

CITY OF GUNNISON COUNCIL AGENDA
MEETING IS HELD AT CITY HALL, 201 W. VIRGINIA AVENUE
GUNNISON, CO, IN THE 2ND FLOOR COUNCIL CHAMBERS

TUESDAY

JULY 14, 2015

REGULAR SESSION

7:00 P.M.

- I. Call Meeting to Order:
- II. Consideration of Minutes:
 - A. Minutes of June 23, 2015,
- III. Pre-Scheduled Citizens:
 - A. Gunnison Chamber of Commerce Update and Discussion on Visitor Center Operations – Exec. Director Tammy Scott and Board President
 - B. Draft 2014 City Financials Audit Presentation–Tyra Litzau, CPA of Anton, Collins, Mitchell LLP, and Finance Director Ben Cowan
- IV. Unfinished Business: None.
- V. New Business:
 - A. Regional Broadband Project Update – City IT Administrator Mike Lee (discussion item only)
- VI. Resolutions and Ordinances:
 - A. Ordinance No. 7, Series 2015; Re: City Criminal Code Marijuana Violations; 1st Reading
- VII. City Attorney: Kathleen Fogo
- VIII. City Manager: Ken Coleman
Acting City Manager: PD Chief Keith Robinson
City Clerk: Gail Davidson
- IX. Non-Scheduled Citizens: **At this agenda time, non-scheduled citizens may present issues of City concern to Council. Per Colorado Open Meetings Laws, NO action or Council discussion will be take place until a later date, unless an emergency situation is deemed to exist by the City Attorney. Speaker has a time limit of 3 minutes.**
- X. City Council Discussion, Meeting Reports, Items for Future Work Sessions:
- XI. Adjournment.

The City Council Meeting agenda is subject to change. The City Manager and City Attorney reports may include administrative items not listed. Regular Meetings and Special Meetings are recorded and action can be taken. Minutes are posted at City Hall and on the City website at www.cityofgunnison-co.gov. Work sessions are recorded, minutes are not produced and formal action cannot be taken. For further information, contact the City Clerk's office at 970-641-8140. **TO COMPLY WITH ADA REGULATIONS, PEOPLE WITH SPECIAL NEEDS ARE REQUESTED TO CONTACT THE CITY CLERK 24 HOURS BEFORE ALL MEETINGS AT 970-641-8140.**

The City Council Regular Session meeting was called to order at 7:00 P.M., by Mayor Hagan, with Councilors Ferguson, Drexel, Morrison, and Schwartz present along with City Attorney Fogo, City Manager Coleman, City Clerk/Acting City Manager Davidson, Police Chief Robinson, Finance Director Cowan, Parks & Recreation Director Ampietro, Community Development Director Westbay, several citizens and the press. A Council quorum was present.

Consideration of Minutes of June 9, 2015, Regular Session Meeting. City Clerk Davidson informed Council she made a clarification to the second paragraph on page two regarding the following: “marijuana business will be allowed to be open from 8am-10pm, Monday – Sunday, except that retail marijuana establishments may only be open from 1pm-6pm on Sundays.” Mayor Hagan also asked that consensus be changed to concession in the first sentence of that paragraph.

Councilor Ferguson moved and Councilor Drexel seconded the motion to approve the Regular Session Meeting Minutes of June 9, 2015, as amended.

Roll call vote, yes: Ferguson, Drexel, Hagan, Schwartz. Motion carried.

Roll call vote, no: None.

Roll call vote, abstain: Morrison. She was absent from the meeting.

Pre-Scheduled Citizens:

Discussion on Refinancing of 2007 Recreation Bonds with Troy Bernberg of UMB Banks and Finance Director Ben Cowan. Mr. Bernberg and Director Cowan addressed Council. Mr. Bernberg assisted the City in 2007, with writing the ballot initiative and the recreation bonds. He and Director Cowan have been in discussions regarding refinancing those bonds. Discussion with Council included the following: interest rates are at historic lows and are predicted to rise in the later part of this year; refinancing could be accomplished by public offering at a potential annual cost savings of \$10,143 or forward refunding private placement at an approximately annual cash flow savings of \$43,119; there are possible blended options as well; there is a possible interest rate increase risk towards the last five years of the bonds but this may be mitigated by risk mechanisms; the City will still save money if interest goes up in the last five years; and the savings outweigh the risk. Director Cowan informed Council both he and Mr. Bernberg are recommending the full forward refunding private placement option and to roll the existing debt service of \$548,431.67 into the refinancing package to limit the amount of debt issuance. Council asked if there was a downside to the City regarding the refinancing and Director Cowan stated he didn't see any risks in this proposal.

Councilor Schwartz moved and Councilor Ferguson seconded the motion to approve the expenditure of funds not to exceed \$5,000 from the General Fund reserves to explore the possibilities of refinancing the remaining principal balance of the Series 2007 Sales and Use Tax Revenue Bonds.

Roll call vote, yes: Drexel, Hagan, Morrison, Schwartz, Ferguson. So carried.

Roll call vote, no: None.

Unfinished Business: None.

New Business:

Discussion on Pedestrian Crossings – Main and Tomichi. CD Director Steve Westbay reviewed the memo he and the City Manager provided in their packets. It outlines the work that has been done-to-date on the Complete Streets Urban Highway Corridor Design Project. The City has been working with consultants from Fox/Higgins/Hernandez on the transportation issues involved in the design project. This includes pedestrians, cyclists and vehicular traffic components. Coordination with CDOT is crucial for the project. City staff held a webinar with CDOT on June 10th and the proposed changes to the highway are undergoing review by CDOT. A special use permit for the lane striping will hopefully be issued by the end of July with striping taking place in August. City Manager Coleman stated that this is a new concept design for CDOT and it is a challenge but it is moving forward. They seem to have a willingness to work with the City.

Council discussion ensued. Councilor Morrison stated she doesn't think the proposals are enough. There needs to be slower speeds. City Manager Coleman explained that looking at changing the

speed limit on a State Highway can work both ways. If the State measures the speeds on a highway and determines that the average speed of 80% of the traffic measured is slower than the posted speed then the speed limit can be lowered. However, if the average vehicle speeds are higher, then it can warrant an increase in the speed limit. Councilor Morrison stated a visual slowdown could be a possibility. Mayor Hagan asked if the Complete Streets Project will include the intersection at Denver and Highway 135. Director Westbay indicated yes, it will. Director Westbay informed Council CDOT will be visiting Gunnison in August and Staff will discuss light sequencing and signage with them to increase pedestrian safety and still allow for traffic flow.

Mayor Hagan called for audience input.

Dave Kozlowski asked that traffic counts be done in June or July during the busiest time of the year. He would also like a reduction in the speed limit on the highway. He believes the demo project is a waste of money. He would also like to see more of the designs up front.

Molly Mugglestone stated she visited with Council last year and the issues are still not solved. She appreciates the work done thus far but kids still can't cross Highway 50 safely. She and others are willing to speak with CDOT if needed. Changes to ensure pedestrian and bicycle safety need to be done quickly. The crossing light at Spruce and Tomichi needs to have a longer crossing time since it is such a wide street. The turn at Highways 135 and 50 is very confusing. The signage needs to be changed because vehicles are not stopping for pedestrians in the crosswalks. There needs to be more crosswalk lights between Spruce and 11th Streets on Tomichi for kids crossing to school.

Carolyn Riggs has the same concerns as Molly. She passed out a memo to Council regarding bike and pedestrian safety. The City needs to start looking at the design of the streets from a pedestrian and biker point of view and not a driver point of view. Its not just an infrastructure design issue. There needs to be more education of drivers, pedestrians and bikers. The City has a Silver Level Bike Community status but she thinks we don't truly fit into that category.

Jonathan Houck stated the City needs to pursue additional pedestrian counts. They may be low because people can't or won't cross the highway. He informed Council the traffic light sensors don't appear to be working for the signals. Bikes don't activate the signals. In Carbondale they have installed the rapid-flash beacons at crosswalks. He attended an outdoor summit in Denver where the Governor is encouraging people to be outdoors and active to be healthy. He spoke with Betsy Jacobson with CDOT and she would be happy to work with Gunnison about bicycle improvements.

Carlie Kenton appreciates the work that is being done. However, we need something that people can see happening in terms of the Main and Tomichi intersection. We also need to look at the aesthetics of the highway plan.

Hap Channell, thanked Council for letting everyone speak on the issue. He supports the comments made so far. We can't use other towns for plans. We are not all the same. Not many people are able to cross Tomichi west of Main Street. He cited Delta for creating "intimate" space along their highway corridor through town and slowed the speed limits. If the goal is to slow traffic down on Highway 50 then we need to have political and community working together to get CDOT to make the change. It doesn't have to be a big budget.

Cathie Pagano thanked Staff and Council for the work underway. She would like to see more immediate work on the light sequencing and timing to get pedestrians across Tomichi. She made a suggestion for the City to work with the Arts Center on painting of the conceptual bulb outs at the intersections.

Mayor Hagan thanked all of the citizens and encouraged them to watch for notices about upcoming meetings with the Department of Transportation.

Statements of Opposition (2) Re: Tomichi Creek Basin Water Rights Cases. City Manager Coleman informed Council the water cases being brought to the Water Court by the Cross Bar Ranch in the Tomichi Creek drainage could involve approximately 106cfs of water flow. That is a lot of water. By filing an opposition in the cases, it allows the City to stay informed about the progress of the water cases.

Councilor Schwartz moved and Councilor Morrison seconded the motion to approve filing the statements of opposition in cases 15CW16 and 15CW17 and to authorize the City Manager to sign both documents.

Roll call vote, yes: Hagan, Morrison, Schwartz, Ferguson, Drexel. So carried.

Roll call vote, no: None.

Ordinance and Resolutions:

Ordinance No. 5, Series 2015, Re: *Gunnison Municipal Code and Land Development Code Text Amendments Regarding Marijuana Facilities Regulations; 2nd Reading.* Councilor Morrison introduced Ordinance No. 5, Series 2015, and it was read by title only by the City Manager.

Mayor Hagan asked for any discussion or amendments from Council prior to action on the Ordinance. Councilor Schwartz suggested allowing the use of the marijuana leaf in advertising or logos on a sign. Discussion ensued about the sign code and the recommendation from the Planning Commission not to allow the leaf.

Councilor Schwartz moved to make an amendment to Ordinance No. 5, Series 2015, to allow a marijuana leaf on the facility logo and sign. The motion died for lack of a second to the motion.

Further discussion by the public and Council ensued and included the following issues: businesses entrepreneurs are being penalized by not allowing them to use their marketing logos; why is the City penalizing businesses that are legal in the State; marijuana is still illegal on the federal level; the sign code can be reviewed and amended in the future; the marijuana leaf on signs increases visibility to youth; signage is not just about the almighty buck; the allowance of marijuana stores on North Main near the Community Center where kids go; and this is a new experience for everyone and the ordinance can be changed in the future. Experience will drive the change.

Councilor Morrison moved and Councilor Schwartz seconded the motion that Ordinance No. 5, Series 2015, **AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF GUNNISON, COLORADO, AMENDING TITLES 3, 8 AND 14 OF THE CITY OF GUNNISON MUNICIPAL CODE AND THE LAND DEVELOPMENT CODE OF THE CITY OF GUNNISON, ESTABLISHING RULES, STANDARDS AND POLICIES FOR LICENSING AND REGULATING THE USE OF LAND WITHIN THE BOUNDARIES OF THE CITY OF GUNNISON FOR THE RETAIL SALE, CULTIVATION, MANUFACTURING, AND TESTING OF MARIJUANA AND MARIJUANA PRODUCTS**, be introduced, read, passed and adopted on second and final reading this 23rd day of June, 2015.

Roll call vote, yes: Morrison, Schwartz, Ferguson, Drexel, Hagan. So carried.

Roll call vote, no: None.

Ordinance No. 6, Series 2015, Re: *Gunnison Municipal Code Text Amendment Regarding Noise/Idling Engines, 2nd Reading.* Councilor Schwartz introduced Ordinance No. 6, Series 2015, and it was read by title only by the City Attorney.

Councilor Schwartz moved and Councilor Morrison seconded the motion that Ordinance No. 6, Series 2015, **AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF GUNNISON AMENDING TITLE 5 GENERAL OFFENSES, CHAPTER 5.20 TRAFFIC, SECTION 5.20.020 ADDITIONS OR MODIFICATIONS, PART 12 PARKING, SECTION 1206 UNATTENDED MOTOR VEHICLES, OF THE CITY OF GUNNISON MUNICIPAL CODE**, be introduced, read, passed and adopted on second and final reading this 23rd day of June, 2015.

Roll call vote, yes: Schwartz, Ferguson, Drexel, Hagan, Morrison. So carried.

Roll call vote, no: None.

Resolution No. 12, Series 2015; Setting Application and License Fees for Marijuana Facilities (Action if Ordinance No. 5, Series 2015, is Adopted). Councilor Drexel introduced Resolution No. 12, Series 2015, and it was read by title only by the City Attorney.

Councilor Drexel moved and Councilor Schwartz seconded the motion to approve Resolution No. 12, Series 2015, **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GUNNISON, COLORADO, SETTING FEES FOR MARIJUANA ESTABLISHMENT REGULATION PURSUANT TO CITY OF GUNNISON ORDINANCE NO. 5, SERIES 2015**, be introduced, read, passed and adopted this 23rd day of June, 2015.

Roll call vote, yes: Ferguson, Drexel, Hagan, Morrison, Schwartz. So carried.

Roll call vote, no: None.

Resolution No. 13, Series 2015; Re: Adoption of City Parks & Recreation Master Plan. Councilor Schwartz introduced Resolution No. 13, Series 2015, and it was read by title only by the City Attorney.

Councilor Schwartz moved and Councilor Drexel seconded the motion that Resolution No. 13, Series 2015; **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GUNNISON, COLORADO, ADOPTING THE GUNNISON PARKS AND RECREATION MASTER PLAN AS THE OFFICIAL GUIDE TO UTILIZE FOR FUTURE PARKS AND RECREATION PLANNING**, be introduced, read, passed and adopted this 23rd day of June, 2015.

Roll call vote, yes: Drexel, Hagan, Morrison, Schwartz, Ferguson. So carried.

Roll call vote, no: None.

City Attorney Kathleen Fogo: reported the issues with the Lazy K property title are being resolved. The tenant lease ends August 1st and closing will take place after that date.

City Manager: Ken Coleman reported the internet service provider for free Wi-Fi allows for 10 minutes per device per day. After that it is \$5.00 per device per day. Mike Lee will be attending the Region 10 Broadband meeting on Thursday. In a follow-up to the RiverFest schedule for this weekend, if the River flow is over 3500cfs then the events will be cancelled. The CARA gymnastics meet will take place this Saturday at the Community Center and work on the Senior Addition continues. The Army Corp. of Engineers representative will be here this week to look at the wetlands delineations on the VanTuyl Trails Project and the proposed dog park location.

City Clerk/Acting City Manager: Gail Davidson informed Council the City Clerk's Departmental report was included in their packets. The big project in the past six months was conducting the Regular Municipal Election. In spite of losing the entire tray of "M" mail ballots, that have never been located, the election was deemed a success. She also completed a successful school-year with the Youth City Council students. She and her department are gearing up for marijuana establishments licensing now that the Ordinance has been passed and adopted. They are producing licensing process packets for distribution to interested businesses. She then thanked her staff, Deputy City Clerk Tara Kindall and Court Clerk Melissa McLeod. She and the department couldn't function as efficiently without them. They are both a tremendous asset to the City and they are great to work with. City Manager Coleman echoed those sentiments. The whole department is great to work with and they assist him on many levels.

WSCU Liaison: Absent until fall semester.

Non-Scheduled Citizens:

City Council Discussion, Meeting Reports, Items for Work Session:

Councilor Ferguson: reported he attended the Better Cities Meeting. He heard a presentation from Gunnison County regarding the USDA Grant. He believes the Community Builders Task Force, the City Comprehensive Plan and the Better Cities programs, while not all the same, need to come together for common goals and outcomes.

Mayor Pro Tem Drexel: thanked the Public Works Department for their work on the trails resurfacing. It is a big improvement. He attended the Region 10 meeting and a loan from the Revolving Loan Fund was made to a business in Paonia. Gunnison businesses are encouraged to utilize the fund and Region 10 will help facilitate the loan process.

Councilor Morrison: reported she attended the Chamber Board meeting this morning and they are gearing up for the Downtown Block Party event. They have 26 businesses and vendors lined up to participate. There will be two beer gardens and two bands playing as well. The Chamber

Board also discussed the Ride-the-Rockies bike tour that came through Gunnison. Ridership was down this year. 2500 riders are allowed but only 1825 participated. The median riders' age was up this year as well.

Councilor Schwartz: reported he attended the CML Conference last week and he learned a lot. The classes were very informative. The workshop on Business Regionalization was informative. The class on the impact of marijuana establishments was cancelled. He hopes to attend the conference again next year.

Mayor Hagan: reported he too attended the CML Conference. There were a variety of classes and issues in the participating communities. Some of the issues included Broadband and free Wi-Fi service that is provided such as in downtown Montrose. He attended a workshop on "reading budgets" and thinks the City already does a good job with the narratives provided in our budget. He too attended the business regionalization workshop and they discussed the need for primary jobs, not just service sector jobs. Last night he attended the Upper Gunnison Water Board meeting. In their report, Taylor Reservoir is 1" from spilling, as is Blue Mesa Reservoir. Both Morrow Point and Crystal Reservoirs are spilling. Lastly, he will be attending the Capital Development luncheon at WSCU.

Mayor Hagan then called for any topics to be included on upcoming Council agendas. He would like to discuss design standards for under 50,000 sq. ft. businesses. He would like downtown to be more cohesive in appearance. He laments the appearance of the Family Dollar store.

Adjournment: Mayor Hagan called for any further discussion from Council, staff or the public, and hearing none, adjourned the meeting at 9:15 P.M.

Mayor

City Clerk

Price Report Column Headings

The items and specifications in this study are listed below. Descriptions for housing and utilities are abbreviated, since pricing is based on explicit procedural instructions and highly detailed specifications. Monthly costs for housing and energy are not communitywide averages, and should not be construed as such: they are specific to professional and executive households. • Establishment samples are selected to reflect a mid-management standard of living; minimum sample size depends on the population of the area for which data are collected. • To ensure uniformity, national brands are stipulated wherever possible. "Lowest price" is the average of the lowest prices found in all stores surveyed. • Weights are shown for the component indexes. • Weights are calculated by C2ER based on data extracted from the 2013 US Consumer Expenditure Survey, BLS.

Column Number	Weight		Column Number	Weight	
GROCERY ITEMS					
MEATS					
1	.024242	T-bone steak	Price per pound		
2	.024242	Ground beef or hamburger	Price per pound, lowest price, min 80% lean		
3	.035468	Sausage	Price per pound; Jimmy Dean or Owens brand, 100% pork		
4	.038263	Frying chicken	Price per pound, whole fryer		
5	.030663	Chunk light tuna	5.0 or 6.0 oz. can, Starkist or Chicken of the Sea		
DAIRY PRODUCTS					
6	.033022	Whole milk	Half-gallon carton		
7	.012056	Eggs	One dozen, Grade A, large		
8	.004845	Margarine	One pound, cubes, Blue Bonnet or Parkay		
9	.065519	Parmesan cheese, grated	8 oz. canister, Kraft brand		
PRODUCE					
10	.029504	Potatoes	10 lb., white or red		
11	.068053	Bananas	Price per pound		
12	.027716	Iceberg lettuce	Head, approximately 1.25 pounds		
BAKERY PRODUCTS					
13	.084913	Bread, white	24 oz. loaf, lowest price, or prorated 24-oz. equivalent, lowest price		
MISCELLANEOUS GROCERY PRODUCTS					
14	.012190	Fresh Orange Juice	59 or 64 oz. Tropicana or Florida Natural brand		
15	.052065	Coffee, vacuum-packed	11 to 11.5 oz. can, Maxwell House, Hills Brothers, or Folgers		
16	.034944	Sugar	4 pound sack, cane or beet, lowest price		
17	.042631	Corn flakes	18 oz., Kellogg's or Post Toasties		
18	.014633	Sweet peas	15-15.25 oz. can, Del Monte or Green Giant		
19	.014542	Peaches	29 oz. can, Hunt's, Del Monte, Libby's or Lady Alberta		
20	.049620	Facial tissues	160-count box, Kleenex brand		
21	.049620	Dishwashing powder	75 oz. Cascade dishwashing powder		
22	.020751	Canola Oil	46 oz. bottle		
23	.092034	Frozen meal	8 to 10 oz. frozen chicken entrée, Healthy Choice or Lean Cuisine brand		
24	.014633	Frozen corn	12 oz. whole kernel, lowest price		
25	.090285	Potato chips	10 oz. plain regular potato chips		
26	.033547	Soft drink	2 liter Coca Cola, excluding any deposit		
HOUSING					
27	.261909	Apartment, monthly rent	Two bedroom, unfurnished, excluding all utilities except water, 1½ or 2 baths, 950 sq. ft.	51	.013483
28A		Total purchase price	2,400 sq. ft. living area new house, 8,000 sq. ft. lot, 4 bedrooms, 2 baths	52	.052344
28B		Mortgage rate	Effective rate, including points and origination fee, for 30-year	53	.952344
28C	.738091	Monthly payment	Principal and interest, using mortgage rate for item 28B and assuming 25% down payment	54	.059667
				55	.074971
				56	.030899
				57	.030899
UTILITIES					
29-30	.582052	Total home energy cost	Monthly cost, at current rates, for average monthly consumption of all types of energy during the previous 12 months for the type of home specified in Item 28A		
29	-	Electricity	Average monthly cost for all-electric homes is shown in Column 29A; average monthly cost for homes using other types of energy as well is shown in Column 29B		
30	-	Other home energy	Average monthly cost at current rates for natural gas, fuel oil, coal, wood, and any other forms of energy except electricity		
31	.417948	Telephone	Private residential line; customer owns instruments. Price includes: basic monthly rate; additional local use charges, if any, incurred by a family of four; TouchTone fee; all other mandatory monthly charges, such as long distance access fee and 911 fee; and all taxes on the foregoing.		
TRANSPORTATION					
32	.252348	Auto maintenance	Average price to computer- or spin-balance all four wheels		
33	.736794	Gasoline	One gallon regular unleaded, national brand, including all taxes; cash price at self-service pump if available		
HEALTH CARE					
34	.060338	Office visit, optometrist	Full vision eye exam for established adult patient		
35	.266472	Office visit, doctor	American Medical Association procedure 99213 (general practitioner's routine examination of established patient)		
36	.357299	Office visit, dentist	American Dental Association procedure D1110 (adult teeth cleaning)		
37	.080092	Ibuprofen	200 mg. 100 tablets, Advil brand		
38	.235799	Atorvastatin Calcium	20 mg. 30 tablets, Lipitor brand		
MISCELLANEOUS GOODS & SERVICES					
39	.117784	Hamburger sandwich	¼-pound patty with cheese, pickle, onion, mustard, and catsup. McDonald's Quarter-Pounder with cheese, where available		
40	.117784	Pizza	11"-12" thin crust cheese pizza. Pizza Hut or Pizza Inn where available		
41	.117784	Fried chicken	Thigh and drumstick, with or without extras, whichever is less expensive, Kentucky Fried Chicken or Church's where available		
42	.034260	Haircut	Man's barbershop haircut, no styling		
43	.034260	Beauty salon	Woman's shampoo, trim, and blow-dry		
44	.003415	Toothpaste	6 oz.-6.4 oz. tube, Crest or Colgate		
45	.005942	Shampoo	15 oz. bottle, Alberto VO5 brand		
46	.030027	Dry cleaning	Man's two-piece suit		
47	.041069	Men's dress shirt	Cotton/polyester, pinpoint weave, long sleeves		
48	.008446	Boy's jeans	Blue denim jeans, regular, relaxed or loose fit, sizes 8-20		
49	.069082	Women's slacks	At least 95% cotton, twill khakis, misses 4-14		
50	.105540	Major appliance repair	Home service call, clothes washing machine; minimum labor charge, excluding parts		
51	.013483	Monthly newspaper subscription	Daily and Sunday home delivery, large-city newspaper		
52	.052344	Movie	First-run, indoor, evening, no discount		
53	.952344	Bowling	Price per line (game). Saturday evening non-league rate		
54	.059667	Tennis balls	Can of three extra-duty, yellow, Wilson or Penn brand		
55	.074971	Veterinary Services	Annual exam, 4-year-old dog		
56	.030899	Beer	Heineken's, 6-pack, 12-oz. containers, excluding any deposit		
57	.030899	Wine	1.5-liter bottle, Chablis or Chenin Blanc or any white table wine		

