Note 7 - Long Term Debt (Continued)

Business-Type Activities

Sales and Use Tax Revenue Bonds, Series 2007, 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, 2011 is \$7,495,000.

A summary of changes in long-term debt for the year ended December 31, 2011, follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities</b>					
Obligations under capital leases	\$ 157,566	\$ 78,668	\$ (77,379)	\$ 158,855	\$ 118,915
Compensated absences	186,995	16,805	-	203,800	-
	<u>\$ 344,561</u>	<u>\$ 95,473</u>	<u>\$ (77,379)</u>	<u>\$ 362,655</u>	<u>\$ 118,915</u>
<b>Business-type activities</b>					
Bonds:					
2007 sales and use tax bonds	\$7,720,000	\$ -	\$ (225,000)	\$7,495,000	\$ 235,000
Premiums:					
2007 sales and use tax bonds	17,951	-	(1,342)	16,609	-
Compensated absences	116,970	-	(7,006)	109,964	-
	<u>\$7,854,921</u>	<u>\$ -</u>	<u>\$ (233,348)</u>	<u>\$7,621,573</u>	<u>\$ 235,000</u>

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

Year	Governmental Activities		Business Type Activities	
	Principal	Interest	Principal	Interest
2012	\$ 118,915	\$ 5,372	\$ 235,000	\$ 309,428
2013	39,940	1,249	245,000	300,615
2014	-	-	250,000	291,428
2015	-	-	260,000	282,053
2016	-	-	275,000	271,653
2017 - 2021	-	-	1,535,000	1,185,063
2022 - 2026	-	-	1,875,000	848,138
2027 - 2031	-	-	2,300,000	420,190
2032 - 2036	-	-	520,000	22,620
	<u>\$ 158,855</u>	<u>\$ 6,621</u>	<u>\$ 7,495,000</u>	<u>\$3,931,188</u>

**City of Gunnison, Colorado**  
**Notes to Financial Statements**  
**December 31, 2011**

Note 7 - Long Term Debt (Continued)

Business-Type Activities (Continued)

The following is the book value of capital assets acquired through capital leases at December 31, 2011:

	<u>Governmental Activities</u>
Buildings and improvements	\$ 505,652
Licensed Vehicles	124,041
Accumulated depreciation	<u>(73,301)</u>
Total	<u><u>\$ 556,392</u></u>

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 \$546,909 for this purpose, which are presented as restricted pooled cash and investments in the accompanying statement of net assets.

Note 8 - 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 assets and the statement of activities.

During 2011, the City determined that the City has fulfilled its remediation of the landfill, with the exception of reseeded at the landfill site. Therefore, the total liability for the landfill was reduced to \$15,000, which is the estimated cost of the reseeded. 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.

Note 9 - 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 percent 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, 2011, employees and the City made the required contributions to the plan of \$85,331 and \$85,331, respectively.

All of the New Police Pension Plan investments at December 31, 2011, of \$2,000,526, 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.

**City of Gunnison, Colorado**  
**Notes to Financial Statements**  
**December 31, 2011**

Note 9 - Pension Plans (Continued)

**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 Fund are adequate to support, on an actuarially sound basis, the prospective benefits for the present plan. In 2011, the City contributed \$32,700 to the Plan, the Fire Protection District contributed \$40,000, and the State contributed \$57,780. 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 percent 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 "Pension Benefit 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, 2011. Significant actuarial assumptions at January 1, 2011 are detailed below:

- Mortality - 1994 Group Annuity Mortality Table, Static
- 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-normal 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 Pension Costs	Actual Contribution	Net Pension Obligation
2009	\$ 32,700	100%	\$ -
2010	\$ 32,700	100%	\$ -
2011	\$ 32,700	100%	\$ -

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.

**City of Gunnison, Colorado**  
**Notes to Financial Statements**  
**December 31, 2011**

Note 9 - Pension Plans (Continued)

**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 five percent 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, 2011, employees and the City made the required contributions to the plan of \$151,121 and \$152,437, respectively.

All of the General Employee Pension Plan investments, at December 31, 2011, of \$3,499,099 were managed by the CCOERA. Separately issued financial statements for the fund may be obtained from CCOERA.

Note 10 - 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 and the police employee plan is administered by CCOERA. The Plans 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, 2011, were \$11,173 to the ICMA 457 plan and \$29,112 to the CCOERA 457 plan.

Note 11 - Joint Ventures

Gunnison/Hinsdale Combined Emergency Telephone Service Authority Board

At December 31, 2011 (date of latest available information), Gunnison/Hinsdale Authority had assets of \$603,907, liabilities of \$33,730 and \$570,177 in net assets. Total revenues for 2011 were \$223,343 and total expenses were \$177,549 resulting in a net change in fund balance of \$45,794. The amount of the City's share of these amounts is based upon the percentage of the county wide telephone accesses to be served.

Note 12 - 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.

