

**City of Gunnison  
Gunnison, Colorado**

**Financial Statements  
December 31, 2015**

**City of Gunnison, Colorado  
Financial Report  
December 31, 2015**

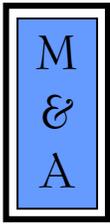
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## INDEPENDENT AUDITOR'S REPORT

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

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Gunnison (the "City"), as of and for the year ended December 31, 2015, which collectively comprise the City's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Gunnison as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Member: American Institute of Certified Public Accountants*

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**Other Matters**

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

The budgetary comparison information in section E is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The combining non-major fund financial statements, individual fund budgetary comparison information found in Section F, and the *Local Highway Finance Report* listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The combining non-major fund financial statements, individual fund budgetary comparison information found in Section F, and the *Local Highway Finance Report* are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The 2015 information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements for the year ended December 31, 2015, taken as a whole. The City's financial statements for the year ended December 31, 2014, which are not presented with the accompanying financial statements, were audited by other auditors whose report thereon dated May 18, 2016, expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. Their report on the 2014 combining non-major fund financial statements and individual fund budgetary comparison information stated that, in their opinion, such information was fairly stated in all material respects in relation to the basic financial statements for the year ended December 31, 2014, taken as a whole.

**McMahan and Associates, L.L.C.  
Avon, Colorado  
July 26, 2016**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

# City of Gunnison, Colorado

## **Management's Discussion and Analysis December 31, 2015**

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, 2015.

### **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 and a Fiduciary Fund.

### **Financial Highlights**

- The City had an increase in net position of \$1,382,481. The increase was attributable to investments in capital assets, most notably the \$1,005,303 acquisition of a sixteen-acre parcel of land referred to as the Lazy K, along with improvements to City Hall and the dog park.
- The City's governmental funds combined fund balances increased by \$345,359 due to deferral of numerous capital projects in the General Fund including demolition of the old city shop facility, partial construction of a new firetruck, and the installation of five restroom facility on city properties.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements include three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

**Government-wide financial statements:** The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all City assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the City include general government, public safety, streets, and parks and recreation. The business-type activities of the City include electric, water, sewer, refuse, communications and recreation services.

## Overview of the Financial Statements (continued)

The government-wide financial statements can be found on pages C1 and C2 of this report.

**Fund financial statements:** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental, proprietary and fiduciary funds.

**Governmental funds:** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City adopts an annual appropriated budget for all funds to demonstrate compliance with the State budget statutes.

**Proprietary funds:** The City reports two categories of proprietary funds - Internal Service and Enterprise. The Fleet Service Fund, an internal service fund, provides vehicle and equipment replacement and maintenance services to the City's governmental and enterprise activities. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each of the business-type services provided by the City, each of which is considered to be a major fund of the City.

The basic proprietary fund financial statements can be found on pages C7 through C9 of this report. The City also presents a budgetary comparison for its proprietary funds.

**Notes to the Financial Statements:** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages D1 through D20 of this report.

## Overview of the Financial Statements (continued)

**Government-wide Financial Analysis:** The largest portion of the City's assets is reflected in the investment in capital assets (i.e. land, buildings, improvements, and equipment). Capital assets account for 72% of the total assets. The City uses these assets to provide services to its citizens. Accordingly, these assets are not an available source for payment of future spending. Of the remaining net position, the City's restricted net position has changed as follows:

	<u>1/1/15</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/15</u>
<i>General Fund:</i>				
Emergency reserves	\$ 217,487	\$ 31,513	\$ -	249,000
<i>Conservation Trust:</i>				
Recreation	33,869	-	5,231	28,638
	<u>\$ 251,356</u>	<u>\$ 31,513</u>	<u>\$ 5,231</u>	<u>277,638</u>

The following graphs show the City's net position for 2014 and 2015:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b>Assets:</b>						
Current and other assets	\$ 5,915,721	\$ 5,901,609	\$ 7,024,240	\$ 7,735,835	\$ 12,939,961	\$ 13,637,444
Capital assets	12,855,139	10,879,603	15,800,020	16,399,862	28,655,159	27,279,465
<b>Total Assets</b>	<u>18,770,860</u>	<u>16,781,212</u>	<u>22,824,260</u>	<u>24,135,697</u>	<u>41,595,120</u>	<u>40,916,909</u>
<b>Liabilities:</b>						
Other liabilities	406,328	430,951	688,435	1,166,351	1,094,763	1,597,302
Long-term liabilities	239,809	223,983	6,739,109	7,024,655	6,978,918	7,248,638
<b>Total Liabilities</b>	<u>646,137</u>	<u>654,934</u>	<u>7,427,544</u>	<u>8,191,006</u>	<u>8,073,681</u>	<u>8,845,940</u>
<b>Deferred Inflow of Resources:</b>						
Unavailable property tax revenue	282,019	267,917	-	-	282,019	267,917
Unavailable revenue - Other	43,465	-	10,422	-	53,887	-
<b>Total deferred inflow of resources</b>	<u>325,484</u>	<u>267,917</u>	<u>10,422</u>	<u>-</u>	<u>335,906</u>	<u>267,917</u>
<b>Net Position:</b>						
Net investment in capital assets	12,855,139	10,879,603	9,295,020	9,595,542	22,150,159	20,475,145
Restricted	277,638	251,356	545,661	548,304	823,299	799,660
Unrestricted	4,666,462	4,727,402	5,545,613	5,800,845	10,212,075	10,528,247
<b>Total Net Position</b>	<u>\$ 17,799,239</u>	<u>\$ 15,858,361</u>	<u>\$ 15,386,294</u>	<u>\$ 15,944,691</u>	<u>\$ 33,185,533</u>	<u>\$ 31,803,052</u>

## Overview of the Financial Statements (continued)

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same report can be made for the prior year.

The following chart is a summary of the City's Change in Net Position:

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 1,342,623	\$ 377,079	\$ 8,322,428	\$ 8,060,781	\$ 9,665,051	\$ 8,437,860
Operating grants & contributions	138,861	858,767	-	11,684	138,861	870,451
Capital grants & contributions	-	61,231	212,183	123,155	212,183	184,386
General revenues:						
Property taxes	261,095	259,786	-	-	261,095	259,786
Sales and use taxes	5,109,461	4,781,635	1,479,023	1,392,400	6,588,484	6,174,035
Other taxes	905,616	751,086	-	-	905,616	751,086
Investment earnings and other revenue	397,346	137,109	34,743	112,364	432,089	249,473
<b>Total Revenues</b>	<b>8,155,002</b>	<b>7,226,693</b>	<b>10,048,377</b>	<b>9,700,384</b>	<b>18,203,379</b>	<b>16,927,077</b>
<b>Expenses:</b>						
General government	1,484,428	1,033,525	-	-	1,484,428	1,033,525
Public safety	2,252,939	2,045,998	-	-	2,252,939	2,045,998
Streets	1,609,835	2,393,406	-	-	1,609,835	2,393,406
Parks & recreation	1,092,035	1,205,251	-	-	1,092,035	1,205,251
Economic development	251,945	232,500	-	-	251,945	232,500
Electric	-	-	5,638,870	5,508,113	5,638,870	5,508,113
Water	-	-	572,264	677,987	572,264	677,987
Sewer	-	-	1,085,223	1,091,934	1,085,223	1,091,934
Refuse	-	-	534,664	502,188	534,664	502,188
Communications	-	-	665,437	607,514	665,437	607,514
Recreation	-	-	1,633,258	1,435,327	1,633,258	1,435,327
<b>Total Expenses</b>	<b>6,691,182</b>	<b>6,910,680</b>	<b>10,129,716</b>	<b>9,823,063</b>	<b>16,820,898</b>	<b>16,733,743</b>
<b>Change in Net Position before transfers</b>						
	1,463,820	316,013	(81,339)	(122,679)	1,382,481	193,334
<b>Transfers</b>	477,058	(93,510)	(477,058)	93,510	-	-
<b>Change in Net Position</b>	<b>1,940,878</b>	<b>222,503</b>	<b>(558,397)</b>	<b>(29,169)</b>	<b>1,382,481</b>	<b>193,334</b>
<b>Net Position - Beginning</b>	<b>15,858,361</b>	<b>15,635,858</b>	<b>15,944,691</b>	<b>15,973,860</b>	<b>31,803,052</b>	<b>31,609,718</b>
<b>Net Position - Ending</b>	<b>\$ 17,799,239</b>	<b>\$ 15,858,361</b>	<b>\$ 15,386,294</b>	<b>\$ 15,944,691</b>	<b>\$ 33,185,533</b>	<b>\$ 31,803,052</b>

**Governmental activities:** Governmental activities increased the City's net position by \$1,940,878. Key elements of this increase are seen above.

## Overview of the Financial Statements (continued)

**Business-type activities:** Business-type activities decreased the City's net position by \$547,975. Key elements of this change are as follows:

- Transfer to governmental activities of \$477,058 to support the acquisition of the Lazy K parcel.

## Financial Analysis of the City's Funds

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

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

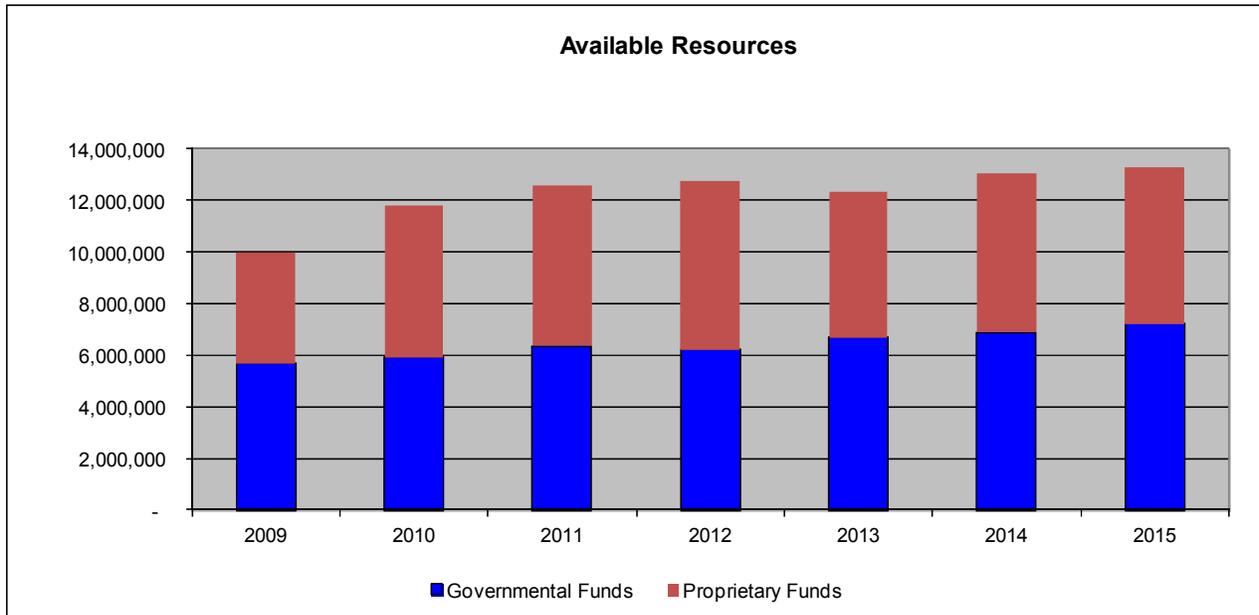
The City's available resources for 2015 is charted below:

	<u>Beginning Available Resources</u>	<u>Increase (Decrease)</u>	<u>Ending Available Resources</u>	<u>2015 Expenditures</u>	<u>% of EAR to Expenditures</u>
<b>Governmental Funds:</b>					
General Fund	4,488,045	281,420	4,769,465	8,343,547	57%
Conservation Trust Fund	33,870	(5,232)	28,638	47,667	60%
Ditch Fund	262,095	69,169	331,264	27,477	1206%
Firefighters' Pension Fund	2,128,371	(43,853)	2,084,518	163,845	1272%
<b>Business Type Funds:</b>					
Enterprise Fund					
Electric Department	1,294,732	(287,825)	1,006,907	5,638,870	18%
Water Department	871,958	17,965	889,923	622,264	143%
Waste Water Department	1,570,668	70,861	1,641,529	1,185,223	138%
Refuse Department	769,101	91,163	860,264	534,664	161%
Communications Department	125,288	1,222	126,510	665,437	19%
Recreation Department	1,911,213	(412,490)	1,498,723	2,083,258	72%
<b>Internal Service Fund:</b>					
Fleet Management	418,735	(364,193)	54,542	748,238	7%
	<u>13,874,076</u>	<u>(581,793)</u>	<u>13,292,283</u>	<u>20,060,490</u>	<u>66%</u>

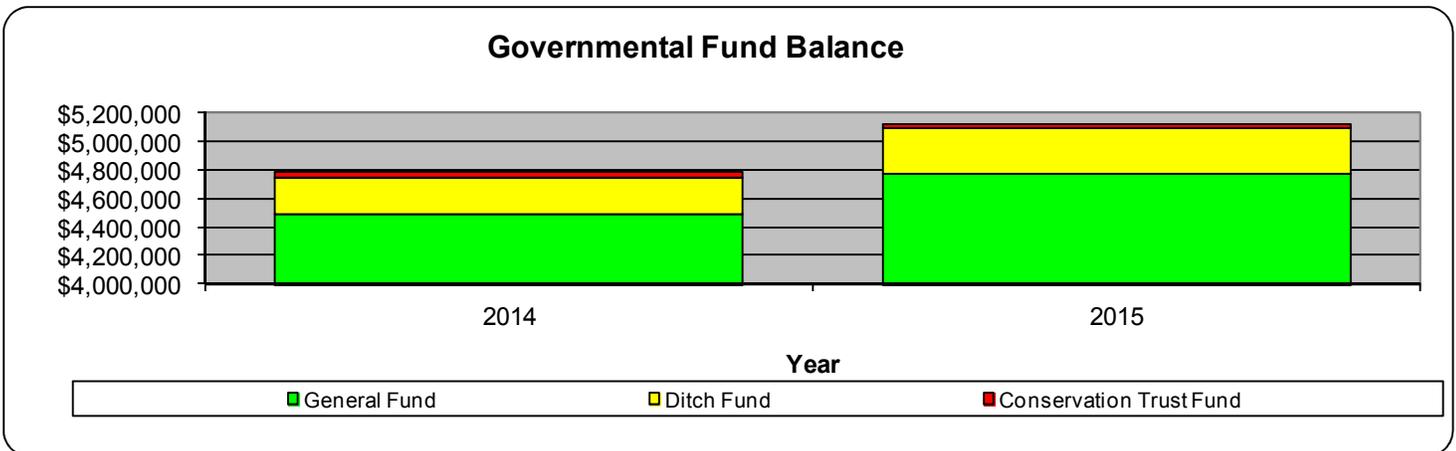
**Financial Analysis of the City's Funds (continued)**