COST OF LIVING INDEX - FIRST QUARTER 2015

METRO/MICRO URBAN AREA AND STATE	100% COMPOSITE INDEX	13.96% GROCERY ITEMS	27.80% HOUSING	10.23% UTILITIES	12.12% TRANS- PORTATION	4.41% HEALTH CARE	31.48% MISC. GOODS AND SERVICES
Little Rock-North Little Rock-Conway AR Metro Little Rock-North Little Rock AR	97.0	95.4	93.3	109.4	98.1	84.5	98.4
Anaheim-Santa Ana-Irvine CA Metro Div. Orange County CA	146.8	108.8	242.5	112.7	126.8	103.9	103.9
Bakersfield CA Metro Bakersfield CA	105.9	106.1	104.6	119.3	115.3	101.5	99.6
Los Angeles-Long Beach-Glendale CA Metro Div. Los Angeles-Long Beach CA	136.9	106.3	209.1	111.9	119.9	109.2	105.2
Oakland-Hayward-Berkeley CA Metro Div. Oakland CA	143.1	131.2	218.5	106.7	120.0	115.5	106.4
San Diego-Carlsbad CA Metro San Diego CA	141.9	109.4	219.5	122.4	123.9	111.4	105.2
San Francisco-Redwood City-South San Francisco CA Metro Div. San Francisco CA	173.2	124.1	314.6	108.4	130.8	119.3	114.9
Stockton-Lodi CA Metro Stockton CA	113.6	123.8	115.3	115.7	120.2	102.1	106.0
Tracy CA	124.6	110.4	167.1	112.8	114.4	102.5	104.2
Truckee-Grass Valley CA Micro Truckee-Nevada County CA	157.5	132.9	234.4	135.5	153.5	119.9	114.6
Colorado Springs CO Metro Colorado Springs CO	95.4	94.7	101.4	88.1	83.8	103.1	96.3
Denver-Aurora-Lakewood CO Metro Denver CO	107.7	99.5	127.3	93.1	97.7	106.0	102.8
Grand Junction CO Metro Grand Junction CO	97.2	96.2	99.2	84.9	91.2	106.1	100.8
Pueblo CO Metro Pueblo CO	82.4	96.7	69.1	83.3	88.1	92.1	83.9
NonMetro US Glenwood Springs CO	122.2	101.0	153.8	81.5	133.0	113.0	114.0
Gunnison CO	108.5	100.8	122.2	96.2	98.4	100.9	108.8
Bridgeport-Stamford-Norwalk CT Metro Stamford CT	144.9	121.9	206.9	132.4	100.4	114.9	125.7
Hartford-West Hartford-East Hartford CT Metro Hartford CT	124.5	128.4	133.4	127.5	109.2	118.8	120.6
Dover DE Metro Dover DE	99.6	106.7	80.7	114.1	101.2	101.8	107.4
Wilmington DE-MD-NJ Metro Div. Wilmington DE	106.5	103.2	108.2	114.2	96.2	102.6	108.4
Washington-Arlington-Alexandria DC-VA-MD-WV Metro Div. Washington-Arlington-Alexandria DC-VA	143.3	111.8	244.6	97.6	121.4	94.3	97.9
Deltona-Daytona Beach-Ormond Beach FL Metro Daytona Beach FL	96.8	105.4	80.0	104.6	102.4	95.2	103.2
Palm Coast-Flagler County FL	96.0	110.4	80.8	96.1	107.2	95.8	98.6
Fort Lauderdale-Pompano Beach-Deerfield Beach FL Metro Div. Fort Lauderdale FL	114.9	101.5	147.7	97.4	117.6	99.2	98.8
Gainesville FL Metro Gainesville FL	96.4	101.7	90.9	102.5	100.0	97.8	95.3

GUNNISON VISITORS CENTER

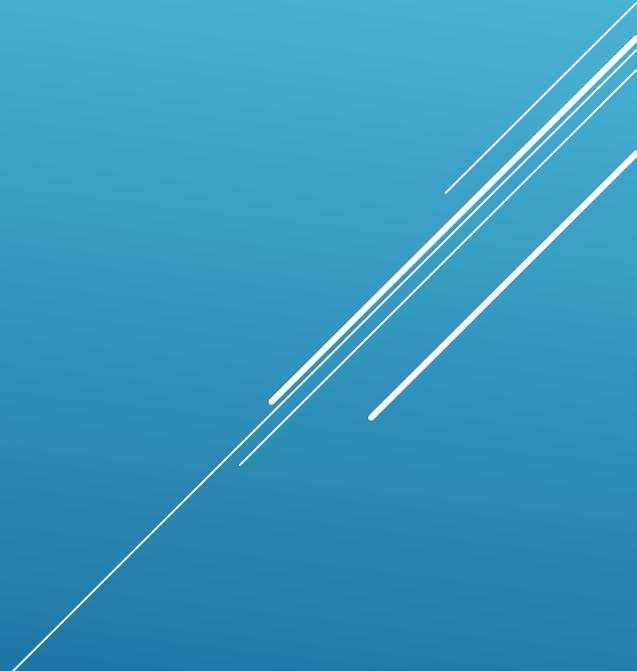
Long term funding proposal – July 14, 2015

THE IMPORTANCE OF A VISITORS CENTER

IN 2014 THE GUNNISON VISITOR'S CENTER:

- ▶ Had 62,820 walk-in visitors
 - ▶ Made 115,286 referrals to local businesses in person or via phone
 - ▶ Fielded 9,474 calls for information
 - ▶ Coordinated 17 groups looking at locations to hosts them
 - ▶ 9 will visit or have visited in 2015 including Ride the Rockies, The Hogs, and CMA state convention
- 
- A decorative graphic consisting of several parallel white lines of varying lengths, slanted diagonally from the bottom right towards the top right, set against a blue background.

THE IMPORTANCE OF A CHAMBER OF COMMERCE

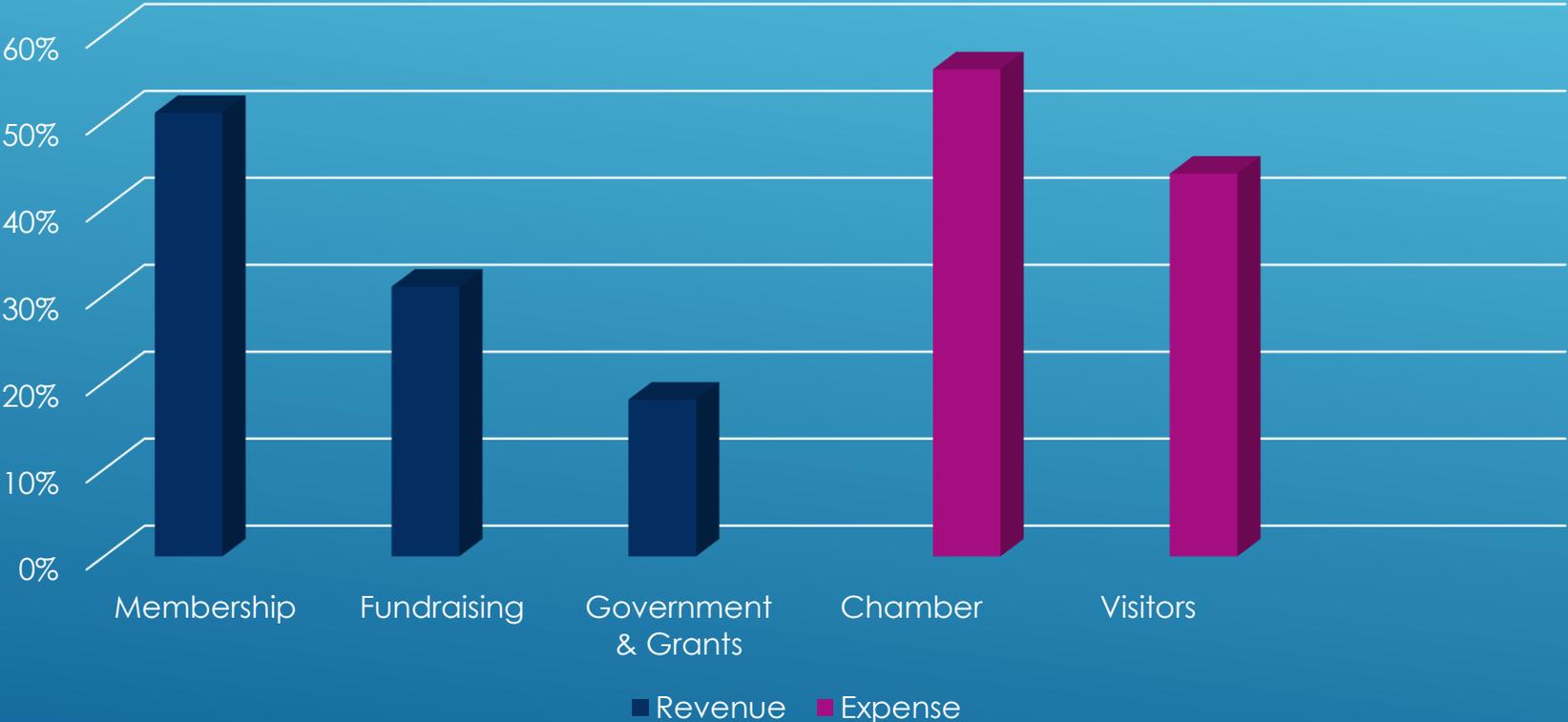
- The GCCOC members represent 5657 jobs across the valley
 - Business support
 - Classes (guest experience, Nxt Level, Gunnison Valley leadership)
 - Human Resource Packets
 - Brochures and website listings
 - Puts on key community events
 - Night of Lights
 - Halloween trick or treat
 - High Octane Art Festival
 - Downtown Block Party
 - Hosts events
 - Golf Tournament
 - Fishing Tournaments
 - Color Run
- 

THEY DID ALL OF THIS WITH 1 DIRECTOR AND LESS THAN 1 FULL TIME EQUIVALENT

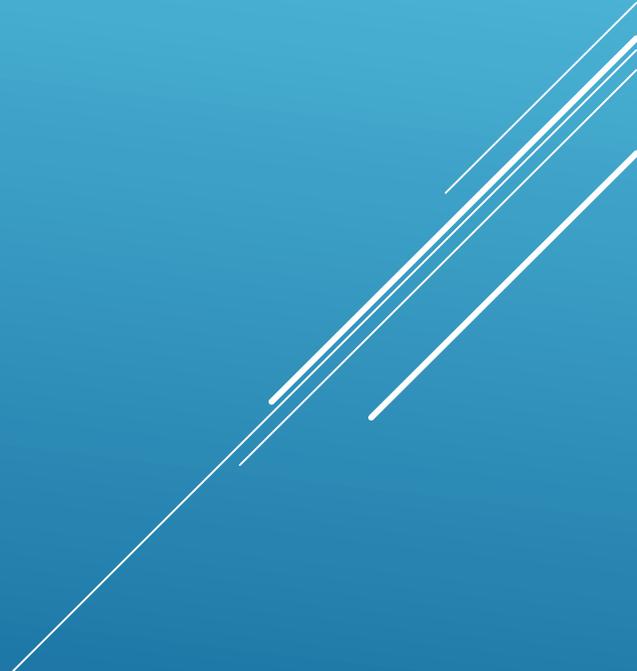
- ▶ The visitors center is open roughly 288 day per year
- ▶ That makes:
 - ▶ A visitor every 2.25 minutes
 - ▶ A phone call every 15 minutes
 - ▶ A Referral every 1.22 minutes

SHOW ME THE MONEY

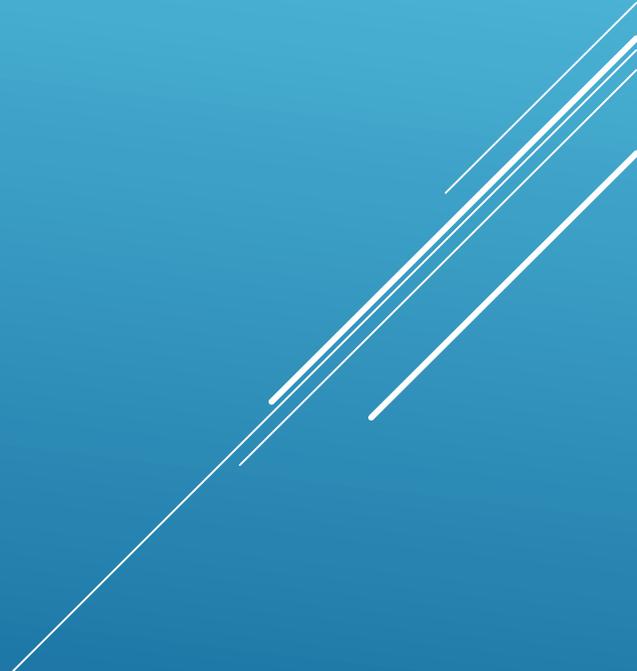
Funding / Expense for Chamber and Visitors Center Combined



THE CRUX OF IT ALL

- ▶ A vibrant Visitors Center and Chamber of Commerce is vital the overall health of a community
 - ▶ Currently, Chamber Funds are subsidizing the visitors center
 - ▶ Neither entity is operating at full potential due to lack of revenue
 - ▶ Board of directors are asked to give incredible amounts of time and money to make up the difference
 - ▶ Chamber members don't get full benefit of their membership \$\$\$
 - ▶ Visitors Center needs a facelift
 - ▶ Director needs to be able to direct
 - ▶ So many ideas, so little \$\$\$\$
- 

SERVICE FEE PROPOSAL

- ▶ City of Gunnison currently gives a 5% service fee back to all sales tax payers (% of a %, Gunnison Sales tax rate is 4%)
 - ▶ We propose a 1% reduction of the service fee to 4%, earmarking the 1% for Visitors Center funding, paid monthly, in alignment with the length of the land use contract for the current building location
 - ▶ A 1% reduction, combined with an annual \$25K LMD contribution, would fully fund the Visitors Center, returning Chamber dollars to the Chamber side of the equation
- 

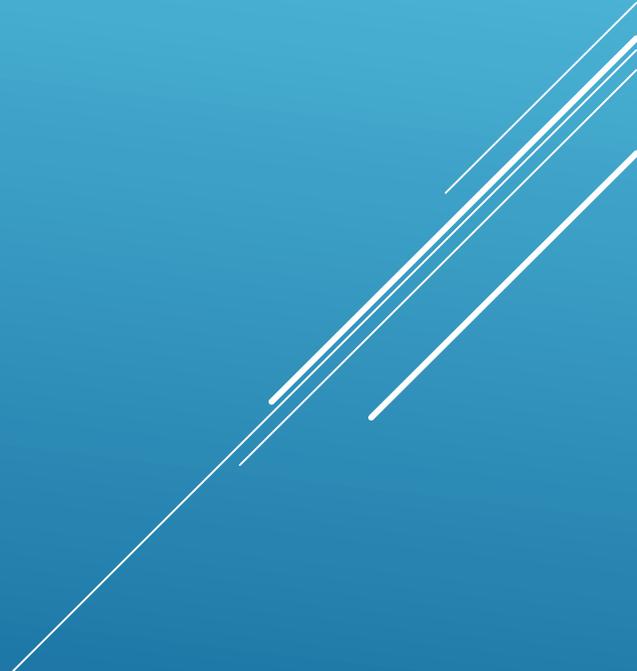
\$10,000 EXAMPLE

- ▶ If a taxpayer has \$10,000 in taxable revenue
 - ▶ They're tax payable would be \$400 (4% city sales tax)
 - ▶ They're rebate right now would be \$20 (5% of \$400)
 - ▶ Under the new proposal, they're rebate would be \$16 (4% of \$400)
 - ▶ So we are asking for \$4 out of \$10,000 of taxable revenue

STATEWIDE SERVICE FEE AVERAGES

- ▶ Gunnison City has the Highest Service Fee % in the state
 - ▶ Next highest is 3 1/3% (130 cities including Estes Park, Aspen, Canon City, Poncha Springs, and Timnath)
 - ▶ 62 Cities offer no rebate, 0%, zip, nada (including Cripple Creek, Salida, Delta, Denver, Steamboat Springs and Lochbuie)
 - ▶ At 4% Gunnison would still be the highest in the State
 - ▶ Keep in mind the cost to do business in Gunnison (Sales tax License) is \$10.50, on the low end of the scale
 - ▶ Crested Butte 1.5%
 - ▶ Montrose 1.33%
 - ▶ Hotchkiss 3.33%
 - ▶ Alamosa 2%
- 

A WIN-WIN

- ▶ Visitors Center Funding would be tied to Sales Tax
 - ▶ we do our job well, funding increases
 - ▶ Not a tax
 - ▶ City Council can take action without the cost of a vote in the general election
 - ▶ Doesn't take any \$\$\$ out of the city budget
 - ▶ Actually nets \$13,500 back in future years
 - ▶ An increase in the city sales tax license fee to \$100 wouldn't fully fund the visitors center
 - ▶ Gunnison would still offer the highest rebate in the state
- 

WHO'S ON BOARD

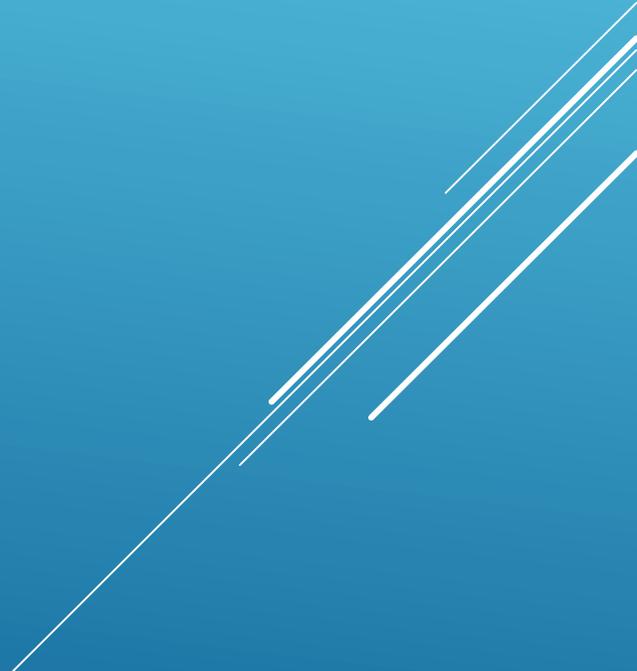
So far we've not had any opposition, here's a sample of who we've talked too

- ▶ Fulmers Ace
 - ▶ John Roberts
 - ▶ Gene Taylors
 - ▶ IC Connex
 - ▶ Quick Draw
 - ▶ Mario's
 - ▶ Garlic Mikes
 - ▶ Morrison Stone
 - ▶ Sanctuary Yoga
 - ▶ Gunnison Country Times
 - ▶ I Bar
 - ▶ High Alpine Brewery
 - ▶ Nesbit and Company
 - ▶ Sign Guys
 - ▶ WWO
 - ▶ Critter Sitters
 - ▶ Days Inn
 - ▶ Gunnison Arts Center
- 

WHAT WOULD THE TAX PAYERS GET IN RETURN

- ▶ Glenwood Springs recently went to a very similar system
- ▶ All Tax payers get a listing on the webpage with address and phone number and brief description of offerings
- ▶ Chamber members get a bolded listing with a link to website maybe a picture or two
- ▶ Non Tax Paying – Non Chamber Membership Business would be able to get listed at the tax Payers Level for a fee (\$50-\$100ish, limited to businesses within city limits)
- ▶ www.Gunnison-co.com is the number 1 rank on Google when searching Gunnison
- ▶ Website sees approximately 100,000 unique visitors per year with roughly 250,000 page views per year
- ▶ Gunnison Chamber is currently investigating an updated website