Note 13 - 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, 2011, 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.

**City of Gunnison, Colorado**  
**Notes to Financial Statements**  
**December 31, 2011**

Note 14 - 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 District 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 and excludes 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, 2011 the City has restricted \$184,426 in the General Fund for emergencies as defined under Article X, Section 20 of the Colorado Constitution.

The District 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.

Note 15 – Assigned Fund Balance

The fund balance in the General Fund is assigned as follows as of December 31, 2011:

Youth Council	\$	350
Seizure funds		6,457
Scholarships		9,819
Law enforcement		10,745
DARE		1,578
		<hr/>
	\$	<u>28,949</u>

Note 16 - Subsequent Events

The City evaluated subsequent events through July 10, 2012, the date these financial statements were available to be issued. In May 2012, the City purchased land for the new Dispatch Center. The total cost of the land, including surveys and appraisal, totaled about \$202,000. There were no additional material 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, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues</u>				
Taxes and fees	\$ 4,866,420	\$ 4,866,420	\$ 5,157,032	\$ 290,612
Licenses and permits	43,500	43,500	29,273	(14,227)
Charges for services	177,911	189,111	231,275	42,164
Fines and forfeitures	41,500	41,500	27,481	(14,019)
Intergovernmental	215,839	418,399	468,934	50,535
Earnings on investments	31,000	31,000	26,652	(4,348)
Rents and miscellaneous	68,250	68,250	70,535	2,285
<u>Total revenues</u>	<u>5,444,420</u>	<u>5,658,180</u>	<u>6,011,182</u>	<u>353,002</u>
<u>Expenditures</u>				
Current:				
General government	741,655	761,231	950,586	(189,355)
Public safety	1,747,450	1,790,219	1,746,916	43,303
Public works	768,288	778,388	736,922	41,466
Culture and recreation	900,729	918,583	876,692	41,891
Grants and contributions	96,822	94,322	87,120	7,202
Development and housing	49,225	25,225	24,500	725
Debt service:				
Principal	-	-	77,379	(77,379)
Interest	-	-	5,719	(5,719)
Capital outlay	1,266,885	1,492,337	1,135,543	356,794
<u>Total expenditures</u>	<u>5,571,054</u>	<u>5,860,305</u>	<u>5,641,377</u>	<u>218,928</u>
<u>Excess (deficiency) of revenues over expenditures</u>	<u>(126,634)</u>	<u>(202,125)</u>	<u>369,805</u>	<u>571,930</u>
<u>Other financing sources (uses)</u>				
Proceeds from capital lease	-	-	78,668	78,668
Transfers in	-	14,577	184,399	169,822
Transfers out	(181,863)	(788,440)	(205,864)	582,576
<u>Total other financing sources (uses)</u>	<u>(181,863)</u>	<u>(773,863)</u>	<u>57,203</u>	<u>831,066</u>
<u>Excess (deficiency) of revenues and other sources over expenditures and other uses</u>	<u>\$ (308,497)</u>	<u>\$ (975,988)</u>	<u>427,008</u>	<u>\$ 1,402,996</u>
<u>Fund balance at beginning of year</u>			<u>4,039,008</u>	
<u>Fund balance at end of year</u>			<u>\$ 4,466,016</u>	

See accompanying Independent Auditors' 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
2007	\$ 1,192,697	\$ 1,381,237	\$ (188,540)	86%	N/A
2009	\$ 1,065,012	\$ 1,353,533	\$ (288,521)	79%	N/A
2011*	\$ 1,520,739	\$ 1,516,769	\$ 3,970	100%	N/A

\* Date of latest actuarial study was January 1, 2011.

Revenues by Source

Year	City Contributions	District Contributions	State Contributions	Investment Income (Loss)	Total
2009	\$ 32,700	\$ 85,500	\$ 29,430	\$ 197,305	\$ 344,935
2010	\$ 32,700	\$ 31,500	\$ 69,930	\$ 175,735	\$ 309,865
2011	\$ 32,700	\$ 40,000	\$ 57,780	\$ (2,930)	\$ 127,550

Expenses by Source

Year	Benefits	Administrative Expenses	Total
2009	\$ 100,895	\$ -	\$ 100,895
2010	\$ 98,178	\$ -	\$ 98,178
2011	\$ 93,060	\$ 5,924	\$ 98,984

See accompanying Independent Auditors' Report.

**OTHER SUPPLEMENTARY INFORMATION**

**City of Gunnison, Colorado  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2011**

	<u>Conservation Trust Fund</u>	<u>Ditch Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<u>ASSETS</u>			
Equity in pooled cash and investments	\$ 16,238	\$ 345,516	\$ 361,754
<u>Total assets</u>	<u>\$ 16,238</u>	<u>\$ 345,516</u>	<u>\$ 361,754</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts payable	\$ 1,598	\$ 1,832	\$ 3,430
<u>Total liabilities</u>	<u>1,598</u>	<u>1,832</u>	<u>3,430</u>
<u>Fund balances</u>			
Restricted	14,640	-	14,640
Assigned	-	343,684	343,684
<u>Total fund balances</u>	<u>14,640</u>	<u>343,684</u>	<u>358,324</u>
<u>Total liabilities and fund balances</u>	<u>\$ 16,238</u>	<u>\$ 345,516</u>	<u>\$ 361,754</u>

See accompanying Independent Auditors' Report.