**Available Resources (continued):**

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



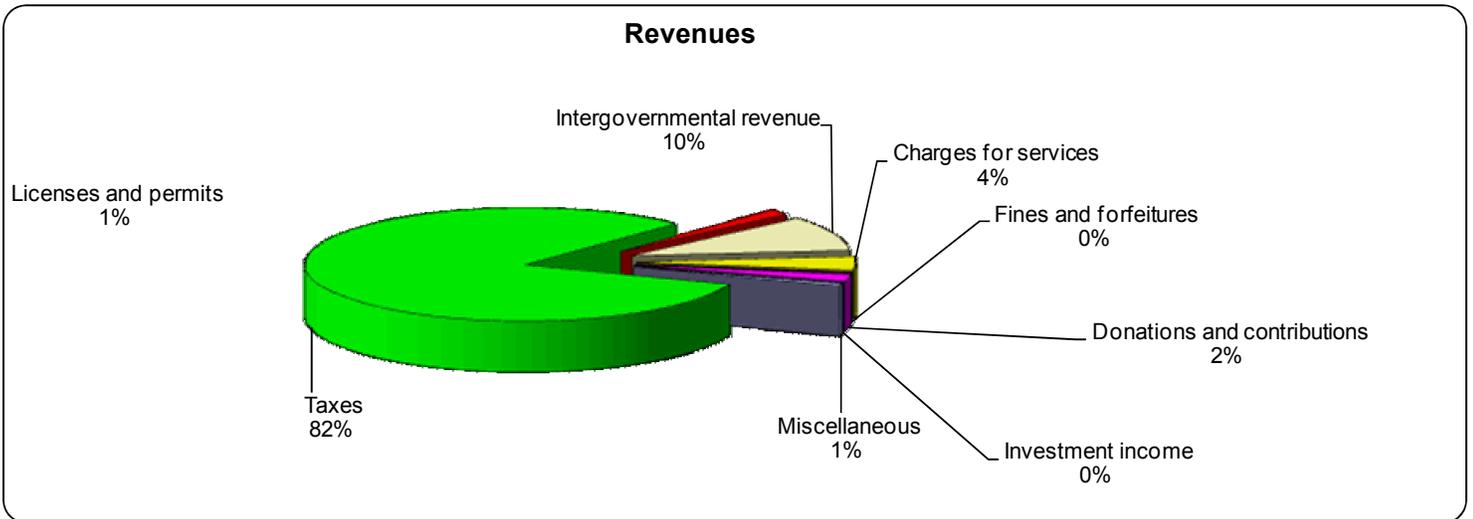
**Governmental funds:** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$5,129,366, an increase of \$345,539 from the prior year ending fund balances. The City's fund balances for past two years are presented in graph format below.



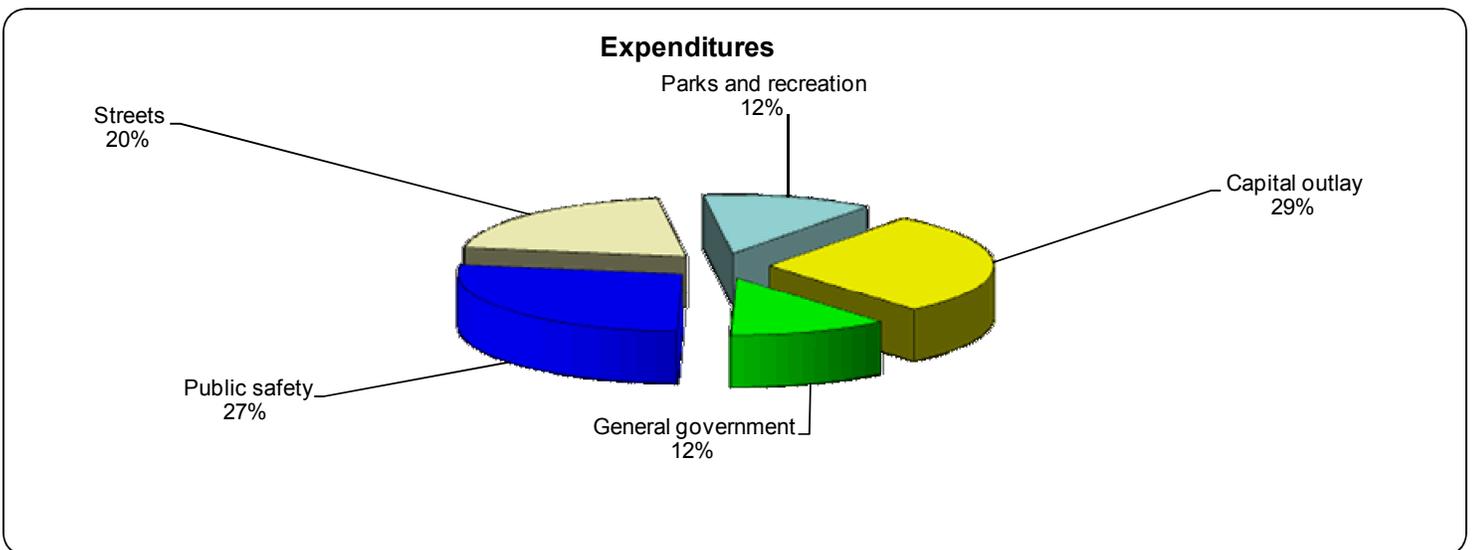
## Financial Analysis of the City's Funds (continued)

### Governmental funds (continued):

The City's total governmental funds' revenues were from the following sources:



The following is a graph of the City's governmental funds' expenditures by function for 2015:



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

## Financial Analysis of the City's Funds (continued)

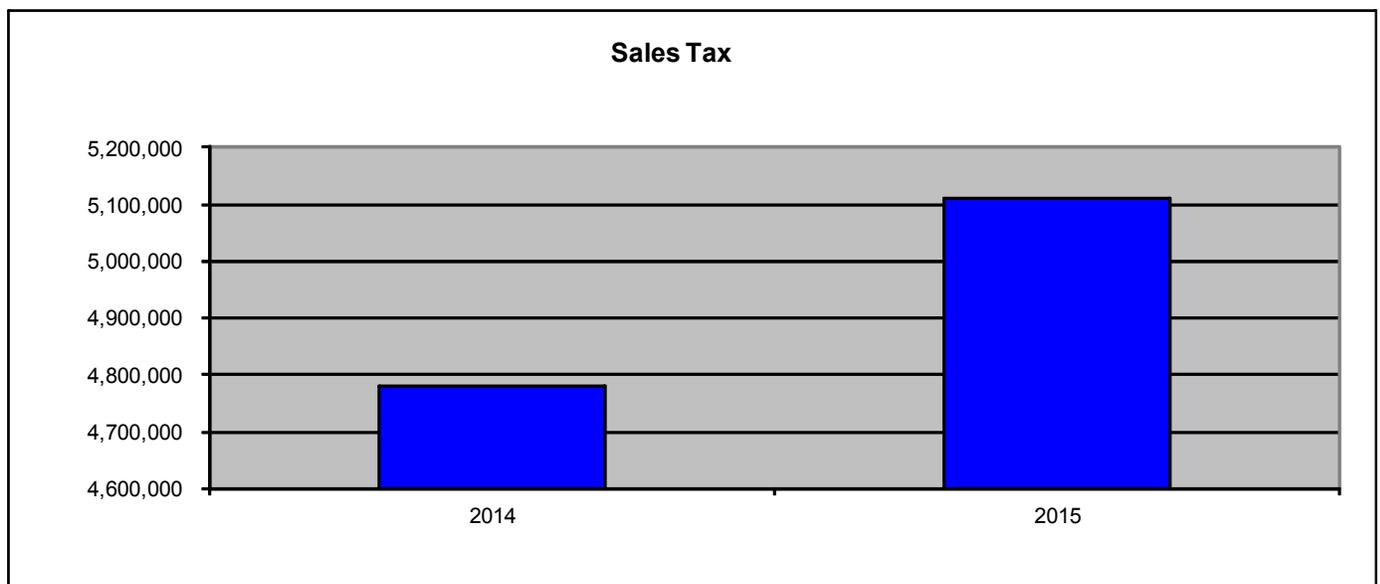
**Budget variances in the General Fund:** The City's significant General Fund budget variances are detailed as follows:

	Final Budget	Actual	Variance	Reason
<b>Revenues:</b>				
Sales & Use	4,869,257	5,131,304	262,047	Conservatism in budgeting
Other taxes	114,410	396,243	281,833	Conservatism in budgeting due to volatility of severance taxes
<b>Total Revenues</b>	<b>6,852,340</b>	<b>7,609,830</b>	<b>757,490</b>	
<b>Expenditures:</b>				
Street improvements	943,500	865,896	77,604	Conservative budget
Capital outlay and repairs	3,027,273	2,268,833	758,440	Planned capital projects that were not completed by year-end
<b>Total Expenditures</b>	<b>9,830,685</b>	<b>8,811,504</b>	<b>1,019,181</b>	

**Capital assets:** The City's government-wide capital assets, net of accumulated depreciation, increased due to additions in the current year. Additional information as well as a detailed classification of the City's net capital assets can be found in the Notes to the Financial Statements on pages D12 and D13 of this report.

**Long-term debts:** As of the end of the current fiscal year, the City had \$6,973,918 in total long-term debts. This includes \$6,505,000 of the 2007 sales and use tax revenue bonds and \$83,986 due to the Municipal Energy Agency of Nebraska. Additional information regarding the City's debt can be found on pages D14 through D15.

**Sales and Use Tax:** The City has 4% sales and use tax that is used to fund its governmental operations. The increase in sales tax from 2014 was \$327,826 or 6.86%. The following chart indicates changes in the sales tax over the past couple of years. The chart does not take into account revenue sharing agreements.



## **Financial Analysis of the City's Funds (continued)**

**Next year's budget and rates:** The City's General Fund balance at the end of the current fiscal year was \$4,769,465. The City's 2016 budget anticipates an ending General Fund balance of \$3,146,135.

### **Request for Information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Finance Director, P.O. Box 239, Gunnison, Colorado 81230.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**City of Gunnison, Colorado**  
**Statement of Net Position**  
**December 31, 2015**

	<b>Governmental Activities</b>	<b>Business type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Current assets:			
Cash and investments - Unrestricted	4,785,343	4,793,777	9,579,120
Cash and investments - Restricted	-	545,661	545,661
Accounts, taxes, and interest receivable	1,037,025	843,806	1,880,831
Prepaid expenses	93,353	9,056	102,409
Inventory	-	831,940	831,940
Total current assets	<u>5,915,721</u>	<u>7,024,240</u>	<u>12,939,961</u>
Capital assets:			
Land	2,693,607	560,253	3,253,860
Construction in progress	207,223	52,633	259,856
Land improvements	1,736,987	-	1,736,987
Buildings and improvements	7,794,164	23,846,966	31,641,130
Infrastructure	7,242,680	-	7,242,680
Vehicles	3,185,488	-	3,185,488
Machinery and equipment	3,644,865	10,997,890	14,642,755
Less accumulated depreciation	(13,649,875)	(19,657,722)	(33,307,597)
Total capital assets (net of accumulated depr.)	<u>12,855,139</u>	<u>15,800,020</u>	<u>28,655,159</u>
Total assets	<u>18,770,860</u>	<u>22,824,260</u>	<u>41,595,120</u>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable	274,927	546,859	821,786
Accrued payroll	127,851	71,705	199,556
Accrued expenses	-	8,888	8,888
Bond interest	-	22,638	22,638
Deposits	3,550	38,345	41,895
Total current liabilities	<u>406,328</u>	<u>688,435</u>	<u>1,094,763</u>
Noncurrent liabilities:			
Compensated absences	239,809	133,515	373,324
Accrued expenses	-	5,000	5,000
Bonds payable:			
Due within one year	-	275,000	275,000
Due in more than one year	-	6,230,000	6,230,000
Bond premium	-	11,608	11,608
MEAN payable:			
Due within one year	-	26,522	26,522
Due in more than one year	-	57,464	57,464
Total noncurrent liabilities	<u>239,809</u>	<u>6,739,109</u>	<u>6,978,918</u>
Total liabilities	<u>646,137</u>	<u>7,427,544</u>	<u>8,073,681</u>
<b>Deferred Inflow of Resources:</b>			
Unavailable property tax revenue	282,019	-	282,019
Unavailable revenue - Other	43,465	10,422	53,887
Total deferred inflow of resources	<u>325,484</u>	<u>10,422</u>	<u>335,906</u>
<b>Net Position:</b>			
Net Investment in capital assets	12,855,139	9,295,020	22,150,159
Restricted	277,638	545,661	823,299
Unrestricted	<u>4,666,462</u>	<u>5,545,613</u>	<u>10,212,075</u>
Total Net Position	<u>17,799,239</u>	<u>15,386,294</u>	<u>33,185,533</u>