SO HOW DOES THIS WORK? - TIMELINE

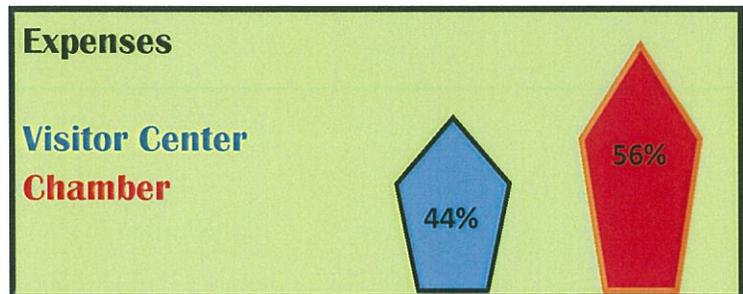
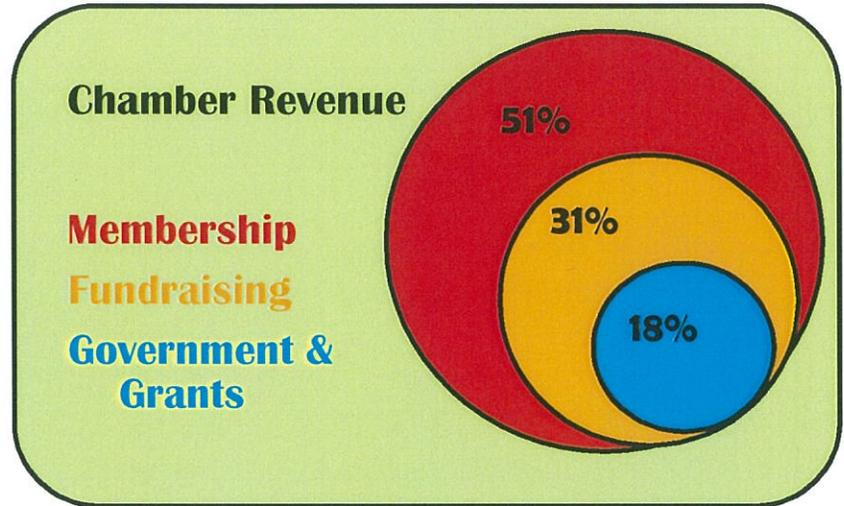
- ▶ City Council vote in 30 days
 - ▶ Funding Starts for the month of September
 - ▶ All city Sales tax license holders are reached out too in September
 - ▶ New Website and listings completed by year end; updated again at end of Q1 2016, then updated annually after Q1
 - ▶ Visitors Center gives council reports twice yearly, Summer wrap up / Winter forecast and Winter wrap up / Summer forecast
- 



**We
represent
5657 Jobs
in the
Gunnison
Valley**

Favorite Member Benefits

- Referral of your Business
- Brochure space in the Visitor Center
- Listing on Chamber Website
- Secret Shopper and Focus Groups for your Business
- Human Resource Packet (no need to purchase expensive HR Posters)
- Networking Opportunities
- Educational Options



2014 Chamber/Visitor Center Information Services

- ➔ **Provided information and answered questions for 62,820 Walk-in Visitors**
- ➔ **115,286 Referrals made to local businesses; in person, over the phone and online.**
- ➔ **9,474 calls for information**
- ➔ **Conference information, support and coordination for 17 groups. 9 groups will visit Gunnison County in 2015, including the most recent Ride the Rockies and Harley Owners Group totaling Over 3,300 people in 5 days.**

MEMORANDUM AGREEMENT

THIS AGREEMENT, entered into this 27th day of January, 2015, by and between the CITY OF GUNNISON, a Colorado home-rule municipality, existing under the laws of the State of Colorado, hereinafter called "GUNNISON", and GUNNISON COUNTRY CHAMBER OF COMMERCE, a non-profit corporation of the State of Colorado, hereinafter called "CHAMBER", WITNESSETH:

WHEREAS, GUNNISON believes it to be in the interest of the citizens of the City of Gunnison for GUNNISON to contract for CHAMBER to perform certain services to the community; and

WHEREAS, GUNNISON has budgeted certain funds for said services to be provided in the agreed time period;

NOW, THEREFORE, the parties hereto, intending to be legally bound hereby, for and in consideration of the mutual covenants contained herein, agree as follows:

1. CHAMBER agrees to provide the following services to the citizens of GUNNISON during the term beginning January 1, 2015, through December 31, 2015:
 - (a) operate and maintain the Gunnison Country Visitor Center at a level that gives a premier first impression of the Gunnison Community to visitors both in person, over the phone and on the internet,
 - (b) provide visitors to our area a reason to stay longer in Gunnison or a desire to come back for a longer visit by educating the visitor on the many things to see and do in our community,
 - (c) provide superior services to all forms of inquiry into the Visitor Center from both visitors and local residents,
 - (d) manage toll-free telephone service for inquiries,
 - (e) supply maps and brochures to conventions and groups, or for economic development purposes upon request,
 - (f) compile information and produce Gunnison Fact Sheet for use with relocation and economic development inquiries,

- (g) respond to all inquiries received regarding vacation/relocation information,
 - (h) make presentations on Gunnison Country vacation opportunities to groups upon request,
 - (i) produce seasonal calendar of events,
 - (j) produce City map,
 - (k) maintain a link between the CHAMBER'S web site and the CITY'S web site,
 - (l) sponsor Gunnison Retail Council activities.
2. CHAMBER agrees to:
- (a) demonstrate on-going efforts to cooperate and collaborate with other community based organizations and groups,
 - (b) demonstrate financial support (both cash and in-kind) from other resources (exclusive of the City of Gunnison),
 - (c) meet with City staff and councilors to discuss Visitor Center funding options prior to July 1, 2015,
 - (d) provide City Council with semi-annual updates regarding CHAMBER operations and meet with the City's personnel from time to time in order to coordinate the activities of the CHAMBER with the activities of other promotional entities operating in the City of Gunnison,
 - (e) acknowledge the financial support of the City of Gunnison in advertising and promotional literature,
 - (f) not utilize City funds as a "pass through" to other City funded programs without a specific allowance or reference in this agreement.
3. In consideration of the funds to be paid to the CHAMBER by GUNNISON pursuant to this agreement, CHAMBER represents and warrants that in making business referrals in response to inquiries from the public, the CHAMBER will refer members of the public to businesses which do not maintain membership in the CHAMBER when either CHAMBER members do not offer the service or goods

requested, or when CHAMBER members cannot accommodate the requested services or goods.

4. GUNNISON hereby agrees to provide the funds previously appropriated and budgeted to CHAMBER in the amount of Thirteen-Thousand Five-Hundred and no/100 Dollars (\$13,500.00), in accordance with the following schedule:
 - (a) 50 per cent of \$13,500 within thirty (30) days of execution of this agreement,
 - (b) 50 per cent of \$13,500 within thirty (30) days of the mid-year report to City Council.
5. CHAMBER agrees to provide GUNNISON with a synopsis of the program's accomplishments during the term of this agreement no later than December 31, 2015.
6. This written agreement constitutes the only expressed or implied understanding related to business support between GUNNISON and CHAMBER, respectively.
7. This agreement shall be construed according to the laws of the State of Colorado.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals the day and year first above written.

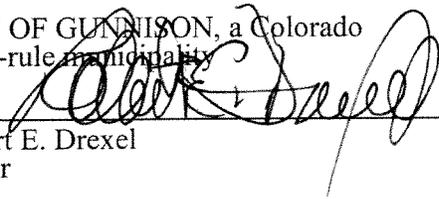
ATTEST:



Gail A. Davidson
City Clerk



CITY OF GUNNISON, a Colorado
home-rule municipality

By 

Robert E. Drexel
Mayor

GUNNISON COUNTRY CHAMBER OF
COMMERCE

By 

Tammy N. Scott
Director



Memorandum

To: City Council
From: Ben Cowan
Date: 7/9/2015
Re: Draft 2014 Financial Statements

Tyra Litzau, Audit Director for Anton Collins Mitchell, LLP., will be presenting the draft audit. The audit must be approved by the governing body prior to the end of July and filed with the State Auditor's office no later than July 31st. Otherwise, we have to file for an extension. We plan to present the final audit for acceptance during your July regular session.

One major change this year is that the Firemen's Pension Fund balances are no longer included in the financial statements as a fiduciary fund as it was in the past. The Office of the State Auditor is of the opinion that the plan is affiliated with the Fire and Police Association (FPPA) and is included in FPPA's financial reporting entity. The FPPA reports fire and police employees and volunteer pension plans as Agent-Multiple Employer Plans consistent with Governmental Accounting Standards Board (GASB) standards on its financial statements.

If you have any questions regarding the draft financial statements, please let me know.



City of Gunnison, Colorado

**Financial Statements and Supplementary
Information**

For the Year Ended December 31, 2014

City of Gunnison, Colorado

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City of Gunnison, Colorado

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Financial Section

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Gunnison, Colorado (the "City"), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Gunnison as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 14, the budgetary comparison on page 46, and the schedule of funding

progress on page 47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules, and state compliance section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and state compliance section are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements 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.

Greeley, CO
July 14, 2015

City of Gunnison, Colorado
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2014

As management of the City of Gunnison ("City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2014. 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, and one Internal Service Fund.

Financial Highlights

The assets of the City exceeded its liabilities at the close of the fiscal year ended December 31, 2014 by \$32,195,438 (net position). Of this amount, \$10,920,633 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies as more fully described below. The City's total net position increased \$585,720.

At the close of the fiscal year ended December 31, 2014, the City's governmental funds reported combined ending fund balance of \$4,784,007, an increase of \$121,742 in comparison with the prior year. Approximately 87% of the ending fund balance, \$4,178,161, is available for use within the City's policies (unassigned fund balance).

The unassigned fund balance for the general fund was \$4,178,161 or 61% of the total general fund expenditures and other financing uses. This represents a \$199,474 increase from the prior fiscal year. The City's fund balance policy is to maintain a fund balance equal to at least 33% of the governmental fund operating appropriations, but no more than 40% on a budgetary basis.

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

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned, but unused compensated absences).

City of Gunnison, Colorado
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2014

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, and ditches. The business type activities of the City include electric, water, sewer, refuse, communications, recreation (pool, rink, trails, and other recreation improvements), 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 (major), conservation trust fund (non-major), and ditch fund (non-major).

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

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

Proprietary Funds: There are two types of proprietary funds, enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government wide financial statements, only in more detail. The City uses the enterprise fund to account for electric, water, sewer, refuse, communications, and recreation (pool, rink, trail, and other recreation improvements) 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.

City of Gunnison, Colorado
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2014

The basic proprietary fund financial statements can be found on pages 22 - 25 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 26-45 of this report.

Other information

The combining statements referred to earlier in connection with non-major governmental funds and budgetary comparisons for other funds are presented following the required supplementary information on pensions. Combining and individual statements and schedules can be found on pages 48 - 61 of this report.

City of Gunnison, Colorado
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2014

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

	Government-wide Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Fund
Scope	Entire City (except fiduciary funds)	The activities of the City that are not proprietary or fiduciary	Activities the City operates similar to private businesses: electric, water, sewer, trash, communications, recreation (pool, rink, trails)
Required Financial Statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement of Net Position Statement of Revenues, Expenses and Changes in Net Position Statement of Cash Flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, and short-term and long-term
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

City of Gunnison, Colorado
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2014

Government-Wide Financial Analysis

As noted earlier, over time, net position may serve as a useful indicator of a government's financial position. In the case of the City of Gunnison, assets exceeded liabilities and deferred inflows of resources by \$32,195,438 at December 31, 2014, which is an increase of \$585,720 during the year. The City is able to report positive balances in all categories of net position, for the government as a whole.

Condensed Net Position

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and Other Assets	5,901,609	5,787,728	7,735,835	7,139,300	13,637,444	12,927,028
Capital Assets - Net	10,879,603	10,682,917	16,399,862	17,172,813	27,279,465	27,855,730
Total Assets	16,781,212	16,470,645	24,135,697	24,312,113	40,916,909	40,782,758
Current Liabilities	430,951	446,251	773,965	1,054,411	1,204,916	1,500,662
Long-term Liabilities	223,983	122,034	7,024,655	7,283,842	7,248,638	7,405,876
Total Liabilities	654,934	568,285	7,798,620	8,338,253	8,453,554	8,906,538
Deferred inflows of resources	267,917	266,502	-	-	267,917	266,502
Net Position:						
Net investment in capital assets	10,879,603	10,682,917	9,595,542	10,121,683	20,475,145	20,804,600
Restricted	251,356	243,974	548,304	547,787	799,660	791,761
Unrestricted	4,727,402	4,708,967	6,193,231	5,304,390	10,920,633	10,013,357
Total Net Position	15,858,361	15,635,858	16,337,077	15,973,860	32,195,438	31,609,718

The largest portion of the City's net position, \$20,475,145 or 64%, reflects its investments in capital assets (e.g., land, buildings, equipment, improvements, construction in progress, and infrastructure), less any debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide service to citizens; consequently these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. A small portion of the City's net position, \$799,660, or approximately 2%, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position, \$10,920,633 or 34%, 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, 2014

City of Gunnison's Change in Net Position

	2014			2013
	Governmental Activities	Business-Type Activities	Total	Total
Revenues				
Program revenues:				
Charges for services	377,079	8,060,781	8,437,860	8,327,755
Operating grants and contributions	858,767	11,684	870,451	1,116,770
Capital grants and contributions	61,231	123,155	184,386	235,352
General revenues:				
Property taxes	259,786	-	259,786	296,649
Specific Ownership Taxes	16,049	-	16,049	15,870
Sales and Use Taxes	4,781,635	1,392,400	6,174,035	5,895,408
Franchise Taxes	492,758	-	492,758	473,445
Other Taxes	242,279	-	242,279	204,453
Other Revenues	98,034	80,318	178,352	165,405
Gain on Sale of Capital Assets	12,182	-	12,182	-
Earnings on Investments	26,893	32,046	58,939	17,522
Transfers	(93,510)	93,510	-	-
Total Revenues	7,133,183	9,793,894	16,927,077	16,748,629
Expenses				
General Government	1,033,525	-	1,033,525	823,669
Public Safety	2,045,998	-	2,045,998	1,795,392
Public Works	2,393,406	-	2,393,406	2,153,357
Culture and Recreation	1,205,251	-	1,205,251	1,082,382
Grants and Contributions	232,500	-	232,500	122,802
Interest on Long-Term Debt	-	-	-	526
Electric	-	5,115,727	5,115,727	5,426,759
Water	-	677,987	677,987	709,891
Sewer	-	1,091,934	1,091,934	1,195,522
Refuse	-	502,188	502,188	483,350
Communications	-	607,514	607,514	639,846
Recreation	-	1,435,327	1,435,327	1,405,451
Total Expenses	6,910,680	9,430,677	16,341,357	15,838,947
Subtotal	222,503	363,217	585,720	909,682
Change in Net Position	222,503	363,217	585,720	909,682
Net Position Beginning of Year	15,635,858	15,973,860	31,609,718	30,700,036
Net Position End of Year	15,858,361	16,337,077	32,195,437	31,609,718

City of Gunnison, Colorado
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2014

Governmental Activities: Governmental activities increased the City's total net position by \$222,503. Total governmental activities revenues decreased by \$189,236. The most significant changes in revenues include a decrease in operating grants and contributions of \$248,172, an increase in taxes of \$232,264, and a decrease of incoming transfers of \$272,660 since there was a large transfer in 2013 from Communications to the General Fund for the dispatch share of the Public Safety Center. In total, governmental activities revenues decreased \$189,236. Expenses associated with governmental activities increased by \$932,551.

Business-type Activities: Business-type activities increased the City's total net position by \$363,217. Total business-type activities operating revenues increased by \$71,943.

Financial Analysis of the City's Funds

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

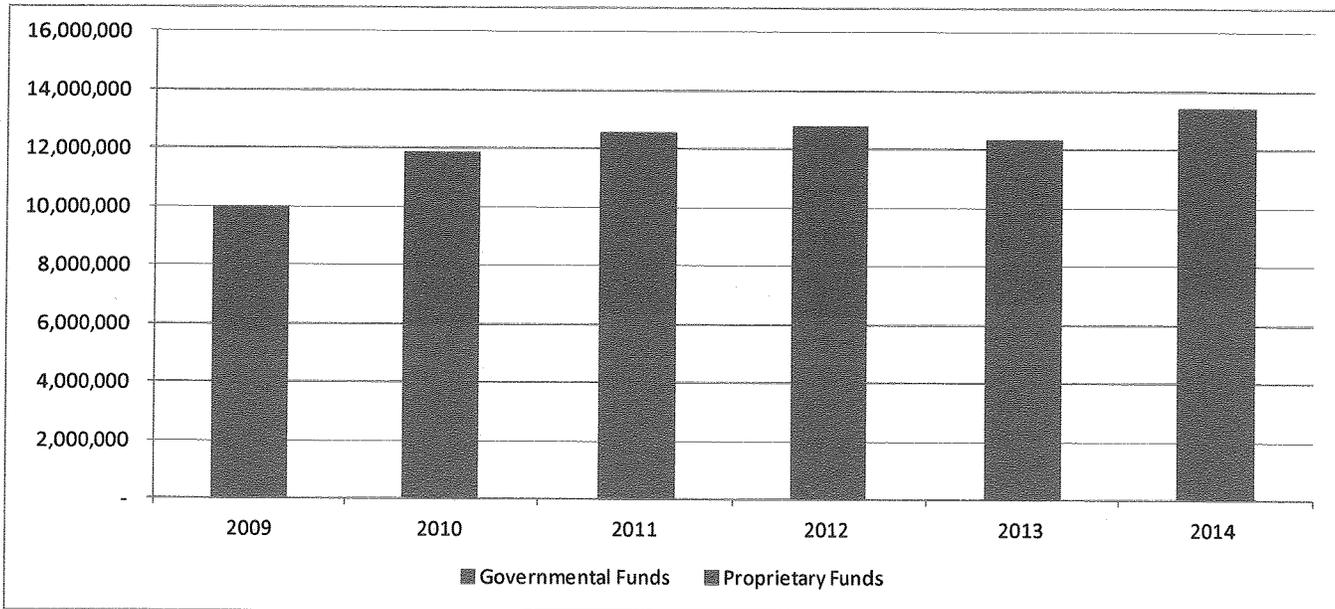
Available resources is defined as current assets minus current liabilities. Such information is useful in assessing the City's financing requirements by focusing on near term inflows, outflows, and balances of spendable resources. In particular, unreserved available resources (or fund balance in governmental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

The City's available resources for 2014 is charted below:

	Beginning Available Resources	Increase (Decrease)	Ending Available Resources	2014 Expenditures	% of EAR to Expenditures
Governmental Funds					
General Fund	4,288,286	199,757	4,488,043	6,924,944	65%
Conservation Trust Fund	28,760	5,109	33,869	39,230	86%
Ditch Fund	345,219	(83,123)	262,096	146,418	179%
Firemen's Pension Fund	2,022,388	105,983	2,128,371	137,522	1548%
Business Type Funds:					
Enterprise Fund					
Electric Division	1,576,609	110,509	1,687,118	4,945,185	34%
Water Division	935,156	(63,197)	871,959	624,854	140%
Waste Water Division	1,428,958	141,711	1,570,669	1,008,195	156%
Refuse Division	624,132	144,969	769,101	411,196	187%
Communications Division	64,675	60,612	125,287	589,219	21%
Recreation Division	635,469	467,443	1,102,912	1,353,196	82%
Internal Service Fund:					
Fleet Management	397,360	7,539	404,899	362,454	112%
	12,347,012	1,097,311	13,444,323	16,542,414	81%

**City of Gunnison, Colorado
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2014**

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



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 2014, the City's governmental funds reported combined ending fund balance of \$4,784,007, an increase of \$121,742 in comparison with the prior year. Expenditures for capital equipment and capital projects were \$2,183,108 and are reflected in the General, Conservation Trust, and Ditch funds. Of the \$4,784,007 ending fund balance, 87%, or \$4,178,161, constitutes unreserved fund balance, which is available for appropriation at the City's discretion. The remainder of the fund balance is non-spendable, restricted or assigned to indicate that it is not available for new spending because it is already committed to meet a state constitution mandated emergency reserve, \$217,487, restricted for parks and recreation, \$33,869, and other assigned purposes, \$262,052.

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

The General Fund is the primary operating fund for the City. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance to the total fund operating expenditures. Unassigned fund balance represents 60% of the total 2014 expenditures. The fund balance of the City's General Fund increased by \$199,757 during 2014.

The Conservation Trust Fund had total fund equity at the end of 2014 of \$33,869. This fund accounts for State of Colorado lottery funds and is to be used for parks and recreation services and capital investment. There was an increase of \$5,109 in the Conservation Trust Fund equity from the prior year.

City of Gunnison, Colorado
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2014

The Ditch Fund had total fund equity at the end of 2014 of \$262,095. This fund receives its funding source through State of Colorado Mineral Leasing funds, which are then utilized to provide maintenance of and capital improvements to the ditch system. There was a decrease of \$83,124 in the Ditch Fund equity from the prior year, due to significant main ditch repairs.

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

The City has one enterprise fund consisting of the following departments: the Electric Department, Water Department, Sewer Department, Refuse (Solid Waste) Department; Communications Department; and the Recreation Department. Unrestricted net position of the enterprise fund, at the end of 2014, amounted to \$6,193,231. A breakdown of the unrestricted net position by department is: Electric Department, \$1,597,151; Water Department, \$852,892; Sewer Department, \$1,526,626; Refuse Department, \$760,404; Communications Department, \$100,383; and Recreation Department, \$1,355,775. The City also has one internal service fund to account for fleet management activities. Unrestricted net position for the Fleet Management Fund was \$404,899. The City's proprietary funds increased unrestricted net position for proprietary funds by \$918,483 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 \$726,670. This increase was a result of the establishment of a new law enforcement victim advocate program which is supplemented by grant funds and governmental contributions, additional street improvements, city hall remodel costs, and fire gear.

Proprietary Funds: Differences between original budget and the final amended budget for Proprietary Fund activities resulted in an overall increase in appropriations of \$187,454. This increase was primarily a result of additional funds appropriated out of fund balances for expenses related to additional purchase of electrical power as well as repair of vehicles and the pool's dehumidification system.