**City of Gunnison, Colorado**  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**Year Ended December 31, 2011**

	Conservation Trust Fund	Ditch Fund	Total Nonmajor Governmental Funds
<u>Revenues</u>			
Intergovernmental	\$ 37,020	\$ 158,975	\$ 195,995
Earnings on investments	149	1,849	1,998
<u>Total revenues</u>	<u>37,169</u>	<u>160,824</u>	<u>197,993</u>
<u>Expenditures</u>			
Current:			
Public works	-	9,978	9,978
Capital outlay	24,747	158,006	182,753
<u>Total expenditures</u>	<u>24,747</u>	<u>167,984</u>	<u>192,731</u>
<u>Excess (deficiency) of revenues over expenditures</u>	12,422	(7,160)	5,262
<u>Other financing uses</u>			
Transfers out	(22,173)	-	(22,173)
<u>Net change in fund balance</u>	(9,751)	(7,160)	(16,911)
<u>Fund balance at beginning of year</u>	24,391	350,844	375,235
<u>Fund balance at end of year</u>	<u>\$ 14,640</u>	<u>\$ 343,684</u>	<u>\$ 358,324</u>

See accompanying Independent Auditors' Report.

**City of Gunnison, Colorado**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance (Budget and Actual)**  
**Conservation Trust Fund**  
**Year Ended December 31, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues</u>				
Intergovernmental	\$ 35,250	\$ 35,250	\$ 37,020	\$ 1,770
Earnings on investments	90	90	149	59
<u>Total revenues</u>	<u>35,340</u>	<u>35,340</u>	<u>37,169</u>	<u>1,829</u>
<u>Expenditures</u>				
Current:				
Public works	38,860	38,860	-	38,860
Capital outlay	-	-	24,747	(24,747)
<u>Total expenditures</u>	<u>38,860</u>	<u>38,860</u>	<u>24,747</u>	<u>14,113</u>
<u>Excess (deficiency) of revenues over expenditures</u>	<u>(3,520)</u>	<u>(3,520)</u>	<u>12,422</u>	<u>15,942</u>
<u>Other financing uses</u>				
Transfers out	(11,750)	(11,750)	(22,173)	(10,423)
<u>Net change in fund balance</u>	<u>\$ (15,270)</u>	<u>\$ (15,270)</u>	<u>(9,751)</u>	<u>\$ 5,519</u>
<u>Fund balance at beginning of year</u>			<u>24,391</u>	
<u>Fund balance at end of year</u>			<u>\$ 14,640</u>	

See accompanying Independent Auditors' Report.

**City of Gunnison, Colorado**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance (Budget and Actual)**  
**Ditch Fund**  
**Year Ended December 31, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues</u>				
Intergovernmental	\$ 75,000	\$ 75,000	\$ 158,975	\$ 83,975
Earnings on investments	1,765	1,765	1,849	84
<u>Total revenues</u>	76,765	76,765	160,824	84,059
<u>Expenditures</u>				
Current				
Public works	18,500	18,500	9,978	8,522
Capital outlay	237,599	237,599	158,006	79,593
<u>Total expenditures</u>	256,099	256,099	167,984	88,115
<u>Deficiency of revenues over expenditures</u>	\$ (179,334)	\$ (179,334)	(7,160)	\$ 172,174
<u>Fund balance at beginning of year</u>			350,844	
<u>Fund balance at end of year</u>			\$ 343,684	

See accompanying Independent Auditors' Report.

**City of Gunnison, Colorado**  
**Combining Statement of Net Assets**  
**Departments of the Enterprise Fund**  
**December 31, 2011**