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

**City of Gunnison, Colorado**  
**Statement of Activities**  
**December 31, 2015**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
<b>Functions/Programs</b>							
<b>Primary government:</b>							
Governmental activities:							
General government	1,484,428	518,441	52,000	-	(913,987)	-	(913,987)
Public safety	2,252,939	70,742	14,488	-	(2,167,709)	-	(2,167,709)
Streets	1,609,835	509,273	29,937	-	(1,070,625)	-	(1,070,625)
Parks and recreation	1,092,035	189,333	42,436	-	(860,266)	-	(860,266)
Economic development	251,945	54,834	-	-	(197,111)	-	(197,111)
<b>Total Governmental     Activities</b>	<u>6,691,182</u>	<u>1,342,623</u>	<u>138,861</u>	<u>-</u>	<u>(5,209,698)</u>	<u>-</u>	<u>(5,209,698)</u>
Business-type activities:							
Electric	5,638,870	5,194,905	-	4,416	-	(439,549)	(439,549)
Water	572,264	548,109	-	49,666	-	25,511	25,511
Sewer	1,085,223	1,042,071	-	138,139	-	94,987	94,987
Refuse	534,664	532,707	-	-	-	(1,957)	(1,957)
Communications	665,437	645,814	-	-	-	(19,623)	(19,623)
Recreation	1,633,258	358,822	-	19,962	-	(1,254,474)	(1,254,474)
<b>Total Business-type     Activities</b>	<u>10,129,716</u>	<u>8,322,428</u>	<u>-</u>	<u>212,183</u>	<u>-</u>	<u>(1,595,105)</u>	<u>(1,595,105)</u>
<b>Total Primary Government</b>	<u><u>16,820,898</u></u>	<u><u>9,665,051</u></u>	<u><u>138,861</u></u>	<u><u>212,183</u></u>	<u><u>(5,209,698)</u></u>	<u><u>(1,595,105)</u></u>	<u><u>(6,804,803)</u></u>
<b>General Revenues:</b>							
Property tax, levied for general purposes					261,095	-	261,095
Specific ownership tax					15,861	-	15,861
General sales and use tax					5,109,461	1,479,023	6,588,484
Franchise tax					498,896	-	498,896
Other miscellaneous taxes					390,859	-	390,859
Investment earnings					20,323	25,085	45,408
Grants and contributions not restricted to any program					348,662	9,658	358,320
Gain (loss) on disposal of assets					28,361	-	28,361
Transfers					477,058	(477,058)	-
<b>Total General Revenues, Special Items, and Transfers</b>					<u>7,150,576</u>	<u>1,036,708</u>	<u>8,187,284</u>
<b>Change in Net Position</b>					<u>1,940,878</u>	<u>(558,397)</u>	<u>1,382,481</u>
<b>Net Position - Beginning</b>					<u>15,858,361</u>	<u>15,944,691</u>	<u>31,803,052</u>
<b>Net Position - Ending</b>					<u><u>17,799,239</u></u>	<u><u>15,386,294</u></u>	<u><u>33,185,533</u></u>

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

## **FUND FINANCIAL STATEMENTS**

**City of Gunnison, Colorado**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2015**

	<b>General</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>			
Cash and investments - Unrestricted	4,362,927	359,767	4,722,694
Receivables, net of allowance for uncollectibles	754,784	134	754,918
Property tax receivable	282,019	-	282,019
Prepaid expenses	93,352	-	93,352
<b>Total Assets</b>	<b>5,493,082</b>	<b>359,901</b>	<b>5,852,983</b>
 <b>Liabilities and Fund Equity:</b>			
<b>Liabilities:</b>			
Accounts payable	272,935	-	272,935
Accrued payroll	121,648	-	121,648
Deposits	3,550	-	3,550
<b>Total Liabilities</b>	<b>398,133</b>	<b>-</b>	<b>398,133</b>
 <b>Deferred inflow of resources:</b>			
Unavailable property tax revenue	282,019	-	282,019
Unavailable revenue - other	43,465	-	43,465
<b>Total deferred inflow of resources</b>	<b>325,484</b>	<b>-</b>	<b>325,484</b>
 <b>Fund Balances:</b>			
Unspendable	93,352	-	93,352
Spendable:			
Restricted for emergencies	249,000	-	249,000
Restricted for recreation	-	28,638	28,638
Assigned	-	331,263	331,263
Unassigned	4,427,113	-	4,427,113
<b>Total Fund Balances</b>	<b>4,769,465</b>	<b>359,901</b>	<b>5,129,366</b>
 <b>Total Liabilities, Deferred Inflow of Resources and Fund Balances</b>	<b>5,493,082</b>	<b>359,901</b>	<b>5,852,983</b>

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

**City of Gunnison**  
**Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position**  
**December 31, 2015**

Governmental Funds Total Fund Balance	5,129,366
Add:	
Capital assets used in governmental activities (excluding internal service fund) are not considered current financial resources and, therefore, not reported in the governmental funds.	25,561,430
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.	190,723
Less:	
Accumulated depreciation (excluding internal service fund) is not recognized in the governmental funds because capital assets are expensed at the time of acquisition.	(12,856,775)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. This is the amount of compensated absences payable.	(225,505)
Governmental Activities Net Position	<u><u>17,799,239</u></u>

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

**City of Gunnison, Colorado**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended December 31, 2015**

	<b>General</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues:</b>			
Taxes	6,322,461	-	6,322,461
Licenses and permits	113,812	-	113,812
Intergovernmental revenue	625,648	137,740	763,388
Charges for services	299,453	-	299,453
Fines and forfeitures	25,740	-	25,740
Investment income	17,130	1,342	18,472
Donations and contributions	156,276	-	156,276
Miscellaneous	49,311	-	49,311
<b>Total Revenues</b>	<u>7,609,831</u>	<u>139,082</u>	<u>7,748,913</u>
<b>Expenditures:</b>			
General government	924,463	-	924,463
Public safety	2,184,488	-	2,184,488
Public works	1,619,292	21,774	1,641,066
Culture and recreation	985,752	-	985,752
Economic development	251,945	-	251,945
Capital outlay	2,268,833	39,204	2,308,037
<b>Total Expenditures</b>	<u>8,234,773</u>	<u>60,978</u>	<u>8,295,751</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(624,942)</u>	<u>78,104</u>	<u>(546,838)</u>
<b>Other Financing Sources (Uses):</b>			
Sale of asset	28,361	-	28,361
Transfers in	986,778	-	986,778
Transfers (out)	(108,775)	(14,167)	(122,942)
<b>Total Other Financing Sources (Uses)</b>	<u>906,364</u>	<u>(14,167)</u>	<u>892,197</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)</b>	281,422	63,937	345,359
<b>Fund Balances - Beginning</b>	<u>4,488,043</u>	<u>295,964</u>	<u>4,784,007</u>
<b>Fund Balances - Ending</b>	<u>4,769,465</u>	<u>359,901</u>	<u>5,129,366</u>

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

**City of Gunnison**  
**Reconciliation of Revenues, Expenditures and Changes in Fund**  
**Balances (Deficit) of Governmental Fund to the Statement of Activities**  
**For the Year Ended December 31, 2015**

Governmental Funds Changes in Fund Balances	345,359
Add:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capitalized assets during the year.	2,722,261
Less:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the depreciation expense for the year.	(740,874)
Changes in the City employees' accrued compensated absences are considered changes in long-term liabilities. This is the amount that accrued compensated absences increased.	(15,360)
Internal service funds are used by management to charge costs of various activities to the general and other funds. The net income or loss of the internal service funds are included in the governmental statement of activities.	(370,508)
Governmental Activities Change in Net Position	1,940,878

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

**City of Gunnison  
Statement of Net Position  
Proprietary Funds  
December 31, 2015**

	<b>Enterprise Fund</b>	<b>Internal Service Fund</b>
<b>Assets:</b>		
Current assets:		
Cash and cash equivalents	4,793,777	62,649
Cash and cash equivalents - restricted	545,661	-
Accounts receivables, net of allowance for uncollectibles	843,806	87
Inventories	831,940	-
Prepaid expenses	9,056	-
<b>Total current assets</b>	<b>7,024,240</b>	<b>62,736</b>
Non-current assets:		
Land	560,253	-
Construction in progress	52,633	-
Building and improvements	23,846,966	295,618
Machinery and equipment	10,997,890	647,966
Less: Accumulated depreciation	(19,657,722)	(793,100)
<b>Total non-current assets</b>	<b>15,800,020</b>	<b>150,484</b>
<b>Total Assets</b>	<b>22,824,260</b>	<b>213,220</b>
<b>Liabilities:</b>		
Current liabilities:		
Accounts payable	546,859	1,992
Accrued payroll	71,705	6,203
Accrued expenses	8,888	-
Bond interest payable	22,638	-
Deposits held	38,345	-
Deferred revenue	10,422	-
Non-current liabilities due within one year:		
Long term debt	301,522	-
<b>Total current liabilities</b>	<b>1,000,379</b>	<b>8,195</b>
Non-current liabilities:		
Accrued compensated absences	133,515	14,302
Accrued expenses	5,000	-
Non-Current Liabilities - due longer than one year:		
Long term debt	6,287,464	-
Premium on long term debt	11,608	-
<b>Total non-current liabilities</b>	<b>6,437,587</b>	<b>14,302</b>
<b>Total Liabilities</b>	<b>7,437,966</b>	<b>22,497</b>
<b>Net Position:</b>		
Net Investment in capital assets	9,211,034	150,484
Restricted	545,661	-
Unrestricted	5,629,599	40,239
<b>Total Net Position</b>	<b>15,386,294</b>	<b>190,723</b>

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

**City of Gunnison**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended December 31, 2015**

	<b>Enterprise Fund</b>	<b>Internal Service Fund</b>
<b>Operating Revenue:</b>		
Utility sales	9,121,381	368,043
Other revenue	692,789	7,773
<b>Operating Revenue</b>	<b>9,814,170</b>	<b>375,816</b>
<b>Operating Expenses:</b>		
Salaries and employee benefits	2,351,100	-
Purchased power	4,244,399	-
Purchased services	949,763	-
Operations and maintenance	1,140,190	-
Supplies	352,164	-
Depreciation and amortization	753,768	5,849
Fleet expenditures	-	355,611
<b>Operating Expenses</b>	<b>9,791,384</b>	<b>361,460</b>
<b>Operating income (loss)</b>	<b>22,786</b>	<b>14,356</b>
<b>Non-Operating Revenues (Expenses):</b>		
Interest revenue	25,084	1,914
Interest expense	(338,330)	-
Grants and contributions	209,121	-
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(104,125)</b>	<b>1,914</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>(81,339)</b>	<b>16,270</b>
Transfers in	122,942	-
Transfers (out)	(600,000)	(386,778)
<b>Change in Net Position</b>	<b>(558,397)</b>	<b>(370,508)</b>
<b>Total Net Position - Beginning</b>	<b>15,944,691</b>	<b>561,231</b>
<b>Total Net Position - Ending</b>	<b>15,386,294</b>	<b>190,723</b>

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

**City of Gunnison**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2015**

	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>	<u>Total</u>
<b>Cash Flows From Operating Activities:</b>			
Cash received from customers for services	9,114,479	368,063	9,482,542
Other cash received	686,206	7,773	693,979
Cash paid for goods and services	(7,121,876)	(377,438)	(7,499,314)
Cash paid for employment services	(2,338,485)	556	(2,337,929)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>340,324</u>	<u>(1,046)</u>	<u>339,278</u>
<b>Cash Flows From Non-Capital Financing Activities:</b>			
Grants and contributions	209,121	-	209,121
Transfers	(477,058)	(386,778)	(863,836)
<b>Net Cash Provided by Non-Capital Financing Activities</b>	<u>(267,937)</u>	<u>(386,778)</u>	<u>(654,715)</u>
<b>Cash Flows From Capital Financing Activities:</b>			
Purchase of fixed assets	(153,927)	-	(153,927)
Interest paid	(338,330)	-	(338,330)
Principal paid	(287,714)	-	(287,714)
<b>Net Cash (Used) by Capital Financing Activities</b>	<u>(779,971)</u>	<u>-</u>	<u>(779,971)</u>
<b>Cash Flows From Investing Activities:</b>			
Interest received	25,089	1,913	27,002
<b>Net Cash Provided by Investing Activities</b>	<u>25,089</u>	<u>1,913</u>	<u>27,002</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(682,495)	(385,911)	(1,068,406)
<b>Cash and Cash Equivalents - Beginning</b>	6,021,933	448,560	6,470,493
<b>Cash and Cash Equivalents - Ending</b>	<u>5,339,438</u>	<u>62,649</u>	<u>5,402,087</u>
<b>Reconciliation of Operating (Loss) to</b>			
<b>Net Cash Provided (Used) by Operating Activities:</b>			
Operating (loss)	22,786	14,356	37,142
<b>Adjustments to reconcile operating (loss)</b>			
<b>to net cash provided (used) by operating activities:</b>			
Depreciation	753,768	5,849	759,617
(Increase) decrease in accounts receivable	(6,902)	20	(6,882)
(Increase) decrease in inventories	39,455	-	39,455
(Increase) decrease in prepaid expenses	(3,461)	575	(2,886)
Increase (decrease) in accounts payable	(471,354)	(22,402)	(493,756)
Increase (decrease) in compensated absences	2,168	467	2,635
Increase (decrease) in deposits	(17,005)	-	(17,005)
Increase (decrease) in accrued wages	10,447	89	10,536
<b>Total Adjustments</b>	<u>317,538</u>	<u>(15,402)</u>	<u>302,136</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>340,324</u>	<u>(1,046)</u>	<u>339,278</u>

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

**City of Gunnison**  
**Statement of Fiduciary Net Position**  
**Fiduciary Fund**  
**For the Year Ended December 31, 2015**

	<u><b>Volunteer Firefighters' Pension Fund</b></u>
<b>Assets</b>	
Cash and investments	2,084,518
<b>Total Assets</b>	<u>2,084,518</u>
<b>Net Position</b>	
Net position - held in trust for pension benefits	<u>2,084,518</u>

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

**City of Gunnison**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Fund**  
**For the Year Ended December 31, 2015**

	<u><b>Volunteer Firefighters' Pension Fund</b></u>
<b>Additions</b>	
Contributions	
City	32,700
District	32,700
State	58,860
Earnings on investments	(4,268)
<b>Total Additions</b>	<u>119,992</u>
<b>Deductions</b>	
Benefits	147,425
Expenses	16,420
<b>Total Deductions</b>	<u>163,845</u>
<b>Change in net position</b>	(43,853)
<b>Net position at beginning of year</b>	<u>2,128,371</u>
<b>Net position at end of year</b>	<u><u>2,084,518</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS**

**City of Gunnison**  
**Notes to the Financial Statements**  
**December 31, 2015**

**I. Summary of Significant Accounting Policies**

The City of Gunnison (the "City"), was incorporated in 1880 and adopted its Home Rule Charter during 1962. The City operates under a Council-Manager form of government. The City's major operations include public safety (police and fire); highways and streets; sanitation; health and social services; culture - recreation; education; public improvements; planning and zoning; and general administrative services.