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, 2014, amounts to \$27,279,465, a decrease of \$576,265 from the prior year. As required by GASB 34, the investment in capital assets includes land, buildings, building improvements, equipment and infrastructure.

Long - Term Debt: At the end of 2014, long term debt outstanding was \$7,243,638. This debt represents bonds secured solely by specific revenue sources (i.e., revenue bonds), obligations according to a settlement related to a Service Schedule Power Contract, and accrued compensated absences. At the end of 2014, 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 \$6,765,000.

City of Gunnison, Colorado
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2014

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. The 2015 budget contemplates significant use of fund balance for a variety of capital projects in order to meet the 40% fund balance ceiling established by the City's new fund balance policy.

- Sales tax revenues are estimated to increase by 1.9% from fiscal year 2014.

- Street improvement expenses have been increased by \$104,594 or 12.5%. Other improvements slated for one-time use of General Fund resources include:
 - Fire truck
 - City Hall remodel
 - Senior addition to the Community Center
 - Taylor Mountain Park and Legion Park restrooms
 - Old city shop demolition

- Electric and water rates were increased by 5% and sewer rates were increased by 3%. Refuse customers saw a 5% rate decrease.

Request for Information

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

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

Basic Financial Statements

City of Gunnison, Colorado

Statement of Net Position

December 31, 2014

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in pooled cash and investments	\$ 4,665,742	\$ 5,473,629	\$ 10,139,371
Accounts and taxes receivable	1,142,854	836,911	1,979,765
Inventories	-	871,396	871,396
Prepaid items	93,013	5,595	98,608
Restricted pooled cash and investments	-	548,304	548,304
Capital assets:			
Non depreciable	2,030,279	560,253	2,590,532
Depreciable, net of accumulated depreciation	8,849,324	15,839,609	24,688,933
Total assets	16,781,212	24,135,697	40,916,909
Liabilities			
Accounts payable	257,461	627,637	885,098
Customer deposits	-	55,350	55,350
Accrued expenses	112,860	67,473	180,333
Accrued interest payable	-	23,505	23,505
Unearned revenue	60,630	-	60,630
Noncurrent liabilities:			
Compensated absences payable	223,983	131,347	355,330
Pollution remediation obligation	-	5,000	5,000
Due within one year	-	286,520	286,520
Due in more than one year	-	6,601,788	6,601,788
Total liabilities	654,934	7,798,620	8,453,554
Deferred inflows of resources			
Unearned revenue - property taxes	267,917	-	267,917
Total deferred inflows of resources	267,917	-	267,917
Net Position			
Net investment in capital assets	10,879,603	9,595,542	20,475,145
Restricted	251,356	548,304	799,660
Unrestricted	4,727,402	6,193,231	10,920,633
Total net position	\$ 15,858,361	\$ 16,337,077	\$ 32,195,438

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

City of Gunnison, Colorado
Statement of Activities
Year Ended December 31, 2014

Functions/programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 1,033,525	\$ -	\$ 169,658	\$ -
Public safety	2,045,998	377,079	29,610	-
Public works	2,393,405	-	547,813	61,231
Culture and recreation	1,205,251	-	111,686	-
Grants and contributions	232,499	-	-	-
Total governmental activities	6,910,679	377,079	858,767	61,231
Business-type activities:				
Electric	5,115,727	4,996,963	-	33,860
Water	677,987	530,845	-	21,053
Sewer	1,091,934	1,053,445	-	68,242
Refuse	502,188	502,934	11,684	-
Communications	607,514	649,010	-	-
Recreation	1,435,327	327,584	-	-
Total business-type activities	9,430,677	8,060,781	11,684	123,155
Total primary government	\$ 16,341,356	\$ 8,437,860	\$ 870,451	\$ 184,386
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				
Total general revenues				
Transfers in (out)				
Total general revenues and transfers				
Change in net position				
Net position at beginning of year				
Net position at end of year				

Net (Expense) Revenue
and Change in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (863,867)	\$ -	\$ (863,867)
(1,639,309)	-	(1,639,309)
(1,784,361)	-	(1,784,361)
(1,093,565)	-	(1,093,565)
(232,499)	-	(232,499)
(5,613,602)	-	(5,613,602)
-	(84,904)	(84,904)
-	(126,089)	(126,089)
-	29,753	29,753
-	12,430	12,430
-	41,496	41,496
-	(1,107,743)	(1,107,743)
-	(1,235,057)	(1,235,057)
(5,613,602)	(1,235,057)	(6,848,659)
259,786	-	259,786
16,049	-	16,049
4,781,635	1,392,400	6,174,035
492,758	-	492,758
242,279	-	242,279
98,034	80,318	178,352
12,182	-	12,182
26,893	32,046	58,939
5,929,616	1,504,764	7,434,380
(93,510)	93,510	-
5,836,106	1,598,274	7,434,380
222,504	363,217	585,721
15,635,858	15,973,860	31,609,718
\$ 15,858,362	\$ 16,337,077	\$ 32,195,439

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

City of Gunnison, Colorado
Balance Sheet
Governmental Funds
December 31, 2014

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in pooled cash and investments	\$ 3,919,921	\$ 297,261	\$ 4,217,182
Accounts receivable	874,799	31	874,830
Property tax receivable	267,917	-	267,917
Prepaid items	92,395	43	92,438
Totals assets	\$ 5,155,032	\$ 297,335	\$ 5,452,367
Liabilities, deferred inflows of resources and fund balances			
Liabilities			
Accounts payable	231,696	1,371	233,067
Accrued expenses	106,746	-	106,746
Unearned revenue	60,630	-	60,630
Total liabilities	399,072	1,371	400,443
Deferred inflows of resources			
Unearned revenue - property taxes	267,917	-	267,917
Total deferred inflows of resources	267,917	-	267,917
Fund balances			
Nonspendable	92,395	43	92,438
Restricted	217,487	33,869	251,356
Assigned	-	262,052	262,052
Unassigned	4,178,161	-	4,178,161
Total fund balances	4,488,043	295,964	4,784,007
Total liabilities, deferred inflows of resources and fund balances	\$ 5,155,032	\$ 297,335	\$ 5,452,367

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

City of Gunnison, Colorado
Reconciliation of the Governmental Funds Balance Sheet
with the Government-wide Statement of Net Position
Year Ended December 31, 2014

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

Fund balances of governmental funds		\$ 4,784,007
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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	\$ 23,087,863	
Less: accumulated depreciation	<u>(12,364,592)</u>	10,723,271

Internal service funds are used by management to charge the cost of services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	561,231
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Long-term liabilities are not due and payable from current financial resources, and therefore, are not reported as liabilities on the fund financial statements. Long-term liabilities at year-end consist of:

Compensated absences payable	\$ (210,148)	(210,148)
Total net position of governmental activities		\$ 15,858,361

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, 2014

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Taxes and fees	\$ 5,792,507	\$ -	\$ 5,792,507
Licenses and permits	105,015	-	105,015
Charges for services	240,887	-	240,887
Fines and forfeitures	31,177	-	31,177
Intergovernmental	814,532	105,466	919,998
Earnings on investments	22,088	2,167	24,255
Rents and miscellaneous	98,034	-	98,034
Total revenues	7,104,240	107,633	7,211,873
Expenditures			
Current:			
General government	807,218	-	807,218
Public safety	1,972,016	-	1,972,016
Public works	728,225	25,850	754,075
Culture and recreation	1,068,166	-	1,068,166
Grants and contributions	232,499	-	232,499
Capital outlay	2,043,200	139,908	2,183,108
Total expenditures	6,851,324	165,758	7,017,082
Excess (deficiency) of revenues over expenditures	252,916	(58,125)	194,791
Other financing sources (uses)			
Proceeds from sale of capital assets	20,461	-	20,461
Transfers out	(73,620)	(19,890)	(93,510)
Total other financing sources (uses)	(53,159)	(19,890)	(73,049)
Net changes in fund balances	199,757	(78,015)	121,742
Fund balances at beginning of year	4,288,286	373,979	4,662,265
Fund balances at end of year	\$ 4,488,043	\$ 295,964	\$ 4,784,007

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, 2014

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

Total net change in fund balance - governmental funds. \$ 121,742

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

Cost of capital assets	\$	870,207	
Depreciation expense		(658,860)	
Net book value of assets disposed		(8,279)	203,068

Internal service funds are used by management to charge the cost of services to individual funds. The net revenue of the internal service funds are included in governmental activities in the statement of activities. 1,157

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. (103,464)

Change in net position of governmental activities \$ 222,503

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

City of Gunnison, Colorado
Statement of Net Position
Proprietary Funds
December 31, 2014

	Enterprise Fund	Governmental Activities - Internal Service Fund
Assets		
Current assets		
Equity in pooled cash and investments	\$ 5,473,629	\$ 448,560
Accounts and taxes receivable	836,911	107
Inventories	871,396	-
Prepaid items	5,595	575
Total current assets	7,187,531	449,242
Noncurrent assets		
Restricted pooled cash and investments	548,304	-
Capital assets		
Nondepreciable	560,253	-
Depreciable, net of accumulated depreciation	15,839,609	156,332
Total noncurrent assets	16,948,166	156,332
Total assets	24,135,697	605,574
Liabilities and net position		
Current liabilities		
Accounts payable	627,637	24,394
Accrued expenses	67,473	6,114
Customer deposits	55,350	-
Accrued interest payable	23,505	-
Current portion of long-term debt	286,520	-
Total current liabilities	1,060,485	30,508
Noncurrent liabilities		
Pollution remediation obligation	5,000	-
Compensated absences payable	131,347	13,835
MEAN payable	83,988	-
Bonds payable	6,517,800	-
Total noncurrent liabilities	6,738,135	13,835
Total liabilities	7,798,620	44,343
Net position		
Net investment in capital assets	9,595,542	156,332
Restricted for debt service	548,304	-
Unrestricted	6,193,231	404,899
Total net position	\$ 16,337,077	\$ 561,231

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

City of Gunnison, Colorado
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Year Ended December 31, 2014

	Enterprise Fund	Governmental Activities - Internal Service Fund
Operating revenues		
Electricity sales	\$ 4,996,963	\$ -
Water sales	530,845	-
Sanitary sewer charges	1,053,445	-
Trash collection fees	502,934	-
Communication services	649,010	-
Recreation department charges	327,584	-
Miscellaneous revenues	80,318	15,065
Fleet rental revenues	-	352,291
Total operating revenues	8,141,099	367,356
Operating expenses		
Cost of sales and services	3,682,761	-
Operations, maintenance and repair	3,301,701	-
Administration and general	961,535	-
Depreciation	796,459	6,383
Small equipment	398,656	-
Fleet expenses	-	362,454
Total operating expenses	9,141,112	368,837
Operating income (loss)	(1,000,013)	(1,481)
Nonoperating revenues (expenses)		
Sales and use tax	1,392,400	-
Intergovernmental	11,684	-
Earnings on investments	32,046	2,638
Interest expense	(289,565)	-
Total nonoperating revenues (expenses)	1,146,565	2,638
Income (loss) before contributions and transfers	146,552	1,157
Capital contributions	85,900	-
Hook-up services	37,255	-
Transfers in	93,510	-
Transfers out	-	-
Change in net position	363,217	1,157
Net position at beginning of year	15,973,860	560,074
Net position at end of year	\$ 16,337,077	\$ 561,231

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, 2014

	Enterprise Fund	Governmental Activities - Internal Service Fund
Cash flows from operating activities		
Cash received from customers	\$ 8,140,515	\$ 367,294
Cash payments to suppliers	(7,027,887)	(181,662)
Cash payments to employees	(1,728,546)	(169,153)
Net cash flows from operating activities	(615,918)	16,479
Cash flows from non-capital financing activities		
Sales and use tax	1,392,400	-
Operating grants and contributions	11,684	-
Transfers in	93,510	-
Transfers out	-	-
Net cash flows from non-capital financing activities	1,497,594	-
Cash flows from capital and related financing activities		
Capital grants and contributions	123,156	-
Acquisitions of capital assets	(23,505)	-
Change in restricted pooled cash and investments	(517)	-
Principal paid on long-term debt	(250,000)	-
Interest paid on long-term debt	(291,575)	-
Net cash flows from capital and related financing activities	(442,441)	-
Cash flows from investing activities		
Proceeds from sale or maturity of investments	427,385	11,531
Earnings on investments	32,046	2,638
Net cash flows from investing activities	459,431	14,169
Net change in cash and cash equivalents	898,666	30,648
Cash and cash equivalents at beginning of year	244,264	7,607
Cash and cash equivalents at end of year	1,142,930	38,255
Investments at end of year	4,330,699	410,305
Cash and investments at end of year	\$ 5,473,629	\$ 448,560

Continued

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

	Enterprise Fund	Governmental Activities - Internal Service Fund
Reconciliation of operating income (loss) to net cash flows from operating activities		
Operating income (loss)	\$ (1,000,013)	\$ (1,481)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:		
Depreciation	796,459	6,383
(Increase) decrease in :		
Accounts receivable	10,921	(62)
Prepaid expenses	(5,418)	(575)
Inventories	(112,922)	-
Increase (decrease) in:		
Accounts payable	(290,266)	12,717
Accrued expenses	11,428	-
General Fund advances	(17,320)	-
MEAN Payable	(22,102)	-
Customer deposits	(830)	-
Compensated absences payable	14,145	(503)
Net cash flows from operating activities	\$ (615,918)	\$ 16,479

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

City of Gunnison, Colorado

Notes to Financial Statements

December 31, 2014

1. Summary of Significant Accounting Policies

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

Reporting Entity

The City was incorporated in 1880 and adopted its Home Rule Charter during 1962. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety (police and fire); highways and streets; sanitation; health and social services; culture - recreation; education; public improvements; planning and zoning; and general administrative services. The City's basic financial statements include the accounts of all City operations. As required by GAAP, these financial statements present the activities of the City, which is legally separate and financially independent of other state and local governments.

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

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

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

Joint Venture

The City participates in a joint venture created for special purposes, which are not part of the City's reporting entity. Additional information regarding the City's participation in the joint venture is provided in Note 10. The following is a description of the joint venture in which the City participates:

Gunnison/Hinsdale Combined Emergency Telephone Service Authority - The City is one of 10 local governments which are members of the Gunnison/Hinsdale Combined Emergency Telephone Service Authority (the "Gunnison/Hinsdale Authority"). The Gunnison/Hinsdale Authority is an organization created by intergovernmental agreement in 1998 solely to provide for the operation of the emergency telephone service programs. Gunnison/Hinsdale Authority is governed by a seven (7) member board selected as defined in Article III of the agreement. The governing board is autonomous as to budgeting and fiscal matters.

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

Complete financial statements of the joint venture can be obtained from:

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

Fund Accounting

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

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

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

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

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

Proprietary funds focus on the determination of the changes in net position, financial position and cash flows and are classified as enterprise funds or internal service funds. Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The City has one major enterprise fund, which is used to account for the activities of the following departments: Electric, Water, Sewer, Refuse, Communications, and Recreation. The internal service fund accounts for operations that provide services to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis. The City has one internal service fund, the Fleet Management Fund, a nonmajor fund.

Basis of Presentation

Government-wide Financial Statements

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

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

City of Gunnison, Colorado
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financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliations, with a brief explanation, to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

Due to the implementation of GASB Statement No. 67, *Financial Reporting for Pension Plans* - an amendment of GASB Statement No. 25, the City no longer reports the Volunteer Firefighters' Pension Fund within its financial statements as a fiduciary fund.

Fund Financial Statements

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

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

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

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

Basis of Accounting

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

City of Gunnison, Colorado

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Revenues - Exchange and Non-exchange Transactions

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

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

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

Unearned Revenue

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

Expenses/Expenditures

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

Accounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. General revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds principal ongoing operations. The principal operating revenues of the government’s enterprise and internal service funds are charges to customers for sales and services. Operating expenses for enterprise and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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Budgets and Budgetary Accounting

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

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

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

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

Budgeted amounts reported in the accompanying financial statements are as originally adopted and as amended by the City Council throughout the year. The following is a summary of the original budget, total revisions and revised budget for those funds with amended budgets for the year ended December 31, 2014:

	Original Budget	Total Revisions	Revised Budget
Governmental funds:			
General fund	\$ 6,655,403	\$ 726,670	\$ 7,382,073
Special revenue funds:			
Conservation trust fund	34,000	7,390	41,390
Ditch fund	194,609	-	194,609
Internal service fund:			
Fleet management fund	360,285	8,919	369,204
Enterprise fund (departments):			
Electric department	5,424,035	117,899	5,541,934
Water department	661,289	-	661,289
Sewer department	1,254,552	-	1,254,552
Refuse department	470,371	15,283	485,654
Communications department	661,403	-	661,403
Recreation department	1,613,266	45,353	1,658,619
Total funds	\$ 17,329,213	\$ 921,514	\$ 18,250,727

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Cash, Cash Equivalents and Temporary Investments

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

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

Property Taxes

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

Short-Term Inter-fund Receivables/Payables

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

Prepaid Items

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

Capital Assets

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

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

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

Compensated Absences Payable

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

Accrued Liabilities and Long-Term Obligations

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

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

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

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

City of Gunnison, Colorado
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Fund Balance and Net Position

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

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

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

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

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

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

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

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

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

Unassigned - all other spendable amounts.

City of Gunnison, Colorado
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As of December 31, 2014, fund balances are composed of the following:

	General Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:			
Prepaid items	\$ 92,395	\$ 43	\$ 92,438
Restricted:			
Emergency reserve	217,487	-	217,487
Parks and recreation (conservation trust fund)	-	33,869	33,869
Assigned:			
Special revenue funds	-	262,052	262,052
Unassigned	4,178,161	-	4,178,161
Total	\$ 4,488,043	\$ 295,964	\$ 4,784,007

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

Contribution of Capital

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

Interfund Transactions

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

Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Council, and that are either unusual in nature or infrequent in occurrence. There were no extraordinary or special items during 2014.

General Litigation

At times, the City may be subject to various claims and legal proceeding covering a wide range of matters that arise in the ordinary course of business. Management believes that any liability that may ultimately result from the resolution of these matters will not have a material adverse effect on the financial condition or results of operations of the City.

City of Gunnison, Colorado
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Use of Estimates

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

2. Cash, Cash Equivalents and Investments

The composition of the City's cash, cash equivalents and investments including restricted cash on December 31, 2014 was as follows:

	S & P Rating	Fair Value	Concentration of Credit Risk
Cash on hand	N/A	\$ 1,425	N/A
Cash in financial institutions	N/A	1,234,630	N/A
Certificates of deposit	N/A	5,538,131	58.6%
COLOTRUST	AAAm	836,183	8.8%
CSAFE	AAAm	677,763	7.2%
FNMA	NR to AA+	1,902,136	20.1%
FFCB	AA+	497,407	5.3%
Total		\$10,687,675	

Cash and investments per statement of net position:

Government-wide Financial Statements:	
Equity in pooled cash and investments	\$ 10,139,371
Restricted pooled cash and investments	548,304
Total	\$ 10,687,675

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, 2014, the City had deposits with financial institutions with a carrying amount of \$1,234,630. The bank balances with the financial institutions were \$6,998,345, of which

City of Gunnison, Colorado
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\$500,000 was covered by federal depository insurance. The remaining balance of \$6,498,345 was collateralized with securities held by the financial institutions' agents but not in the City's name.

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, 2014, 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, 2014, the City had invested \$1,513,946 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.

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Notes to Financial Statements
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3. Interfund Transactions

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

The following table summarizes interfund transfers for the year ended December 31, 2014:

Transfers Out:	Transfers In		
	General Fund	Enterprise Fund	Totals
Governmental Funds:			
General Fund	\$ -	\$ 73,620	\$ 73,620
Nonmajor funds	-	19,890	19,890
Total all funds	\$ -	\$ 93,510	\$ 93,510

4. Receivables

Receivables at December 31, 2014, consist of the following:

	General Fund	Enterprise Fund	Internal Service Fund	Total
Taxes	\$ 901,611	\$ 165,595	\$ -	\$ 1,067,206
Trade accounts	-	564,663	-	564,663
Intergovernmental	219,936	42,455	-	262,391
Other	21,200	64,198	107	85,505
Total	\$ 1,142,747	\$ 836,911	\$ 107	\$ 1,979,765

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Notes to Financial Statements

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5. Capital Assets

Governmental capital asset activity for the year ended December 31, 2014, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 1,940,997	\$ 89,282	\$ -	\$ 2,030,279
Capital assets being depreciated:				
Land improvements	1,647,552	43,947	-	1,691,499
Buildings and improvements	6,603,061	490,669	-	7,093,730
Infrastructure	6,683,260	-	-	6,683,260
Machinery and equipment	3,638,689	122,436	(123,339)	3,637,786
Licensed vehicles	2,931,296	123,873	(101,728)	2,953,441
	21,503,858	780,925	(225,067)	22,059,716
Less accumulated depreciation:				
Land improvements	(760,504)	(89,351)	-	(849,855)
Buildings and improvements	(1,818,475)	(167,188)	-	(1,985,663)
Infrastructure	(5,050,064)	(61,335)	-	(5,111,399)
Machinery and equipment	(2,574,164)	(214,442)	115,060	(2,673,546)
Licensed vehicles	(2,558,731)	(132,926)	101,728	(2,589,929)
	(12,761,938)	(665,242)	216,788	(13,210,392)
Capital assets being depreciated, net	8,741,920	115,683	(8,279)	8,849,324
Total governmental activities capital assets	\$ 10,682,917	\$ 204,965	\$ (8,279)	\$10,879,603

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

General government	\$ 41,312
Public safety	24,880
Public works	552,949
Culture and recreation	46,101
Total	\$ 665,242

City of Gunnison, Colorado
Notes to Financial Statements
December 31, 2014

Business-type capital asset activity for the year ended December 31, 2014, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Business-Type Activities				
Capital assets not being depreciated:				
Land	\$ 560,253	\$ -	\$ -	\$ 560,253
Capital assets being depreciated:				
Land improvements	1,665,153	-	-	1,665,153
Building and improvements	15,675,913	-	-	15,675,913
Infrastructure	6,494,866	11,035	-	6,505,901
Machinery and equipment	8,688,524	12,470	-	8,700,994
Licensed vehicles	2,270,390	-	(74,785)	2,195,605
	34,794,846	23,505	(74,785)	34,743,566
Less accumulated depreciation:				
Land improvements	(675,236)	(89,097)	-	(764,333)
Building and improvements	(4,748,525)	(282,436)	-	(5,030,961)
Infrastructure	(3,717,241)	(81,312)	-	(3,798,553)
Machinery and equipment	(7,305,832)	(192,117)	-	(7,497,949)
Licensed vehicles	(1,735,449)	(151,497)	74,785	(1,812,161)
	(18,182,283)	(796,459)	74,785	(18,903,957)
Capital assets being depreciated, net	16,612,563	(772,954)	-	15,839,609
Total business-type activities capital assets	\$ 17,172,816	\$ (772,954)	\$ -	\$16,399,862

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

Electric	\$ 190,173
Water	60,642
Sewer	79,030
Refuse	90,815
Communications	20,269
Recreation	355,530
Total	\$ 796,459

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Notes to Financial Statements

December 31, 2014

6. Long Term Debt

Business-Type Activities

Sales and Use Tax Revenue Bonds, Series 2007

These bonds are due serially on December 1, with interest from 3.75% to 4.35% payable semiannually. XL Capital Assurance Inc., a New York stock insurance company (the "Surety"), in consideration for the payment of a premium and subject to the terms of the insurance policy, has unconditionally and irrevocably agreed to pay the trustee or the paying agent for the benefit of the owners of the bonds that portion of the principal and interest on the bonds that shall become due for payment but shall be unpaid by reason of nonpayment by the City. Bonds maturing after December 1, 2018 are callable prior to maturity. The principal balance due as of December 31, 2014 is \$6,765,000.