<u>ASSETS</u>	<u>Electric Department</u>	<u>Water Department</u>	<u>Sewer Department</u>
<u>Current assets</u>			
Equity in pooled cash and investments	\$ 1,690,752	\$ 864,248	\$ 1,410,955
Accounts receivable	465,238	39,852	102,984
Inventories	403,006	102,642	100,283
Prepaid items	443	360	782
<u>Total current assets</u>	<u>2,559,439</u>	<u>1,007,102</u>	<u>1,615,004</u>
<u>Non-current assets</u>			
Restricted pooled cash and investments	-	-	-
Deferred charges	-	-	-
Capital assets, net of accumulated depreciation	2,564,323	937,055	2,286,115
<u>Total non-current assets</u>	<u>2,564,323</u>	<u>937,055</u>	<u>2,286,115</u>
<u>Total assets</u>	<u>5,123,762</u>	<u>1,944,157</u>	<u>3,901,119</u>
<u>LIABILITIES AND NET ASSETS</u>			
<u>Current liabilities</u>			
Accounts payable	299,466	17,503	7,028
Accrued expenses	15,503	3,465	7,930
Customer deposits	56,174	-	-
Accrued interest payable	-	-	-
Interfund advance from the General Fund	-	-	-
Current portion of revenue bonds payable	-	-	-
<u>Total current liabilities</u>	<u>371,143</u>	<u>20,968</u>	<u>14,958</u>
<u>Non-current liabilities</u>			
Pollution remediation obligation	-	-	-
Compensated absences	25,576	15,251	38,802
Revenue bonds payable	-	-	-
<u>Total non-current liabilities</u>	<u>25,576</u>	<u>15,251</u>	<u>38,802</u>
<u>Total liabilities</u>	<u>396,719</u>	<u>36,219</u>	<u>53,760</u>
<u>Net assets</u>			
Invested in capital assets, net of related debt	2,564,323	937,055	2,286,115
Restricted for debt service	-	-	-
Unrestricted	2,162,720	970,883	1,561,244
<u>Total net assets</u>	<u>\$ 4,727,043</u>	<u>\$ 1,907,938</u>	<u>\$ 3,847,359</u>

See accompanying Independent Auditors' Report.

<u>Refuse Department</u>	<u>Communication Department</u>	<u>Recreation Department</u>	<u>Total</u>
\$ 489,746	\$ 211,808	\$ 503,683	\$ 5,171,192
49,181	31,383	158,646	847,284
60,621	-	67,852	734,404
398	64	893	2,940
<u>599,946</u>	<u>243,255</u>	<u>731,074</u>	<u>6,755,820</u>
-	-	546,909	546,909
-	-	137,600	137,600
<u>183,315</u>	<u>118,666</u>	<u>11,760,100</u>	<u>17,849,574</u>
<u>183,315</u>	<u>118,666</u>	<u>12,444,609</u>	<u>18,534,083</u>
<u>783,261</u>	<u>361,921</u>	<u>13,175,683</u>	<u>25,289,903</u>
10,741	5,595	24,138	364,471
1,437	8,428	7,009	43,772
-	-	-	56,174
-	-	25,785	25,785
-	-	169,683	169,683
-	-	235,000	235,000
<u>12,178</u>	<u>14,023</u>	<u>461,615</u>	<u>894,885</u>
15,000	-	-	15,000
1,694	23,460	5,181	109,964
-	-	7,276,609	7,276,609
<u>16,694</u>	<u>23,460</u>	<u>7,281,790</u>	<u>7,401,573</u>
<u>28,872</u>	<u>37,483</u>	<u>7,743,405</u>	<u>8,296,458</u>
183,315	118,666	4,248,491	10,337,965
-	-	546,909	546,909
<u>571,074</u>	<u>205,772</u>	<u>636,878</u>	<u>6,108,571</u>
<u>\$ 754,389</u>	<u>\$ 324,438</u>	<u>\$ 5,432,278</u>	<u>\$ 16,993,445</u>

**City of Gunnison, Colorado**  
**Combining Statement of Revenues, Expenses and Changes in Net Assets**  
**Departments of the Enterprise Fund**  
**Year Ended December 31, 2011**

	Electric Department	Water Department	Sewer Department
<u>Operating revenues</u>			
Electricity sales	\$ 4,748,876	\$ -	\$ -
Water sales	-	538,395	-
Sanitary sewer charges	-	-	1,018,005
Trash collection fees	-	-	-
Communication services	-	-	-
Recreation department charges	-	-	-
Sales and use tax	-	-	-
Miscellaneous operating revenues	12,818	3,561	13,105
<u>Total operating revenues</u>	<u>4,761,694</u>	<u>541,956</u>	<u>1,031,110</u>
<u>Operating expenses</u>			
Cost of sales and services	3,218,576	-	-
Operations, maintenance and repair	529,720	381,561	810,132
Landfill closure expenses	-	-	-
Administration and general	570,731	131,382	104,922
Depreciation	168,617	93,838	211,319
Small equipment	52,036	54,924	244,140
<u>Total operating expenses</u>	<u>4,539,680</u>	<u>661,705</u>	<u>1,370,513</u>
<u>Operating income (loss)</u>	<u>222,014</u>	<u>(119,749)</u>	<u>(339,403)</u>
<u>Nonoperating revenues (expenses)</u>			
Intergovernmental	-	-	-
Gain on sale of capital assets	12,500	-	-
Earnings on investments	11,610	5,721	10,470
Hook-up services	57,018	3,506	-
Reduction of pollution remediation liability	-	-	-
Interest expense	-	-	-
<u>Total other revenues (expenses)</u>	<u>81,128</u>	<u>9,227</u>	<u>10,470</u>
<u>Income (loss) before contributions and transfers</u>	<u>303,142</u>	<u>(110,522)</u>	<u>(328,933)</u>
Capital contributions	-	2,500	59,000
Transfers in	-	-	-
Transfers (out)	-	-	-
<u>Change in net assets</u>	<u>303,142</u>	<u>(108,022)</u>	<u>(269,933)</u>
<u>Net assets at beginning of year, previously reported</u>	<u>4,423,901</u>	<u>2,015,960</u>	<u>4,088,432</u>
Prior period adjustment (Note 2)	-	-	28,860
<u>Net assets at end of year</u>	<u>\$ 4,727,043</u>	<u>\$ 1,907,938</u>	<u>\$ 3,847,359</u>