The City's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established by GAAP used by the City are discussed below.

**A. Reporting Entity**

The reporting entity consists of the primary government and component units. Component units are legally separate entities that are included in a government's reporting entity because of the significance of their operating or financial relationships with the government. The City has not included any component units.

**B. Joint Venture**

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

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

The investment in the joint venture was recorded as an expenditure at the time the investment was made. Complete financial statements of the joint venture can be obtained from:

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

**City of Gunnison**  
**Notes to the Financial Statements**  
**December 31, 2015**

**I. Summary of Significant Accounting Policies (continued)**

**C. Government-wide and Fund Financial Statements**

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The City's public safety, road maintenance, culture and recreation, and administration are classified as governmental activities. The City's water and sewer utilities are classified as business activities.

**1. Government-wide Financial Statements**

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are (a) presented on a consolidated basis by column, and (b) reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net position is reported in three parts—net investment in capital assets; restricted; and unrestricted.

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions and business-type activities (public safety, highways and streets, utilities, etc.). The functions are also supported by general government revenues (property and sales taxes, intergovernmental revenue, fines and permits, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (police, roads, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net costs (by function or business-type activity) are normally covered by general revenue (property and sales taxes, interest income, etc.).

The government-wide focus is on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities.

**2. Categories and Classification of Fund Balance**

Governmental accounting standards establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, include Non-spendable, Restricted, Committed, Assigned, and Unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund Balance can have different levels of restraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the general fund. The general fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance. For further details of the various fund balance classifications refer to Note I (C) (3) below.

**City of Gunnison**  
**Notes to the Financial Statements**  
**December 31, 2015**  
**(continued)**

**I. Summary of Significant Accounting Policies (continued)**

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

**3. Fund Balance Disclosure**

The City classifies governmental fund balances as follows:

Unspendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.

Spendable Fund Balance:

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority which is City Board. The City's original budget legislation begins with combining historical data, assessment of needs for the upcoming year and the City Board platform to review, and/or make changes to each department's budget. Before year end, a budgetary committee will meet again with each department for final review and approval of preliminary budget. The Budget is then formally presented to City Board via an advertised public process for their review, revisions and final approval by year end. All subsequent budget requests made during the year, after City Board approval, must be presented via a public process and again approval by City Board.

Assigned – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the City Board or its management designee.

Unassigned - includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The City uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The City does not have a formal minimum fund balance policy. However, the City's budget includes a calculation of a targeted reserve positions and the Administration calculates targets and report them annually to City Board.

**City of Gunnison**  
**Notes to the Financial Statements**  
**December 31, 2015**  
**(continued)**

**I. Summary of Significant Accounting Policies (continued)**

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

**4. Fund Financial Statements**

The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The fund focus is on current available resources and budget compliance.

The City reports the following major governmental funds:

**General Fund**

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund.

**Special Revenue Funds**

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term "proceeds of specific revenue sources" establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund. The City reports the following non-major special revenue funds:

The *Conservation Trust Fund* accounts for revenues derived from state lottery revenues or other earmarked revenue sources which finance specific activities as required by law or administrative action.

The *Ditch Fund* accounts for revenues derived from mineral leasing revenues or other earmarked revenue sources which finance specific activities as required by law or administrative action.

**Proprietary Funds**

The City reports the following proprietary or business-type funds:

The *Enterprise Fund* accounts for the activities of the following departments: Electric, Water, Sewer, Refuse, Communications and Recreation.

The *Internal Service Fund* accounts for operations that provide services to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis. The City has one non-major internal service fund, the Fleet Management Fund.

**Fiduciary Fund**

The *Volunteer Firefighters' Pension Fund* accounts for retirement benefits for the volunteer firefighters.

**City of Gunnison**  
**Notes to the Financial Statements**  
**December 31, 2015**  
**(continued)**

**I. Summary of Significant Accounting Policies (continued)**

**D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements. Financial statement presentation refers to classification of revenues by source and expenses by function.

**1. Long-term Economic Focus and Accrual Basis**

Both governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

**2. Current Financial Focus and Modified Accrual Basis**

The governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, if any, is recognized when due.

**3. Financial Statement Presentation**

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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

**City of Gunnison**  
**Notes to the Financial Statements**  
**December 31, 2015**  
**(continued)**

**I. Summary of Significant Accounting Policies (continued)**

**E. Financial Statement Accounts**

**1. Cash and Cash Equivalents**

Cash and cash equivalents are defined as deposits that can be withdrawn at any time without notice or penalty and investments with maturities of three months or less.

**2. Investments**

Investments are stated at fair value.

**3. Receivables**

Receivables are reported net of an allowance for uncollectible accounts.

**4. Property Taxes**

Property taxes are assessed in one year as a lien on the property, but not collected by the governmental units until the subsequent year. In accordance with generally accepted accounting principles, the assessed but uncollected property taxes have been recorded as a receivable and as deferred inflow of resources.

**5. Capital Assets**

Capital assets, which include land, buildings and other improvements, machinery and equipment, infrastructure and vehicle assets, are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. The City defines capital assets as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

Capital outlay for projects is capitalized as projects are constructed. Interest incurred during the construction phase is capitalized as part of the value of the assets constructed in the business-type activities. Infrastructure, buildings, and equipment are depreciated using the straight-line method over the following estimated useful lives:

<b>Assets</b>	<b>Years</b>
Infrastructure	15 - 65
Buildings and improvements	15 - 50
Land improvements	15 - 25
Machinery and equipment	5 - 30
Licensed vehicles	5 - 8

**City of Gunnison**  
**Notes to the Financial Statements**  
**December 31, 2015**  
**(continued)**

**I. Summary of Significant Accounting Policies (continued)**

**E. Financial Statement Accounts (continued)**

**6. Deferred Inflows of Resources**

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category. Accordingly, these items, unavailable property tax revenue, and unavailable revenue, are deferred and recognized as inflows of resources in the period that the amounts become available.

**7. Compensated Absences**

Earned but unused vacation benefits are accrued when incurred in the government-wide and proprietary fund financial statements. The liability for the amounts is reported in governmental funds.

**II. Reconciliation of Government-wide and Fund Financial Statements**

**A. Explanation of certain differences between the governmental fund Balance Sheet and the government-wide Statement of Net Position**

The governmental fund Balance Sheet includes reconciliation between *fund balance – total governmental funds* and *net position of governmental activities* as reported in the government-wide Statement of Net Position. One element of that reconciliation explains that capital assets are recorded as assets when purchased and depreciated over the life of the assets. Net capital assets of \$12,704,655 represents capitalized costs of \$25,561,430 and accumulated depreciation of \$12,856,775.

Another element of that reconciliation states that "Internal service funds are used by management to charge the cost of services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position." The result in an increase in net position of \$190,723 within governmental activities.

Another element of that reconciliation states that "Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds." The amount of compensated absences payable is \$225,505.

**B. Explanation of certain differences between the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance and the government-wide Statement of Activities**

The governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance includes reconciliation between *net change in fund balances of governmental funds* and *changes in net position of governmental activities* as reported in the government-wide Statement of Activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense". The details of the net difference are net capital outlay of \$2,722,261 less depreciation expense of \$740,874.

**City of Gunnison**  
**Notes to the Financial Statements**  
**December 31, 2015**  
**(continued)**

**II. Reconciliation of Government-wide and Fund Financial Statements (continued)**

**B. Explanation of certain differences between the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance and the government-wide Statement of Activities (continued)**

Another element of that reconciliation states that "Changes in the City employees' accrued compensated absences are considered changes in long-term liabilities". The amount that accrued compensated absences decreased is \$15,360.

Another element of that reconciliation states that "Internal service funds are used by management to charge costs of various activities to the general and other funds. The net income or loss of the internal service funds are included in the governmental activities statement of activities." The net loss of \$370,508 is included in the governmental statement of activities.

**III. Stewardship, Compliance, and Accountability**

**A. Budgetary Information**

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

As required by Colorado Statutes, the City followed the required timetable noted below in preparing, approving, and enacting its budget for 2015.

1. For the 2015 budget year, prior to August 25, 2014 (revised November 30), the County Assessor sent to the City an assessed valuation of all taxable property within the City's boundaries.
2. The City Finance Director submitted to the Board, on or before October 15, 2014, a recommended budget which detailed the necessary property taxes needed along with other available revenues to meet the City's operating requirements.
3. Prior to December 15, 2014, a public hearing was held for the budget, the Board certified to the County Commissioners a levy rate that derived the necessary property taxes as computed in the proposed budget, and the Board adopted the proposed budget and an appropriating resolution that legally appropriated expenditures for the upcoming year.
4. After adoption of the budget resolution, the City may make the following changes:  
a) it may transfer appropriated money between funds; b) approve supplemental appropriations to the extent of revenues in excess of estimated revenues in the budget; c) approve emergency appropriations; and d) reduce appropriations for which originally estimated revenues are insufficient.

Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2014 were collected in 2015 and taxes certified in 2015 will be collected in 2016. Taxes are due on January 1st in the year of collection; however, they may be paid in either one installment (no later than April 30th) or two equal installments (not later than February 28th and June 15th) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 16th.

**City of Gunnison**  
**Notes to the Financial Statements**  
**December 31, 2015**  
(continued)

**III. Stewardship, Compliance, and Accountability (continued)**

**A. Budgetary Information (continued)**

During the year the City approved the following budget amendments:

<b>Fund</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Amendment</b>
General Fund	\$ 8,248,837	\$ 9,491,259	\$ 1,242,422
Fleet Fund	\$ 765,560	\$ 767,072	\$ 1,512
Electric Department	\$ 5,560,145	\$ 5,569,470	\$ 9,325
Water Department	\$ 578,559	\$ 628,559	\$ 50,000
Sewer Department	\$ 1,434,478	\$ 1,534,478	\$ 100,000
Recreation Department	\$ 1,675,309	\$ 2,639,325	\$ 964,016
Volunteer Firefighters' Pension Fund	\$ 144,000	\$ 165,425	\$ 21,425

**B. TABOR Amendment**

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

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

TABOR also requires local governments to establish an emergency reserve to be used for declared emergencies only. The reserve is calculated at 3% of fiscal year spending. Fiscal year spending excludes bonded debt service and enterprise spending. The City has reserved \$249,000, which is the approximate required reserve at December 31, 2015.

The City's management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

**IV. Detailed Notes on All Funds**

**A. Deposits and Investments**

The City' deposits are entirely covered by federal depository insurance ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first \$250,000 of the City's deposits at each financial institution. Deposit balances over \$250,000 are collateralized as required by PDPA. The carrying amount of the City's demand deposits was \$7,118,459 at year end. Petty cash totaled \$1,420.

**City of Gunnison**  
**Notes to the Financial Statements**  
**December 31, 2015**  
(continued)

**IV. Detailed Notes on All Funds (continued)**

**A. Deposits and Investments (continued)**

At year end, the City had the following investments and maturities:

	<b>Standard &amp; Poors Rating</b>	<b>Carrying Amounts</b>	<b>Maturities</b>	
			<b>Less than one year</b>	<b>Less than five years</b>
<i>Petty cash:</i>	Not Rated	\$ 1,420	\$ 1,420	\$ -
<i>Demand Deposits:</i>				
Checking	Not Rated	1,575,029	1,575,029	-
Certificates of Deposit	Not Rated	5,543,430	5,543,430	-
<i>Investments:</i>				
United States Agencies	AA+	1,688,682	-	1,688,682
Investment Pools	AAAm	1,316,220	1,316,220	-
Total Cash and Investments		<u>\$ 10,124,781</u>	<u>\$ 8,436,099</u>	<u>\$ 1,688,682</u>
 <i>Reconciliation to Statement of Net Position:</i>				
Cash and investments - Unrestricted		\$ 9,579,120		
Cash and investments - Restricted		<u>545,661</u>		
Total Cash and Investments		<u>\$ 10,124,781</u>		

The Investment Pool represents investments in COLOTRUST and CSAFE, which are 2a7-like pools. The fair value of the pool is determined by the pool's share price. The City has no regulatory oversight for the pool.

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

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

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

**City of Gunnison**  
**Notes to the Financial Statements**  
**December 31, 2015**  
(continued)

**IV. Detailed Notes on All Funds (continued)**

**B. Receivables**

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

	<b>Governmental Funds</b>		<b>Total</b>
	<b>General</b>	<b>Other Governmental Funds</b>	
Receivables:			
Taxes	\$ 282,019	\$ -	\$ 282,019
Accounts and other receivable	754,784	134	754,918
Gross receivables	1,036,803	134	1,036,937
Less: allowance for uncollectible	-	-	-
<b>Net Receivables</b>	<b>\$ 1,036,803</b>	<b>\$ 134</b>	<b>\$ 1,036,937</b>

Governmental funds report *unavailable revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. This includes property taxes levied in 2014 but not available until 2015.