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

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

A summary of changes in long-term debt for the year ended December 31, 2014, follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Compensated absences	122,034	317,497	(215,548)	223,983	-
Total	\$ 122,034	\$ 317,497	\$ (215,548)	\$ 223,983	\$ -
Business-type activities					
Bonds:					
2007 sales and use					
tax bonds	\$7,015,000	\$ -	\$ (250,000)	\$ 6,765,000	\$ 260,000
Premiums:					
2007 sales and use					
tax bonds	14,030	-	(1,230)	12,800	-
MEAN Payable	132,610	-	(22,102)	110,508	26,520
Compensated absences	117,202	95,555	(81,410)	131,347	-
Total	\$7,278,842	\$ 95,555	\$ (354,742)	\$ 7,019,655	\$ 286,520

City of Gunnison, Colorado
Notes to Financial Statements
December 31, 2014

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

Year	Business-Type Activities	
	Principal	Interest
2015	\$ 286,520	\$ 282,053
2016	301,520	271,653
2017	311,520	260,653
2018	321,520	249,252
2019	309,428	249,252
2020-2024	1,730,000	1,059,360
2025-2029	2,115,000	689,475
2030-2034	1,500,000	217,270
Total	\$ 6,875,508	\$ 3,278,968

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 \$548,304 for this purpose, which are presented as restricted pooled cash and investments in the accompanying statement of net position.

7. Pollution Remediation Obligation

State and federal laws and regulations require the City to place a final cover on all its land-fill sites when they stop accepting waste, and to perform certain maintenance and monitoring functions at the sites for thirty years after closure. Although closure and postclosure care costs will be paid only near, or after, the date the landfill stops accepting waste, the City is required to report a portion of these closure and postclosure care costs as an expense in the government-wide financial statements. This expense is based on landfill capacity used at the reporting date. The current year expenditures of the landfills are reported in the Refuse Department of the enterprise fund, business-type activities. The long term liability and expense are reported in the statement of net position and the statement of activities.

During 2012, the City determined that the City has fulfilled its remediation of the landfill, with the exception of additional testing that may be required before the remediation is closed out. In 2014, the City maintained the liability of \$5,000. Actual costs may be higher due to inflation, changes in technology or changes in regulations. Closure and care financial requirements are expected to be met by the operations of the enterprise fund.

8. Pension Plans

New Policemen Pension Plan

The City contributes to a defined contribution agent multiple-employer public employee retirement system on behalf of all full-time police officers employed. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The City and the employees each contribute 11.2% of the employee's base salary. This contribution rate and other provisions are established and may be amended by City Council. Employees vest in City contributions and interest earnings thereon immediately. During the year ended December 31, 2014, employees and the City made the required contributions to the plan of \$94,605 and \$94,605, respectively.

City of Gunnison, Colorado
Notes to Financial Statements
December 31, 2014

All of the New Police Pension Plan investments at December 31, 2014 of \$2,479,750 are managed by the Colorado County Officials and Employees Retirement Association ("CCOERA"). Separately issued financial statements for the plan may be obtained from CCOERA at 4949 South Syracuse St., Suite 400, Denver, Colorado 80237.

Volunteer Firefighters' Pension Plan

The City has a single employer-defined benefit pension plan for volunteer firefighters as authorized by State of Colorado statutes. The Volunteer Firefighters' Pension Plan (the "Plan") receives contributions from the City (in an amount not to exceed one-half mill of property tax revenue) and from the State of Colorado. The contributions are not actuarially determined.

An actuary is used to determine the adequacy of contributions. The study indicates that the current contributions to the Plan are adequate to support, on an actuarially sound basis, the prospective benefits for the present plan. In 2014, the City contributed \$32,700 to the Plan, the Fire Protection District contributed \$32,700, and the State contributed \$64,773. None of the City payroll is covered by the pension plan because the firefighters are volunteers.

Any firefighter who has attained the age of fifty and has also completed twenty years of active service shall be eligible for a monthly pension. A firefighter who is disabled in the line of duty and whose disability is considered permanent shall be compensated in an amount determined by the Pension Board to be reasonable and proper considering the financial condition of the Fund. The Plan also provides for a 50% spousal benefit upon the death of a retired firefighter, or a payment to be determined by the Pension Board if the death occurs prior to retirement.

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

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

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

City of Gunnison, Colorado
Notes to Financial Statements
December 31, 2014

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

Fiscal Year Funding	Annual Required Contributions	Percentage or ARC Contribution	Net Pension Obligation
2012	\$ 32,700	100%	\$ -
2013	\$ 32,700	100%	\$ -
2014	\$ 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.

General Employee Pension Plan

The City contributes to a defined contribution multiple-employer public employee retirement system on behalf of all full-time permanent employees with one or more service years. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employee participation is mandatory. The City and the employees each contribute 5% of the employee's base salary. This contribution rate and other provisions are established and may be amended by City Council. Employees vest in City contributions and interest earnings thereon immediately. During the year ended December 31, 2014, employees and the City made the required contributions to the plan of \$158,174 and \$158,174, respectively.

All of the General Employee Pension Plan investments at December 31, 2014 of \$4,334,453 were managed by the CCOERA. Separately issued financial statements for the fund may be obtained from CCOERA.

9. Deferred Compensation Plan

The City offers to employees two different deferred compensation plans created in accordance with Internal Revenue Code Section 457. The non-police employee plan is administered by the International City Managers Association Retirement Corporation ("ICMA") and the police employee plan is administered by CCOERA. The Plan permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The plan assets are held in trust for the benefit of the employee and therefore not reflected on the financial statements of the City. The City's contributions to the plans for the year ended December 31, 2014, were \$16,006 to the ICMA 457 plan and \$38,730 to the CCOERA 457 plan.

10. Joint Ventures

Gunnison/Hinsdale Combined Emergency Telephone Service Authority Board

At December 31, 2014 (date of latest available information), Gunnison/Hinsdale Authority had assets of \$251,235, liabilities of \$40,317 and \$210,918 in net position. Total revenues for 2014 were \$215,032 and total expenses were \$281,808 resulting in a net change in fund balance of \$(66,776). The amount of the City's share of these amounts is based upon the percentage of the county wide telephone accesses to be served.

City of Gunnison, Colorado
Notes to Financial Statements
December 31, 2014

11. Risk Management

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

12. Contingencies

Grants and Contributions

The City participates in a number of federal, state, and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government. As of December 31, 2014, grant expenditures have not been audited, but the City believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the City.

13. Compliance

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

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

The Amendment also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by the Amendment, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending (excluding bonded debt service). At December 31, 2014 the City has restricted \$217,487 in the General Fund for emergencies as defined under Article X, Section 20 of the Colorado Constitution.

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

City of Gunnison, Colorado
Notes to Financial Statements
December 31, 2014

14. Subsequent Events

The City evaluated subsequent events through July 14, 2015, the date these financial statements were available to be issued. There were no subsequent events that required recognition or additional disclosure in these financial statements.

Required Supplementary Information

City of Gunnison, Colorado
Schedule of Revenues, Expenditures and
Changes in Fund Balance (Budget and Actual)
General Fund
Year Ended December 31, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes and fees	\$ 5,351,075	\$ 5,351,075	\$ 5,792,507	\$ 441,432
Licenses and permits	25,025	25,025	105,015	79,990
Charges for services	241,692	241,692	240,887	(805)
Fines and forfeitures	27,600	27,600	31,177	3,577
Intergovernmental	255,003	279,397	814,532	535,135
Earnings on investments	15,000	15,000	22,088	7,088
Rents and miscellaneous	54,200	69,952	98,034	28,082
Total revenues	5,969,595	6,009,741	7,104,240	1,094,499
Expenditures				
Current:				
General government	855,217	864,538	807,218	57,320
Public safety	1,971,148	2,009,327	1,972,016	37,311
Public works	730,102	743,501	728,225	15,276
Culture and recreation	962,947	983,463	1,068,166	(84,703)
Grants and contributions	339,714	363,137	232,499	130,638
Capital outlay	1,722,655	2,344,487	2,043,200	301,287
Total expenditures	6,581,783	7,308,453	6,851,324	457,129
Excess (deficiency) of revenues over expenditures	(612,188)	(1,298,712)	252,916	1,551,628
Other financing sources (uses)				
Proceeds from sale of capital assets	-	-	20,461	20,461
Transfers in	17,321	17,321	-	(17,321)
Transfers out	(73,620)	(73,620)	(73,620)	-
Total other financing sources (uses)	(56,299)	(56,299)	(53,159)	3,140
Net change in fund balance	\$ (668,487)	\$ (1,355,011)	199,757	\$ 1,554,768
Fund balance at beginning of year			4,288,286	
Fund balance at end of year			\$ 4,488,043	

See accompanying Independent Auditor's Report.

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

Analysis of Funding Progress

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

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

Revenues by Source

Year	City Contributions	District Contributions	State Contributions	Investment Income (Loss)	Total
2012	\$ 32,700	\$ 32,700	\$ 65,430	\$ 198,385	\$ 329,215
2013	\$ 32,700	\$ 32,700	\$ 65,430	\$ 250,613	\$ 381,443
2014	\$ 32,700	\$ 32,700	\$ 64,773	\$ 113,332	\$ 243,505

Expenses by Source

Year	Benefits	Administrative Expenses	Total
2012	\$ 98,993	\$ 3,873	\$ 102,866
2013	\$ 118,275	\$ 16,434	\$ 134,709
2014	\$ 125,100	\$ 12,422	\$ 137,522

See accompanying Independent Auditor's Report.

Other Supplementary Information

City of Gunnison, Colorado
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2014

	Conservation Trust Fund	Ditch Fund	Total Nonmajor Governmental Funds
Assets			
Equity in pooled cash and investments	\$ 35,176	\$ 262,085	\$ 297,261
Receivables	-	31	31
Prepaid items	-	43	43
Total assets	\$ 35,176	\$ 262,159	\$ 297,335
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 1,307	\$ 64	\$ 1,371
Total liabilities	1,307	64	1,371
Fund balances			
Nonspendable	-	43	43
Restricted	33,869	-	33,869
Assigned	-	262,052	262,052
Total fund balances	33,869	262,095	295,964
Total liabilities and fund balances	\$ 35,176	\$ 262,159	\$ 297,335

See accompanying Independent Auditor's Report.

City of Gunnison, Colorado
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2014

	Conservation Trust Fund	Ditch Fund	Total Nonmajor Governmental Funds
Revenues			
Intergovernmental	\$ 44,235	\$ 61,231	\$ 105,466
Earnings on investments	104	2,063	2,167
Total revenues	44,339	63,294	107,633
Expenditures			
Current:			
Public works	-	25,850	25,850
Capital outlay	19,340	120,568	139,908
Total expenditures	19,340	146,418	165,758
Excess (Deficiency) of revenues over expenditures	24,999	(83,124)	(58,125)
Other financing uses			
Transfers out	(19,890)	-	(19,890)
Net change in fund balances	5,109	(83,124)	(78,015)
Fund balances at beginning of year	28,760	345,219	373,979
Fund balances at end of year	\$ 33,869	\$ 262,095	\$ 295,964

See accompanying Independent Auditor's Report.

City of Gunnison, Colorado
Schedule of Revenues, Expenditures and
Changes in Fund Balance (Budget and Actual)
Conservation Trust Fund
Year Ended December 31, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 37,500	\$ 37,500	\$ 44,235	\$ 6,735
Earnings on investments	75	75	104	29
Total revenues	37,575	37,575	44,339	6,764
Expenditures				
Capital outlay	21,500	21,500	19,340	2,160
Total expenditures	21,500	21,500	19,340	2,160
Excess of revenues over expenditures	16,075	16,075	24,999	8,924
Other financing uses				
Transfers out	(12,500)	(19,890)	(19,890)	-
Net change in fund balance	\$ 3,575	\$ (3,815)	5,109	\$ 8,924
Fund balance at beginning of year			28,760	
Fund balance at end of year			\$ 33,869	

See accompanying Independent Auditor's Report.

City of Gunnison, Colorado
Schedule of Revenues, Expenditures and
Changes in Fund Balance (Budget and Actual)
Ditch Fund
Year Ended December 31, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 42,900	\$ 42,900	\$ 61,231	\$ 18,331
Earnings on investments	1,251	1,251	2,063	812
Total revenues	44,151	44,151	63,294	19,143
Expenditures				
Current				
Public works	33,609	33,609	25,850	7,759
Capital outlay	161,000	161,000	120,568	40,432
Total expenditures	194,609	194,609	146,418	48,191
Net change in fund balance	\$ (150,458)	\$ (150,458)	(83,124)	\$ 67,334
Fund balance at beginning of year			345,219	
Fund balance at end of year			\$ 262,095	

See accompanying Independent Auditor's Report.

City of Gunnison, Colorado
Combining Statement of Net Position
Departments of the Enterprise Fund
December 31, 2014

	Electric Department	Water Department	Sewer Department
Assets			
Current assets			
Equity in pooled cash and investments	\$ 1,449,673	\$ 754,896	\$ 1,393,402
Accounts and taxes receivable	440,423	30,340	83,682
Inventories	473,100	103,734	110,404
Prepaid items	744	486	1,250
Total current assets	2,363,940	889,456	1,588,738
Non-current assets			
Restricted pooled cash and investments	-	-	-
Capital assets			
Nondepreciable	8,843	50,000	501,410
Depreciable, net of accumulated depreciation	2,130,220	710,295	1,682,234
Total non-current assets	2,139,063	760,295	2,183,644
Total assets	4,503,003	1,649,751	3,772,382
Liabilities and net position			
Current liabilities			
Accounts payable	576,448	11,959	5,266
Accrued expenses	18,504	5,538	12,803
Customer deposits	55,350	-	-
Accrued interest payable	-	-	-
Current portion of long-term debt	26,520	-	-
Total current liabilities	676,822	17,497	18,069
Non-current liabilities			
Pollution remediation obligation	-	-	-
Compensated absences payable	32,499	19,067	44,043
MEAN payable	83,988	-	-
Revenue bonds payable	-	-	-
Total non-current liabilities	116,487	19,067	44,043
Total liabilities	793,309	36,564	62,112
Net position			
Net investment in capital assets	2,112,543	760,295	2,183,644
Restricted for debt service	-	-	-
Unrestricted	1,597,151	852,892	1,526,626
Total net position	\$ 3,709,694	\$ 1,613,187	\$ 3,710,270

Refuse Department	Communication Department	Recreation Department	Total
\$ 668,977	\$ 116,197	\$ 1,090,484	\$ 5,473,629
41,466	27,168	213,832	836,911
74,245	-	109,913	871,396
778	1,501	836	5,595
<u>785,466</u>	<u>144,866</u>	<u>1,415,065</u>	<u>7,187,531</u>
-	-	548,304	548,304
-	-	-	560,253
<u>277,999</u>	<u>70,868</u>	<u>10,967,993</u>	<u>15,839,609</u>
<u>277,999</u>	<u>70,868</u>	<u>11,516,297</u>	<u>16,948,166</u>
<u>1,063,465</u>	<u>215,734</u>	<u>12,931,362</u>	<u>24,135,697</u>
13,034	1,924	19,006	627,637
3,331	17,655	9,642	67,473
-	-	-	55,350
-	-	23,505	23,505
-	-	260,000	286,520
<u>16,365</u>	<u>19,579</u>	<u>312,153</u>	<u>1,060,485</u>
5,000	-	-	5,000
3,697	24,904	7,137	131,347
-	-	-	83,988
-	-	6,517,800	6,517,800
<u>8,697</u>	<u>24,904</u>	<u>6,524,937</u>	<u>6,738,135</u>
<u>25,062</u>	<u>44,483</u>	<u>6,837,090</u>	<u>7,798,620</u>
277,999	70,868	4,190,193	9,595,542
-	-	548,304	548,304
<u>760,404</u>	<u>100,383</u>	<u>1,355,775</u>	<u>6,193,231</u>
\$ 1,038,403	\$ 171,251	\$ 6,094,272	\$ 16,337,077

See accompanying Independent Auditor's Report.

City of Gunnison, Colorado
Combining Statement of Revenues, Expenses and Changes in Net Position
Departments of the Enterprise Fund
Year Ended December 31, 2014

	Electric Department	Water Department	Sewer Department
Operating revenues			
Electricity sales	\$ 4,996,963	\$ -	\$ -
Water sales	-	530,845	-
Sanitary sewer charges	-	-	1,053,445
Trash collection fees	-	-	-
Communication services	-	-	-
Recreation department charges	-	-	-
Miscellaneous operating revenues	16,063	5,215	20,395
Total operating revenues	5,013,026	536,060	1,073,840
Operating expenses			
Cost of sales and services	3,682,761	-	-
Operations, maintenance and repair	454,857	363,326	842,042
Administration and general	623,950	136,361	105,164
Depreciation	190,173	60,642	79,030
Small equipment	163,986	117,658	65,698
Total operating expenses	5,115,727	677,987	1,091,934
Operating income (loss)	(102,701)	(141,927)	(18,094)
Nonoperating revenues (expenses)			
Sales and use tax	-	-	-
Intergovernmental	-	-	-
Earnings on investments	8,808	4,545	7,824
Interest expense	-	-	-
Total other revenues (expenses)	8,808	4,545	7,824
Income (loss) before contributions and transfers	(93,893)	(137,382)	(10,270)
Capital contributions	-	19,500	66,400
Hook-up services	33,860	1,553	1,842
Transfers in	-	-	-
Change in net position	(60,033)	(116,329)	57,972
Net position at beginning of year	3,769,727	1,729,516	3,652,298
Net position at end of year	\$ 3,709,694	\$ 1,613,187	\$ 3,710,270

Refuse Department	Communications Department	Recreation Department	Total
\$ -	\$ -	\$ -	\$ 4,996,963
-	-	-	530,845
-	-	-	1,053,445
502,934	-	-	502,934
-	649,010	-	649,010
-	-	327,584	327,584
38,022	-	623	80,318
540,956	649,010	328,207	8,141,099
-	-	-	3,682,761
301,188	587,245	753,043	3,301,701
96,060	-	-	961,535
90,815	20,269	355,530	796,459
14,125	-	37,189	398,656
502,188	607,514	1,145,762	9,141,112
38,768	41,496	(817,555)	(1,000,013)
-	-	1,392,400	1,392,400
11,684	-	-	11,684
3,526	821	6,522	32,046
-	-	(289,565)	(289,565)
15,210	821	1,109,357	1,146,565
53,978	42,317	291,802	146,552
-	-	-	85,900
-	-	-	37,255
-	-	93,510	93,510
53,978	42,317	385,312	363,217
984,425	128,934	5,708,960	15,973,860
\$ 1,038,403	\$ 171,251	\$ 6,094,272	\$ 16,337,077

See accompanying Independent Auditor's Report.

City of Gunnison, Colorado
Schedule of Revenues, Expenses and Changes in Net Position
Budget and Actual (Non-GAAP Basis)
Electric Department
Year Ended December 31, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenues				
Electricity sales	\$ 5,207,500	\$ 5,207,500	\$ 4,996,963	\$ (210,537)
Miscellaneous operating revenues	13,000	13,000	16,063	3,063
Total operating revenues	5,220,500	5,220,500	5,013,026	(207,474)
Expenditures				
Purchased power	3,900,000	3,900,000	3,682,761	217,239
Operations, maintenance and repair	514,222	646,322	454,857	191,465
Administration and general	630,313	766,612	623,950	142,662
Small equipment	379,500	229,000	163,986	65,014
Total expenditures	5,424,035	5,541,934	4,925,554	616,380
Excess (deficiency) of operating revenues over expenditures	(203,535)	(321,434)	87,472	408,906
Other revenues				
Earnings on investments	4,600	4,600	8,808	4,208
Hook-up services	20,000	20,000	33,860	13,860
Total other revenues	24,600	24,600	42,668	18,068
Change in net position - budgetary basis	\$ (178,935)	\$ (296,834)	130,140	\$ 426,974
Reconciliation to GAAP basis				
Depreciation			(190,173)	
Change in net position - GAAP basis			(60,033)	
Net position at beginning of year			3,769,727	
Net position at end of year			\$ 3,709,694	

See accompanying Independent Auditor's Report.