See accompanying Independent Auditors' Report.

Refuse Department	Communication Department	Recreation Department	Total
\$ -	\$ -	\$ -	\$ 4,748,876
-	-	-	538,395
-	-	-	1,018,005
524,422	-	-	524,422
-	590,034	-	590,034
-	-	307,177	307,177
-	-	1,205,105	1,205,105
22,552	-	72,891	124,927
<u>546,974</u>	<u>590,034</u>	<u>1,585,173</u>	<u>9,056,941</u>
-	-	-	3,218,576
267,895	589,318	824,645	3,403,271
10,912	-	-	10,912
96,581	-	-	903,616
31,090	25,987	407,092	937,943
4,251	-	35,459	390,810
<u>410,729</u>	<u>615,305</u>	<u>1,267,196</u>	<u>8,865,128</u>
<u>136,245</u>	<u>(25,271)</u>	<u>317,977</u>	<u>191,813</u>
8,982	-	526	9,508
15,000	-	-	27,500
2,855	2,231	4,386	37,273
-	-	-	60,524
756,220	-	-	756,220
-	-	(327,567)	(327,567)
<u>783,057</u>	<u>2,231</u>	<u>(322,655)</u>	<u>563,458</u>
919,302	(23,040)	(4,678)	755,271
-	-	-	61,500
-	-	218,037	218,037
-	-	(174,399)	(174,399)
919,302	(23,040)	38,960	860,409
(225,534)	347,478	5,393,318	16,043,555
60,621	-	-	89,481
<u>\$ 754,389</u>	<u>\$ 324,438</u>	<u>\$ 5,432,278</u>	<u>\$ 16,993,445</u>

**City of Gunnison, Colorado**  
**Schedule of Revenues, Expenses and Changes in Net Assets**  
**Budget and Actual (Non-GAAP Basis)**  
**Electric Department**  
**Year Ended December 31, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Operating revenues</u>				
Electricity sales	\$ 4,888,731	\$ 4,888,731	\$ 4,748,876	\$ (139,855)
Miscellaneous operating revenues	8,500	8,500	12,818	4,318
<u>Total operating revenues</u>	<u>4,897,231</u>	<u>4,897,231</u>	<u>4,761,694</u>	<u>(135,537)</u>
<u>Expenditures</u>				
Purchased power	3,517,731	3,517,731	3,218,576	299,155
Operations, maintenance and repair	583,156	632,462	529,720	102,742
Administration and general	569,385	570,838	570,731	107
Small equipment	66,000	68,865	52,036	16,829
Capital outlay	190,000	190,000	174,860	15,140
<u>Total expenditures</u>	<u>4,926,272</u>	<u>4,979,896</u>	<u>4,545,923</u>	<u>433,973</u>
<u>Excess (deficiency) of operating revenues over expenditures</u>	<u>(29,041)</u>	<u>(82,665)</u>	<u>215,771</u>	<u>298,436</u>
<u>Other revenues</u>				
Gain on sale of capital assets	-	-	12,500	12,500
Earnings on investments	11,772	11,772	11,610	(162)
Hook-up services	10,000	54,614	57,018	2,404
<u>Total other revenues</u>	<u>21,772</u>	<u>66,386</u>	<u>81,128</u>	<u>14,742</u>
<u>Change in net assets - budgetary basis</u>	<u>\$ (7,269)</u>	<u>\$ (16,279)</u>	<u>296,899</u>	<u>\$ 313,178</u>
<u>Reconciliation to GAAP basis</u>				
Capital outlay			174,860	
Depreciation			(168,617)	
<u>Change in net assets - GAAP basis</u>			<u>303,142</u>	
<u>Net assets at beginning of year</u>			<u>4,423,901</u>	
<u>Net assets at end of year</u>			<u>\$ 4,727,043</u>	

See accompanying Independent Auditors' Report.