	<b>Enterprise Funds</b>						<b>Total</b>
	<b>Electric Department</b>	<b>Water Department</b>	<b>Wastewater Department</b>	<b>Refuse Department</b>	<b>Communications Department</b>	<b>Recreation Department</b>	
Receivables:							
Accounts receivable	\$ 461,899	\$ 31,835	\$ 91,043	\$ 39,094	\$ 31,459	\$ 180,346	\$ 835,676
Other receivables	-	-	-	-	-	8,130	8,130
Gross receivables	461,899	31,835	91,043	39,094	31,459	188,476	843,806
Less: allowance for uncollectible	-	-	-	-	-	-	-
<b>Net Receivables</b>	<b>\$ 461,899</b>	<b>\$ 31,835</b>	<b>\$ 91,043</b>	<b>\$ 39,094</b>	<b>\$ 31,459</b>	<b>\$ 188,476</b>	<b>\$ 843,806</b>

**City of Gunnison**  
**Notes to the Financial Statements**  
**December 31, 2015**  
(continued)

**IV. Detailed Notes on All Funds (continued)**

**C. Capital Assets**

Capital asset activity for the year ended December 31, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 2,030,279	\$ 663,328	\$ -	\$ 2,693,607
Construction in progress	-	207,223	-	207,223
Capital assets, being depreciated:				
Land improvements	1,688,499	48,488	-	1,736,987
Buildings and improvements	7,096,729	697,435	-	7,794,164
Infrastructure	6,683,260	559,420	-	7,242,680
Machinery and equipment	3,637,786	153,744	(146,665)	3,644,865
Vehicles	2,953,440	392,623	(160,575)	3,185,488
<b>Total capital assets being depreciated</b>	<u>24,089,993</u>	<u>2,722,261</u>	<u>(307,240)</u>	<u>26,505,014</u>
Less accumulated depreciation for:				
Land improvements	(849,854)	(86,124)	-	(935,978)
Buildings and improvements	(1,985,664)	(191,870)	-	(2,177,534)
Infrastructure	(5,111,399)	(66,729)	-	(5,178,128)
Machinery and equipment	(2,673,857)	(216,965)	146,665	(2,744,157)
Vehicles	(2,589,619)	(185,034)	160,575	(2,614,078)
<b>Total accumulated depreciation</b>	<u>(13,210,393)</u>	<u>(746,722)</u>	<u>307,240</u>	<u>(13,649,875)</u>
<b>Governmental Activities Capital Assets, Net</b>	<u>\$ 10,879,600</u>	<u>\$ 1,975,539</u>	<u>\$ -</u>	<u>\$ 12,855,139</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 560,253	\$ -	\$ -	\$ 560,253
Construction in progress	-	52,633	-	52,633
<b>Total Capital Assets, Not Depreciated</b>	<u>560,253</u>	<u>52,633</u>	<u>-</u>	<u>612,886</u>
Capital assets, being depreciated:				
Building and improvements	23,846,966	-	-	23,846,966
Machinery and equipment	10,896,596	101,294	-	10,997,890
<b>Total Capital Assets Being Depreciated</b>	<u>34,743,562</u>	<u>101,294</u>	<u>-</u>	<u>34,844,856</u>
Less accumulated depreciation for:				
Buildings and improvements	(9,593,844)	(437,199)	-	(10,031,043)
Machinery and equipment	(9,310,110)	(316,569)	-	(9,626,679)
<b>Total Accumulated Depreciation</b>	<u>(18,903,954)</u>	<u>(753,768)</u>	<u>-</u>	<u>(19,657,722)</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 16,399,861</u>	<u>\$ (599,841)</u>	<u>\$ -</u>	<u>\$ 15,800,020</u>

**City of Gunnison**  
**Notes to the Financial Statements**  
**December 31, 2015**  
(continued)

**IV. Detailed Notes on All Funds (continued)**

**C. Capital Assets (continued)**

The City had the following capital outlay and depreciation expense for the following functions:

	<b>Depreciation Expense</b>	<b>Capital Outlay</b>
Governmental activities:		
General government	\$ 227,305	\$ 74,109
Public safety	172,989	23,550
Public Works	272,083	2,579,664
Parks and recreation	74,345	44,938
<b>Total - Governmental Activities</b>	<b>\$ 746,722</b>	<b>\$ 2,722,261</b>
Business-type activities:		
Electric Department	\$ 171,394	\$ -
Water Department	53,400	15,000
Wastewater Department	69,182	-
Refuse Department	90,815	-
Communications Department	20,269	-
Recreation Department	348,708	138,927
<b>Total - Business-type Activities</b>	<b>\$ 753,768</b>	<b>\$ 153,927</b>

**D. Transfers**

At December 31, 2015, the City had the following transfers:

	<b>In</b>	<b>Out</b>
<i>Governmental Funds:</i>		
General Fund	\$ 986,778	\$ (108,775)
Other Governmental Funds	-	(14,167)
<i>Internal Service Funds:</i>		
Fleet Fund	-	(386,778)
<i>Proprietary Funds:</i>		
Water Department	-	(50,000)
Sewer Department	-	(100,000)
Recreation Department	122,942	(450,000)
<b>Total</b>	<b>\$ 1,109,720</b>	<b>\$ (1,109,720)</b>

**City of Gunnison**  
**Notes to the Financial Statements**  
**December 31, 2015**  
**(continued)**

**IV. Detailed Notes on All Funds (continued)**

**E. Other Liabilities**

**1. Sales and Use Tax Revenue Bonds, Series 2007**

On November 8, 2007, the City issued \$8,330,000 of sales and use tax Revenue bonds to finance the costs of constructing and equipping pool facilities and ice rink facilities. The interest rates range from 3.75% to 4.35%, payable on June 1 and December 1. The principal is payable on December 1 and matures in various increments through 2032.

**2. Municipal Energy Agency of Nebraska Payable (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. \$83,986 was outstanding at December 31, 2015.

**3. Accrued Compensated Absences**

Earned but unused compensated absence (e.g. paid time off) benefits amounted to \$373,324 at December 31, 2015. All unused benefits are recorded on the individual fund that pays the related payroll.

**4. Debt Schedule**

The following payments are required:

<b>Year</b>	<b>Business-Type Activities Debt</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2016	301,522	271,653	573,175
2017	311,522	260,653	572,175
2018	321,522	254,953	576,475
2019	309,420	243,353	552,773
2020	320,000	231,353	551,353
2021 - 2025	1,800,000	921,990	2,721,990
2026 - 2030	2,205,000	514,420	2,719,420
2031 - 2032	1,020,000	66,990	1,086,990
<b>Total</b>	<b>\$ 6,588,986</b>	<b>2,765,365</b>	<b>9,354,351</b>

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 \$545,661 for this purpose, which are presented as restricted pooled cash and investments in the accompanying statement of net position.

**City of Gunnison**  
**Notes to the Financial Statements**  
**December 31, 2015**  
(continued)

**IV. Detailed Notes on All Funds (continued)**

**E. Other Liabilities (continued)**

**5. Changes in Debt**

The City had the following changes in debt for the year ended December 31, 2015:

	<u>1/1/15</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/15</u>	<u>Due within one year</u>
Governmental Activities Debt:					
Compensated absences	\$ 223,983	\$ 240,116	\$ 224,290	\$ 239,809	\$ -
Enterprise Debt:					
Accrued expenses	5,000	-	-	5,000	-
2007 sales and use tax bonds	6,765,000	-	260,000	6,505,000	275,000
2007 bond premium	12,800	-	1,192	11,608	-
MEAN payable	110,508	-	26,522	83,986	26,522
Compensated absences	131,347	112,705	110,537	133,515	-
<b>Total</b>	<u>\$ 7,248,638</u>	<u>\$ 352,821</u>	<u>\$ 622,541</u>	<u>\$ 6,978,918</u>	<u>\$ 301,522</u>

**F. Pollution Remediation Obligation**

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

During 2012, the City determined that the City has fulfilled its remediation of the landfill, with the exception of additional testing that may be required before the remediation is closed out. In 2015, the City maintained the liability of \$5,000. Actual costs may be higher due to inflation, changes in technology or changes in regulations. Closure and care financial requirements are expected to be met by the operations of the enterprise fund.

**G. Pension Plans**

**1. Police Officer's Pension Plan**

The City contributes to a defined contribution agent multiple-employer public employee retirement system on behalf of all full-time police officers employed. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The City and the employees each contribute 11.2% of the employee's base salary. This contribution rate and other provisions are established and may be amended by City Council. Employees vest in City contributions and interest earnings thereon immediately. During the year ended December 31, 2015, employees and the City made the required contributions to the plan of \$104,618 and \$104,618, respectively.

**City of Gunnison**  
**Notes to the Financial Statements**  
**December 31, 2015**  
**(continued)**

**IV. Detailed Notes on All Funds (continued)**

**G. Pension Plans (continued)**

**1. Police Officer's Pension Plan (continued)**

All of the Police Officer's Pension Plan investments at December 31, 2015 of \$2,721,678 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.

**2. General Employee Pension Plan**

The City contributes to a defined contribution agent multiple-employer public employee retirement system on behalf of all full-time general employees with one or more service years. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The City and the employees each contribute 5% of the employee's base salary. This contribution rate and other provisions are established and may be amended by City Council. Employees vest in City contributions and interest earnings thereon immediately. During the year ended December 31, 2015, employees and the City made the required contributions to the plan of \$183,532 and \$183,532, respectively.

All of the General Employee Pension Plan investments at December 31, 2015 of \$4,808,447 are managed CCOERA. Separately issued financial statements for the plan may be obtained from CCOERA at 4949 South Syracuse St., Suite 400, Denver, Colorado 80237.

**3. Volunteer Firefighters' Pension Plan**

*Plan Description.* The City has a single employer-defined benefit pension plan for volunteer firefighters as authorized by State of Colorado Statutes. The Volunteer Firefighters' Pension Plan (the "Plan") is administered by the Gunnison Firemen's Pension Fund Board of Trustees ("Board of Trustees"). The Board of Trustees consists of the Fire Chief of the Gunnison Volunteer Fire Department, two members of the Gunnison City Council, two members of the Gunnison Volunteer Fire Department, and two members of the Gunnison County Fire Protection District Board of Directors.

As of December 31, 2015, the Plan had 29 active non-retired members, and 38 retired members, for a total of 67 participants. This plan does not issue separate stand-alone financial statements.

An actuary is used to determine the adequacy of contributions. The study indicates that the current contributions to the Plan are adequate to support, on an actuarially sound basis, the prospective benefits for the present plan.

**City of Gunnison**  
**Notes to the Financial Statements**  
**December 31, 2015**  
(continued)

**IV. Detailed Notes on All Funds (continued)**

**G. Pension Plans (continued)**

**3. Volunteer Firefighters' Pension Plan (continued)**

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

*Contributions.* The Plan receives contributions from the City (in an amount not to exceed one-half mill of property tax revenue) and from the State of Colorado. The contributions are not actuarially determined. In 2015, the City contributed \$32,700 to the Plan, the Fire Protection District contributed \$32,700, and the State contributed \$58,860. None of the City's payroll is covered by the pension plan because the firefighters are volunteers.

*Investment policy.* The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Board of Trustees by a majority vote of its members. It is the policy of the Board of Trustees to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. Emphasis is on balance between current income and longer-term capital appreciation. Assets are primarily invested in equity and fixed-income securities with a moderate to strong emphasis on capital appreciation and current income. The account's investment objective includes an average risk tolerance and intermediate to longer term time horizon. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of June 30, 2013:

	<u>Maximum %</u>	<u>Minimum %</u>	<u>Strategic Target</u>
Equity	60%	40%	50%
Fixed-income	57%	37%	47%
Cash (or equivalents)	5%	0%	3%

*Concentrations.* As of December 31, 2015, the pension fund held no concentrations of investments with individual organizations equaling or exceeding 5 percent of the pension plan's fiduciary net position.

*Money-weighted rate of return.* This rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested.

**City of Gunnison**  
**Notes to the Financial Statements**  
**December 31, 2015**  
(continued)

**IV. Detailed Notes on All Funds (continued)**

**G. Pension Plans (continued)**

**3. Volunteer Firefighters' Pension Plan (continued)**

*Net Pension Liability.* The components of the net pension liability of the Plan at December 31, 2015 are as follows:

Total pension liability	\$ 2,305,295
Fiduciary net position	2,084,518
Net pension liability	\$ 220,777

*Actuarial Assumptions.* The total pension liability was determined by an actuarial valuation as of January 1, 2016, using the following actuarial assumptions applied to all periods included in the measurement.

Actuarial cost method	Entry-age
Asset valuation method	Market value
Actuarial funding discount rate	6.0% per annum compounded annually
Expense loading	None
Mortality rates	1994 GAM rates - modified
Turnover rates	Graduated rates by attained age
Retirement age	Age 50, after 20 years of service
Age difference	Males assumed to be 3 years older than females
Marital status	80% of all participants are married

An actuarial experience study was not performed as the census data is too small to yield credible results. Demographic assumptions were selected using standard mortality and turnover tables that produce reasonable results for this group of lives. Mortality rates and disability rates for ages before 65 are assumed to be zero to recognize that mortality or disability for this group is virtually non-existent before that particular age.

*Discount rate.* Actuarial funding discount rates are set by consensus between the Board of Trustees, the actuary and the investment advisor. The discount rate used to measure the total pension liability was 6.0 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the net pension liability to changes in actuarial discount rate.* The following presents the net pension liability calculated using the discount rate of 6.0 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.0 percent) or 1-percentage point higher (7.0 percent) than the current rate:

	1.00% Decrease	Current Discount Rate	1.00% Increase
Net pension liability	\$ 469,867	\$ 220,777	\$ 12,187

**City of Gunnison**  
**Notes to the Financial Statements**  
**December 31, 2015**  
(continued)

**IV. Detailed Notes on All Funds (continued)**

**H. Deferred Compensation Plan – Section 457**

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

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

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

The general employee plan is administered by the International City Managers Association Retirement Corporation ("ICMA") and the police employee plan is administered by CCOERA. The City's contributions to the plans for the year ended December 31, 2015 were \$16,725 to the ICMA plan and \$40,409 to the CCOERA plan.

**I. Restricted Fund Balance**

The City had the following restrictions on fund balances at December 31, 2015:

	<u>1/1/15</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/15</u>
<i>General Fund:</i>				
Emergency reserves	\$ 217,487	\$ 31,513	\$ -	249,000
<i>Conservation Trust:</i>				
Recreation	33,869	-	5,231	28,638
	<u>\$ 251,356</u>	<u>\$ 31,513</u>	<u>\$ 5,231</u>	<u>277,638</u>

**J. Assigned Fund Balance**

The City had the following assigned on fund balances at December 31, 2015:

	<u>1/1/15</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/15</u>
<i>Special Revenue Funds:</i>				
Ditch fund	\$ 262,052	\$ 69,211	\$ -	331,263
	<u>\$ 262,052</u>	<u>\$ 69,211</u>	<u>\$ -</u>	<u>331,263</u>

**City of Gunnison**  
**Notes to the Financial Statements**  
**December 31, 2015**  
**(continued)**

**V. Other Information**

**A. Joint Venture**

At December 31, 2015, Gunnison/Hinsdale Authority had assets of \$293,059, liabilities of \$37,315 and \$255,744 in net position. Total revenues for 2015 were \$214,420 and total expenses were \$219,634 resulting in a net change in fund balance of \$5,214. The amount of the City's share of these amounts is based upon the percentage of the county wide telephone accesses to be served.

**B. Risk Management**

The City is exposed to various risks of loss related to workers' compensation, general liability, loss related to torts; theft of, damage to, and destruction of assets; errors and omissions and worker unemployment. The City has acquired commercial coverage for these risks. Any settled claims are not expected to exceed the commercial insurance coverage.