City of Gunnison, Colorado
Schedule of Revenues, Expenses and Changes in Net Position
Budget and Actual (Non-GAAP Basis)
Water Department
Year Ended December 31, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenues				
Water sales	\$ 549,367	\$ 549,367	\$ 530,845	\$ (18,522)
Miscellaneous operating revenues	1,250	1,250	5,215	3,965
Total operating revenues	550,617	550,617	536,060	(14,557)
Expenditures				
Operations, maintenance and repair	383,213	383,213	363,326	19,887
Administration and general	143,576	143,576	136,361	7,215
Small equipment	134,500	134,500	117,658	16,842
Capital outlay	-	-	11,036	(11,036)
Total expenditures	661,289	661,289	628,381	32,908
Deficiency of operating revenues over expenditures	(110,672)	(110,672)	(92,321)	18,351
Other revenues				
Earnings on investments	2,500	2,500	4,545	2,045
Hook-up services	750	750	1,553	803
Tap fees	7,500	7,500	19,500	12,000
Total other revenues	10,750	10,750	25,598	14,848
Change in net position - budgetary basis	\$ (99,922)	\$ (99,922)	(66,723)	\$ 33,199
Reconciliation to GAAP basis				
Capital outlay			11,036	
Depreciation			(60,642)	
Change in net position - GAAP basis			(116,329)	
Net position at beginning of year			1,729,516	
Net position at end of year			\$ 1,613,187	

See accompanying Independent Auditor's Report.

City of Gunnison, Colorado
Schedule of Revenues, Expenses and Changes in Net Position
Budget and Actual (Non-GAAP Basis)
Sewer Department
Year Ended December 31, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenues				
Sanitary sewer charges	\$ 1,013,172	\$ 1,013,172	\$ 1,053,445	\$ 40,273
Miscellaneous operating revenues	15,000	15,000	20,395	5,395
Total operating revenues	1,028,172	1,028,172	1,073,840	45,668
Expenditures				
Operations, maintenance and repair	848,234	878,234	842,042	36,192
Administration and general	104,818	104,818	105,164	(346)
Small equipment	301,500	271,500	65,698	205,802
Total expenditures	1,254,552	1,254,552	1,012,904	241,648
Deficiency of operating revenues over expenditures	(226,380)	(226,380)	60,936	287,316
Other revenues				
Earnings on investments	3,600	3,600	7,824	4,224
Hook-up services	-	-	1,842	1,842
Tap fees	24,000	24,000	66,400	42,400
Total other revenues	27,600	27,600	76,066	48,466
Change in net position - budgetary basis	\$ (198,780)	\$ (198,780)	137,002	\$ 335,782
Reconciliation to GAAP basis				
Depreciation			(79,030)	
Change in net position - GAAP basis			57,972	
Net position at beginning of year			3,652,298	
Net position at end of year			\$ 3,710,270	

See accompanying Independent Auditors' Report.

City of Gunnison, Colorado
Schedule of Revenues, Expenses and Changes in Net Position
Budget and Actual (Non-GAAP Basis)
Refuse Department
Year Ended December 31, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive
	Original	Final		(Negative)
Operating revenues				
Trash collections fees	\$ 508,000	\$ 508,000	\$ 502,934	\$ (5,066)
Miscellaneous operating revenues	23,850	23,850	38,022	14,172
Total operating revenues	531,850	531,850	540,956	9,106
Expenditures				
Operations, maintenance and repair	313,074	313,074	301,188	11,886
Administration and general	102,297	117,580	96,060	21,520
Landfill closure expenses	10,000	10,000	-	10,000
Small equipment	45,000	45,000	14,125	30,875
Total expenditures	470,371	485,654	411,373	74,281
Excess (deficiency) of operating revenues over expenditures	61,479	46,196	129,583	83,387
Nonoperating revenues				
Intergovernmental revenues	5,000	5,000	11,684	6,684
Earnings on investments	2,000	2,000	3,526	1,526
Total other revenues	7,000	7,000	15,210	8,210
Change in net position - budgetary basis	\$ 68,479	\$ 53,196	144,793	\$ 91,597
Reconciliation to GAAP basis				
Depreciation			(90,815)	
Change in net position - GAAP basis			53,978	
Net position at beginning of year			984,425	
Net position at end of year			\$ 1,038,403	

See accompanying Independent Auditor's Report.

City of Gunnison, Colorado
Schedule of Revenues, Expenses and Changes in Net Position
Budget and Actual (Non-GAAP Basis)
Communications Department
Year Ended December 31, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenues				
Communication services	\$ 663,017	\$ 663,017	\$ 649,010	\$ (14,007)
Total operating revenues	663,017	663,017	649,010	(14,007)
Expenditures				
Operations, maintenance and repair	646,403	646,403	587,245	59,158
Capital outlay	15,000	15,000	-	15,000
Total expenditures	661,403	661,403	587,245	74,158
Excess (deficiency) of operating revenues over expenditures	1,614	1,614	61,765	60,151
Other revenues				
Earnings on investments	368	368	821	453
Intergovernmental revenue	15,000	15,000	-	(15,000)
Total other revenues	15,368	15,368	821	(14,547)
Change in net position - budgetary basis	\$ 16,982	\$ 16,982	62,586	\$ 45,604
Reconciliation to GAAP basis				
Depreciation			(20,269)	
Change in net position - GAAP basis			42,317	
Net position at beginning of year			128,934	
Net position at end of year			\$ 171,251	

See accompanying Independent Auditor's Report.

City of Gunnison, Colorado
Schedule of Revenues, Expenses and Changes in Net Position
Budget and Actual (Non-GAAP Basis)
Recreation Department
Year Ended December 31, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Operating revenues				
Recreation department charges	\$ 349,000	\$ 349,000	\$ 327,584	\$ (21,416)
Miscellaneous operating revenues	1,560	1,560	623	(937)
Total operating revenues	350,560	350,560	328,207	(22,353)
Expenditures				
Operations, maintenance and repair	759,668	801,019	753,043	47,976
Small equipment	35,700	30,874	37,189	(6,315)
Capital outlay	259,000	267,828	12,470	255,358
Total expenditures	1,054,368	1,099,721	802,702	297,019
Excess (deficiency) of operating revenues over expenditures	(703,808)	(749,161)	(474,495)	274,666
Other revenues (expenses)				
Sales tax	1,246,580	1,246,580	1,339,960	93,380
Use tax	40,329	40,329	52,440	12,111
Earnings on investments	3,189	3,189	6,522	3,333
Interest expense	(291,577)	(291,577)	(289,565)	2,012
Principal paid	(250,000)	(250,000)	(250,000)	-
Total other revenues (expenses)	748,521	748,521	859,357	110,836
Net income before transfers	44,713	(640)	384,862	385,502
Transfers in	86,120	93,510	93,510	-
Transfers out	(17,321)	(17,321)	-	17,321
Change in net position - budgetary basis	\$ 113,512	\$ 75,549	478,372	\$ 402,823
Reconciliation to GAAP basis				
Depreciation			(355,530)	
Capital outlay			12,470	
Principal paid			250,000	
Change in net position - GAAP basis			385,312	
Net position at beginning of year			5,708,960	
Net position at end of year			\$ 6,094,272	

See accompanying Independent Auditor's Report.

City of Gunnison, Colorado
Schedule of Revenues, Expenses and Changes in Net Position
Budget and Actual (Non-GAAP Basis)
Internal Service - Fleet Management Fund
Year Ended December 31, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Operating revenues				
Monthly repair revenue	\$ 108,643	\$ 108,643	\$ 108,643	\$ -
Fleet rental revenue	243,648	243,648	243,648	-
Miscellaneous operating revenues	7,600	7,600	15,065	7,465
Total operating revenues	359,891	359,891	367,356	7,465
Expenditures				
Fleet expenses	360,285	369,204	362,454	6,750
Excess of revenues over expenditures	(394)	(9,313)	4,902	14,215
Other revenues				
Earnings on investments	1,586	1,586	2,638	1,052
Change in net position - budgetary basis	\$ 1,192	\$ (7,727)	7,540	\$ 15,267
Reconciliation to GAAP basis				
Depreciation			(6,383)	
Change in net position - GAAP basis			1,157	
Net position at beginning of year			560,074	
Net position at end of year			\$ 561,231	

See accompanying Independent Auditor's Report.

To: Gunnison City Council

From: Mike Lee – Systems Administrator

Date: July 9, 2015

Subject: Region 10 – Broadband project

Region 10 has been contracting with NEO Fiber to create a Broadband Blueprint for Region 10. NEO Fiber has identified possible fiber and new routes to use to bring additional bandwidth the communities in Region 10.

Phase 1 of the implementation plan has been submitted for grant funding to DOLA. Phase 1 will use the DMEA power network and existing dark (unused) fiber to connect a Grand Junction CNL (Carrier Neutral Location) to the “Anchor Locations” in Delta and Montrose Counties, including entities in Cedaredge, Crawford, Delta, Hotchkiss, City of Montrose, Olathe, Paonia. Phase 1 also intersects the substation needed for the WAPA/Tri-State line coming to Gunnison. The Phase 1 project is \$9,946,713; with the DOLA grant paying 50% and “Anchor Locations” paying the matching funds.

Phase 2 of the implementation envisions using the WAPA/Tri-State lines existing dark fiber and the feed to the Gunnison Valley. It also includes the building/installation of fiber to the “Anchor Institutions” in the City of Gunnison, County buildings with in the City, Crested Butte, and Mt. Crested Butte. Crested Butte and Mt. Crested butte would be serviced by leasing fiber from Gunnison to feed the north end of the valley. Phase 2 is broken into 4 projects, the Gunnison Project is \$2,742,606. For the DOLA grant application to be submitted the 4 Gunnison “Anchor Locations” would need to submit preliminary match commitments, see attached email from Michelle Haynes of Region 10.

Known issues with Phase 1 & 2 projects:

1. WAPA/Tri-State agreeing to Indefeasible Right of Use (IRU) of their dark fiber.
2. Perfecting right of ways (ROW) to use the electric ROW (owned by DMEa/Tri-State/WAPA) for commercial communications traffic.
3. Senate Bill 152 - SB05-152 prohibits most uses of municipal or county money for infrastructure to improve local broadband service, without first going to a vote of the people. Recommend that the City consider this for the next election with or without this project.
4. DMEA – possible entrance into the ISP business in their Delta and Montrose COOP servicing areas.

From: Michelle Haynes <mhaynes@region10.net>
Sent: Tuesday, July 07, 2015 4:37 PM
To: PChamberland@gunnisoncounty.org; Todd Crossett; Mike Lee; Bob Drexel
Subject: Fwd: Grant Deadline DOLA Phase 2

Gunnison County Broadband partners:

As you are hopefully preparing to consider participation in Phase 2 of the DOLA grant,

I have copied the allocation below for your information to see how the match is assigned within the county and municipalities

. Primarily, the costs assigned to the municipalities are for the CNL and the anchor institution build out within the communities, and the costs to the county are to connect the county and municipalities

The municipalities' costs could be reduced by budgeting for less anchor institutions to be served-if you would like to consider that approach, please let me know.

Let me know if you have additional questions.

Again, I apologize for the quickness of the request-our DOLA representative strongly suggested we request Phase 2 monies in August, rather than wait until December.

I would be glad to attend any meetings to discuss the grant and match requirements, if it would be helpful.

Thanks,
Michelle

Gunnison County	Gunnison County	Crested Butte	Gunnison	Mount Crested Butte	Total
Grand Junction to Montrose County Line, 6 Count	\$	\$	\$	\$	\$
Fiber Revised; Using Tri-State's quoted IRU pricing	-	-	-	-	-
DMEA, Easement Perfection	\$	\$	\$	\$	\$
IRU, Tri-State, County Line to Sunshine Substation	-	-	-	-	-
IRU, Tri-State, Montrose to Ouray	\$	\$	\$	\$	\$
WAPA Segment, IRU with Tri-State, Montrose to Gunnison, no O&M	580,000	-	-	-	580,000
New Build Routes	660,000	-	-	-	660,000
Leased Dark Fiber Make Ready Costs		\$			\$
		42,032			42,032
Regens/POP Facilities (split equally)		\$	\$	\$	\$
New Facilities	\$	\$	\$	\$	\$
	25,950	-	-	-	25,950
Community Anchor Institution Builds		\$	\$	\$	\$
		52,632	272,640	78,936	404,208
Community Anchor Institution Equipment	-	\$	\$	\$	\$
		49,500	121,000	22,000	192,500
Build Total	\$	\$	\$	\$	\$
	1,265,950	144,164	393,640	100,936	1,904,690
Project (7%) & Construction (15%) Management	\$	\$	\$	\$	\$
	187,617	17,986	68,451	18,906	292,960
Total	\$	\$	\$	\$	\$
	1,453,567	162,150	462,091	119,842	2,197,650
DOLA Request	\$	\$	\$	\$	\$
	726,783	81,075	231,045	59,921	1,098,825
Community Match	\$	\$	\$	\$	\$
	726,783	81,075	231,045	59,921	1,098,825

Michelle Haynes

Region 10 Economic Assistance & Planning
300 N Cascade, Suite 1
Montrose, CO 81401
970-249-2436 ext 202

From: Michelle Haynes [mhaynes@region10.net]

Sent: Friday, July 03, 2015 12:03 PM

To: Bruce Hovde; Diane Kruse; ejtrujillo@montrosecounty.net; Glen Black; Jeff Bockes; John Gavan; John I. Clark; Lynn Black; Lynn Padgett (lpadgett@ouraycountyco.gov); Mike Lee; Phil Chamberland; Phillip Virden; Russ Forrest; sburkholder@neofiber.net; Stu Ferguson; susan thompson; Todd Crossett; vturner@ci.montrose.co.us; Ben Tisdale; Bob Drexel; Patrick Rondinelli; Randy Barnes-Ophir

Subject: Grant Deadline DOLA Phase 2

At the last steering committee meeting, we discussed delaying the phase 2 broadband application until the December cycle. When I spoke with Ken Charles about this yesterday, he emphatically suggested we come in with the August deadline. He has some concerns about the monies that will be remaining to DOLA, given the currently low energy costs, and thought there could be significant risks in delaying the application.

Therefore, I have included a budget proposal for Phase 2. This includes some of the items we discussed at the meeting last week, some additional costs for routes that we did not previously budget, and reductions for routes that we are no longer considering for the application (although they will be in the final plan report for future consideration.) We are also asking Tri-State to consider offering some of the IRUs as in-kind/cash match.

For some of the counties, this significantly changed the match request.

To be able to submit this request by the August 1st deadline, I need the following assistance:

1-Please review this information and let me know if you have questions. I have tried to make notes for each of the counties, but may have missed some items.

2-MOST IMPORTANTLY, we will need to submit preliminary match commitments for the grant. I relayed to Ken that this will be difficult given the time frame, but he said if we could get preliminary approval, we can submit firmer commitments by the November committee hearings.

I have attached a copy of Delta county's match commitment, which included some language regarding that it is dependent on the application, and can be revised by the county, which I think may be helpful to you all in making the requests. The current spreadsheet shows the match for the counties; if any of the municipalities would like an estimate of your matches, please let me know.

I also would be glad to come to your board/council meetings to discuss the request. I realize this is short notice, but may mean the difference in approval of funding.

Please let me know if you would like to discuss further, if you have questions, or if there is anything I can do to facilitate the process for the match commitment.

Have a good weekend,
Michelle

Michelle Haynes

Region 10 Economic Assistance & Planning
300 N Cascade, Suite 1
Montrose, CO 81401
970-249-2436 ext 202



To: County Commissioners, Municipal Elected Officials, and Staff

From: Geoff Wilson, General Counsel, CML
Eric Bergman, Policy Director, CCI

Date: July 2, 2015

Re: Materials on SB 152 elections

Introduction

In order to compete in today's economy, communities across the state have become increasingly dependent on broad bandwidth Internet access ("broadband") for business development and operations. The availability of broadband also enhances the quality of life and desirability of a community by providing residents access to things like online education and distance learning opportunities, telemedicine and entertainment content (movies, music, etc.). Broadband has become so critical, in fact, that many now regard it as a basic infrastructure need - on par with roads, water systems and energy grids.

Unfortunately, numerous communities across Colorado still lack adequate broadband service. The reasons vary, but more often than not these areas are too sparsely populated, too remote or in regions where the topography (mountainous terrain, etc.) makes expanding service difficult and expensive for telecommunication providers. These communities are "upside down" from a business model standpoint, and providers are unable or unwilling to connect these areas, leaving them at an economic disadvantage from their more urbanized neighbors.

While local governments often play a direct role in economic development efforts, cities and counties historically have not been directly involved in the delivery of retail telecommunication services. However, the increasing demand for broadband service – often driven by economic development concerns - has forced many local government officials to reexamine their role in the provision of broadband services.

In the last few years, a growing number of local governments have started looking at investing public dollars in broadband infrastructure improvements (usually fiber optic cable lines or cell towers) in order to attract Internet providers and enhance economic development efforts in their region. The Department of Local Affairs has also heard these community concerns, and this year expanded its existing broadband planning grant program to include funds for local government investments in "middle mile" broadband infrastructure.

SB 152 and Statutory Prohibitions on Local Government Broadband Infrastructure

One of the biggest impediments to local governments enhancing broadband infrastructure is a law passed in 2005, which has since been commonly referred to as “Senate Bill (SB) 152” (SB05-152, attached to this memorandum and codified at sections 29-27-101-304, C.R.S.). SB 152 prohibits most uses of municipal or county money for infrastructure to improve local broadband service, without first going to a vote of the people. The hurdles put in place by this statute are not insurmountable; indeed, in the past few years ten municipalities and three counties have placed measures on the ballot to override the prohibitions in SB 152. These measures have passed handily in virtually every jurisdiction - with the support of citizens who are frustrated and want timely action on broadband service in their communities.

Continued dissatisfaction over a lack of adequate broadband is resulting in more and more jurisdictions considering going to the ballot with SB 152 questions. Late in 2014, CML and CCI began meeting with local government officials, economic development professionals and telecommunication experts from jurisdictions whose voters had approved SB 152 questions at the ballot. One outcome of these conversations is the development of this memorandum and materials designed to help interested local government officials and staff to frame the issue and consider the impacts of preparing their own ballot questions.

SB 152 Frequently Asked Questions (FAQ's)

What does a SB 152 election accomplish?

SB 152 requires that an election be held before a local government may “engage or offer to engage in providing” various telecommunication services. The term “providing” is given an expansive definition in the statute, which restricts both the direct and “indirect” provision of service (“indirect”, in turn, is given its own, broadly restrictive definition). Fortunately, through a successful SB 152 election, a local community can clear away this legal impediment to a wide variety of local broadband initiatives.

It is important to point out that the vast majority of local governments who have passed SB 152 questions (or are considering going to the ballot in the near future) are **not** interested in hooking up homes and businesses and providing actual broadband services themselves. By and large, these jurisdictions are working to enhance local broadband infrastructure in order to *attract* service providers who would otherwise be unwilling or unable to serve their communities. The local broadband initiatives in the jurisdictions passing SB 152 questions to date usually involve some form of public-private partnerships between local governments, economic development agencies and the industry.

Is referring a SB 152 question to the ballot expensive?

No more so than any other referred measure. Most jurisdictions have referred their questions when the municipality or county was *already* having an election. Accordingly, the addition of the SB 152 issue did not significantly increase costs. In a coordinated election, a particular jurisdiction’s costs would be affected by the terms of the IGA regarding election cost allocation between the county and participating local governments.

What sort of election specifics does SB 152 require?

Not many. SB 152 specifies four requirements for ballot questions in a SB 152 election. (See: C.R.S. § 29-27-201(2))

The ballot:

- (1) Shall pose the question as a “single subject”,
- (2) Shall include a description of the “nature of the proposed service,”
- (3) Shall include a description of “the role that the local government will have in the provision of the service,” and
- (4) Shall include a description of the “intended subscribers of such service.”

How have other jurisdictions addressed these requirements?

A review of the ballot questions put forth by local governments so far (included below) shows a clear preference for broad “anything and everything” type authority. Industry representatives have complained from time to time that such local ballot language has lacked the specificity required by the statute. This notion has never been tested in court. One might also argue that a “broad authority” question that describes the nature of the service proposed, along with potential future build-outs or applications, is not fatally flawed by its inclusion of the latter. Furthermore, courts have been traditionally hesitant to reverse the will of the voters, if evident. Obviously, the development of local SB 152 ballot language should be done in close consultation with legal counsel.

What about the “single subject” requirement?

The term “single subject” is not defined in SB 152. Nonetheless, the ballot questions submitted by local governments thus far seem comfortably within the single subject standard applied to statewide *ballot initiatives*, in cases such as In the Matter Of The Ballot Title and Submission Clause for 2013-2014 #129, 333 P.3d 101 (Colo. 2014). Local government officials are urged to consult with legal counsel.

Are there any additional election requirements that distinguish a SB 152 question from other matters routinely referred to the ballot by a county or municipality?

No (but again, please confer with your legal counsel). As always, attention should be paid to the requirements of the Fair Campaign Practices Act (Section 1-45-117, C.R.S.), which forbids use of public funds for advocacy in elections. This restriction is a prudent consideration in planning any campaign for a successful SB 152 election.

Does voter approval of a county SB 152 ballot question have the effect of authorizing the provision of such services by municipalities within that county?

No. SB 152 requires voter approval by each jurisdiction participating in the provision of covered services.

Does a jurisdiction need to approve a SB 152 ballot question in order to qualify for broadband infrastructure grant funds from the Department of Local Affairs (DOLA)?

It depends. DOLA's broadband grant program provides funding for regional planning and "middle mile" infrastructure projects (i.e., projects that do not provide "last mile" connections to customers). The guidance in DOLA's broadband grant policies suggests that each jurisdiction must determine whether it is in compliance with the statutory restrictions set forth in SB 152. DOLA requires any grantee to be in compliance with any applicable laws and regulations. DOLA itself will not make that determination, nor does the awarding of a grant confer any certainty or acknowledgment of compliance on DOLA's part to the grantee. DOLA's broadband grant policy guidelines can be found at:

<http://dola.colorado.gov/demog-cms/content/dola-broadband-program>.

The broadband landscape in Colorado is changing rapidly, and local government policies regarding broadband and economic development will need to evolve to keep pace with this change. CCI and CML will be providing additional research and guidance over the course of the year on this important policy issue. If your jurisdiction is moving forward on a SB 152 ballot question, please notify either CCI or CML. If you have additional questions or comments, please contact Geoff Wilson at CML at 303.831.6411 (e-mail: gwilson@cml.org) or Eric Bergman at CCI at 303.861.4076 (e-mail: ebergman@ccionline.org).