**City of Gunnison, Colorado**  
**Schedule of Revenues, Expenses and Changes in Net Assets**  
**Budget and Actual (Non-GAAP Basis)**  
**Water Department**  
**Year Ended December 31, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Operating revenues</u>				
Water sales	\$ 550,148	\$ 550,148	\$ 538,395	\$ (11,753)
Miscellaneous operating revenues	500	500	3,561	3,061
<u>Total operating revenues</u>	<u>550,648</u>	<u>550,648</u>	<u>541,956</u>	<u>(8,692)</u>
<u>Expenditures</u>				
Administration and general	130,722	130,722	131,382	(660)
Operations, maintenance and repair	381,012	385,299	381,561	3,738
Small equipment	77,500	77,500	54,924	22,576
Capital outlay	75,000	75,000	84,422	(9,422)
<u>Total expenditures</u>	<u>664,234</u>	<u>668,521</u>	<u>652,289</u>	<u>16,232</u>
<u>Deficiency of operating revenues over expenditures</u>	<u>(113,586)</u>	<u>(117,873)</u>	<u>(110,333)</u>	<u>7,540</u>
<u>Other revenues</u>				
Earnings on investments	7,384	7,384	5,721	(1,663)
Hook-up services	10,000	10,000	3,506	(6,494)
Tap fees	22,500	22,500	2,500	(20,000)
<u>Total other revenues</u>	<u>39,884</u>	<u>39,884</u>	<u>11,727</u>	<u>(28,157)</u>
<u>Change in net assets - budgetary basis</u>	<u>\$ (73,702)</u>	<u>\$ (77,989)</u>	<u>(98,606)</u>	<u>\$ (20,617)</u>
<u>Reconciliation to GAAP basis</u>				
Depreciation			(93,838)	
Capital outlay			84,422	
<u>Change in net assets - GAAP basis</u>			<u>(108,022)</u>	
<u>Net assets at beginning of year</u>			<u>2,015,960</u>	
<u>Net assets at end of year</u>			<u>\$ 1,907,938</u>	

See accompanying Independent Auditors' Report.

**City of Gunnison, Colorado**  
**Schedule of Revenues, Expenses and Changes in Net Assets**  
**Budget and Actual (Non-GAAP Basis)**  
**Sewer Department**  
**Year Ended December 31, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Operating revenues</u>				
Sanitary sewer charges	\$ 959,215	\$ 959,215	\$ 1,018,005	\$ 58,790
Miscellaneous operating revenues	12,000	12,000	13,105	1,105
<u>Total operating revenues</u>	<u>971,215</u>	<u>971,215</u>	<u>1,031,110</u>	<u>59,895</u>
<u>Expenditures</u>				
Administration and general	100,140	100,140	104,922	(4,782)
Operations, maintenance and repair	825,618	835,500	810,132	25,368
Small equipment	267,500	267,500	244,140	23,360
Capital outlay	75,000	75,000	74,250	750
<u>Total expenditures</u>	<u>1,268,258</u>	<u>1,278,140</u>	<u>1,233,444</u>	<u>44,696</u>
<u>Deficiency of operating revenues over expenditures</u>	<u>(297,043)</u>	<u>(306,925)</u>	<u>(202,334)</u>	<u>104,591</u>
<u>Other revenues</u>				
Earnings on investments	11,573	11,573	10,470	(1,103)
Hook-up services	6,000	6,000	-	(6,000)
Tap fees	65,000	65,000	59,000	(6,000)
<u>Total other revenues</u>	<u>82,573</u>	<u>82,573</u>	<u>69,470</u>	<u>(13,103)</u>
<u>Change in net assets - budgetary basis</u>	<u>\$ (214,470)</u>	<u>\$ (224,352)</u>	<u>(132,864)</u>	<u>\$ 91,488</u>
<u>Reconciliation to GAAP basis</u>				
Capital outlay			74,250	
Depreciation			(211,319)	
<u>Change in net assets - GAAP basis</u>			<u>(269,933)</u>	
<u>Net assets at beginning of year, previously reported</u>			4,088,432	
Prior period adjustment (Note 2)			28,860	
<u>Net assets at end of year</u>			<u>\$ 3,847,359</u>	

See accompanying Independent Auditors' Report.