**C. Grants**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

**D. Subsequent Events**

Management has evaluated subsequent events through July 26, 2016, the date these financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY INFORMATION**

**City of Gunnison**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual - General Fund**  
**For the Year Ended December 31, 2015**  
**(With Comparative Actual Amounts For the Year Ended 2014)**

	2015			Final Budget	2014
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Actual
<b>Revenues:</b>					
<b>Taxes:</b>					
General property taxes	261,478	261,478	261,095	(383)	259,786
Specific ownership tax	34,200	34,200	34,923	723	34,235
Sales & Use	4,869,257	4,869,257	5,131,304	262,047	4,803,385
Franchise tax	513,689	513,689	498,896	(14,793)	492,758
Other taxes	114,410	114,410	396,243	281,833	202,342
<b>Total Taxes</b>	<u>5,793,034</u>	<u>5,793,034</u>	<u>6,322,461</u>	<u>529,427</u>	<u>5,792,506</u>
<b>Licenses and Permits:</b>					
Other licenses and permits	43,500	43,500	113,812	70,312	105,015
<b>Intergovernmental Revenue:</b>					
Grant revenue	250,953	250,953	261,417	10,464	513,735
State highway users tax	148,920	148,920	157,801	8,881	153,210
Other intergovernmental revenue	110,552	111,005	206,431	95,426	147,586
<b>Total Intergovernmental Revenue</b>	<u>510,425</u>	<u>510,878</u>	<u>625,649</u>	<u>114,771</u>	<u>814,531</u>
<b>Charges for Services:</b>					
Recreation revenue	197,555	197,555	226,865	29,310	191,178
Other charges for services	37,550	37,550	40,488	2,938	40,125
Rents	30,600	30,600	32,100	1,500	30,600
<b>Total Charges for Services</b>	<u>265,705</u>	<u>265,705</u>	<u>299,453</u>	<u>33,748</u>	<u>261,903</u>
<b>Fines and Forfeitures:</b>					
Traffic fines	27,800	27,800	25,740	(2,060)	31,177
<b>Miscellaneous Revenue:</b>					
Investment income	15,500	15,500	17,130	1,630	22,085
Donations and contributions	140,800	157,238	156,274	(964)	26,992
Other income	33,836	38,685	49,311	10,626	71,826
<b>Total Miscellaneous Revenue</b>	<u>190,136</u>	<u>211,423</u>	<u>222,715</u>	<u>11,292</u>	<u>120,903</u>
<b>Total Revenues</b>	<u>6,830,600</u>	<u>6,852,340</u>	<u>7,609,830</u>	<u>757,490</u>	<u>7,126,035</u>
<b>Expenditures:</b>					
<b>General Government:</b>					
City council	25,675	27,175	25,641	1,534	25,052
Municipal court	93,546	93,546	92,234	1,312	82,519
City attorney	60,000	70,600	67,278	3,322	41,777
City manager	96,223	96,223	80,230	15,993	69,964
City clerk	93,938	93,938	84,530	9,408	78,591
Finance	252,308	248,308	244,918	3,390	235,216
General services	38,502	171,644	56,377	115,267	22,678
Community development	297,814	297,814	273,255	24,559	239,760
<b>Total General Government</b>	<u>958,006</u>	<u>1,099,248</u>	<u>924,463</u>	<u>174,785</u>	<u>795,557</u>
<b>Public Safety:</b>					
Police	1,808,886	1,818,886	1,798,649	20,237	1,638,465
Building Inspection	111,189	111,189	109,651	1,538	94,148
Fire Department	228,955	229,175	226,989	2,186	227,004
Hazardous Material	5,955	5,955	4,775	1,180	5,701
LE Victim Advocate Program	43,975	44,428	44,423	5	18,358
<b>Total Public Safety</b>	<u>2,198,960</u>	<u>2,209,633</u>	<u>2,184,487</u>	<u>25,146</u>	<u>1,983,676</u>
<b>Public Works:</b>					
City hall	66,755	66,755	43,314	23,441	56,123
Street administration	166,701	168,664	166,869	1,795	148,362
Street maintenance	547,160	551,229	543,213	8,016	523,738
Street improvements	943,500	943,500	865,896	77,604	838,906
<b>Total Public Works</b>	<u>1,724,116</u>	<u>1,730,148</u>	<u>1,619,292</u>	<u>110,856</u>	<u>1,567,129</u>
<b>Culture and Recreation:</b>					
Cranor Hill	29,193	29,193	18,377	10,816	21,010
Recreation administration	312,029	314,567	309,018	5,549	292,815
Recreation programs	144,529	149,378	143,661	5,717	158,983
Parks	506,433	506,433	510,000	(3,567)	473,733
Van Tuyl Ranch	30,600	30,600	4,600	26,000	10,746
Lazy K	-	-	96	(96)	-
<b>Total Culture and Recreation</b>	<u>1,022,784</u>	<u>1,030,171</u>	<u>985,752</u>	<u>44,419</u>	<u>957,287</u>
<b>Economic Development:</b>					
Grants and contracts	180,000	180,000	149,233	30,767	231,589
Events	106,478	106,478	102,712	3,766	111,789
<b>Total Economic Development</b>	<u>286,478</u>	<u>286,478</u>	<u>251,945</u>	<u>34,533</u>	<u>343,378</u>
<b>Capital Outlay:</b>					
Capital outlay and repairs	1,984,873	3,027,273	2,268,833	758,440	1,204,292
<b>Total Expenditures</b>	<u>8,175,217</u>	<u>9,382,951</u>	<u>8,234,772</u>	<u>1,148,179</u>	<u>6,851,319</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<u>(1,344,617)</u>	<u>(2,530,611)</u>	<u>(624,942)</u>	<u>1,905,669</u>	<u>274,716</u>
<b>Other Financing Sources (Uses):</b>					
Transfer in	395,000	995,000	986,778	(8,222)	-
Transfer (out)	(73,620)	(108,308)	(108,775)	(467)	(73,620)
Sale of assets	6,000	30,500	28,361	(2,139)	20,461
<b>Total Other Financing Sources (Uses)</b>	<u>327,380</u>	<u>917,192</u>	<u>906,364</u>	<u>(10,828)</u>	<u>(53,159)</u>
<b>Net Change in Fund Balance</b>	<u>(1,017,237)</u>	<u>(1,613,419)</u>	<u>281,422</u>	<u>1,894,841</u>	<u>221,557</u>
<b>Fund Balance - Beginning</b>			<u>4,488,043</u>		<u>4,266,486</u>
<b>Fund Balance - Ending</b>			<u>4,769,465</u>		<u>4,488,043</u>

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

**City of Gunnison, Colorado**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
**Volunteer Firefighters' Pension Fund (Unaudited)**  
**For the Year Ended December 31, 2015**  
**(With Comparative Actual Amounts For the Year Ended 2014)**

	<u>2015</u>	<u>2014</u>
<b>Total Pension Liability</b>		
Service cost	28,211	28,497
Interest cost	141,346	123,133
Changes in plan benefits	-	288,476
Actuarial variations	(118,110)	-
Benefits paid	<u>(147,425)</u>	<u>(125,100)</u>
<b>Net Change in Pension Liability</b>	(95,978)	315,006
<b>Total Pension Liability - Beginning</b>	<u>2,401,273</u>	<u>2,086,267</u>
<b>Total Pension Liability - Ending</b>	<u>2,305,295</u>	<u>2,401,273</u>
 <b>Plan Fiduciary Net Position</b>		
City Contribution	32,700	47,415
District contribution	32,700	47,415
Pension plan net investment income	(4,268)	113,332
Benefit payments	(147,425)	(125,100)
Pension plan administrative expenses	(16,420)	(12,422)
State of Colorado supplemental discretionary payment	<u>58,860</u>	<u>64,773</u>
<b>Net Change in Plan Fiduciary Net Position</b>	(43,853)	135,413
<b>Plan Fiduciary Net Position - Beginning</b>	<u>2,128,371</u>	<u>1,992,958</u>
<b>Plan Fiduciary Net Position - Ending</b>	<u>2,084,518</u>	<u>2,128,371</u>
 <b>Net Pension Liability - Ending</b>	220,777	272,902
 <b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	90.4%	88.6%
 Covered Employee Payroll	N/A	N/A
 Net Pension Liability as a Percentage of Covered Employee Payroll	N/A	N/A

*Information for the prior eight years was not available to report.*

**City of Gunnison**  
**Schedule of Contributions**  
**Volunteer Firefighters' Pension Fund (Unaudited)**  
**For the Year Ended December 31, 2015**

<b>FY Ending December 31,</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Actual Contribution as a % of Covered Payroll</b>
2011	12,928	130,480	(117,552)	N/A	N/A
2012	18,976	130,830	(111,854)	N/A	N/A
2013	47,616	101,400	(53,784)	N/A	N/A
2014	46,915	159,603	(112,688)	N/A	N/A
2015	33,719	124,260	(90,541)	N/A	N/A

*Information for the prior five fiscal years was not available to report.*

**City of Gunnison**  
**Schedule of Investment Returns**  
**Volunteer Firefighters' Pension Fund (Unaudited)**  
**For the Year Ended December 31, 2015**

<b>FY Ending December 31,</b>	<b>Net Money- Weighted Rate of Return</b>
2011	-0.19%
2012	13.15%
2013	14.48%
2014	5.73%
2015	-0.21%

*Information for the prior five fiscal years was not available to report.*

**SUPPLEMENTARY INFORMATION**

**City of Gunnison, Colorado  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2015**

	<b>Conservation Trust</b>	<b>Ditch Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Assets:</b>			
Cash and investments - Unrestricted	28,532	331,235	359,767
Receivables, net of allowance for uncollectibles	106	28	134
<b>Total Assets</b>	<b>28,638</b>	<b>331,263</b>	<b>359,901</b>
<b>Fund Balances:</b>			
Spendable:			
Restricted for recreation	28,638	-	28,638
Assigned	-	331,263	331,263
<b>Total Fund Balances</b>	<b>28,638</b>	<b>331,263</b>	<b>359,901</b>
 <b>Total Liabilities and Fund Balances</b>	 <b>28,638</b>	 <b>331,263</b>	 <b>359,901</b>

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

**City of Gunnison, Colorado**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended December 31, 2015**

	<b>Special Revenue</b>		<b>Total Nonmajor Governmental Funds</b>
	<b>Conservation Trust</b>	<b>Ditch Fund</b>	
<b>Revenues:</b>			
Intergovernmental revenue	42,373	95,367	137,740
Investment income	63	1,279	1,342
<b>Total Revenues</b>	<u>42,436</u>	<u>96,646</u>	<u>139,082</u>
<b>Expenditures:</b>			
Public works	-	21,774	21,774
Capital outlay and repairs	33,500	5,704	39,204
<b>Total Expenditures</b>	<u>33,500</u>	<u>27,478</u>	<u>60,978</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	8,936	69,168	78,104
<b>Other Financing Sources (Uses):</b>			
Transfers (out)	(14,167)	-	(14,167)
<b>Total Other Financing Sources (Uses)</b>	<u>(14,167)</u>	<u>-</u>	<u>(14,167)</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)</b>	(5,231)	69,168	63,937
<b>Fund Balances - Beginning</b>	<u>33,869</u>	<u>262,095</u>	<u>295,964</u>
<b>Fund Balances - Ending</b>	<u><u>28,638</u></u>	<u><u>331,263</u></u>	<u><u>359,901</u></u>

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

**City of Gunnison**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual - Conservation Trust Fund**  
**For the Year Ended December 31, 2015**  
**(With Comparative Actual Amounts For the Year Ended 2014)**

	2015		Final Budget Variance Positive (Negative)	2014
	Original and Final Budget	Actual		Actual
<b>Revenues:</b>				
<b>Intergovernmental revenue:</b>				
State lottery funds	43,750	42,373	(1,377)	44,235
Investment income	164	63	(101)	104
<b>Total Revenues</b>	<b>43,914</b>	<b>42,436</b>	<b>(1,478)</b>	<b>44,339</b>
<b>Expenditures:</b>				
Capital outlay and repairs	45,000	33,500	11,500	19,340
<b>Total Expenditures</b>	<b>45,000</b>	<b>33,500</b>	<b>11,500</b>	<b>19,340</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(1,086)	8,936	10,022	24,999
<b>Other Financing Sources (Uses):</b>				
Transfers (out)	(14,750)	(14,167)	583	(19,890)
<b>Total Other Financing Sources (Uses)</b>	<b>(14,750)</b>	<b>(14,167)</b>	<b>583</b>	<b>(19,890)</b>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)</b>		(5,231)		5,109
<b>Fund Balance - Beginning</b>		33,869		28,760
<b>Fund Balance - Ending</b>		28,638		33,869

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

**City of Gunnison**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual - Ditch Fund**  
**For the Year Ended December 31, 2015**  
**(With Comparative Actual Amounts For the Year Ended 2014)**

	2015		Final Budget Variance Positive (Negative)	2014
	Original and Final Budget	Actual		Actual
<b>Revenues:</b>				
<b>Intergovernmental revenue:</b>				
Mineral leasing	19,000	95,367	76,367	61,231
Investment income	1,251	1,279	28	2,063
<b>Total Revenues</b>	<b>20,251</b>	<b>96,646</b>	<b>76,395</b>	<b>63,294</b>
<b>Expenditures:</b>				
Public works	33,569	21,774	11,795	25,850
Capital outlay	435,500	5,704	429,796	120,568
<b>Total Expenditures</b>	<b>469,069</b>	<b>27,478</b>	<b>441,591</b>	<b>146,418</b>
<b>Net Change in Fund Balance</b>	<b>(448,818)</b>	<b>69,168</b>	<b>517,986</b>	<b>(83,124)</b>
<b>Fund Balance - Beginning</b>		<b>262,095</b>		<b>345,219</b>
<b>Fund Balance - Ending</b>		<b>331,263</b>		<b>262,095</b>

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

**City of Gunnison, Colorado**  
**Combining Statement of Net Position**  
**Departments of the Enterprise Fund**  
**For the Year Ended December 31, 2015**

	<u>Electric Department</u>	<u>Water Department</u>	<u>Sewer Department</u>	<u>Refuse Department</u>	<u>Communication Department</u>	<u>Recreation Department</u>	<u>Total</u>
<b>Assets:</b>							
Current assets:							
Cash and cash equivalents	605,424	756,057	1,452,918	776,933	115,914	1,086,531	4,793,777
Cash and cash equivalents - restricted	-	-	-	-	-	545,661	545,661
Accounts receivables, net of allowance for uncollectibles	461,899	31,835	91,043	39,094	31,459	188,476	843,806
Inventories	520,072	110,320	107,994	72,030	-	21,524	831,940
Prepaid expenses	-	1,055	5,909	-	1,563	529	9,056
Total current assets	<u>1,587,395</u>	<u>899,267</u>	<u>1,657,864</u>	<u>888,057</u>	<u>148,936</u>	<u>1,842,721</u>	<u>7,024,240</u>
Non-current assets:							
Land	8,843	50,000	501,410	-	-	-	560,253
Construction in progress	-	-	-	-	-	52,633	52,633
Building and improvements	2,861,491	1,827,618	6,606,249	3,991	20,571	12,527,046	23,846,966
Machinery and equipment	4,438,805	1,499,524	3,953,903	631,935	182,735	290,988	10,997,890
Less: Accumulated depreciation	(5,341,468)	(2,655,248)	(8,947,099)	(448,742)	(152,707)	(2,112,458)	(19,657,722)
Total non-current assets:	<u>1,967,671</u>	<u>721,894</u>	<u>2,114,463</u>	<u>187,184</u>	<u>50,599</u>	<u>10,758,209</u>	<u>15,800,020</u>
<b>Total Assets</b>	<u>3,555,066</u>	<u>1,621,161</u>	<u>3,772,327</u>	<u>1,075,241</u>	<u>199,535</u>	<u>12,600,930</u>	<u>22,824,260</u>
<b>Liabilities:</b>							
Current liabilities:							
Accounts payable	494,434	3,434	3,095	13,453	779	31,664	546,859
Accrued payroll	13,808	5,908	13,239	3,920	21,649	13,181	71,705
Accrued expenses	7,378	-	-	-	-	1,510	8,888
Bond interest payable	-	-	-	-	-	22,638	22,638
Deferred revenue	-	-	-	10,422	-	-	10,422
Deposits held	38,345	-	-	-	-	-	38,345
Non-current liabilities due within one year:							
Long term debt	<u>26,522</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>275,000</u>	<u>301,522</u>
Total current liabilities:	<u>580,487</u>	<u>9,342</u>	<u>16,334</u>	<u>27,795</u>	<u>22,428</u>	<u>343,993</u>	<u>1,000,379</u>
Non-current liabilities:							
Accrued compensated absences	35,150	19,847	44,373	2,701	24,463	6,981	133,515
Accrued expenses	-	-	-	5,000	-	-	5,000
Bond premium	-	-	-	-	-	11,608	11,608
Non-Current Liabilities - due longer than one year:							
Long term debt	<u>57,464</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,230,000</u>	<u>6,287,464</u>
Total non-current liabilities	<u>92,614</u>	<u>19,847</u>	<u>44,373</u>	<u>7,701</u>	<u>24,463</u>	<u>6,248,589</u>	<u>6,437,587</u>
<b>Total Liabilities</b>	<u>673,101</u>	<u>29,189</u>	<u>60,707</u>	<u>35,496</u>	<u>46,891</u>	<u>6,592,582</u>	<u>7,437,966</u>
<b>Net Position:</b>							
Net investment in capital assets	1,967,671	721,894	2,114,463	187,184	50,599	4,253,209	9,295,020
Restricted	-	-	-	-	-	545,661	545,661
Unrestricted	<u>914,294</u>	<u>870,078</u>	<u>1,597,157</u>	<u>852,561</u>	<u>102,045</u>	<u>1,209,478</u>	<u>5,545,613</u>
<b>Total Net Position</b>	<u>2,881,965</u>	<u>1,591,972</u>	<u>3,711,620</u>	<u>1,039,745</u>	<u>152,644</u>	<u>6,008,348</u>	<u>15,386,294</u>

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

**City of Gunnison, Colorado**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**Departments of the Enterprise Fund**  
**For the Year Ended December 31, 2015**

	<u>Electric Department</u>	<u>Water Department</u>	<u>Sewer Department</u>	<u>Refuse Department</u>	<u>Communication Department</u>	<u>Recreation Department</u>	<u>Total</u>
<b>Operating Revenue:</b>							
Sales	5,170,948	543,774	1,020,541	532,317	645,407	1,208,394	9,121,381
Other revenue	28,373	11,500	22,669	390	407	629,450	692,789
<b>Operating Revenue</b>	<u>5,199,321</u>	<u>555,274</u>	<u>1,043,210</u>	<u>532,707</u>	<u>645,814</u>	<u>1,837,844</u>	<u>9,814,170</u>
<b>Operating Expenses:</b>							
Salaries and employee benefits	451,492	218,375	516,276	163,749	583,027	418,181	2,351,100
Purchased power	4,244,399	-	-	-	-	-	4,244,399
Purchased services	68,396	124,324	253,732	147,860	31,487	323,964	949,763
Operations and maintenance	624,909	156,840	200,643	106,334	22,573	28,891	1,140,190
Supplies	78,279	19,325	45,389	25,906	8,081	175,184	352,164
Depreciation and amortization	171,394	53,400	69,182	90,815	20,269	348,708	753,768
<b>Operating Expenses</b>	<u>5,638,869</u>	<u>572,264</u>	<u>1,085,222</u>	<u>534,664</u>	<u>665,437</u>	<u>1,294,928</u>	<u>9,791,384</u>
<b>Operating income (loss)</b>	(439,548)	(16,990)	(42,012)	(1,957)	(19,623)	542,916	22,786
<b>Non-Operating Revenues (Expenses):</b>							
Interest revenue	4,205	3,275	6,362	3,299	1,016	6,927	25,084
Interest expense	-	-	-	-	-	(338,330)	(338,330)
Grants and contributions	-	42,500	137,000	-	-	29,621	209,121
<b>Total Non-Operating Revenues (Expenses)</b>	<u>4,205</u>	<u>45,775</u>	<u>143,362</u>	<u>3,299</u>	<u>1,016</u>	<u>(301,782)</u>	<u>(104,125)</u>
<b>Income (Loss) Before Contributions and Transfers</b>	(435,343)	28,785	101,350	1,342	(18,607)	241,134	(81,339)
Transfers in	-	-	-	-	-	122,942	122,942
Transfers (out)	-	(50,000)	(100,000)	-	-	(450,000)	(600,000)
<b>Change in Net Position</b>	(435,343)	(21,215)	1,350	1,342	(18,607)	(85,924)	(558,397)
<b>Total Net Position - Beginning</b>	<u>3,317,308</u>	<u>1,613,187</u>	<u>3,710,270</u>	<u>1,038,403</u>	<u>171,251</u>	<u>6,094,272</u>	<u>15,944,691</u>
<b>Total Net Position - Ending</b>	<u>2,881,965</u>	<u>1,591,972</u>	<u>3,711,620</u>	<u>1,039,745</u>	<u>152,644</u>	<u>6,008,348</u>	<u>15,386,294</u>

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

**City of Gunnison**  
**Schedule of Revenues and Expenditures Budget (Non-GAAP Basis)**  
**and Actual With Reconciliation to GAAP Basis**  
**Proprietary Funds**  
**Electric Department**  
**For the Year Ended December 31, 2015**  
**(With Comparative Actual Amounts For the Year Ended 2014)**

	<u>2015</u>			<b>Final Budget Variance Positive (Negative)</b>	<u>2014</u>
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>		<b>Actual</b>
<b>Operating Revenue:</b>					
Sales	5,575,324	5,575,324	5,170,948	(404,376)	5,023,308
Other revenue	22,500	22,500	28,373	5,873	23,578
<b>Operating Revenue</b>	<u>5,597,824</u>	<u>5,597,824</u>	<u>5,199,321</u>	<u>(398,503)</u>	<u>5,046,886</u>
<b>Operating Expenses:</b>					
Salaries and employee benefits	481,467	481,467	451,492	29,975	431,344
Purchased power	4,139,240	4,148,565	4,244,399	(95,834)	4,075,147
Purchased services	75,304	75,304	68,396	6,908	90,740
Operations and maintenance	729,676	729,676	624,909	104,767	557,195
Supplies	134,458	134,458	78,282	56,176	163,514
<b>Operating Expenses</b>	<u>5,560,145</u>	<u>5,569,470</u>	<u>5,467,478</u>	<u>101,992</u>	<u>5,317,940</u>
<b>Operating income (loss)</b>	37,679	28,354	(268,157)	(296,511)	(271,054)
<b>Non-Operating Revenues (Expenses):</b>					
Interest Revenue	5,000	5,000	4,205	(795)	8,808
Debt service - principal	-	-	(26,522)	(26,522)	(22,102)
<b>Total Non-Operating Revenues (Expenses)</b>	<u>5,000</u>	<u>5,000</u>	<u>(22,317)</u>	<u>(27,317)</u>	<u>(13,294)</u>
<b>Change in Net Position - Budgetary Basis</b>	<u>42,679</u>	<u>33,354</u>	<u>(290,474)</u>	<u>(323,828)</u>	<u>(284,348)</u>
<b>Reconciliation to GAAP Basis:</b>					
<b>Adjustments:</b>					
Depreciation			(171,391)		(190,173)
Debt service - Principal			26,522		22,102
<b>Total Adjustments</b>			<u>(144,869)</u>		<u>(168,071)</u>
<b>Total Net Position - Beginning</b>			3,317,308		3,769,727
<b>Total Net Position - Ending</b>			<u>2,881,965</u>		<u>3,317,308</u>

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

**City of Gunnison**  
**Schedule of Revenues and Expenditures Budget (Non-GAAP Basis)**  
**and Actual With Reconciliation to GAAP Basis**  
**Proprietary Funds**  
**Water Department**  
**For the Year Ended December 31, 2015**  
**(With Comparative Actual Amounts For the Year Ended 2014)**

	<u>2015</u>			<b>Final Budget Variance Positive (Negative)</b>	<u>2014</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		<u>Actual</u>
<b>Operating Revenue:</b>					
Sales	570,760	570,760	543,774	(26,986)	524,883
Other revenue	10,869	10,869	11,500	631	12,730
<b>Operating Revenue</b>	<u>581,629</u>	<u>581,629</u>	<u>555,274</u>	<u>(26,355)</u>	<u>537,613</u>
<b>Operating Expenses:</b>					
Salaries and employee benefits	218,942	218,942	218,375	567	210,651
Purchased services	160,346	160,346	124,324	36,022	143,173
Operations and maintenance	161,346	161,346	156,840	4,506	145,023
Supplies	37,925	37,925	19,325	18,600	118,498
Capital outlay	-	-	15,000	(15,000)	11,036
<b>Operating Expenses</b>	<u>578,559</u>	<u>578,559</u>	<u>533,864</u>	<u>44,695</u>	<u>628,381</u>
<b>Operating income (loss)</b>	3,070	3,070	21,410	18,340	(90,768)
<b>Non-Operating Revenues (Expenses):</b>					
Interest revenue	2,500	2,500	3,275	775	4,545
Grants and contributions	7,500	7,500	42,500	35,000	19,500
<b>Total Non-Operating Revenues (Expenses)</b>	<u>10,000</u>	<u>10,000</u>	<u>45,775</u>	<u>35,775</u>	<u>24,045</u>
<b>Income (Loss) Before Contributions and Transfers</b>	13,070	13,070	67,185	54,115	(66,723)
Transfers (out)	-	(50,000)	(50,000)	-	-
<b>Change in Net Position - Budgetary Basis</b>	<u>13,070</u>	<u>(36,930)</u>	<u>17,185</u>	<u>54,115</u>	<u>(66,723)</u>
<b>Reconciliation to GAAP Basis:</b>					
<b>Adjustments:</b>					
Depreciation			(53,400)		(60,642)
Capital outlay			15,000		11,036
<b>Total Adjustments</b>			<u>(38,400)</u>		<u>(49,606)</u>
<b>Total Net Position - Beginning</b>			<u>1,613,187</u>		<u>1,729,516</u>
<b>Total Net Position - Ending</b>			<u>1,591,972</u>		<u>1,613,187</u>

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

**City of Gunnison**  
**Schedule of Revenues and Expenditures Budget (Non-GAAP Basis)**  
**and Actual With Reconciliation to GAAP Basis**  
**Proprietary Funds**  
**Sewer Department**  
**For the Year Ended December 31, 2015**  
**(With Comparative Actual Amounts For the Year Ended 2014)**

	<u>2015</u>			<b>Final Budget Variance Positive (Negative)</b>	<u>2014</u>
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>		<b>Actual</b>
<b>Operating Revenue:</b>					
Sales	1,043,231	1,043,231	1,020,541	(22,690)	1,055,234
Other revenue	18,500	18,500	22,669	4,169	20,448
<b>Operating Revenue</b>	<u>1,061,731</u>	<u>1,061,731</u>	<u>1,043,210</u>	<u>(18,521)</u>	<u>1,075,682</u>
<b>Operating Expenses:</b>					
Salaries and employee benefits	522,909	522,909	516,276	6,633	499,535
Purchased services	288,634	288,634	253,732	34,902	242,837
Operations and maintenance	571,535	571,535	200,643	370,892	218,036
Supplies	51,400	51,400	45,389	6,011	52,496
<b>Operating Expenses</b>	<u>1,434,478</u>	<u>1,434,478</u>	<u>1,016,040</u>	<u>418,438</u>	<u>1,012,904</u>
<b>Operating income (loss)</b>	(372,747)	(372,747)	27,170	399,917	62,778
<b>Non-Operating Revenues (Expenses):</b>					
Interest Revenue	3,600	3,600	6,362	2,762	7,824
Grants and Contributions	24,000	24,000	137,000	113,000	66,400
<b>Total Non-Operating Revenues (Expenses)</b>	<u>27,600</u>	<u>27,600</u>	<u>143,362</u>	<u>115,762</u>	<u>74,224</u>
<b>Income (Loss) Before Contributions and Transfers</b>	(345,147)	(345,147)	170,532	515,679	137,002
Transfers (out)	-	(100,000)	(100,000)	-	-
<b>Change in Net Position - Budgetary Basis</b>	<u>(345,147)</u>	<u>(445,147)</u>	<u>70,532</u>	<u>515,679</u>	<u>137,002</u>
<b>Reconciliation to GAAP Basis:</b>					
<b>Adjustments:</b>					
Depreciation			(69,182)		(79,030)
<b>Total Adjustments</b>			<u>(69,182)</u>		<u>(79,030)</u>
<b>Total Net Position - Beginning</b>			3,710,270		3,652,298
<b>Total Net Position - Ending</b>			<u>3,711,620</u>		<u>3,710,270</u>

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

**City of Gunnison**  
**Schedule of Revenues and Expenditures Budget (Non-GAAP Basis)**  
**and Actual With Reconciliation to GAAP Basis**  
**Proprietary Funds**  
**Refuse Fund**  
**For the Year Ended December 31, 2015**  
**(With Comparative Actual Amounts For the Year Ended 2014)**

	<b>2015</b>		<b>Final Budget Variance Positive (Negative)</b>	<b>2014</b>
	<b>Original and Final Budget</b>	<b>Actual</b>		<b>Actual</b>
<b>Operating Revenue:</b>				
Sales	497,000	532,317	35,317	538,676
Other revenue	-	390	390	67
<b>Operating Revenue</b>	<u>497,000</u>	<u>532,707</u>	<u>35,707</u>	<u>538,743</u>
<b>Operating Expenses:</b>				
Salaries and employee benefits	160,040	163,749	(3,709)	144,199
Purchased services	172,729	147,860	24,869	149,654
Operations and maintenance	108,845	106,334	2,511	96,882
Supplies	38,380	25,906	12,474	20,638
<b>Operating Expenses</b>	<u>479,994</u>	<u>443,849</u>	<u>36,145</u>	<u>411,373</u>
<b>Operating income (loss)</b>	17,006	88,858	71,852	127,370
<b>Non-Operating Revenues (Expenses):</b>				
Interest revenue	2,167	3,299	1,132	3,526
Grants and contributions	-	-	-	11,684
Sale of fixed assets	7,500	-	(7,500)	2,213
<b>Total Non-Operating Revenues (Expenses)</b>	<u>9,667</u>	<u>3,299</u>	<u>(6,368)</u>	<u>17,423</u>
<b>Change in Net Position - Budgetary Basis</b>	<u>26,673</u>	92,157	<u>65,484</u>	144,793
<b>Reconciliation to GAAP Basis:</b>				
<b>Adjustments:</b>				
Depreciation		(90,815)		(90,815)
<b>Total Adjustments</b>		(90,815)		(90,815)
<b>Total Net Position - Beginning</b>		<u>1,038,403</u>		<u>984,425</u>
<b>Total Net Position - Ending</b>		<u>1,039,745</u>		<u>1,038,403</u>

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

**City of Gunnison**  
**Schedule of Revenues and Expenditures Budget (Non-GAAP Basis)**  
**and Actual With Reconciliation to GAAP Basis**  
**Proprietary Funds**  
**Communication Fund**  
**For the Year Ended December 31, 2015**  
**(With Comparative Actual Amounts For the Year Ended 2014)**

	<b>2015</b>		<b>Final Budget Variance Positive (Negative)</b>	<b>2014</b>
	<b>Original and Final Budget</b>	<b>Actual</b>		<b>Actual</b>
<b>Operating Revenue:</b>				
Sales	639,290	645,407	6,117	648,890
Other revenue	-	407	407	120
<b>Operating Revenue</b>	<u>639,290</u>	<u>645,814</u>	<u>6,524</u>	<u>649,010</u>
<b>Operating Expenses:</b>				
Salaries and employee benefits	574,091	583,027	(8,936)	531,904
Purchased services	43,317	31,487	11,830	34,199
Operations and maintenance	21,452	22,573	(1,121)	17,577
Supplies	7,600	8,081	(481)	3,565
<b>Operating Expenses</b>	<u>646,460</u>	<u>645,168</u>	<u>1,292</u>	<u>587,245</u>
<b>Operating income (loss)</b>	(7,170)	646	7,816	61,765
<b>Non-Operating Revenues (Expenses):</b>				
Interest revenue	800	1,016	216	821
<b>Total Non-Operating Revenues (Expenses)</b>	<u>800</u>	<u>1,016</u>	<u>216</u>	<u>821</u>
<b>Change in Net Position - Budgetary Basis</b>	<u>(6,370)</u>	1,662	<u>8,032</u>	62,586
<b>Reconciliation to GAAP Basis:</b>				
<b>Adjustments:</b>				
Depreciation		(20,269)		(20,269)
<b>Total Adjustments</b>		(20,269)		(20,269)
<b>Total Net Position - Beginning</b>		<u>171,251</u>		<u>128,934</u>
<b>Total Net Position - Ending</b>		<u>152,644</u>		<u>171,251</u>

**City of Gunnison**  
**Schedule of Revenues and Expenditures Budget (Non-GAAP Basis)**  
**and Actual With Reconciliation to GAAP Basis**  
**Proprietary Funds**  
**Recreation Fund**  
**For the Year Ended December 31, 2015**  
**(With Comparative Actual Amounts For the Year Ended 2014)**

	2015			Final Budget Variance Positive (Negative)	2014
	Original Budget	Final Budget	Actual		Actual
<b>Operating Revenue:</b>					
Sales	1,206,262	1,206,262	1,208,394	2,132	1,183,124
Other revenue	548,256	548,256	629,450	81,194	531,256
<b>Operating Revenue</b>	<u>1,754,518</u>	<u>1,754,518</u>	<u>1,837,844</u>	<u>83,326</u>	<u>1,714,380</u>
<b>Operating Expenses:</b>					
Salaries and employee benefits	422,559	422,559	418,181	4,378	384,244
Purchased services	321,198	332,013	323,964	8,049	316,778
Operations and maintenance	34,539	39,983	28,891	11,092	3,111
Supplies	64,850	96,450	175,184	(78,734)	48,949
Small equipment	-	-	-	-	37,189
Capital outlay	290,000	697,932	138,927	559,005	12,470
<b>Operating Expenses</b>	<u>1,133,146</u>	<u>1,588,937</u>	<u>1,085,147</u>	<u>503,790</u>	<u>802,741</u>
<b>Operating Income (Loss)</b>	621,372	165,581	752,697	587,116	911,639
<b>Non-Operating Revenues (Expenses):</b>					
Interest revenue	6,200	6,200	6,927	727	6,521
Debt service - principal	(260,000)	(260,000)	(260,000)	-	(250,000)
Interest expense	(282,163)	(340,388)	(338,330)	2,058	(289,526)
Grants and contributions	1,500	409,432	29,621	(379,811)	6,228
Sale of fixed assets	40,000	40,000	-	(40,000)	-
<b>Total Non-Operating Revenues (Expenses)</b>	<u>(494,463)</u>	<u>(144,756)</u>	<u>(561,782)</u>	<u>(417,026)</u>	<u>(526,777)</u>
<b>Income (Loss) Before Contributions and Transfers</b>	126,909	20,825	190,915	170,090	384,862
Transfers in	88,370	88,370	122,942	34,572	93,510
Transfers (out)	-	(450,000)	(450,000)	-	-
<b>Change in Net Position - Budgetary Basis</b>	<u>215,279</u>	<u>(340,805)</u>	<u>(136,143)</u>	<u>204,662</u>	<u>478,372</u>
<b>Reconciliation to GAAP Basis:</b>					
<b>Adjustments:</b>					
Depreciation			(348,708)		(355,530)
Capital outlay			138,927		12,470
Debt service - principal			260,000		250,000
<b>Total Adjustments</b>			<u>50,219</u>		<u>(93,060)</u>
<b>Total Net Position - Beginning</b>			6,094,272		5,708,960
<b>Total Net Position - Ending</b>			<u>6,008,348</u>		<u>6,094,272</u>

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

**City of Gunnison**  
**Schedule of Revenues and Expenditures Budget (Non-GAAP Basis)**  
**and Actual With Reconciliation to GAAP Basis**  
**Internal Service**  
**Fleet Management Fund**  
**For the Year Ended December 31, 2015**  
**(With Comparative Actual Amounts For the Year Ended 2014)**

	2015			Final Budget Variance Positive (Negative)	2014
	Original Budget	Final Budget	Actual		Actual
<b>Operating Revenue:</b>					
Charges for services	368,043	368,043	368,043	-	352,291
Other revenue	7,745	7,745	7,773	28	15,065
<b>Operating Revenue</b>	<u>375,788</u>	<u>375,788</u>	<u>375,816</u>	<u>28</u>	<u>367,356</u>
<b>Operating Expenses:</b>					
Fleet expenses	370,560	372,072	355,611	16,461	362,454
<b>Operating Expenses</b>	<u>370,560</u>	<u>372,072</u>	<u>355,611</u>	<u>16,461</u>	<u>362,454</u>
<b>Operating income (loss)</b>	5,228	3,716	20,205	16,489	4,902
<b>Non-Operating Revenues (Expenses):</b>					
Interest revenue	115	115	1,914	1,799	2,638
<b>Total Non-Operating Revenues (Expenses)</b>	<u>115</u>	<u>115</u>	<u>1,914</u>	<u>1,799</u>	<u>2,638</u>
<b>Income (Loss) Before Contributions and Transfers</b>	5,343	3,831	22,119	18,288	7,540
Transfers (out)	395,000	395,000	(386,778)	(781,778)	-
<b>Change in Net Position - Budgetary Basis</b>	<u>400,343</u>	<u>398,831</u>	<u>(364,659)</u>	<u>(763,490)</u>	<u>7,540</u>
<b>Reconciliation to GAAP Basis:</b>					
<b>Adjustments:</b>					
Depreciation			(5,849)		(6,383)
<b>Total Adjustments</b>			<u>(5,849)</u>		<u>(6,383)</u>
<b>Total Net Position - Beginning</b>			<u>561,231</u>		<u>560,074</u>
<b>Total Net Position - Ending</b>			<u>190,723</u>		<u>561,231</u>

**City of Gunnison**  
**Statement of Changes in Fiduciary Net Position**  
**Budget and Actual**  
**Volunteer Firefighters' Pension Fund**  
**For the Year Ended December 31, 2015**  
**(With Comparative Actual Amounts For the Year Ended 2014)**

	<u>2015</u>			<u>Final Budget</u>	<u>2014</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
	<u>Budget</u>	<u>Budget</u>		<u>Positive</u>	
				<u>(Negative)</u>	
<b>Additions</b>					
Contributions	133,130	133,130	124,260	(8,870)	130,173
Earnings on investments	123,110	123,110	(4,268)	(127,378)	113,332
<b>Total Additions</b>	<u>256,240</u>	<u>256,240</u>	<u>119,992</u>	<u>(136,248)</u>	<u>243,505</u>
<b>Deductions</b>					
Benefits	126,000	147,425	147,425	-	125,100
Expenses	18,000	18,000	16,420	1,580	12,422
<b>Total Deductions</b>	<u>144,000</u>	<u>165,425</u>	<u>163,845</u>	<u>1,580</u>	<u>137,522</u>
<b>Change in Net Position - Budgetary Basis</b>	<u>112,240</u>	<u>90,815</u>	(43,853)	<u>(137,828)</u>	105,983
<b>Total Net Position - Beginning</b>			<u>2,128,371</u>		<u>2,022,388</u>
<b>Total Net Position - Ending</b>			<u>2,084,518</u>		<u>2,128,371</u>

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

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

<b>LOCAL HIGHWAY FINANCE REPORT</b>		City or County: City of Gunnison
		YEAR ENDING : December 2015
This Information From The Records Of City Of Gunnison:	Prepared By: Phone:	Ben Cowan, Finance Director 970-641-8162

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

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

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

**III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES**

ITEM	AMOUNT	ITEM	AMOUNT
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	921,642
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	516,772
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	0
2. General fund appropriations	479,902	b. Snow and ice removal	32,937
3. Other local imposts (from page 2)	1,331,155	c. Other	0
4. Miscellaneous local receipts (from page 2)	10,685	d. Total (a. through c.)	32,937
5. Transfers from toll facilities	0	4. General administration & miscellaneous	166,891
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	360,363
a. Bonds - Original Issues	0	6. Total (1 through 5)	1,998,605
b. Bonds - Refunding Issues	0	<b>B. Debt service on local obligations:</b>	
c. Notes	0	1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	1,821,742	b. Redemption	
<b>B. Private Contributions</b>		c. Total (a. + b.)	0
<b>C. Receipts from State government</b> (from page 2)	176,863	2. Notes:	
<b>D. Receipts from Federal Government</b> (from page 2)	0	a. Interest	
<b>E. Total receipts (A.7 + B + C + D)</b>	1,998,605	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		<b>C. Payments to State for highways</b>	
		<b>D. Payments to toll facilities</b>	
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	1,998,605

**IV. LOCAL HIGHWAY DEBT STATUS**

(Show all entries at par)

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

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

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	0	1,998,605	1,998,605	0	0

**Notes and Comments:**

<b>LOCAL HIGHWAY FINANCE REPORT</b>	STATE: Colorado
	YEAR ENDING (mm/yy): December 2015

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

ITEM	AMOUNT	ITEM	AMOUNT
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments	0	a. Interest on investments	0
b. Other local imposts:		b. Traffic Fines & Penalties	10,685
1. Sales Taxes	1,331,155	c. Parking Garage Fees	0
2. Infrastructure & Impact Fees	0	d. Parking Meter Fees	0
3. Liens	0	e. Sale of Surplus Property	0
4. Licenses	0	f. Charges for Services	0
5. Specific Ownership &/or Other	0	g. Other Misc. Receipts	0
6. Total (1. through 5.)	1,331,155	h. Other	0
c. Total (a. + b.)	1,331,155	i. Total (a. through h.)	10,685
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	157,801	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	0
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	19,062	d. Federal Transit Admin	
d. Other (Specify)	0	e. U.S. Corps of Engineers	
e. Other (Specify)	0	f. Other Federal	
f. Total (a. through e.)	19,062	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	176,863	3. Total (1. + 2.g)	
			(Carry forward to page 1)

**III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL**

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		885,273	885,273
(4). System Enhancement & Operation		36,369	36,369
(5). Total Construction (1) + (2) + (3) + (4)	0	921,642	921,642
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	921,642	921,642
			(Carry forward to page 1)

**Notes and Comments:**