Sample Local Government Ballot Language for SB 152 Elections

County Questions

Rio Blanco County (Passed Fall 2014)

“Without increasing taxes, shall the citizens of Rio Blanco County, Colorado, authorize the Board of County Commissioners of Rio Blanco County, Colorado, to provide to potential subscribers including telecommunications service providers, residential and commercial users within Rio Blanco County, all services restricted since 2005 by Title 29, article 27 of the Colorado Revised Statutes, including “telecommunication services,” “cable television services,” and “advanced services” which is defined as high speed internet access capability in excess of two hundred fifty six kilobits per second both upstream and downstream (known as “broadband”) including any new and improved bandwidth services based on future technologies, utilizing the existing community owned fiber optic network and/or developing additional infrastructure, either directly or indirectly with public or private sector partners?”

San Miguel County (Passed Fall 2014)

“Without increasing taxes, shall San Miguel County, Colorado, have the legal ability to provide any or all services currently restricted by Title 29, article 27, Part 1, of the Colorado Revised Statutes, specifically described as “advanced services,” “telecommunication services,” and “cable television services,” as defined by the statute, including, but not limited to, any new and improved high bandwidth services based on future technologies, utilizing community owned infrastructure including but not limited to any existing fiber optic network, either directly, or indirectly with public or private sector service providers, to potential subscribers that may include telecommunications service providers, and residential or commercial users within San Miguel County?”

Yuma County (Passed Fall 2014)

“Without increasing taxes, shall the citizens of Yuma County Colorado re-establish their counties’ right to provide all services and facilities restricted since 2005 by Title 29, Article 27 of the Colorado Revised Statutes, described as “Advanced Services,” “Telecommunication Services,” and “Cable Television Services,” including providing any new and improved broadband services and facilities based on future technologies, utilizing existing or new community owned infrastructure including but not limited to the existing fiber optic network, either directly or indirectly with public or private sector partners, to potential subscribers that may include telecommunications service providers, residential or commercial users within the boundaries of Yuma County?”

Municipal Questions

SPRING 2015		
GRAND JUNCTION	CITY OF GRAND JUNCTION REFERRED MEASURE 2A SHALL THE CITY OF GRAND JUNCTION, WITHOUT INCREASING TAXES BY THIS MEASURE, BE AUTHORIZED TO PROVIDE, EITHER DIRECTLY OR INDIRECTLY WITH PUBLIC OR PRIVATE SECTOR PARTNER(S), HIGH-SPEED INTERNET SERVICES (ADVANCED SERVICE), TELECOMMUNICATIONS SERVICES AND/OR CABLE TELEVISION SERVICES AS DEFINED BY § 29-27-101 TO 304 OF THE COLORADO REVISED STATUTES, INCLUDING BUT NOT LIMITED TO ANY NEW AND IMPROVED HIGH BANDWIDTH SERVICE(S) BASED ON FUTURE TECHNOLOGIES, TO RESIDENTS, BUSINESSES, SCHOOLS, LIBRARIES, NONPROFIT ENTITIES AND OTHER USERS OF SUCH SERVICES, WITHOUT LIMITING ITS HOME RULE AUTHORITY?	PASS, 75%- 22%

ESTES PARK	WITHOUT INCREASING TAXES, SHALL THE TOWN OF ESTES PARK REESTABLISH THE TOWN'S RIGHT TO PROVIDE ALL SERVICES RESTRICTED SINCE 2005 BY TITLE 29, ARTICLE 27 OF THE COLORADO REVISED STATUTES, DESCRIBED AS "ADVANCED SERVICES," "TELECOMMUNICATIONS SERVICES" AND "CABLE TELEVISION SERVICES," INCLUDING ANY NEW AND IMPROVED HIGH BANDWIDTH SERVICES BASED ON FUTURE TECHNOLOGIES, UTILIZING COMMUNITY OWNED INFRASTRUCTURE INCLUDING, BUT NOT LIMITED TO THE EXISTING FIBER OPTIC NETWORK, EITHER DIRECTLY OR INDIRECTLY WITH PUBLIC OR PRIVATE SECTOR PARTNERS TO POTENTIAL SUBSCRIBERS THAT MAY INCLUDE TELECOMMUNICATIONS SERVICE PROVIDERS, RESIDENTIAL OR COMMERCIAL USERS WITHIN THE TOWN AND THE SERVICE AREA OF THE TOWN'S LIGHT AND POWER ENTERPRISE?	PASS, YES: 1652 NO: 136
FALL 2014		
BOULDER	SHALL THE CITY OF BOULDER BE AUTHORIZED TO PROVIDE HIGH-SPEED INTERNET SERVICES (ADVANCED SERVICES), TELECOMMUNICATIONS SERVICES, AND/OR CABLE TELEVISION SERVICES TO RESIDENTS, BUSINESSES, SCHOOLS, LIBRARIES, NONPROFIT ENTITIES AND OTHER USERS OF SUCH SERVICES, EITHER DIRECTLY OR INDIRECTLY WITH PUBLIC OR PRIVATE SECTOR PARTNERS, AS EXPRESSLY PERMITTED BY §§ 29-27-101 TO 304, "COMPETITION IN UTILITY AND ENTERTAINMENT SERVICES," OF THE COLORADO REVISED STATUTES, WITHOUT LIMITING ITS HOME RULE AUTHORITY?	PASS, 17512- 3551
CHERRY HILLS VILLAGE	SHALL THE CITY OF CHERRY HILLS VILLAGE, WITHOUT INCREASING TAXES BY THIS MEASURE, AND TO RESTORE LOCAL AUTHORITY THAT WAS DENIED TO LOCAL GOVERNMENTS BY THE COLORADO GENERAL ASSEMBLY AND FOSTER A MORE COMPETITIVE MARKETPLACE, BE AUTHORIZED TO PROVIDE HIGH-SPEED INTERNET, INCLUDING IMPROVED HIGH BANDWIDTH SERVICES BASED ON NEW TECHNOLOGIES, TELECOMMUNICATIONS SERVICES, AND/OR CABLE TELEVISION SERVICES TO RESIDENTS, BUSINESSES, SCHOOLS, LIBRARIES, NON-PROFIT ENTITIES AND OTHER USERS OF SUCH SERVICES EITHER DIRECTLY OR INDIRECTLY WITH PUBLIC OR PRIVATE SECTOR PARTNERS, AS EXPRESSLY PERMITTED BY ARTICLE 27, TITLE 29 OF THE COLORADO REVISED STATUTES?	PASS, 2362- 613
RED CLIFF	SHALL THE TOWN OF RED CLIFF BE AUTHORIZED TO PROVIDE CABLE TELEVISION, TELECOMMUNICATIONS AND/OR HI-SPEED INTERNET SERVICES TO RESIDENTS, BUSINESSES, SCHOOLS, LIBRARIES, NONPROFIT ENTITIES AND OTHER USERS OF SUCH SERVICES, EITHER DIRECTLY OR INDIRECTLY THROUGH PUBLIC OR PRIVATE SECTOR PARTNERS?	PASS, 56-24
WRAY	WITHOUT INCREASING TAXES, SHALL TH CITIZENS OF WRAY, COLORADO RE-ESTABLISH THEIR CITY'S RIGHTS TO PROVIDE ALL SERVICES AND FACILITIES RESTRICTED SINCE 2005 BY TITLE 29, ARTICLE 27 OF THE COLORADO REVISED STATUTES, DESCRIBED AS 'ADVANCED SERVICES,' TELECOMMUNICATIONS SERVICES' AND 'CABLE TELEVISION SERVICES,' INCLUDNG PROVIDING ANY NEW AND IMPROVED BROADBAND SERVICES AND FACILITIES BASED ON FUTURE TECHONOLOGIES, UTILIZING EXISTING OR NEW COMMUNITIY OWNED INFRASTRUCTURE INCLUDING BUT NOT LIMITED TO THE EXISTING FIBER OPTIC NETWORK, EITHER DIRECTLY OR INDIRECTLY WITH PUBLIC OR PRIVATE SECTOR PARTNERS, TO POTENTIAL SUBSCRIBERS THAT MAY INCLUDE TELECOMMUNICATIONS SERVICE PROVIDERS, RESIDENTIAL OR COMMERICAL USERS WITHIN THE CITY?	PASS 3167- 2461

YUMA	<p>WITHOUT INCREASING TAXES, SHALL TH CITIZENS OF YUMA, COLORADO RE-ESTABLISH THEIR CITY'S RIGHTS TO PROVIDE ALL SERVICES AND FACILITIES RESTRICTED SINCE 2005 BY TITLE 29, ARTICLE 27 OF THE COLORADO REVISED STATUTES, DESCRIBED AS "ADVANCED SERVICES,' TELECOMMUNICATIONS SERVICES' AND 'CABLE TELEVISION SERVICES,' INCLUDNG PROVIDING ANY NEW AND IMPROVED BROADBAND SERVICES AND FACILITIES BASED ON FUTURE TECHONOLOGIES, UTILIZING EXISTING OR NEW COMMUNITY OWNED INFRASTRUCTURE INCLUDING BUT NOT LIMITED TO THE EXISTING FIBER OPTIC NETWORK, EITHER DIRECTLY OR INDIRECTLY WITH PUBLIC OR PRIVATE SECTOR PARTNERS, TO POTENTIAL SUBSCRIBERS THAT MAY INCLUDE TELECOMMUNICATIONS SERVICE PROVIDERS, RESIDENTIAL OR COMMERICAL USERS WITHIN THE CITY'S UTILITY SERVICE AREA?</p>	PASS, 71%- 29%
SPRING 2014		
MONTROSE	<p>REFERRED MEASURE "A"</p> <p>WITHOUT INCREASING TAXES, SHALL THE CITIZENS OFTHE CITY OF MONTROSE, COLORADO, RE-ESTABLISH THEIR CITY'S RIGHT TO PROVIDE ALL SERVICES RESTRICTED SINCE 2005 BY TITLE 29, ARTICLE 27 OFTHE COLORADO REVISED STATUTES, DESCRIBED AS "ADVANCED SERVICES," "TELECOMMUNICATIONS SERVICES" AND "CABLE TELEVISION SERVICES," INCLUDING ANY NEW AND IMPROVED HIGH BANDWIDTH SERVICES BASED ON FUTURE TECHNOLOGIES, UTILIZING COMMUNITY OWNED INFRASTRUCTURE INCLUDING BUT NOT LIMITED TO THE EXISTING FIBER OPTIC NETWORK, EITHER DIRECTLY OR INDIRECTLY WITH PUBLIC OR PRIVATE SECTOR PARTNERS, TO POTENTIAL SUBSCRIBERS THAT MAY INCLUDE TELECOMMUNICATIONS SERVICE PROVIDERS, RESIDENTIAL OR COMMERCIAL USERS WITHIN THE CITY?</p>	PASS 3969- 1396
FALL 2013		
CENTENNIAL	<p>BALLOT QUESTION 2G</p> <p>SHALL THE CITY OF CENTENNIAL, WITHOUT INCREASING TAXES, AND TO RESTORE LOCAL AUTHORITY THAT WAS DENIED TO ALL LOCAL GOVERNMENTS BY THE STATE LEGISLATURE, AND TO FOSTER A MORE COMPETITIVE MARKETPLACE, BE AUTHORIZED TO INDIRECTLY PROVIDE HIGHSPEED INTERNET (ADVANCED SERVICES), TELECOMMUNICATIONS SERVICES, AND/OR CABLE TELEVISION SERVICES TO RESIDENTS, BUSINESSES, SCHOOLS, LIBRARIES, NONPROFIT ENTITIES AND OTHER USERS OF SUCH SERVICES, THROUGH COMPETITIVE AND NON-EXCLUSIVE PARTNERSHIPS WITH PRIVATE BUSINESSES, AS EXPRESSLY PERMITTED BY ARTICLE 29, TITLE 27 OF THE COLORADO REVISED STATUTES?</p>	PASS 76%- 24%
FALL 2011		
LONGMONT	<p>BALLOT QUESTION 2A: WITHOUT INCREASING TAXES, SHALL THE CITIZENS OF THE CITY OF LONGMONT, COLORADO, RE-ESTABLISH THEIR CITY'S RIGHT TO PROVIDE ALLSERVICES RESTRICTED SINCE 2005 BY TITLE 29, ARTICLE 27 OF THE COLORADO REVISED STATUTES, DESCRIBED AS "ADVANCES SERVICES," "TELECOMMUNICATIONS SERVICES" AND "CABLE TELEVISION SERVICES," INCLUDING ANY NEW AND IMPROVED HIGH BANDWIDTH SERVICES BASED ON FUTURE TECHNOLOGIES, UTILIZING COMMUNITY OWNED INFRASTRUCTURE INCLUDING BUT NOT LIMITED TO THE EXISTING FIBER OPTIC NETWORK, EITHER DIRECTLY OR INDIRECTLY WITH PUBLIC OR PRIVATE SECTOR PARTNERS, TO PROTENTIAL SUBSCRIBERS THAT MAY INCLUDE TELECOMMUNICATIONS SERVICE PROVIDERS, RESIDENTIAL OR COMMERCIAL USERS WITHIN THE CITY AND THE SERVICE AREA OF THE CITY'S ELECTIC UTILITY ENTERPRISE? Y/N</p>	PASS: YES 60.82% (13238), NO 39.18% (8529)

FALL 2009		
LONGMONT	BALLOT ISSUE 2C-- AUTHORIZATION TO ALLOW THE CITY TO PROVIDE TELECOMMUNICATIONS SERVICES, ADVANCED SERVICES AND CABLE TELEVISION SERVICES TO RESIDENTIAL AND COMMERCIAL USERS WITHIN THE SERVICE AREA OF THE CITY'S ELECTRIC UTILITY ENTERPRISE	FAIL, YES 44%, NO 56%

NOTE: This bill has been prepared for the signature of the appropriate legislative officers and the Governor. To determine whether the Governor has signed the bill or taken other action on it, please consult the legislative status sheet, the legislative history, or the Session Laws.



SENATE BILL 05-152

BY SENATOR(S) Veiga, and Mitchell;
also REPRESENTATIVE(S) Jahn, Crane, Harvey, Kerr, and Sullivan.

CONCERNING LOCAL GOVERNMENT COMPETITION IN THE PROVISION OF
SPECIFIED COMMUNICATIONS SERVICES.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. Title 29, Colorado Revised Statutes, is amended BY
THE ADDITION OF A NEW ARTICLE to read:

ARTICLE 27

Competition in Utility and Entertainment Services

PART 1

COMPETITION IN UTILITY
AND ENTERTAINMENT SERVICES

29-27-101. Legislative declaration. (1) THE GENERAL ASSEMBLY
HEREBY FINDS AND DECLARES THAT IT IS THE POLICY OF THIS STATE TO
ENSURE THAT CABLE TELEVISION SERVICE, TELECOMMUNICATIONS SERVICE,
AND HIGH SPEED INTERNET ACCESS, OTHERWISE KNOWN AS ADVANCED
SERVICE, ARE EACH PROVIDED WITHIN A CONSISTENT, COMPREHENSIVE, AND

Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.

NONDISCRIMINATORY FEDERAL, STATE, AND LOCAL GOVERNMENT FRAMEWORK.

(2) THE GENERAL ASSEMBLY FURTHER FINDS AND DECLARES THAT:

(a) THERE IS A NEED FOR STATEWIDE UNIFORMITY IN THE REGULATION OF ALL PUBLIC AND PRIVATE ENTITIES THAT PROVIDE CABLE TELEVISION SERVICE, TELECOMMUNICATIONS SERVICE, AND ADVANCED SERVICE.

(b) MUNICIPAL ORDINANCES, RULES, AND OTHER REGULATIONS GOVERNING THE PROVISION OF CABLE TELEVISION SERVICE, TELECOMMUNICATIONS SERVICE, AND ADVANCED SERVICE BY A LOCAL GOVERNMENT IMPACT PERSONS LIVING OUTSIDE THE MUNICIPALITY.

(c) REGULATING THE PROVISION OF CABLE TELEVISION SERVICE, TELECOMMUNICATIONS SERVICE, AND ADVANCED SERVICE BY A LOCAL GOVERNMENT IS A MATTER OF STATEWIDE CONCERN.

29-27-102. Definitions. AS USED IN THIS ARTICLE, UNLESS THE CONTEXT OTHERWISE REQUIRES:

(1) "ADVANCED SERVICE" MEANS HIGH-SPEED INTERNET ACCESS CAPABILITY IN EXCESS OF TWO HUNDRED FIFTY-SIX KILOBITS PER SECOND BOTH UPSTREAM AND DOWNSTREAM.

(2) "CABLE TELEVISION SERVICE" MEANS THE ONE-WAY TRANSMISSION TO SUBSCRIBERS OF VIDEO PROGRAMMING OR OTHER PROGRAMMING SERVICE, AS WELL AS SUBSCRIBER INTERACTION, IF ANY, THAT IS REQUIRED FOR THE SELECTION OR USE OF THE VIDEO PROGRAMMING OR OTHER PROGRAMMING SERVICE.

(3) "LOCAL GOVERNMENT" MEANS ANY CITY, COUNTY, CITY AND COUNTY, SPECIAL DISTRICT, OR OTHER POLITICAL SUBDIVISION OF THIS STATE.

(4) "PRIVATE PROVIDER" MEANS A PRIVATE ENTITY THAT PROVIDES CABLE TELEVISION SERVICE, TELECOMMUNICATIONS SERVICE, OR ADVANCED SERVICE.

(5) "SUBSCRIBER" MEANS A PERSON THAT LAWFULLY RECEIVES

CABLE TELEVISION SERVICE, TELECOMMUNICATIONS SERVICE, OR ADVANCED SERVICE. A PERSON THAT UTILIZES CABLE TELEVISION SERVICE, TELECOMMUNICATIONS SERVICE, OR ADVANCED SERVICE PROVIDED BY A LOCAL GOVERNMENT FOR LOCAL GOVERNMENTAL OR INTERGOVERNMENTAL PURPOSES AND IS USED BY PERSONS ACCESSING GOVERNMENT SERVICES IS NOT A SUBSCRIBER FOR PURPOSES OF THIS ARTICLE.

(6) "TELECOMMUNICATIONS SERVICE" HAS THE SAME MEANING AS SET FORTH IN SECTION 40-15-102 (29), C.R.S.

29-27-103. Limitations on providing cable television, telecommunications, and advanced services. (1) EXCEPT AS PROVIDED IN THIS ARTICLE, A LOCAL GOVERNMENT SHALL NOT:

(a) PROVIDE TO ONE OR MORE SUBSCRIBERS CABLE TELEVISION SERVICE, TELECOMMUNICATIONS SERVICE, OR ADVANCED SERVICE; OR

(b) PURCHASE, LEASE, CONSTRUCT, MAINTAIN, OR OPERATE ANY FACILITY FOR THE PURPOSE OF PROVIDING CABLE TELEVISION SERVICE, TELECOMMUNICATIONS SERVICE, OR ADVANCED SERVICE TO ONE OR MORE SUBSCRIBERS.

(2) FOR PURPOSES OF THIS ARTICLE, A LOCAL GOVERNMENT PROVIDES CABLE TELEVISION SERVICE, TELECOMMUNICATIONS SERVICE, OR ADVANCED SERVICE IF THE LOCAL GOVERNMENT PROVIDES THE CABLE TELEVISION SERVICE, TELECOMMUNICATIONS SERVICE, OR ADVANCED SERVICE TO ONE OR MORE SUBSCRIBERS:

(a) DIRECTLY;

(b) INDIRECTLY BY MEANS THAT INCLUDE BUT ARE NOT LIMITED TO THE FOLLOWING:

(I) THROUGH AN AUTHORITY OR INSTRUMENTALITY ACTING ON BEHALF OF THE LOCAL GOVERNMENT OR FOR THE BENEFIT OF THE LOCAL GOVERNMENT BY ITSELF;

(II) THROUGH A PARTNERSHIP OR JOINT VENTURE;

(III) THROUGH A SALE AND LEASEBACK ARRANGEMENT;

(c) BY CONTRACT, INCLUDING A CONTRACT WHEREBY THE LOCAL GOVERNMENT LEASES, SELLS CAPACITY IN, OR GRANTS OTHER SIMILAR RIGHTS TO A PRIVATE PROVIDER TO USE LOCAL GOVERNMENTAL FACILITIES DESIGNED OR CONSTRUCTED TO PROVIDE CABLE TELEVISION SERVICE, TELECOMMUNICATIONS SERVICE, OR ADVANCED SERVICE FOR INTERNAL LOCAL GOVERNMENT PURPOSES IN CONNECTION WITH A PRIVATE PROVIDER'S OFFERING OF CABLE TELEVISION SERVICE, TELECOMMUNICATIONS SERVICE, OR ADVANCED SERVICE; OR

(d) THROUGH SALE OR PURCHASE OF RESALE OR WHOLESALE CABLE TELEVISION SERVICE, TELECOMMUNICATIONS SERVICE, OR ADVANCED SERVICE FOR THE PURPOSE OF PROVIDING CABLE TELEVISION SERVICE, TELECOMMUNICATIONS SERVICE, OR ADVANCED SERVICE TO ONE OR MORE SUBSCRIBERS.

(3) NOTHING IN THIS ARTICLE SHALL BE CONSTRUED TO LIMIT THE AUTHORITY OF A LOCAL GOVERNMENT TO LEASE TO A PRIVATE PROVIDER PHYSICAL SPACE IN OR ON ITS PROPERTY FOR THE PLACEMENT OF EQUIPMENT OR FACILITIES THE PRIVATE PROVIDER USES TO PROVIDE CABLE TELEVISION, TELECOMMUNICATIONS, OR ADVANCED SERVICES.

PART 2 CONDITIONS FOR PROVIDING SERVICES

29-27-201. Vote - referendum. (1) BEFORE A LOCAL GOVERNMENT MAY ENGAGE OR OFFER TO ENGAGE IN PROVIDING CABLE TELEVISION SERVICE, TELECOMMUNICATIONS SERVICE, OR ADVANCED SERVICE, AN ELECTION SHALL BE CALLED ON WHETHER OR NOT THE LOCAL GOVERNMENT SHALL PROVIDE THE PROPOSED CABLE TELEVISION SERVICE, TELECOMMUNICATIONS SERVICE, OR ADVANCED SERVICE.