**City of Gunnison, Colorado**  
**Schedule of Revenues, Expenses and Changes in Net Assets**  
**Budget and Actual (Non-GAAP Basis)**  
**Refuse Department**  
**Year Ended December 31, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Operating revenues</u>				
Trash collections fees	\$ 477,933	\$ 477,933	\$ 524,422	\$ 46,489
Miscellaneous operating revenues	22,500	22,500	22,552	52
<u>Total operating revenues</u>	<u>500,433</u>	<u>500,433</u>	<u>546,974</u>	<u>46,541</u>
<u>Expenditures</u>				
Administration and general	98,452	98,452	96,581	1,871
Operations, maintenance and repair	249,628	252,607	267,895	(15,288)
Landfill closure expenses	5,000	5,000	10,912	(5,912)
Small equipment	-	-	4,251	(4,251)
Capital outlay	15,000	15,000	-	15,000
<u>Total expenditures</u>	<u>368,080</u>	<u>371,059</u>	<u>379,639</u>	<u>(8,580)</u>
<u>Excess of operating revenues over expenditures</u>	<u>132,353</u>	<u>129,374</u>	<u>167,335</u>	<u>37,961</u>
<u>Nonoperating revenues</u>				
Intergovernmental revenues	5,000	5,000	8,982	3,982
Earnings on investments	1,700	1,700	2,855	1,155
Reduction of pollution remediation liability	-	-	756,220	756,220
<u>Total other revenues</u>	<u>6,700</u>	<u>6,700</u>	<u>768,057</u>	<u>761,357</u>
<u>Change in net assets - budgetary basis</u>	<u>\$ 139,053</u>	<u>\$ 136,074</u>	935,392	<u>\$ 799,318</u>
<u>Reconciliation to GAAP basis</u>				
Depreciation			(31,090)	
Gain on sale of capital assets			15,000	
<u>Change in net assets - GAAP basis</u>			919,302	
<u>Net assets at beginning of year, previously reported</u>				
Prior period adjustment (Note 2)			(225,534)	
			60,621	
<u>Net assets at end of year</u>			<u>\$ 754,389</u>	

See accompanying Independent Auditors' Report.

**City of Gunnison, Colorado**  
**Schedule of Revenues, Expenses and Changes in Net Assets**  
**Budget and Actual (Non-GAAP Basis)**  
**Communication Department**  
**Year Ended December 31, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Operating revenues</u>				
Communication services	\$ 589,312	\$ 589,312	\$ 590,034	\$ 722
<u>Total operating revenues</u>	589,312	589,312	590,034	722
<u>Expenditures</u>				
Operations, maintenance and repair	604,695	619,228	589,318	29,910
<u>Total expenditures</u>	604,695	619,228	589,318	29,910
<u>Excess (deficiency) of operating revenues over expenditures</u>	(15,383)	(29,916)	716	30,632
<u>Other revenues</u>				
Earnings on investments	1,073	1,073	2,231	1,158
<u>Total other revenues</u>	1,073	1,073	2,231	1,158
<u>Change in net assets - budgetary basis</u>	<u>\$ (14,310)</u>	<u>\$ (28,843)</u>	2,947	<u>\$ 31,790</u>
<u>Reconciliation to GAAP basis</u>				
Depreciation			(25,987)	
<u>Change in net assets - GAAP basis</u>			(23,040)	
<u>Net assets at beginning of year</u>			347,478	
<u>Net assets at end of year</u>			<u>\$ 324,438</u>	

See accompanying Independent Auditors' Report.

**City of Gunnison, Colorado**  
**Schedule of Revenues, Expenses and Changes in Net Assets**  
**Budget and Actual (Non-GAAP Basis)**  
**Recreation Department**  
**Year Ended December 31, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Operating revenues</u>				
Sales tax	\$ 1,104,763	\$ 1,104,763	\$ 1,171,837	\$ 67,074
Use tax	33,380	33,380	33,268	(112)
Recreation department charges	337,000	337,000	307,177	(29,823)
Miscellaneous operating revenues	29,500	71,440	72,891	1,451
<u>Total operating revenues</u>	<u>1,504,643</u>	<u>1,546,583</u>	<u>1,585,173</u>	<u>38,590</u>
<u>Expenditures</u>				
Operations, maintenance and repair	847,297	960,517	824,645	135,872
Small equipment	10,000	17,250	35,459	(18,209)
Capital outlay	345,000	355,700	128,825	226,875
<u>Total expenditures</u>	<u>1,202,297</u>	<u>1,333,467</u>	<u>988,929</u>	<u>344,538</u>
<u>Excess of operating revenues over expenditures</u>	<u>302,346</u>	<u>213,116</u>	<u>596,244</u>	<u>383,128</u>
<u>Other revenues (expenses)</u>				
Intergovernmental	-	-	526	526
Earnings on investments	4,130	4,130	4,386	256
Interest expense	(318,420)	(318,420)	(327,567)	(9,147)
Principal paid	(225,001)	(225,001)	(225,000)	1
<u>Total other revenues (expenses)</u>	<u>(539,291)</u>	<u>(539,291)</u>	<u>(547,655)</u>	<u>(8,364)</u>
<u>Net income (loss) before transfers</u>	<u>(236,945)</u>	<u>(326,175)</u>	<u>48,589</u>	<u>374,764</u>
Transfers in	296,235	340,235	218,037	(122,198)
Transfers out	(102,622)	(102,622)	(174,399)	(71,777)
<u>Change in net assets - budgetary basis</u>	<u>\$ (43,332)</u>	<u>\$ (88,562)</u>	<u>92,227</u>	<u>\$ 180,789</u>
<u>Reconciliation to GAAP basis</u>				
Depreciation			(407,092)	
Capital outlay			128,825	
Principal paid			225,000	
<u>Change in net assets - GAAP basis</u>			<u>38,960</u>	
<u>Net assets at beginning of year</u>			<u>5,393,318</u>	
<u>Net assets at end of year</u>			<u>\$ 5,432,278</u>	

See accompanying Independent Auditors' Report.