(2) THE BALLOT AT AN ELECTION CONDUCTED PURSUANT TO THIS SECTION SHALL POSE THE QUESTION AS A SINGLE SUBJECT AND SHALL INCLUDE A DESCRIPTION OF THE NATURE OF THE PROPOSED SERVICE, THE ROLE THAT THE LOCAL GOVERNMENT WILL HAVE IN PROVISION OF THE SERVICE, AND THE INTENDED SUBSCRIBERS OF SUCH SERVICE. THE BALLOT PROPOSITION SHALL NOT TAKE EFFECT UNTIL SUBMITTED TO THE ELECTORS AND APPROVED BY THE MAJORITY OF THOSE VOTING ON THE BALLOT.

29-27-202. Exemption for unserved areas. (1) A LOCAL GOVERNMENT SHALL BE EXEMPT FROM THE REQUIREMENTS OF THIS PART 2

AND MAY ENGAGE OR OFFER TO ENGAGE IN PROVIDING CABLE TELEVISION SERVICE, TELECOMMUNICATIONS SERVICE, OR ADVANCE SERVICE IF:

(a) NO PRIVATE PROVIDER OF CABLE TELEVISION SERVICE, TELECOMMUNICATIONS SERVICE, OR ADVANCED SERVICE PROVIDES THE SERVICE ANYWHERE WITHIN THE BOUNDARIES OF THE LOCAL GOVERNMENT;

(b) THE GOVERNING BODY OF THE LOCAL GOVERNMENT HAS SUBMITTED A WRITTEN REQUEST TO PROVIDE THE SERVICE TO ANY INCUMBENT PROVIDER OF CABLE TELEVISION SERVICE, TELECOMMUNICATIONS SERVICE, OR ADVANCED SERVICE WITHIN THE BOUNDARIES OF THE LOCAL GOVERNMENT; AND

(c) THE INCUMBENT PROVIDER HAS NOT AGREED WITHIN SIXTY DAYS OF THE RECEIPT OF A REQUEST SUBMITTED PURSUANT TO PARAGRAPH (b) OF THIS SUBSECTION (1) TO PROVIDE THE SERVICE OR, IF THE PROVIDER HAS AGREED, IT HAS NOT COMMENCED PROVIDING THE SERVICE WITHIN FOURTEEN MONTHS OF THE RECEIPT OF THE REQUEST.

PART 3
COMPLIANCE WITH LOCAL, STATE,
AND FEDERAL REGULATIONS

29-27-301. General operating limitations. (1) A LOCAL GOVERNMENT THAT PROVIDES CABLE TELEVISION SERVICE, TELECOMMUNICATIONS SERVICE, OR ADVANCED SERVICE UNDER THIS ARTICLE SHALL COMPLY WITH ALL STATE AND FEDERAL LAWS, RULES, AND REGULATIONS GOVERNING PROVISION OF SUCH SERVICE BY A PRIVATE PROVIDER; EXCEPT THAT NOTHING HEREIN SHALL BE CONSTRUED TO AFFECT THE JURISDICTION OF THE PUBLIC UTILITIES COMMISSION WITH RESPECT TO MUNICIPAL UTILITIES.

(2) (a) A LOCAL GOVERNMENT SHALL NOT MAKE OR GRANT ANY UNDUE OR UNREASONABLE PREFERENCE OR ADVANTAGE TO ITSELF OR TO ANY PRIVATE PROVIDER OF CABLE TELEVISION SERVICES, TELECOMMUNICATIONS SERVICES, OR ADVANCED SERVICES.

(b) A LOCAL GOVERNMENT SHALL APPLY WITHOUT DISCRIMINATION AS TO ITSELF AND TO ANY PRIVATE PROVIDER THE LOCAL GOVERNMENT'S ORDINANCES, RULES, AND POLICIES, INCLUDING THOSE RELATING TO:

(I) OBLIGATION TO SERVE;

(II) ACCESS TO PUBLIC RIGHTS-OF-WAY;

(III) PERMITTING;

(IV) PERFORMANCE BONDING WHERE AN ENTITY OTHER THAN THE LOCAL GOVERNMENT IS PERFORMING THE WORK;

(V) REPORTING; AND

(VI) QUALITY OF SERVICE.

29-27-302. Scope of article. (1) NOTHING IN THIS ARTICLE SHALL BE CONSTRUED TO AUTHORIZE ANY LOCAL GOVERNMENT TO:

(a) PROVIDE, DIRECTLY OR INDIRECTLY, CABLE TELEVISION SERVICE, TELECOMMUNICATIONS SERVICE, OR ADVANCED SERVICE; OR

(b) PURCHASE, LEASE, CONSTRUCT, MAINTAIN, OR OPERATE A FACILITY FOR THE PURPOSE OF PROVIDING, DIRECTLY OR INDIRECTLY, CABLE TELEVISION SERVICE, TELECOMMUNICATIONS SERVICE, OR ADVANCED SERVICE.

(2) NOTHING IN THIS ARTICLE SHALL BE CONSTRUED TO APPLY TO A LOCAL GOVERNMENT PURCHASING, LEASING, CONSTRUCTING, MAINTAINING, OR OPERATING FACILITIES THAT ARE DESIGNED TO PROVIDE CABLE TELEVISION SERVICE, TELECOMMUNICATIONS SERVICE, OR ADVANCED SERVICE THAT THE LOCAL GOVERNMENT USES FOR INTERNAL OR INTERGOVERNMENTAL PURPOSES.

(3) NOTHING IN THIS ARTICLE SHALL BE CONSTRUED TO APPLY TO THE SALE OR LEASE BY A LOCAL GOVERNMENT TO PRIVATE PROVIDERS OF EXCESS CAPACITY, PROVIDED:

(a) SUCH EXCESS CAPACITY IS INSUBSTANTIAL IN RELATION TO THE CAPACITY UTILIZED BY THE LOCAL GOVERNMENT FOR ITS OWN PURPOSES; AND

(b) THE OPPORTUNITY TO PURCHASE AND THE OPPORTUNITY TO USE SUCH EXCESS CAPACITY IS MADE AVAILABLE TO ANY PRIVATE PROVIDER IN

A NONDISCRIMINATORY, NONEXCLUSIVE, AND COMPETITIVELY NEUTRAL MANNER.

(4) NOTHING IN THIS ARTICLE SHALL BE CONSTRUED TO LIMIT EITHER THE AUTHORITY OF THE STATEWIDE INTERNET PORTAL AUTHORITY CREATED IN SECTION 24-37.7-102, C.R.S., TO CARRY OUT ITS MISSION OR TO INTEGRATE THE ELECTRONIC INFORMATION DELIVERY SYSTEMS OF LOCAL GOVERNMENTS INTO THE STATEWIDE INTERNET PORTAL AS DEFINED IN ARTICLE 37.7 OF TITLE 24, C.R.S.

29-27-303. Enforcement and appeal. (1) BEFORE AN INDIVIDUAL SUBSCRIBER OR A PRIVATE PROVIDER THAT COMPETES WITH A LOCAL GOVERNMENT IN THE GEOGRAPHIC BOUNDARIES OF THE LOCAL GOVERNMENT MAY FILE AN ACTION IN DISTRICT COURT FOR VIOLATION OF THIS ARTICLE, THAT PERSON SHALL FILE A WRITTEN COMPLAINT WITH THE LOCAL GOVERNMENT. THE FAILURE BY THE LOCAL GOVERNMENT TO ISSUE A FINAL DECISION REGARDING THE COMPLAINT WITHIN FORTY-FIVE DAYS SHALL BE TREATED AS AN ADVERSE DECISION FOR PURPOSES OF APPEAL.

(2) AN APPEAL OF AN ADVERSE DECISION FROM THE LOCAL GOVERNMENT MAY BE TAKEN TO THE DISTRICT COURT FOR A DE NOVO PROCEEDING.

29-27-304. Applicability. THIS ARTICLE SHALL APPLY TO CABLE TELEVISION SERVICE, TELECOMMUNICATIONS SERVICE, AND ADVANCED SERVICE AND TO THE PURCHASE, LEASE, CONSTRUCTION, MAINTENANCE, OR OPERATION OF ANY FACILITY FOR THE PURPOSE OF PROVIDING SUCH SERVICE, FOR WHICH A LOCAL GOVERNMENT HAS NOT ENTERED INTO AN AGREEMENT OR OTHERWISE TAKEN ANY SUBSTANTIAL ACTION PRIOR TO MARCH 1, 2005, TO PROVIDE SUCH SERVICE OR PURCHASE, LEASE, CONSTRUCT, MAINTAIN, OR OPERATE SUCH FACILITIES.

SECTION 2. Safety clause. The general assembly hereby finds,

determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

Joan Fitz-Gerald
PRESIDENT OF
THE SENATE

Andrew Romanoff
SPEAKER OF THE HOUSE
OF REPRESENTATIVES

Karen Goldman
SECRETARY OF
THE SENATE

Marilyn Eddins
CHIEF CLERK OF THE HOUSE
OF REPRESENTATIVES

APPROVED _____

Bill Owens
GOVERNOR OF THE STATE OF COLORADO

Memorandum

To: City Council
From: Keith Robinson
Date: July 10, 2015
Subject: Amending Chapter 5.10
Pertaining to Marijuana



Amendments to Chapter 5.10 pertaining to marijuana are being presented for council review in ordinance form. Amendments were last discussed with council on June 2, 2015. Changes of note since the last discussion are:

References to Marijuana Concentrate have been removed as the state signed into law, effective July 1st, criminal regulations making the unlicensed manufacturing of concentrates by use of explosive chemicals a Drug Felony 2.

Section 5, addresses personal grow operations. Paragraph B is to address personal grow situation where total plant counts may exceed 6 plants. The intent of this section is to try and regulate these type grows keeping in mind life and safety concerns.

As explained in the earlier presentation this ordinance and amendments is intended to only address those violations that would be comparable to a petty or low level misdemeanor at the state level. We also tried to limit it to those areas appearing practical to address at a local area. Enforcement by the police department may be made either through local ordinance or state statute violations.

Where applicable we also tried to make the reference and connection to other local existing regulations like the LDC.

**ORDINANCE NO. 7
SERIES 2015**

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF GUNNISON, COLORADO, AMENDING TITLE 5 GENERAL OFFENSES, CHAPTER 5.10 GENERAL OFFENSES OF THE CITY OF GUNNISON MUNICIPAL CODE, RELATED TO MARIJUANA.

WHEREAS, the Colorado Medical Marijuana Code is contained in 12-43.3-101, et seq., C.R.S.; and,

WHEREAS, the Colorado Retail Marijuana Code is contained 12-43.4-101, et. seq., C.R.S.; and,

WHEREAS, administrative regulations pertaining to both medical and retail establishments promulgated by the State Licensing Authority are contained in the Colorado Code of Regulations; and

WHEREAS, the City Council has approved Ordinance 5, Series 2015, relating to the licensing and regulation of medical and retail marijuana establishments within the City.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF GUNNISON, COLORADO, ORDAINS THAT:

Section 1. Authority. The City Council hereby finds, determines, and declares that it has the power and authority to adopt this Article pursuant to:

- A. The Colorado Medical Marijuana Code, C.R.S., Title 12, Article 43.3;
- B. The Colorado Retail Marijuana Code, C.R.S. Title 12, Article 43.4;
- C. The authority granted to home rule municipalities by Article XX of the Colorado Constitution;
- D. The powers contained in the City of Gunnison Home Rule Charter;
- E. The Local Government Land Use Control Enabling Act, Article 20 of Title 29, C.R.S.;
- F. Part 3 of Article 23 of Title 31, C.R.S., (concerning municipal zoning powers);
- G. Section 31-15-103, C.R.S., (concerning municipal police powers);
- H. Section 31-15-401, C.R.S., (concerning municipal police powers); and,
- I. Section 31-15-501, C.R.S., (concerning municipal authority to regulate businesses).

Section 2. Definitions. Unless otherwise defined in this Ordinance, or as may be set forth in Chapter 3, 8 and 14 of the City of Gunnison Municipal Code (GMC), or the City of Gunnison Land Development Code (LDC), the City of Gunnison incorporates the definitions for the marijuana industry as set forth in the Colorado Medical Marijuana Code, the Colorado Retail Marijuana Code, and the regulations propounded by the State Licensing Authority.

Section 3. City of Gunnison Municipal Code, Title 5, General Offenses, Chapter 5.10, General Offenses, Section 5.10.180 Possession of marijuana is hereby repealed and reenacted to read as follows:

5.10.180 Possession of marijuana

- A. No person under the age of 21 who does not possess a medical marijuana card in compliance with the Colorado Revised Statutes shall possess marijuana or consume marijuana within the City.
- B. No person 21 years of age or older who does not possess a medical marijuana card in compliance with the Colorado Revised Statutes shall possess more than one ounce of marijuana, except as permitted pursuant to Colorado Constitution, Article XVIII, Section 16 (3)(b).
- C. No person who possess a medical marijuana card in compliance with Colorado Revised Statute shall possess more than two ounces of marijuana, except as permitted pursuant to Colorado Constitution, Article XVIII, Section 14 (4)(b).
- D. Licensed Persons engaged in the transportation or movement of marijuana, in the course of doing business for a licensed marijuana establishment, are exempt from this section 5.10.080.

- E. Possession of not more than one ounce of marijuana or consumption of marijuana by a person under the age of 21 is a petty offense.
- F. Possession of more than one ounce but less than two ounces of marijuana is a petty offense. Possession of two ounces but less than 6 ounces of marijuana is a misdemeanor.

Section 4. City of Gunnison Municipal Code, Title 5, General Offenses, Chapter 5.10, General Offenses, Section 5.10.182 Transfer, sale and purchase of marijuana, is hereby repealed and reenacted to read as follows:

5.10.182 Unlicensed transfer, sale or purchase of marijuana

- A. No person shall transfer, sell, trade, exchange, or give, with or without remuneration, any amount of marijuana to a person under the age of 21.
- B. No person under the age of 21 may obtain marijuana by any means, with or without remuneration.
- C. No person shall transfer, sell, trade, or exchange, with remuneration, any amount of marijuana to a person 21 years of age and older without a license.
- D. No person shall give, without remuneration, more than one ounce of marijuana to a person 21 years of age and older.
- E. No person 21 years of age or older may obtain more than one ounce of marijuana, with or without remuneration.
- F. Restrictions placed on transferring, exchanging or giving of marijuana does not apply to persons who are in compliance with the Colorado Revised Statutes pertaining to medical marijuana.
- G. The transfer, sale, trade, or exchange of marijuana in violation of this section is a misdemeanor. Obtaining marijuana in violation of this section is a petty offense.

Section 5. City of Gunnison Municipal Code, Title 5, General Offenses, Chapter 5.10, General Offenses, Section 5.10.183 Personal cultivation of marijuana, is hereby repealed and reenacted to read as follows:

5.10.183 Personal cultivation of marijuana

- A. No individual shall cultivate or allow cultivation on premises under their control of more than six marijuana plants, three of which are mature flowering plants, except as allowed pursuant to Colorado Constitution, Article XVIII, Section 14 (4)(b) or Article XVIII, Section 16. The marijuana produced by such cultivation, in excess of legal possession limits, shall be maintained on the premises where grown. Marijuana cultivated by an individual shall not be sold.
- B. Cultivation of more than six plants by a primary care giver, medical marijuana patient or by multiple individuals on a single property is prohibited;
 - 1. Within a single-family dwelling unit where the aggregate area used for the production and growing of marijuana plants exceeds a contiguous 25 square-foot secure area;
 - 2. Within the common area of a multi-family dwelling unit;
 - 3. Within any dwelling, apartment, duplex, residence, or location where individuals reside where the aggregate area used for the production and growing of marijuana plants exceeds 25 square-foot;
 - 4. If the property is not in compliance with the International Building Code as adopted by the City of Gunnison;

5. If the property is not in compliance, to the standard used for licensed marijuana establishments, as to odor provisions of the LDC, Section 3.15 (B)(10).
- C. No person shall openly or publicly cultivate marijuana. "Openly or publicly cultivated" means the plants, lights, sounds and odors associated with cultivation are clearly visible and identifiable from a public place or cause a public nuisance.
- D. No person shall cultivate marijuana except in a secure area as defined in the LDC.
- E. No person shall cultivate marijuana in a residence where a person under twenty-one years of age lives unless the cultivation area is in a secure area denying the underage person access.
- F. No person shall cultivate marijuana in a residence visited by persons under twenty-one years of age without ensuring that access to the cultivation site is reasonably restricted preventing access for the duration of the underage persons visit.
- G. Violation of any part of this section is a misdemeanor.

Section 6. City of Gunnison Municipal Code, Title 5, General Offenses, Chapter 5.10, General Offenses, is hereby amended to add a new Section 5.10.185, Unlawful acts related to licensed commercial marijuana establishments.

5.10.185, Unlawful acts related to licensed commercial marijuana establishments

- A. It is unlawful to allow an unauthorized person into a limited-access area.
- B. It is unlawful to allow a person licensed pursuant to state statute to be within a limited-access area without the person's license badge displayed as required by state statute, except as provided in section 12-43.3-701 and 12-43.4-701, C.R.S.
- C. It is unlawful to sell or permit the sale of marijuana or marijuana products to a person under twenty-one years of age who does not possess a medical marijuana card in compliance with the Colorado Revised Statutes.
- D. It is unlawful to sell or permit the sale of medical marijuana or medical marijuana products to a person not authorized to purchase medical marijuana pursuant to Colorado Statute.
- E. It is unlawful to present false, altered or fraudulent identification or documents when purchasing marijuana or marijuana products.
- F. It is unlawful for a person under twenty-one years of age to purchase marijuana, marijuana concentrate or marijuana products who does not possess a medical marijuana card in compliance with the Colorado Revised Statutes.
- G. It is unlawful for a person not authorized to purchase medical marijuana or medical marijuana products to purchase from a medical marijuana business.
- H. It is unlawful to sell more than a quarter of an ounce of retail marijuana and no more than a quarter of an ounce equivalent of a retail marijuana product during a single transaction to a nonresident of Colorado.
- I. It is unlawful to sell more than one ounce of retail marijuana and no more than an ounce equivalent of a retail marijuana product during a single transaction.
- J. It is unlawful to sell, serve, or distribute marijuana, marijuana concentrate or products containing marijuana except during the hours provided for in the City of Gunnison Land Development Code.
- K. It is unlawful for a person to consume marijuana or products containing marijuana or marijuana concentrate in a licensed marijuana establishment, and

it is unlawful for a marijuana licensee to allow marijuana or products containing marijuana or marijuana concentrate to be consumed upon its licensed premises.

- L. It is unlawful to have on any licensed premises any marijuana, marijuana products, or marijuana paraphernalia that shows evidence of marijuana usage or marijuana products having been consumed or partially consumed.
- M. It is unlawful for any person licensed to sell marijuana or marijuana products to:
 - (1) Display any signs that are inconsistent with the LDC;
 - (2) To use advertising material that is misleading, deceptive, or false, or that is designed to appeal to minors
- N. All sales, transfers and distribution of marijuana by a licensed marijuana establishment shall occur only upon licensed premises, and the licensee shall be strictly prohibited from delivery of marijuana to any person at any other location.
- O. The transfer, sale, trade, or exchange of marijuana in violation of this section is a misdemeanor. Obtaining marijuana in violation of this section is a petty offense.

Section 7. City of Gunnison Municipal Code, Title 5, General Offenses, Chapter 5.10, General Offenses, is hereby amended to add a new Section 5.10.187, Immunity for persons who suffer or report an emergency drug or alcohol overdose event.

5.10.187, Immunity for persons who suffer or report an emergency drug or alcohol overdose event.

- A. A person shall be immune from criminal prosecution for an offense under Sections 5.10.160, 5.10.180, 5.10.181, 5.10.182(A), (B) or (D), and 5.10.184 of this Chapter:
 - 1. The person reports in good faith an emergency drug or alcohol overdose event to a law enforcement officer, to the 911 system, or to a medical provider;
 - 2. The person remains at the scene of the event until a law enforcement officer or an emergency medical responder arrives or the person remains at the facilities of the medical provider until a law enforcement officer arrives;
 - 3. The person identifies himself or herself to, and cooperates with, the law enforcement officer, emergency medical responder, or medical provider; and
 - 4. The offense arises from the same course of events from which the emergency drug or alcohol overdose event arose.
- B. The immunity described in subsection 1 of this section also extends to the person who suffered the emergency drug or alcohol overdose event.
- C. The immunity described in subsection 1 of this section does not apply to a licensee or employee or agent of a marijuana establishment.

Section 8. City of Gunnison Municipal Code, Title 5, General Offenses, Chapter 5.10, General Offenses, is hereby amended to add a new Section 5.10.188, Relationship to Colorado Retail Marijuana Code, Colorado Medical Marijuana Code and Colorado Code of Regulations.

5.10.188, Colorado Retail Marijuana Code, Colorado Medical Marijuana Code and Colorado Code of Regulations (CCR)

- A. Except as otherwise specifically provided the City of Gunnison Ordinances related to marijuana incorporates the requirements and procedures set forth in the Colorado Retail Marijuana Code, the Colorado Medical Marijuana Code and the Colorado Code of Regulations. In the event of any conflict between the provisions of this section and the provisions of the Colorado Retail Marijuana Code, Colorado Medical Marijuana Code and Colorado Code of Regulations or any other applicable state or local law, the more restrictive provision, article or section shall be used.

Section 9. If any section of this ordinance is, for any reason, held to be invalid or unconstitutional, such decision shall not affect the validity or the constitutionality of the remaining portions of the ordinance. The City Council of the City of Gunnison hereby declares that it would have passed this ordinance, and each section thereof, irrespective of the fact that any one or more sections be declared unconstitutional.

INTRODUCED, READ, PASSED, AND ORDERED PUBLISHED this 14th day of June, 2015, on first reading, and introduced, read, and adopted on second and final reading this ____ day of _____, 2015.

Mayor

(SEAL)

ATTEST:

City Clerk

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