**City of Gunnison, Colorado**  
**Schedule of Revenues, Expenses and Changes in Net Assets**  
**Budget and Actual (Non-GAAP Basis)**  
**Internal Service - Fleet Management Fund**  
**Year Ended December 31, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Operating revenues</u>				
Monthly repair revenue	\$ 110,945	\$ 110,945	\$ 110,945	\$ -
Fleet rental revenue	264,708	264,708	264,708	-
Miscellaneous operating revenues	15,200	15,200	16,810	1,610
<u>Total operating revenues</u>	390,853	390,853	392,463	1,610
<u>Expenditures</u>				
Fleet expenses	392,803	399,052	388,791	10,261
<u>Excess (deficiency) of revenues over expenditures</u>	(1,950)	(8,199)	3,672	11,871
<u>Other revenues (expenses)</u>				
Earnings on investments	2,709	2,709	2,261	(448)
<u>Change in net assets - budgetary basis</u>	<u>\$ 759</u>	<u>\$ (5,490)</u>	5,933	<u>\$ 11,423</u>
<u>Reconciliation to GAAP basis</u>				
Depreciation			(12,154)	
<u>Change in net assets - GAAP basis</u>			(6,221)	
<u>Net assets at beginning of year</u>			498,471	
<u>Net assets at end of year</u>			<u>\$ 492,250</u>	

See accompanying Independent Auditors' Report.

**City of Gunnison, Colorado**  
**Schedule of Changes in Fiduciary Net Assets**  
**Budget and Actual (Non-GAAP Basis)**  
**Volunteer Firefighters' Pension Fund**  
**Year Ended December 31, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Additions</u>				
Contributions	\$ 141,330	\$ 141,330	\$ 130,480	\$ (10,850)
Earnings on investments	91,265	91,265	(2,930)	(94,195)
<u>Total additions</u>	232,595	232,595	127,550	(105,045)
<u>Deductions</u>				
Benefits	95,880	95,880	93,060	2,820
Expenses	3,800	3,800	5,924	(2,124)
<u>Total deductions</u>	99,680	99,680	98,984	696
<u>Change in net assets</u>	<u>\$ 132,915</u>	<u>\$ 132,915</u>	28,566	<u>\$ (104,349)</u>
<u>Net assets at beginning of year</u>			<u>1,520,739</u>	
<u>Net assets at end of year</u>			<u>\$ 1,549,305</u>	

See accompanying Independent Auditors' Report.

**STATE COMPLIANCE SECTION**

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

<b>LOCAL HIGHWAY FINANCE REPORT</b>		City or County: City of Gunnison
		YEAR ENDING : December 2011
This Information From The Records Of City of Gunnison	Prepared By: Phone:	Wendy Hanson 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**

II. RECEIPTS FOR ROAD AND STREET PURPOSES		III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES	
ITEM	AMOUNT	ITEM	AMOUNT
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	617,509
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	526,717
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	319,429	b. Snow and ice removal	11,760
3. Other local imposts (from page 2)	1,084,498	c. Other	
4. Miscellaneous local receipts (from page 2)	8,105	d. Total (a. through c.)	11,760
5. Transfers from toll facilities		4. General administration & miscellaneous	135,131
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	293,125
a. Bonds - Original Issues		6. Total (1 through 5)	1,584,242
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	1,412,032	b. Redemption	
<b>B. Private Contributions</b>		c. Total (a. + b.)	0
<b>C. Receipts from State government</b> (from page 2)	172,210	2. Notes:	
<b>D. Receipts from Federal Government</b> (from page 2)	0	a. Interest	
<b>E. Total receipts (A.7 + B + C + D)</b>	1,584,242	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		<b>C. Payments to State for highways</b>	
		<b>D. Payments to toll facilities</b>	
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	1,584,242

**IV. LOCAL HIGHWAY DEBT STATUS**

(Show all entries at par)

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

**V. LOCAL ROAD AND STREET FUND BALANCE**

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	0	1,584,242	1,584,242	0	0

Notes and Comments:

**LOCAL HIGHWAY FINANCE REPORT**

STATE:  
Colorado  
YEAR ENDING (mm/yy):  
December 2011

**II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL**

ITEM	AMOUNT	ITEM	AMOUNT
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments	0	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	8,105
1. Sales Taxes	1,084,498	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.)	1,084,498	h. Other	
c. Total (a. + b.)	1,084,498	i. Total (a. through h.)	8,105
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	154,574	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	17,636	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	17,636	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	172,210	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)
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		565,086	565,086
(4). System Enhancement & Operation		52,422	52,422
(5). Total Construction (1) + (2) + (3) + (4)	0	617,508	617,508
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	617,508	617,508
			(Carry forward to page 1)

Notes and Comments: