

**City of Gunnison
Gunnison, Colorado**

**Financial Statements
December 31, 2022**



**City of Gunnison, Colorado
Financial Report
December 31, 2022**

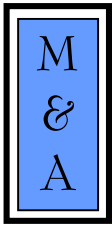
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Gunnison (the "City"), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

The City's management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

U.S. GAAP require the Management's Discussion and Analysis in section B, the Schedule of Changes in Net Pension Liability and Related Ratios, the Schedule of Contributions and the Schedule of Investment Returns in Section E be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Required Supplementary Information (continued)

The budgetary comparison information in section E is not a required part of the basic financial statements but is supplementary information required by U.S. GAAP. The budgetary comparison information in section E is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining non-major fund financial statements, individual fund budgetary comparison information in section F, and the Local Highway Finance Report in section G, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining non-major fund financial statements, individual fund budgetary comparison information, and the Annual Schedule of Revenues and Expenditures for Roads, Bridges and Streets are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
September 28, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Gunnison, Colorado

Management's Discussion and Analysis December 31, 2022

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, 2022.

Background Information

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

Financial Highlights

- The City had an increase in net position of \$4,426,945 . The City's governmental activities increased net position by \$2,301,279 and business-type activities increased it by \$2,125,666.
- The City's governmental funds combined fund balances decreased by \$129,827 due to net income in the general fund offset by use of resources for capital outlay expense in the street improvement fund.

Overview of the Financial Statements

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

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

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

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

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

Overview of the Financial Statements (continued)

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

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

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

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

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

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

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

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

Fiduciary Funds: Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. Fiduciary Funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for Fiduciary Funds is much like that used for Proprietary Funds. The Fiduciary Fund used by the City is the Volunteer Firefighters' Pension Fund. The basic Fiduciary Fund financial statements can be found in Section C of this report.

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

Overview of the Financial Statements (continued)

Government-wide Financial Analysis: The largest portion of the City's assets is reflected in the investment in capital assets (i.e. land, buildings, improvements, and equipment). Capital assets account for 69% of the total assets. The City uses these assets to provide services to its citizens. Accordingly, these assets are not an available source for payment of future spending. Of the remaining net position, the City's restricted net position has changed as follows:

	1/1/22	Additions	Deletions	12/31/22
<i>General Fund:</i>				
Emergency reserves	\$ 298,000	\$ 86,000	\$ -	384,000
<i>Street Improvement Fund:</i>				
Road and bridge	2,877,044	347,089	-	3,224,133
<i>Conservation Trust:</i>				
Recreation	64,605	14,043	-	78,648
<i>Marijuana Mitigation:</i>				
Other	357,452	-	56,973	300,479
	<u>\$ 3,597,101</u>	<u>\$ 447,132</u>	<u>\$ 56,973</u>	<u>3,987,260</u>

The following graphs show the City's net position for 2021 and 2022:

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets:						
Current and other assets	\$ 15,502,145	15,544,963	\$ 16,088,120	\$ 16,179,368	\$ 31,590,265	\$ 31,724,331
Capital assets	17,502,790	15,427,332	31,225,355	30,292,753	48,728,145	45,720,085
Total Assets	<u>33,004,935</u>	<u>30,972,295</u>	<u>47,313,475</u>	<u>46,472,121</u>	<u>80,318,410</u>	<u>77,444,416</u>
Liabilities:						
Other liabilities	1,799,532	2,421,297	1,522,112	1,839,114	3,321,644	4,260,411
Long-term liabilities	610,338	822,731	14,871,188	15,838,498	15,481,526	16,661,229
Total Liabilities	<u>2,409,870</u>	<u>3,244,028</u>	<u>16,393,300</u>	<u>17,677,612</u>	<u>18,803,170</u>	<u>20,921,640</u>
Deferred Inflow of Resources:						
Unavailable property tax revenue	432,910	430,807	-	-	432,910	430,807
Unavailable revenue - Other	1,501,506	938,090	304,634	304,634	1,806,140	1,242,724
Total deferred inflow of resources	<u>1,934,416</u>	<u>1,368,897</u>	<u>304,634</u>	<u>304,634</u>	<u>2,239,050</u>	<u>1,673,531</u>
Net Position:						
Net investment in capital assets	17,279,236	14,988,728	16,420,065	14,009,311	33,699,301	28,998,039
Restricted	3,987,260	4,813,779	-	-	3,987,260	4,813,779
Unrestricted	7,394,153	6,556,863	14,195,476	14,480,564	21,589,629	21,037,427
Total Net Position	<u>\$ 28,660,649</u>	<u>\$ 26,359,370</u>	<u>\$ 30,615,541</u>	<u>\$ 28,489,875</u>	<u>\$ 59,276,190</u>	<u>\$ 54,849,245</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	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 1,954,157	\$ 1,948,049	\$ 13,439,796	\$ 12,600,808	\$ 15,393,953	\$ 14,548,857
Operating grants & contributions	223,185	177,440	-	-	223,185	177,440
Capital grants & contributions	196,263	205,350	1,101,620	1,173,665	1,297,883	1,379,015
General revenues:						
Property taxes	424,504	385,721	-	-	424,504	385,721
Sales and use taxes	9,254,682	8,896,335	2,567,935	2,428,111	11,822,617	11,324,446
Other taxes	1,330,970	918,088	-	-	1,330,970	918,088
Investment earnings and other revenue	155,480	1,319,766	(408,809)	(70,431)	(253,329)	1,249,335
Total Revenues	13,539,241	13,850,749	16,700,542	16,132,153	30,239,783	29,982,902
Expenses:						
General government	2,127,665	1,803,359	-	-	2,127,665	1,803,359
Public safety	3,567,389	3,173,223	-	-	3,567,389	3,173,223
Streets	2,812,654	2,783,055	-	-	2,812,654	2,783,055
Parks & recreation	2,300,524	3,021,089	-	-	2,300,524	3,021,089
Economic development	1,241,306	615,597	-	-	1,241,306	615,597
Electric	-	-	6,400,942	5,859,828	6,400,942	5,859,828
Water	-	-	1,357,166	1,220,796	1,357,166	1,220,796
Sewer	-	-	3,120,584	2,022,843	3,120,584	2,022,843
Refuse	-	-	812,430	744,822	812,430	744,822
Recreation	-	-	2,072,178	1,863,182	2,072,178	1,863,182
Total Expenses	12,049,538	11,396,323	13,763,300	11,711,471	25,812,838	23,107,794
Change in Net Position before transfers	1,489,703	2,454,426	2,937,242	4,420,682	4,426,945	6,875,108
Transfers	811,576	327,666	(811,576)	(327,666)	-	-
Change in Net Position	2,301,279	2,782,092	2,125,666	4,093,016	4,426,945	6,875,108
Net Position - Beginning	26,359,370	23,577,278	28,489,875	24,396,859	54,849,245	47,974,137
Net Position - Ending	\$ 28,660,649	\$ 26,359,370	\$ 30,615,541	\$ 28,489,875	\$ 59,276,190	\$ 54,849,245

Governmental activities: Governmental activities increased the City's net position by \$2,301,279. Key elements of this increase are as follows:

- Sales and use tax increased due to increased economic activity.
- There was an increase in severance tax.

Overview of the Financial Statements (continued)

Business-type activities: Business-type activities increased the City's net position by \$2,125,666. Key elements of this change are as follows:

- The net position in the Enterprise Fund increased due to Electric, Sewer, Refuse and Recreation funds all having positive net income.

Financial Analysis of the City's Funds

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

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

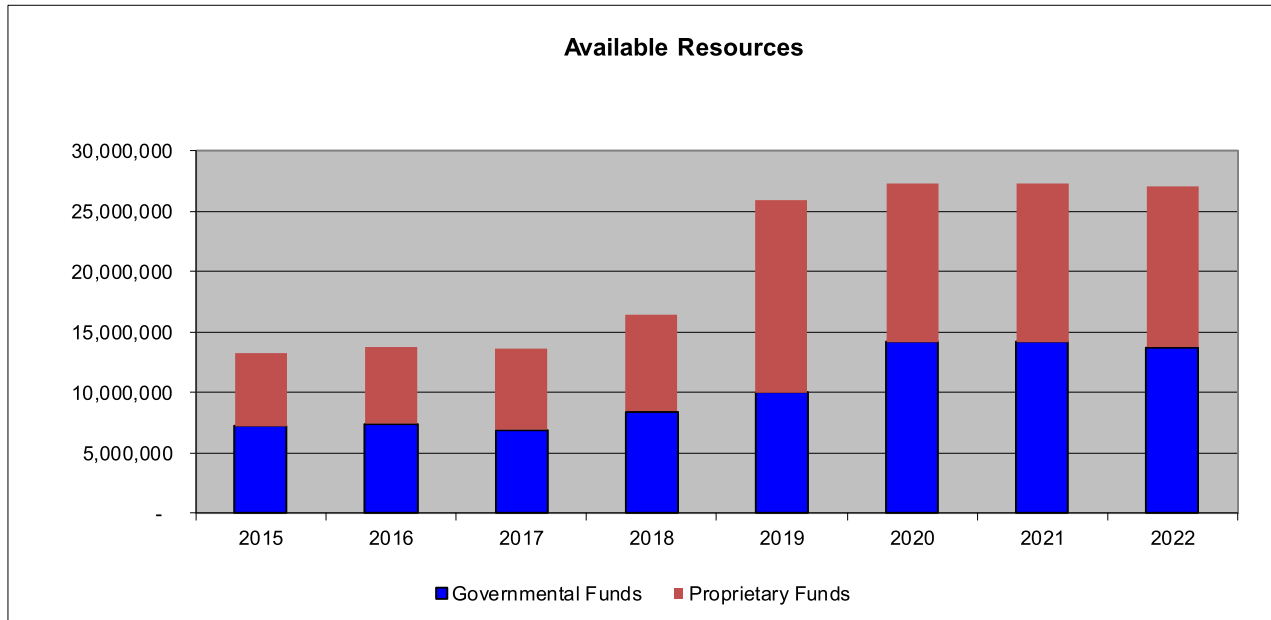
The City's available resources for 2022 is charted below:

	<u>Beginning Available Resources</u>	<u>Increase (Decrease)</u>	<u>Ending Available Resources</u>	<u>2022 Expenditures</u>	<u>% of EAR to Expenditures</u>
Governmental Funds:					
General Fund	5,944,461	869,754	6,814,215	9,528,432	72%
Conservation Trust Fund	75,469	3,180	78,649	56,932	138%
Ditch Fund	323,876	(120,828)	203,048	175,152	116%
Risk Management Fund	197,875	33,763	231,638	265,391	87%
Street Improvement Fund	4,050,464	(826,331)	3,224,133	3,999,264	81%
Marijuana Mitigation Fund	389,846	(89,367)	300,479	360,410	83%
Firefighters' Pension Fund	2,691,082	(507,773)	2,183,309	275,240	793%
Business-Type Funds:					
Enterprise Fund:					
Electric Department	6,425,246	115,784	6,541,030	7,139,958	92%
Water Department	1,206,020	(220,994)	985,026	1,808,787	54%
Waste Water Department	1,298,186	(321,799)	976,387	3,894,525	25%
Refuse Department	488,874	50,376	539,250	813,069	66%
Recreation Department	3,658,218	588,060	4,246,278	3,589,655	118%
Internal Service Fund:					
Fleet Management	557,736	134,752	692,488	1,123,451	62%
	<u>27,307,353</u>	<u>(291,423)</u>	<u>27,015,930</u>	<u>33,030,266</u>	<u>82%</u>

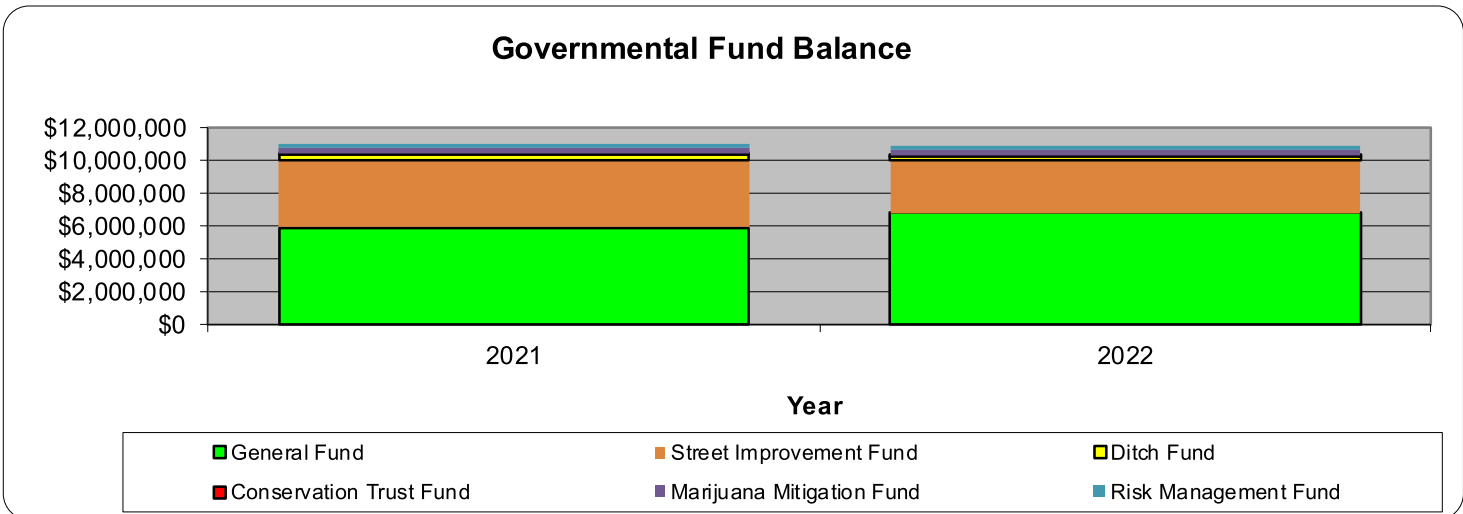
Financial Analysis of the City's Funds (continued)

Available Resources (continued):

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



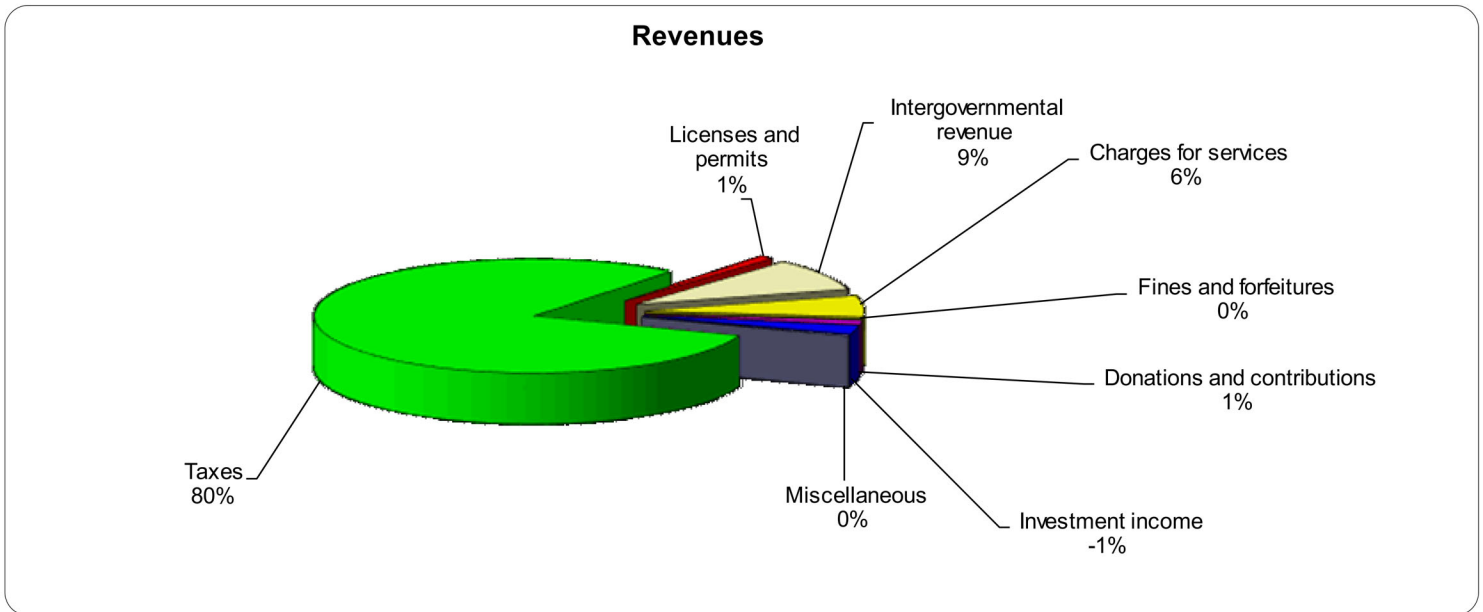
Governmental funds: The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure 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 \$10,852,161, a decrease of \$129,827 from the prior year ending fund balances. The City's fund balances for past two years are presented in graph format below.



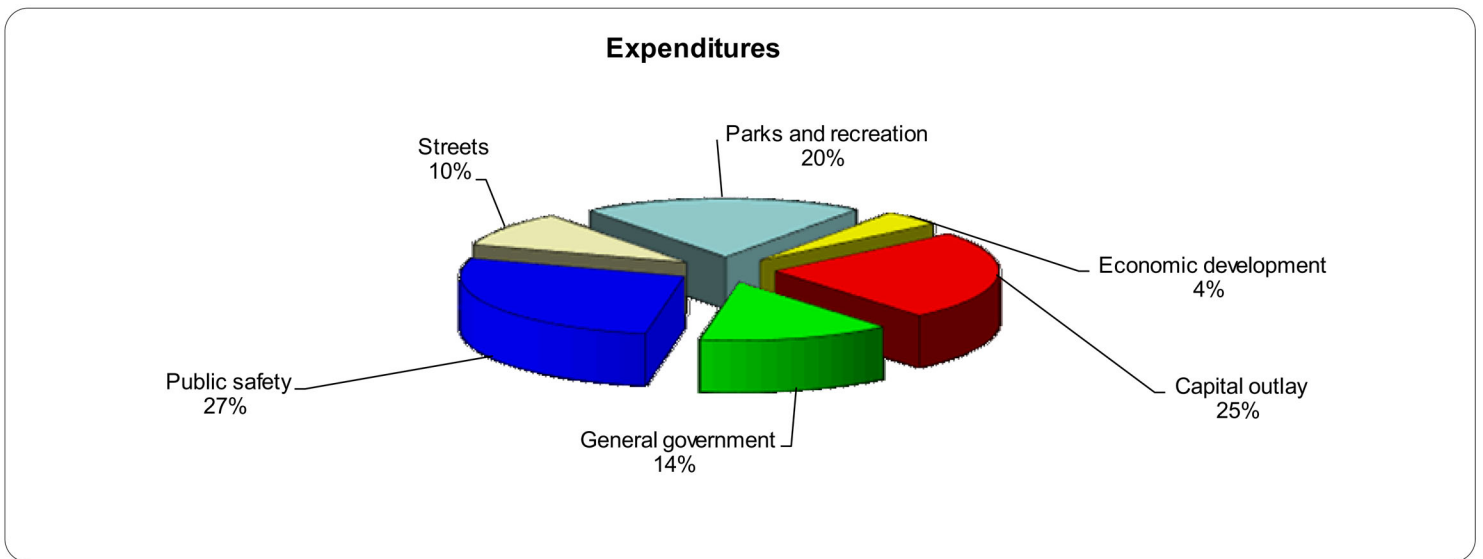
Financial Analysis of the City's Funds (continued)

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 2022:



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

Financial Analysis of the City's Funds (continued)

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

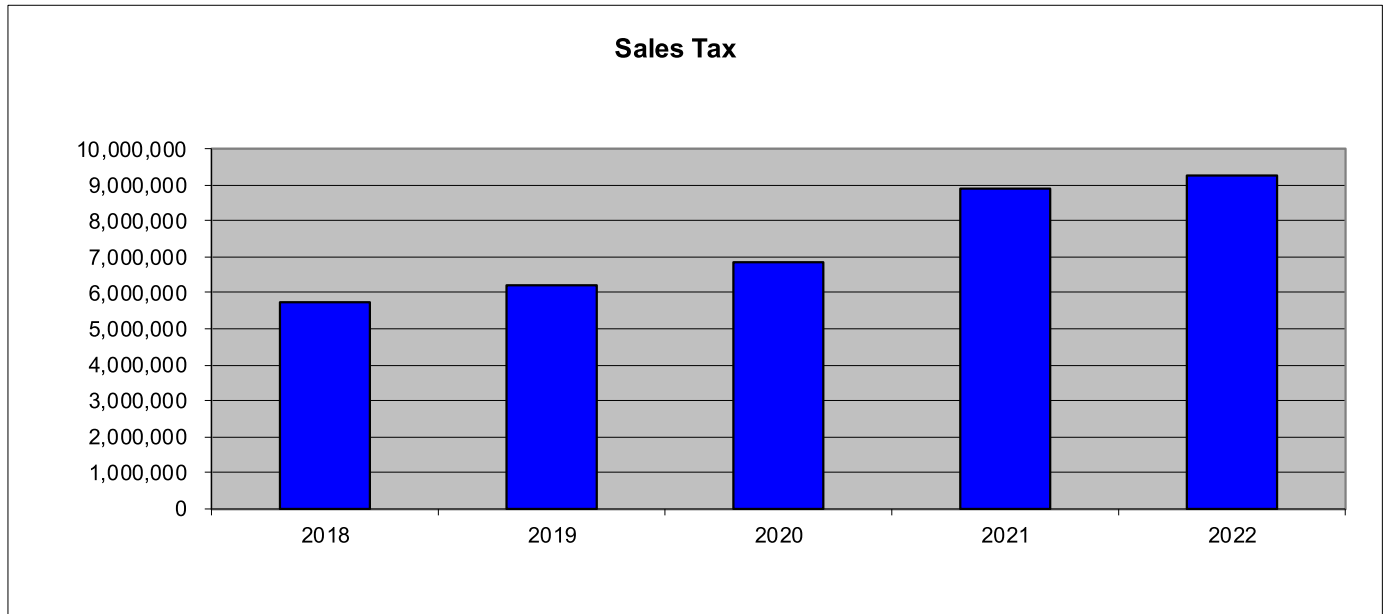
	Final Budget	Actual	Variance	Reason
Revenues:				
Sales & use tax	\$6,009,040	\$6,663,248	\$ 654,208	Sales tax is budgeted conservatively to allow for unforeseen downturns.
Other taxes	77,625	446,435	368,810	Volatile taxes such as severance tax are budgeted conservatively.
Grant revenue	552,499	571,473	18,974	Passthroughs of the Rural Economic Development Initiative (REDI) grant funds to local businesses were not completed in their entirety in 2022 as planned and were completed in 2023.
Total Revenues	8,605,946	9,687,383	1,081,437	
Expenditures:				
Lazy K Infrastructure Non-Grant	986,087	856,706	129,381	The Lazy K project was fully budgeted, with \$129,381 rolled to 2023 to complete the housing project.
Capital outlay and repairs	945,521	252,462	693,059	The purchase of a residence at Lazy K didn't end up closing until 2023 and the new accounting information system for Finance was not implemented and paid in 2022.
Total Expenditures	9,856,887	8,157,261	1,510,080	

Capital assets: The City's government-wide capital assets, net of accumulated depreciation, decreased due to depreciation in the current year. Additional information as well as a detailed classification of the City's net capital assets can be found in the Notes to the Financial Statements on pages D14 and D15 of this report.

Long-term debts: As of the end of the current fiscal year, the City had \$15,481,526 in total long-term obligations. More detail about the City's long-term obligations can be found on pages D16-D17.

Financial Analysis of the City's Funds (continued)

Sales and Use Tax: The City has 4% sales and use tax that is used to fund its governmental operations. The increase in sales tax from 2021 was \$358,347 or 4%. The following chart indicates changes in the sales tax over the past five years. The chart does not take into account revenue sharing agreements.



Next year's budget and rates: The City's General Fund balance at the end of the current fiscal year was \$6,814,215. The City's 2023 budget anticipates an ending General Fund balance of \$3,914,806.

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, 2022

	Governmental Activities	Business type Activities	Total
Assets:			
Current assets:			
Cash and investments - Unrestricted	13,053,957	13,295,596	26,349,553
Accounts, taxes, and interest receivable	1,786,751	1,328,685	3,115,436
Due from other governments	453,006	-	453,006
Prepaid expenses	208,431	9,386	217,817
Inventory	-	1,454,453	1,454,453
Total current assets	<u>15,502,145</u>	<u>16,088,120</u>	<u>31,590,265</u>
Capital assets:			
Land	2,818,836	726,455	3,545,291
Construction in progress	7,268	-	7,268
Land improvements	3,699,335	-	3,699,335
Buildings and improvements	7,661,651	38,743,316	46,404,967
Infrastructure	10,556,328	-	10,556,328
Vehicles	3,999,840	-	3,999,840
Machinery and equipment	3,994,199	12,661,648	16,655,847
Less accumulated depreciation	(15,234,667)	(20,906,064)	(36,140,731)
Total capital assets (net of accumulated depr.)	<u>17,502,790</u>	<u>31,225,355</u>	<u>48,728,145</u>
Total assets	<u>33,004,935</u>	<u>47,313,475</u>	<u>80,318,410</u>
Liabilities:			
Current liabilities:			
Accounts payable	1,606,007	1,394,138	3,000,145
Accrued payroll	121,350	54,184	175,534
Accrued expenses	60,610	1,489	62,099
Bond interest	8,065	39,407	47,472
Deposits	3,500	32,894	36,394
Total current liabilities	<u>1,799,532</u>	<u>1,522,112</u>	<u>3,321,644</u>
Noncurrent liabilities:			
Compensated absences	386,784	120,821	507,605
Accrued expenses	-	5,000	5,000
Bonds payable:			
Due within one year	-	405,000	405,000
Due in more than one year	-	3,475,000	3,475,000
Loans payable:			
Due within one year	-	568,400	568,400
Due in more than one year	-	10,296,967	10,296,967
Leases payable:			
Due within one year	223,554	-	223,554
Total noncurrent liabilities	<u>610,338</u>	<u>14,871,188</u>	<u>15,481,526</u>
Total liabilities	<u>2,409,870</u>	<u>16,393,300</u>	<u>18,803,170</u>
Deferred Inflow of Resources:			
Unavailable property tax revenue	432,910	-	432,910
Unavailable revenue - Other	1,501,506	304,634	1,806,140
Total deferred inflow of resources	<u>1,934,416</u>	<u>304,634</u>	<u>2,239,050</u>
Net Position:			
Net Investment in capital assets	17,279,236	16,420,065	33,699,301
Restricted	3,987,260	-	3,987,260
Unrestricted	7,394,153	14,195,476	21,589,629
Total Net Position	<u>28,660,649</u>	<u>30,615,541</u>	<u>59,276,190</u>

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

City of Gunnison, Colorado
Statement of Activities
December 31, 2022

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Functions/Programs							
Primary government:							
Governmental activities:							
General government	2,127,665	631,771	-	-	(1,495,894)	-	(1,495,894)
Public safety	3,567,389	59,714	26,428	-	(3,481,247)	-	(3,481,247)
Streets	2,812,654	859,652	69,207	196,263	(1,687,532)	-	(1,687,532)
Parks and recreation	2,300,524	362,415	127,550	-	(1,810,559)	-	(1,810,559)
Economic development	1,241,306	40,605	-	-	(1,200,701)	-	(1,200,701)
Total Governmental Activities	<u>12,049,538</u>	<u>1,954,157</u>	<u>223,185</u>	<u>196,263</u>	<u>(9,675,933)</u>	<u>-</u>	<u>(9,675,933)</u>
Business-type activities:							
Electric	6,400,942	7,541,102	-	-	-	1,140,160	1,140,160
Water	1,357,166	1,327,131	-	206,300	-	176,265	176,265
Sewer	3,120,584	3,002,345	-	543,679	-	425,440	425,440
Refuse	812,430	881,332	-	-	-	68,902	68,902
Recreation	2,072,178	687,886	-	351,641	-	(1,032,651)	(1,032,651)
Total Business-type Activities	<u>13,763,300</u>	<u>13,439,796</u>	<u>-</u>	<u>1,101,620</u>	<u>-</u>	<u>778,116</u>	<u>778,116</u>
Total Primary Government	<u>25,812,838</u>	<u>15,393,953</u>	<u>223,185</u>	<u>1,297,883</u>	<u>(9,675,933)</u>	<u>778,116</u>	<u>(8,897,817)</u>
General Revenues:							
Property tax, levied for general purposes					424,504	-	424,504
Specific ownership tax					50,741	-	50,741
General sales and use tax					9,254,682	2,567,935	11,822,617
Franchise tax					833,793	-	833,793
Other miscellaneous taxes					446,436	-	446,436
Investment earnings					119,745	144,893	264,638
Unrealized gains (losses)					(467,853)	(565,154)	(1,033,007)
Grants and contributions not restricted to any program					741,188	-	741,188
Gain on disposal of assets					(237,600)	11,452	(226,148)
Transfers					811,576	(811,576)	-
Total General Revenues, Special Items, and Transfers					<u>11,977,212</u>	<u>1,347,550</u>	<u>13,324,762</u>
Change in Net Position					<u>2,301,279</u>	<u>2,125,666</u>	<u>4,426,945</u>
Net Position - Beginning					<u>26,359,370</u>	<u>28,489,875</u>	<u>54,849,245</u>
Net Position - Ending					<u>28,660,649</u>	<u>30,615,541</u>	<u>59,276,190</u>

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

City of Gunnison, Colorado
Balance Sheet
Governmental Funds
December 31, 2022

	General	Street Improvement Fund	Ditch Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Cash and investments - Unrestricted	7,826,007	3,459,929	204,499	598,845	12,089,280
Receivables, net of allowance for uncollectibles	1,300,054	27,242	-	26,284	1,353,580
Property tax receivable	432,910	-	-	-	432,910
Due from other governments	453,006	-	-	-	453,006
Prepaid expenses	208,292	-	-	-	208,292
Total Assets	10,220,269	3,487,171	204,499	625,129	14,537,068
Liabilities and Fund Equity:					
Liabilities:					
Accounts payable	1,311,550	243,254	1,451	14,364	1,570,619
Accrued payroll	105,978	9,784	-	-	115,762
Accrued expenses	60,610	-	-	-	60,610
Deposits	3,500	-	-	-	3,500
Total Liabilities	1,481,638	253,038	1,451	14,364	1,750,491
Deferred inflow of resources:					
Unavailable property tax revenue	432,910	-	-	-	432,910
Unavailable revenue - other	1,491,506	10,000	-	-	1,501,506
Total deferred inflow of resources	1,924,416	10,000	-	-	1,934,416
Fund Balances:					
Unspendable	208,292	-	-	-	208,292
Spendable:					
Restricted for emergencies	384,000	-	-	-	384,000
Restricted for road and bridge	-	3,224,133	-	-	3,224,133
Restricted for recreation	-	-	-	78,648	78,648
Restricted - other	-	-	-	300,479	300,479
Committed	-	-	203,048	-	203,048
Assigned	-	-	-	231,638	231,638
Unassigned	6,221,923	-	-	-	6,221,923
Total Fund Balances	6,814,215	3,224,133	203,048	610,765	10,852,161
Total Liabilities, Deferred Inflow of Resources and Fund Balances	10,220,269	3,487,171	204,499	625,129	14,537,068

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, 2022

Governmental Funds Total Fund Balance	10,852,161
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.	28,987,308
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.	3,194,584
Less:	
Accumulated depreciation (excluding internal service fund) is not recognized in the governmental funds because capital assets are expensed at the time of acquisition.	(14,005,375)
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.	(368,029)
Governmental Activities Net Position	28,660,649

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, 2022

	General	Street Improvement Fund	Ditch Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	8,367,980	2,396,883	-	280,292	11,045,155
Licenses and permits	129,781	-	-	-	129,781
Intergovernmental revenue	756,237	360,149	64,665	62,917	1,243,968
Charges for services	512,617	4,722	-	313,417	830,756
Fines and forfeitures	4,405	11,590	-	-	15,995
Investment income	74,263	28,229	2,441	9,761	114,694
Unrealized gains (losses)	(271,550)	(134,902)	(12,782)	(36,078)	(455,312)
Donations and contributions	73,372	55,320	-	-	128,692
Miscellaneous	40,278	-	-	-	40,278
Total Revenues	9,687,383	2,721,991	54,324	630,309	13,094,007
Expenditures:					
General government	1,585,716	-	-	265,391	1,851,107
Public safety	3,416,543	-	-	207,500	3,624,043
Public works	137,869	982,121	175,152	-	1,295,142
Culture and recreation	2,693,097	-	-	-	2,693,097
Economic development	559,477	-	-	-	559,477
Capital outlay	252,462	3,017,143	-	35,901	3,305,506
Total Expenditures	8,645,164	3,999,264	175,152	508,792	13,328,372
Excess (Deficiency) of Revenues Over Expenditures	1,042,219	(1,277,273)	(120,828)	121,517	(234,365)
Other Financing Sources (Uses):					
Transfers in	710,805	450,941	-	-	1,161,746
Transfers (out)	(883,267)	-	-	(173,941)	(1,057,208)
Total Other Financing Sources (Uses)	(172,462)	450,941	-	(173,941)	104,538
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	869,757	(826,332)	(120,828)	(52,424)	(129,827)
Fund Balances - Beginning	5,944,458	4,050,465	323,876	663,189	10,981,988
Fund Balances - Ending	6,814,215	3,224,133	203,048	610,765	10,852,161

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, 2022

Governmental Funds Changes in Fund Balances	(129,827)
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.	2,895,570
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.	(611,684)
Changes in the City employees' accrued compensated absences are considered changes in long-term liabilities. This is the amount that accrued compensated absences decreased.	(864)
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.	440,784
Assets disposed of prior to being fully depreciated are charged off upon disposition. This represents the assets disposed of during the year.	(292,700)
Governmental Activities Change in Net Position	2,301,279

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

**City of Gunnison
Statement of Net Position
Proprietary Funds
December 31, 2022**

	Enterprise Fund	Internal Service Fund
Assets:		
Current assets:		
Cash and investments - unrestricted	13,295,596	964,677
Accounts receivables, net of allowance for uncollectibles	1,328,685	261
Inventories	1,454,453	139
Prepaid expenses	9,386	-
Total current assets	16,088,120	965,077
Non-current assets:		
Land	726,455	-
Building and improvements	38,743,316	301,368
Machinery and equipment	12,661,648	3,448,780
Less: Accumulated depreciation	(20,906,064)	(1,229,293)
Total non-current assets	31,225,355	2,520,855
Total Assets	47,313,475	3,485,932
Liabilities:		
Current liabilities:		
Accounts payable	1,394,140	35,382
Accrued payroll	54,184	5,588
Accrued expenses	1,489	-
Long term debt interest payable	39,407	8,065
Deposits held	32,894	-
Deferred revenue	304,634	-
Non-current liabilities due within one year:		
Capital leases	-	223,554
Bonds	405,000	-
Loans	568,400	-
Total current liabilities	2,800,148	272,589
Non-current liabilities:		
Accrued compensated absences	120,819	18,759
Accrued expenses	5,000	-
Non-Current Liabilities - due longer than one year:		
Bonds	3,475,000	-
Loans	10,296,967	-
Total non-current liabilities	13,897,786	18,759
Total Liabilities	16,697,934	291,348
Net Position:		
Net Investment in capital assets	15,900,988	2,297,301
Unrestricted	14,714,553	897,283
Total Net Position	30,615,541	3,194,584

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, 2022

	Enterprise Fund	Internal Service Fund
Operating Revenue:		
Utility sales	13,308,838	724,562
Other revenue	130,955	3,566
Operating Revenue	13,439,793	728,128
Operating Expenses:		
Salaries and employee benefits	2,893,163	-
Purchased power	4,106,031	-
Purchased services	2,370,063	-
Operations and maintenance	2,158,190	-
Supplies	532,636	-
Depreciation and amortization	1,469,436	258,420
Fleet expenditures	-	745,767
Operating Expenses	13,529,519	1,004,187
Operating income (loss)	(89,726)	(276,059)
Non-Operating Revenues (Expenses):		
Taxes	2,567,935	-
Interest revenue	144,892	5,663
Interest expense	(241,278)	-
Unrealized gain (loss)	(565,154)	(15,958)
Grants and contributions	1,101,620	-
Sale of fixed assets	18,950	20,100
Total Non-Operating Revenues (Expenses)	3,026,965	9,805
Income (Loss) Before Contributions and Transfers	2,937,239	(266,254)
Transfers in	702,638	742,031
Transfers (out)	(1,514,214)	(34,993)
Change in Net Position	2,125,663	440,784
Total Net Position - Beginning	28,489,878	2,753,800
Total Net Position - Ending	30,615,541	3,194,584

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, 2022

	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>	<u>Total</u>
Cash Flows From Operating Activities:			
Cash received from customers for services	14,441,370	-	14,441,370
Cash received from interfund charges	-	724,361	724,361
Other cash received	132,949	3,566	136,515
Cash paid for goods and services	(9,892,339)	(739,089)	(10,631,428)
Cash paid for employment services	(2,889,168)	3,063	(2,886,105)
Net Cash Provided (Used) by Operating Activities	<u>1,792,812</u>	<u>(8,099)</u>	<u>1,784,713</u>
Cash Flows From Non-Capital Financing Activities:			
Transfers (out)	(1,514,214)	(34,993)	(1,549,207)
Transfers in	702,638	742,031	1,444,669
Net Cash Provided by Non-Capital Financing Activities	<u>(811,576)</u>	<u>707,038</u>	<u>(104,538)</u>
Cash Flows From Capital Financing Activities:			
Purchase of fixed assets	(2,383,085)	(322,591)	(2,705,676)
Taxes levied for operations	2,567,935	-	2,567,935
Grants and contributions	1,101,620	-	1,101,620
Interest paid	(241,278)	-	(241,278)
Principal paid	(959,075)	(215,050)	(1,174,125)
Net Cash (Used) by Capital Financing Activities	<u>86,117</u>	<u>(537,641)</u>	<u>(451,524)</u>
Cash Flows From Investing Activities:			
Interest received	(420,262)	(10,295)	(430,557)
Net Cash Provided by Investing Activities	<u>(420,262)</u>	<u>(10,295)</u>	<u>(430,557)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	647,091	151,003	798,094
Cash and Cash Equivalents - Beginning	12,648,505	813,674	13,462,179
Cash and Cash Equivalents - Ending	<u>13,295,596</u>	<u>964,677</u>	<u>14,260,273</u>
Reconciliation of Operating (Loss) to			
Net Cash Provided (Used) by Operating Activities:			
Operating (loss)	(89,726)	(276,059)	(365,785)
Adjustments to reconcile operating (loss)			
to net cash provided (used) by operating activities:			
Depreciation	1,469,436	258,420	1,727,856
(Increase) decrease in accounts receivable	1,132,532	(201)	1,132,331
(Increase) decrease in inventories	(396,359)	-	(396,359)
(Increase) decrease in prepaid expenses	2,165	1,142	3,307
Increase (decrease) in accounts payable	(331,225)	5,536	(325,689)
Increase (decrease) in compensated absences	(8,237)	1,793	(6,444)
Increase (decrease) in deposits	1,994	-	1,994
Increase (decrease) in accrued wages	12,232	1,270	13,502
Total Adjustments	<u>1,882,538</u>	<u>267,960</u>	<u>2,150,498</u>
Net Cash Provided (Used) by Operating Activities	<u>1,792,812</u>	<u>(8,099)</u>	<u>1,784,713</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, 2022

	<u>Volunteer Firefighters' Pension Fund</u>
Assets	
Cash and investments	<u>2,183,309</u>
Total Assets	<u><u>2,183,309</u></u>
Net Position	
Net position - held in trust for pension benefits	<u><u>2,183,309</u></u>

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

City of Gunnison
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Year Ended December 31, 2022

	<u>Volunteer Firefighters' Pension Fund</u>
Additions	
Contributions	
City	40,510
District	40,510
State	54,662
Earnings on investments	<u>(368,215)</u>
Total Additions	<u>(232,533)</u>
Deductions	
Benefits	259,050
Expenses	<u>16,190</u>
Total Deductions	<u>275,240</u>
Change in net position	(507,773)
Net position at beginning of year	<u>2,691,082</u>
Net position at end of year	<u><u>2,183,309</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, 2022

I. Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

B. Joint Venture

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

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

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

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

C. Government-wide and Fund Financial Statements

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

City of Gunnison
Notes to the Financial Statements
December 31, 2022
(continued)

I. Summary of Significant Accounting Policies (continued)

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

1. Government-wide Financial Statements

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

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

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

2. Categories and Classification of Fund Balance

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

3. Fund Balance Disclosure

The City classifies governmental fund balances as follows:

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

Spendable Fund Balance:

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

City of Gunnison
Notes to the Financial Statements
December 31, 2022
(continued)

I. Summary of Significant Accounting Policies (continued)

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

3. Fund Balance Disclosure (continued)

Spendable Fund Balance: (continued)

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

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

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

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

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

4. Fund Financial Statements

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

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

City of Gunnison
Notes to the Financial Statements
December 31, 2022
(continued)

I. Summary of Significant Accounting Policies (continued)

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

4. Fund Financial Statements (continued)

Special Revenue Funds

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

The *Street Improvement Fund* accounts for revenues derived from sales and use tax specifically for streets, as well as other revenues restricted for street improvements.

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

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

The *Marijuana Mitigation Fund* accounts for revenues derived from marijuana sales taxes which finance specific activities as required by law.

The *Risk Management Fund* accounts for revenues derived from insurance contributions which finance specific activities as required by law or administrative action.

Proprietary Funds

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

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

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

Fiduciary Fund

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

City of Gunnison
Notes to the Financial Statements
December 31, 2022
(continued)

I. Summary of Significant Accounting Policies (continued)

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

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

1. Long-term Economic Focus and Accrual Basis

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

2. Current Financial Focus and Modified Accrual Basis

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

3. Financial Statement Presentation

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

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

E. Financial Statement Accounts

1. Cash, Cash Equivalents and Investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within 3 months of the date acquired by the City.

City of Gunnison
Notes to the Financial Statements
December 31, 2022
(continued)

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

1. Cash, Cash Equivalents and Investments (continued)

Investments are stated at fair value, net asset value or amortized cost. The change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

The City's investment policy permits investments in the following type of obligations which corresponds with state statutes:

- U.S. Treasury Obligations (maximum maturity of 60 months)
- Federal Instrumentality Securities (maximum maturity of 60 months)
- FDIC-insured Certificates of Deposit (maximum maturity of 18 months)
- Corporate Bonds (maximum maturity of 36 months)
- Prime Commercial Paper (maximum maturity of 9 months)
- Eligible Bankers Acceptances
- Repurchase Agreements
- General Obligations and Revenue Obligations
- Local Government Investment Pools
- Certain Money Market Mutual Funds

2. Receivables

Receivables are reported net of an allowance for uncollectible accounts.

3. Prepaid expenses

Payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items in both government-wide and fund financial statements.

4. Inventories

Inventories are valued at cost, using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased on the fund financial statements.

5. Property Taxes

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

City of Gunnison
Notes to the Financial Statements
December 31, 2022
(continued)

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

6. Capital Assets

Capital assets, which include land, buildings and other improvements, machinery and equipment, infrastructure and vehicle assets, are reported in the applicable governmental or business-type activity columns in the government-wide financial statements.

The City defines capital assets as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

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

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

7. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City doesn't have any items that qualify for reporting in this category at December 31, 2022.

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

8. Compensated Absences

Earned but unused vacation benefits of governmental funds are accrued when incurred in the governmental activities column in the government-wide financial statements. Earned but unused vacation benefits of the proprietary funds are accrued when incurred as an expense and liability of the proprietary fund where the payroll is paid.

City of Gunnison
Notes to the Financial Statements
December 31, 2022
(continued)

II. Reconciliation of Government-wide and Fund Financial Statements

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

The governmental fund Balance Sheet includes reconciliation between *fund balance – total governmental funds* and *net position of governmental activities* as reported in the government-wide Statement of Net Position. One element of that reconciliation explains that capital assets are recorded as assets when purchased and depreciated over the life of the assets. Net capital assets (excluding internal service fund) of \$14,981,933 represents capitalized costs of \$28,987,308 and accumulated depreciation of \$14,005,375.

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 \$3,194,584 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 \$368,029.

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 \$2,895,570 less depreciation expense of \$611,684.

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 \$864.

Another element of that reconciliation states that "Internal service funds are used by management to charge costs of various activities to the general and other funds. The net income or loss of the internal service funds are included in the governmental activities statement of activities." The net income of \$440,784 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 2022.

City of Gunnison
Notes to the Financial Statements
December 31, 2022
(continued)

III. Stewardship, Compliance, and Accountability (continued)

A. Budgetary Information (continued)

1. For the 2022 budget year, prior to August 25, 2021 (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, 2021, 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, 2021, 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 2021 were collected in 2022 and taxes certified in 2022 will be collected in 2023. Taxes are due on January 1st in the year of collection; however, they may be paid in either one installment (no later than April 30th) or two equal installments (not later than February 28th and June 15th) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 16th.

During the year the City approved the following budget amendments:

Fund	Original Budget	Final Budget	Amendment
General Fund	\$ 9,546,790	\$ 11,196,922	\$ 1,650,132
Conservation Trust Fund	55,500	63,500	8,000
Ditch Fund	132,600	222,978	90,378
Marijuana Mitigation Fund	267,410	360,410	93,000
Fleet Fund	1,585,631	1,756,631	171,000
Electric Department	7,313,351	9,493,409	2,180,058
Water Department	1,504,602	1,862,341	357,739
Sewer Department	2,520,629	3,460,566	939,937
Recreation Department	3,801,979	4,417,600	615,621

City of Gunnison
Notes to the Financial Statements
December 31, 2022
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment

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

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

TABOR also requires local governments to establish an emergency reserve to be used for declared emergencies only. The reserve is calculated at 3% of fiscal year spending. Fiscal year spending excludes bonded debt service and enterprise spending. The City has reserved \$384,000, which is the approximate required reserve at December 31, 2022.

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

IV. Detailed Notes on All Funds

A. Deposits and Investments

The City' deposits are entirely covered by federal depository insurance ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first \$250,000 of the City's deposits at each financial institution. Deposit balances over \$250,000 are collateralized as required by PDPA. The carrying amount of the City's demand deposits was at year end. Petty cash totaled \$6,400.

Fair Value of Investments

The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1*: Quoted prices for identical investments in active markets;
- *Level 2*: Observable inputs other than quoted market prices; and,
- *Level 3*: Unobservable inputs.

City of Gunnison
Notes to the Financial Statements
December 31, 2022
(continued)

IV. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

At December 31, 2022, the City had the following recurring fair value measurements:

<u>Investments Measured at Fair Value</u>	<u>Total</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Certificates of deposit	\$ 5,950,707	-	5,950,707	-
United States Treasuries	3,313,624	-	3,313,624	-
United States Agencies	7,578,283	-	7,578,283	-
<u>Investments Measured at Net Asset Value</u>				
COLOTRUST	3,640,028			
<u>Investments Measured at Amortized Cost</u>				
CSAFE	1,398,599			

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 are valued using the following approaches:

- U.S. Treasuries and U.S. Agencies: quoted prices for identical securities in markets that are not active;
- Certificates of Deposit, and Collateralized Debt Obligations: matrix pricing based on the securities' relationship to benchmark quoted prices.

The Investment Pool represents investments in COLOTRUST and C-SAFE. The fair value of the pool is determined by the pool's share price. The City has no regulatory oversight for the pool. At December 31, 2022, the City's investments in COLOTRUST and C-SAFE were 17% and 6% of the City's investment portfolio, respectively.

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

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

City of Gunnison
Notes to the Financial Statements
December 31, 2022
(continued)

IV. Detailed Notes on All Funds

A. Deposits and Investments (continued)

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.

At December 31, 2022, unrealized losses were \$888,740 which reflect changes in the fair market value of investments. At year end, the City had the following cash and investments with the following maturities:

	Standard & Poors Rating	Carrying Amounts	Maturities	
			Less than one year	One to five years
<i>Petty cash:</i>	Not Rated	\$ 6,400	\$ 6,400	\$ -
<i>Demand Deposits:</i>				
Checking, savings & money mkt	Not Rated	4,592,306	4,592,306	-
Certificates of deposit	Not Rated	5,950,707	980,000	4,970,707
<i>Investments:</i>				
United States Agencies	AA+	7,578,283	-	7,578,283
United States Treasuries	AA+	3,313,624	964,340	2,349,284
Pension fund investments	AA+	2,052,915	-	2,052,915
Investment Pools	AAAm	5,038,627	5,038,627	-
		<u>\$ 28,532,862</u>	<u>\$ 11,581,673</u>	<u>\$ 16,951,189</u>
<i>Reconciliation to Statements of Net Position:</i>				
Cash and investments - Unrestricted		\$ 26,349,553		
Cash and investments (Fiduciary Net Position)		<u>2,183,309</u>		
		<u>\$ 28,532,862</u>		

City of Gunnison
Notes to the Financial Statements
December 31, 2022
(continued)

IV. Detailed Notes on All Funds (continued)

B. Receivables (continued)

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

	Governmental Funds				Total
	Street		Ditch Fund	Other Governmental Funds	
	General	Improvement Fund			
Receivables:					
Taxes	\$ 432,910	\$ -	\$ -	\$ -	\$ 432,910
Accounts and other receivable	1,300,054	27,242	-	26,284	1,353,580
Due from other governments	453,006	-	-	-	453,006
Gross receivables	<u>2,185,970</u>	<u>27,242</u>	<u>-</u>	<u>26,284</u>	<u>2,239,496</u>
Less: allowance for uncollectible	-	-	-	-	-
Net Receivables	<u><u>\$ 2,185,970</u></u>	<u><u>\$ 27,242</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 26,284</u></u>	<u><u>\$ 2,239,496</u></u>

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 2022 but not available until 2023.

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

	Enterprise Funds					Total
	Electric Department	Water Department	Wastewater Department	Refuse Department	Recreation Department	
Receivables:						
Accounts receivable	\$ 786,430	\$ 108,451	\$ 324,433	\$ 80,913	\$ 2,116	\$ 1,302,343
Other receivables	-	-	-	-	26,342	26,342
Gross receivables	<u>786,430</u>	<u>108,451</u>	<u>324,433</u>	<u>80,913</u>	<u>28,458</u>	<u>1,328,683</u>
Less: allowance for uncollectible	-	-	-	-	-	-
Net Receivables	<u><u>\$ 786,430</u></u>	<u><u>\$ 108,451</u></u>	<u><u>\$ 324,433</u></u>	<u><u>\$ 80,913</u></u>	<u><u>\$ 28,458</u></u>	<u><u>\$ 1,328,683</u></u>

City of Gunnison
Notes to the Financial Statements
December 31, 2022
(continued)

IV. Detailed Notes on All Funds (continued)

C. Capital Assets

Capital asset activity for the year ended December 31, 2022 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,818,836	\$ -	\$ -	\$ 2,818,836
Construction in progress	200,260	7,268	(200,260)	7,268
Capital assets, being depreciated:				
Land improvements	3,557,095	233,605	(91,365)	3,699,335
Buildings and improvements	7,958,036	71,232	(367,617)	7,661,651
Infrastructure	8,088,952	2,698,771	(231,395)	10,556,328
Machinery and equipment	4,080,839	315,018	(401,658)	3,994,199
Vehicles	3,949,021	112,628	(61,809)	3,999,840
Total capital assets being depreciated	<u>30,653,039</u>	<u>3,438,522</u>	<u>(1,354,104)</u>	<u>32,737,457</u>
Less accumulated depreciation for:				
Land improvements	(1,435,698)	(170,347)	91,365	(1,514,680)
Buildings and improvements	(3,095,758)	(194,640)	109,623	(3,180,775)
Infrastructure	(5,657,372)	(115,485)	231,394	(5,541,463)
Machinery and equipment	(2,327,256)	(205,792)	366,952	(2,166,096)
Vehicles	(2,709,623)	(183,839)	61,809	(2,831,653)
Total accumulated depreciation	<u>(15,225,707)</u>	<u>(870,103)</u>	<u>861,143</u>	<u>(15,234,667)</u>
Governmental Activities Capital Assets, Net	<u>\$ 15,427,332</u>	<u>\$ 2,568,419</u>	<u>\$ (492,961)</u>	<u>\$ 17,502,790</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 560,253	\$ 166,202	\$ -	\$ 726,455
Construction in progress	481,410	-	(481,410)	-
Total Capital Assets, Not Depreciated	<u>1,041,663</u>	<u>166,202</u>	<u>(481,410)</u>	<u>726,455</u>
Capital assets, being depreciated:				
Building and improvements	38,446,575	849,085	(552,344)	38,743,316
Machinery and equipment	11,971,188	2,016,792	(1,326,332)	12,661,648
Total Capital Assets Being Depreciated	<u>50,417,763</u>	<u>2,865,877</u>	<u>(1,878,676)</u>	<u>51,404,964</u>
Less accumulated depreciation for:				
Buildings and improvements	(12,023,639)	(1,139,444)	552,344	(12,610,739)
Machinery and equipment	(9,143,034)	(329,992)	1,177,701	(8,295,325)
Total Accumulated Depreciation	<u>(21,166,673)</u>	<u>(1,469,436)</u>	<u>1,730,045</u>	<u>(20,906,064)</u>
Business-type activities capital assets, net	<u>\$ 30,292,753</u>	<u>\$ 1,562,643</u>	<u>\$ (630,041)</u>	<u>\$ 31,225,355</u>

City of Gunnison
Notes to the Financial Statements
December 31, 2022
(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:

	Depreciation Expense	Capital Outlay
<i>Governmental activities:</i>		
General government	\$ 99,524	\$ 2,732,718
Public safety	105,475	-
Public works	465,690	395,728
Parks and recreation	199,414	109,816
Total - Governmental Activities	\$ 870,103	\$ 3,238,262
 <i>Business-type activities:</i>		
Electric Department	\$ 145,589	\$ 829,034
Water Department	81,111	372,320
Wastewater Department	789,093	726,199
Refuse Department	44,063	-
Recreation Department	409,580	623,116
Total - Business-type Activities	\$ 1,469,436	\$ 2,550,669

D. Transfers

At December 31, 2022, the City had the following transfers:

	In	Out
<i>Governmental Funds:</i>		
General Fund	\$ 710,805	\$ (883,267)
Street Improvement Fund	450,941	-
Other Governmental Funds	-	(173,941)
<i>Internal Service Funds:</i>		
Fleet Fund	742,031	(34,993)
<i>Proprietary Funds:</i>		
Electric Department	-	(135,305)
Water Department	-	(160,412)
Sewer Department	-	(270,412)
Refuse Department	-	(44,293)
Recreation Department	702,638	(903,792)
Total	\$ 2,606,415	\$ (2,606,415)

City of Gunnison
Notes to the Financial Statements
December 31, 2022
(continued)

IV. Detailed Notes on All Funds (continued)

E. Other Liabilities

1. Lease Agreement

During 2019, the City entered into a lease agreement with Community First National Bank for the amount of \$1,070,403. The funds were used to purchase an aerial fire truck. The interest rate is 3.95% annually and the payments are due February 1 beginning February 1, 2019 and ending on February 1, 2023. The principal outstanding at December 31, 2022 was \$223,554.

2. 2019 Sewer Revolving Fund Loan

On May 1, 2019, the City entered into a loan agreement with the Colorado Water Resources and Power Development Authority (the "Authority") for the amount of \$9,541,520. The funds were used for improvements at the existing wastewater treatment facility. The interest rate is 1.69% and the payments are due August 1 and February 1 beginning August 1, 2019 and ending on August 1, 2039. The principal outstanding at December 31, 2022 was \$7,950,307.

3. 2019 Green Reserve Loan

On May 22, 2019, the City entered into a loan agreement with the Authority for the amount of \$3,000,000. The funds will be used for improvements at the existing wastewater treatment facility. The interest rate will be 0.5% annually if the finally constructed project is certified by the Colorado Department of Public Health and the Environment, Water Quality Control Division ("WQCD") as a Green Project or 2.5% if the project is not certified as a Green Project. The payments are due May 1 and November 1 beginning May 1, 2020 and ending on November 1, 2039. At the discretion of the Authority, the loan may be forgiven in an amount up to 100% of the principal amount of the loan. The principal outstanding at December 31, 2022 was \$2,915,060.

4. Sales and Use Tax Revenue Refunding Note, Series 2021

On July 29, 2021, the City issued the \$4,655,000 sales and use tax Revenue note to refund the 2017 Sales and Use Tax Revenue Bonds. The interest rate is 1.582%, payable on June 1 and December 1. The principal is payable on December 1 and matures in various increments through 2031. The principal outstanding at December 31, 2022 was \$3,880,000. The refunding was undertaken to reduce total debt service payments by \$263,525 and resulted in an economic gain of \$243,555.

5. Accrued Compensated Absences

Earned but unused compensated absence (e.g. paid time off) benefits amounted to \$507,605 at December 31, 2022. Unused compensated absences are shown as long-term debt on the Government-wide Statement of Net Position. Unused compensated absences of proprietary funds are recorded as an expense and liability of those funds as the benefits accrue to employees.

City of Gunnison
Notes to the Financial Statements
December 31, 2022
(continued)

IV. Detailed Notes on All Funds (continued)

E. Other Liabilities

6. Debt Schedule

The following payments are required:

Governmental Activities Debt			
Year	Principal	Interest	Total
2023	\$ 223,554	\$ 8,840	\$ 232,394
Total	\$ 223,554	\$ 8,840	\$ 232,394

Business-Type Activities Debt			
Year	Principal	Interest	Total
2023	\$ 973,400	\$ 152,202	\$ 1,125,602
2024	990,843	137,054	1,127,897
2025	1,001,207	121,822	1,123,029
2026	1,021,798	107,008	1,128,806
2027	1,031,326	92,282	1,123,608
2025 - 2029	4,915,392	256,389	5,171,781
2030 - 2034	3,373,183	75,602	3,448,785
2035 - 2039	1,438,218	7,853	1,446,071
Total	\$ 14,745,367	\$ 950,212	\$ 15,695,579

7. Changes in Debt

The City had the following changes in debt for the year ended December 31, 2022:

	1/1/22	Additions	Deletions	12/31/22	Due within one year
Governmental Activities Debt:					
2019 Lease Payable	\$ 438,604	\$ -	\$ 215,050	\$ 223,554	\$ 223,554
Compensated absences	384,127	334,630	331,973	386,784	-
Enterprise Debt:					
Accrued expenses	5,000	-	-	5,000	-
2019 Green Reserve	2,915,060	-	-	2,915,060	84,940
2019 Sewer Revolving Loan	8,509,382	-	559,075	7,950,307	483,460
2021 SUT Refunding Bonds	4,280,000	-	400,000	3,880,000	405,000
Compensated absences	129,056	223,504	231,739	120,821	-
Total	\$ 16,661,229	\$ 558,134	\$ 1,737,837	\$ 15,481,526	\$ 1,196,954

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

City of Gunnison
Notes to the Financial Statements
December 31, 2022
(Continued)

IV. Detailed Notes on All Funds (continued)

E. Other Liabilities

8. Debt Requirements

The City is compliant in ongoing disclosure requirements to the secondary bond market in accordance with the Securities and Exchange Commission's Rule 15c2-12.

F. Pollution Remediation Obligation

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

During 2012, the City determined that the City has fulfilled its remediation of the landfill, with the exception of additional testing that may be required before the remediation is closed out. In 2022, 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, 2022, employees and the City made the required contributions to the plan of \$452,497 and \$152,497, respectively.

All of the Police Officer's Pension Plan investments at December 31, 2022 of \$5,118,731 are managed by the Colorado Retirement Association ("CRA"). Separately issued financial statements for the plan may be obtained from CRA at 4949 South Syracuse St., Suite 400, Denver, Colorado 80237.

City of Gunnison
Notes to the Financial Statements
December 31, 2022
(Continued)

IV. Detailed Notes on All Funds (continued)

G. Pension Plans (continued)

2. General Employee Pension Plan

The City contributes to a defined contribution agent multiple-employer public employee retirement system on behalf of all full-time general employees with one or more service years. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The City and the employees each contribute 5% of the employee's base salary. This contribution rate and other provisions are established and may be amended by City Council. Employees vest in City contributions and interest earnings thereon immediately. During the year ended December 31, 2021, employees and the City made the required contributions to the plan of \$302,648 and \$302,648 respectively.

All of the General Employee Pension Plan investments at December 31, 2022 of \$7,110,649 are managed CRA. Separately issued financial statements for the plan may be obtained from CRA at 4949 South Syracuse St., Suite 400, Denver, Colorado 80237.

3. Volunteer Firefighters' Pension Plan

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

As of December 31, 2022, the Plan had 38 active non-retired members, and 41 retired members, for a total of 79 participants. This plan does not issue separate stand-alone financial statements.

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

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

Contributions. The Plan receives contributions from the City (in an amount not to exceed one-half mill of property tax revenue) and from the State of Colorado. The contributions are not actuarially determined. In 2022, the City contributed \$40,510 to the Plan, the Fire Protection District contributed \$40,510, and the State contributed \$54,662. None of the City's payroll is covered by the pension plan because the firefighters are volunteers.

City of Gunnison
Notes to the Financial Statements
December 31, 2022
(continued)

IV. Detailed Notes on All Funds (continued)

G. Pension Plans (continued)

3. Volunteer Firefighters' Pension Plan (continued)

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

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

Concentrations. As of December 31, 2022, the pension fund held no concentrations of investments with individual organizations equaling or exceeding 5 percent of the pension plan's fiduciary net position.

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

Net Pension Liability. The components of the net pension liability of the Plan at December 31, 2022 are as follows:

Total pension liability	\$ 3,177,665
Fiduciary net position	2,183,309
Net pension liability	<u>\$ 994,356</u>

City of Gunnison
Notes to the Financial Statements
December 31, 2022
(continued)

IV. Detailed Notes on All Funds (continued)

G. Pension Plans (continued)

3. Volunteer Firefighters' Pension Plan (continued)

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of January 1, 2023, using the following actuarial assumptions applied to all periods included in the measurement.

Actuarial cost method	Entry-age
Asset valuation method	Market value
Real rate of investment return	3.25% per annum compounded annually
Inflation rate	2.75% per annum compounded annually
Actuarial funding discount rate	6.00% per annum compounded annually
Expense loading	Actuarial funding discount rate is net of expenses
Valuation census	Closed group of lives as of the valuation date
Mortality rates	1994 GAM rates - modified
Turnover rates	Graduated rates by attained age
Disability rates	None used
Retirement age	Age 50, after 20 years of service
Age difference	Males assumed to be 3 years older than females
Marital status	80% of all members are married

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

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

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

	1.00% Decrease	Current Discount Rate	1.00% Increase
Net pension liability	\$ 1,335,276	\$ 994,356	\$ 709,139

City of Gunnison
Notes to the Financial Statements
December 31, 2022
(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 Mission Square Retirement ("Mission Square") and the police employee plan is administered by CRA. The City's contributions to the plans for the year ended December 31, 2022 were \$9,465 to the Mission Square plan and \$54,870 to the CRA plan.

I. Restricted Fund Balance

The City had the following restrictions on fund balances at December 31, 2022:

	<u>1/1/22</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/22</u>
<i>General Fund:</i>				
Emergency reserves	\$ 298,000	\$ 86,000	\$ -	384,000
<i>Street Improvement Fund:</i>				
Road and bridge	2,877,044	347,089	-	3,224,133
<i>Conservation Trust:</i>				
Recreation	64,605	14,043	-	78,648
<i>Marijuana Mitigation:</i>				
Other	357,452	-	56,973	300,479
	<u>\$ 3,597,101</u>	<u>\$ 447,132</u>	<u>\$ 56,973</u>	<u>3,987,260</u>

J. Committed Fund Balance

The City had the following committed fund balances at December 31, 2022:

	<u>1/1/22</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/22</u>
<i>Ditch Fund:</i>				
Ditch maintenance	\$ 551,428	\$ -	\$ 348,380	\$ 203,048
	<u>\$ 551,428</u>	<u>-</u>	<u>348,380</u>	<u>203,048</u>

City of Gunnison
Notes to the Financial Statements
December 31, 2022
(continued)

IV. Detailed Notes on All Funds (continued)

K. Assigned Fund Balance

The City had the following assigned fund balances at December 31, 2022:

	<u>1/1/22</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/22</u>
<i>Special Revenue Funds:</i>				
Risk management fund	\$ 154,548	\$ 77,090	\$ -	\$ 231,638
	<u>\$ 154,548</u>	<u>\$ 77,090</u>	<u>\$ -</u>	<u>\$ 231,638</u>

V. Other Information

A. Joint Venture

At December 31, 2022, Gunnison/Hinsdale Authority had assets of \$1,662,653, liabilities of \$811,056 and \$851,597 in net position. Total revenues for 2022 were \$1,603,477 and total expenses were \$1,313,623 resulting in a net change in fund balance of \$289,854. The amount of the City's share of these amounts is based upon the percentage of the county wide telephone accesses to be served.

B. Risk Management

The City is exposed to various risks of loss related to workers' compensation and general liability. The City has acquired commercial coverage for these risks and any settled claims are not expected to exceed the commercial insurance coverage. The City is also exposed to the risks of loss related to torts; theft of, damage to, and destruction of assets; and errors and omissions. To address such risks, the City is a participant in a public entity risk pool administered by Colorado Intergovernmental Risk Sharing Agency ("CIRSA").

CIRSA's operations are funded by contributions from member governments. Coverage is provided in the amount of \$250,000 per claim or occurrence for property, \$1,000,000 per claim or occurrence for liability, and \$150,000 per claim or occurrence for crime. CIRSA has also acquired additional excess coverage from outside sources. While the City may be liable for any losses in excess of this coverage, the City does not anticipate such losses at December 31, 2022. Surpluses or deficits realized by CIRSA for any given year are subject to change for such reasons as interest earnings on invested amounts for those years and funds, re-estimation of losses for those years and funds, and credits or distributions from surplus for those years and funds.

The City's share of CIRSA's fund equity as of December 31, 2022, is:

Fund:	Property and Casualty Pool Equity Ratio	Worker's Compensation Pool Equity Ratio
Loss Fund	0.493%	2.344%
Operating Fund	0.498%	0.398%
Excess Fund	0.052%	5.616%
Reserve Fund	0.041%	0.305%

City of Gunnison
Notes to the Financial Statements
December 31, 2022
(continued)

V. Other Information (continued)

B. Risk Management (continued)

CIRSA's combined financial information for the year ended December 31, 2022, is summarized as follows:

Assets:	
Cash and investments	\$ 84,448,127
Other assets	12,479,376
Total Assets	<u>\$ 96,927,503</u>
Total liabilities	<u>\$ 52,728,701</u>
Net position	<u>\$ 58,422,884</u>
Total Revenues	\$ 32,686,577
Total Expenses	(44,606,905)
Change in Net Position	<u>\$ (11,920,328)</u>

C. Grants

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

D. Construction Commitments

The City had the following contractual commitments at year end:

<u>Fund</u>	<u>Project</u>	<u>Vendor</u>	<u>Contract Commitment</u>	<u>Completed</u>	<u>Retainage</u>	<u>Remaining</u>
Electric	North Substation Construction	Altitude Energy	\$ 1,205,775	\$ 1,154,196	\$ 56,782	\$ 51,579
Electric	Main Substation Transformer	Altitude Energy	154,406	31,416	3,142	122,990
			<u>\$ 1,360,181</u>	<u>\$ 1,185,612</u>	<u>\$ 59,924</u>	<u>\$ 174,569</u>

REQUIRED SUPPLEMENTARY INFORMATION

City of Gunnison
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended December 31, 2022
(With Comparative Actual Amounts For the Year Ended 2021)

	<u>2022</u>			Final Budget Variance Positive (Negative)	<u>2021</u>
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Taxes:					
General property taxes	420,037	420,037	424,504	4,467	385,721
Specific ownership tax	29,814	29,814	-	(29,814)	27,187
Sales & use tax	6,009,040	6,009,040	6,663,248	654,208	6,372,708
Franchise tax	741,341	741,341	833,793	92,452	767,421
Other taxes	77,625	77,625	446,435	368,810	55,280
Total Taxes	<u>7,277,857</u>	<u>7,277,857</u>	<u>8,367,980</u>	<u>1,090,123</u>	<u>7,608,317</u>
Licenses and Permits:					
Other licenses and permits	148,196	148,196	129,781	(18,415)	270,524
Intergovernmental Revenue:					
Grant revenue	101,458	552,499	571,473	18,974	1,359,385
Other intergovernmental revenue	110,994	112,994	184,764	71,770	104,160
Total Intergovernmental Revenue	<u>212,452</u>	<u>665,493</u>	<u>756,237</u>	<u>90,744</u>	<u>1,463,545</u>
Charges for Services:					
Real estate transfer fee	-	-	-	-	45,000
Recreation revenue	255,642	255,642	341,042	85,400	309,692
Other charges for services	79,705	79,705	114,776	35,071	94,152
Rents	49,604	55,604	56,799	1,195	50,098
Total Charges for Services	<u>384,951</u>	<u>390,951</u>	<u>512,617</u>	<u>121,666</u>	<u>498,942</u>
Fines and Forfeitures:					
Traffic fines	4,000	4,000	4,405	405	4,455
Miscellaneous Revenue:					
Investment income	20,000	20,000	74,263	54,263	40,794
Unrealized gains (losses)	12,000	-	(271,550)	(271,550)	(53,768)
Donations and contributions	58,274	58,274	73,372	15,098	1,901
Other income	41,175	41,175	40,278	(897)	105,489
Total Miscellaneous Revenue	<u>131,449</u>	<u>119,449</u>	<u>(83,637)</u>	<u>(203,086)</u>	<u>94,416</u>
Total Revenues	<u>8,158,905</u>	<u>8,605,946</u>	<u>9,687,383</u>	<u>1,081,437</u>	<u>9,940,199</u>
Expenditures:					
General Government:					
City council	464,455	50,455	41,917	8,538	79,078
Municipal court	100,683	100,683	90,772	9,911	82,772
City attorney	30,157	30,157	44,819	(14,662)	54,491
City manager	202,636	202,636	193,301	9,335	228,525
City clerk	81,938	101,938	103,045	(1,107)	102,430
Finance	346,135	346,135	312,520	33,615	348,837
General services	275,877	275,877	251,775	24,102	198,565
Community development	558,132	643,426	454,546	188,880	377,676
Community outreach	93,028	93,028	76,311	16,717	-
Employee housing	-	14,710	16,710	(2,000)	-
Total General Government	<u>2,153,041</u>	<u>1,859,045</u>	<u>1,585,716</u>	<u>273,329</u>	<u>1,472,374</u>

(continued on E2)

City of Gunnison
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended December 31, 2022
(With Comparative Actual Amounts For the Year Ended 2021)

	<u>2022</u>			<u>Final Budget</u>	<u>2021</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
	<u>Budget</u>	<u>Budget</u>		<u>Positive</u>	
				<u>(Negative)</u>	
Expenditures: (continued)					
Public Safety:					
Police	2,989,085	2,989,085	2,892,462	96,623	2,636,037
Building inspection	165,340	165,340	162,129	3,211	153,785
Fire department	298,532	298,532	287,969	10,563	275,956
LE Victim Advocate Program	46,690	48,690	41,380	7,310	36,188
Victims of Crime Act Grant	51,966	51,966	25,477	26,489	36,239
Victims of Crime Act Grant Match	13,269	13,269	7,126	6,143	9,412
Total Public Safety	<u>3,564,882</u>	<u>3,566,882</u>	<u>3,416,543</u>	<u>150,339</u>	<u>3,147,617</u>
Public Works:					
Facilities maintenance	60,417	60,417	39,640	20,777	72,907
Janitorial services	43,496	43,496	(5,425)	48,921	(2,905)
City hall	137,319	137,319	82,340	54,979	84,184
Public Works Administration	28,468	28,468	5,760	22,708	194,285
City shop	14,504	14,504	15,554	(1,050)	(26,043)
Total Public Works	<u>284,204</u>	<u>284,204</u>	<u>137,869</u>	<u>146,335</u>	<u>322,428</u>
Culture and Recreation:					
Cranor Hill	46,083	46,083	12,587	33,496	25,922
Senior meals	103,409	103,409	102,810	599	90,773
Senior programming	98,554	98,554	74,501	24,053	50,576
Recreation administration	432,456	432,456	420,883	11,573	383,774
Recreation programs	261,367	261,367	262,602	(1,235)	242,994
Parks	769,691	769,691	720,220	49,471	714,763
Van Tuyl Ranch	31,633	31,633	8,925	22,708	3,511
Lazy K	4,601	4,601	2,589	2,012	3,336
Lazy K Infrastructure Grant	-	227,845	227,845	-	1,092,155
Lazy K Infrastructure Non-Grant	-	986,087	856,706	129,381	206,341
Next50 senior grant	-	8,196	3,429	4,767	5,320
Total Culture and Recreation	<u>1,747,794</u>	<u>2,969,922</u>	<u>2,693,097</u>	<u>276,825</u>	<u>2,819,465</u>
Economic Development:					
Public service grants	60,000	54,800	50,700	4,100	55,500
Economic development grants	39,000	259,200	146,638	112,562	89,315
Strategic partnerships	209,889	209,889	203,744	6,145	317,751
Events	164,192	164,192	158,395	5,797	153,032
Total Economic Development	<u>473,081</u>	<u>688,081</u>	<u>559,477</u>	<u>128,604</u>	<u>615,598</u>
Capital Outlay:					
Capital outlay and repairs	440,521	945,521	252,462	693,059	308,863
Total Expenditures	<u>8,663,523</u>	<u>10,313,655</u>	<u>8,645,164</u>	<u>1,668,491</u>	<u>8,686,345</u>
Excess (Deficiency) of					
Revenues over Expenditures	(504,618)	(1,707,709)	1,042,219	2,749,928	1,253,854
Other Financing Sources (Uses):					
Transfer in	475,578	805,578	710,805	(94,773)	551,138
Transfer (out)	(883,267)	(883,267)	(883,267)	-	(789,106)
Sale of assets	-	-	-	-	(5,000)
Total Other Financing Sources (Uses)	<u>(407,689)</u>	<u>(77,689)</u>	<u>(172,462)</u>	<u>(94,773)</u>	<u>(242,968)</u>
Net Change in Fund Balance	<u>(912,307)</u>	<u>(1,785,398)</u>	869,757	<u>2,655,155</u>	1,010,886
Fund Balance - Beginning			5,944,458		4,933,572
Fund Balance - Ending			<u>6,814,215</u>		<u>5,944,458</u>

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

City of Gunnison
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Street Improvement Fund
For the Year Ended December 31, 2022
(With Comparative Actual Amounts For the Year Ended 2021)

	<u>2022</u>			Final Budget Variance Positive (Negative)	<u>2021</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:					
Taxes:					
Specific ownership tax	20,000	20,000	50,741	30,741	23,200
Sales & use tax	1,988,657	1,988,657	2,311,142	322,485	2,185,300
Miscellaneous revenue	-	-	35,000	35,000	229
Total Taxes	<u>2,008,657</u>	<u>2,008,657</u>	<u>2,396,883</u>	<u>388,226</u>	<u>2,208,729</u>
Intergovernmental revenue:					
State grants	1,378,609	1,378,609	360,149	(1,018,460)	239,188
Charges for Services:					
Permits	4,600	4,600	4,722	122	4,307
Fines and Forfeitures:					
Traffic fines	20,000	20,000	11,590	(8,410)	22,355
Investment income	2,500	2,500	28,229	25,729	12,991
Unrealized gains (losses)	1,000	1,000	(134,902)	(135,902)	(38,856)
Donations and contributions	-	-	55,320	55,320	-
Total Revenues	<u>3,415,366</u>	<u>3,415,366</u>	<u>2,721,991</u>	<u>(693,375)</u>	<u>2,448,714</u>
Expenditures:					
Public works	1,271,589	1,256,836	982,121	274,715	806,745
Capital outlay	5,502,616	5,517,369	3,017,143	2,500,226	623,548
Total Expenditures	<u>6,774,205</u>	<u>6,774,205</u>	<u>3,999,264</u>	<u>2,774,941</u>	<u>1,430,293</u>
Excess (Deficiency) of Revenues over Expenditures	(3,358,839)	(3,358,839)	(1,277,273)	(3,468,316)	1,018,421
Other Financing Sources (Uses):					
Transfer in	755,383	755,383	450,941	(304,442)	155,000
Total Other Financing Sources (Uses)	<u>755,383</u>	<u>755,383</u>	<u>450,941</u>	<u>(304,442)</u>	<u>155,000</u>
Net Change in Fund Balance	<u>(2,603,456)</u>	<u>(2,603,456)</u>	(826,332)	<u>(3,772,758)</u>	1,173,421
Fund Balance - Beginning			4,050,465		2,877,044
Fund Balance - Ending			<u>3,224,133</u>		<u>4,050,465</u>

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

City of Gunnison
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Ditch Fund
For the Year Ended December 31, 2022
(With Comparative Actual Amounts For the Year Ended 2021)

	2022			Final Budget Variance Positive (Negative)	2021
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Intergovernmental revenue:					
Mineral leasing	24,000	24,000	64,665	40,665	14,936
Investment income	1,500	1,500	2,441	941	2,924
Unrealized gains (losses)	750	750	(12,782)	(13,532)	(4,600)
Miscellaneous revenue	-	-	-	-	400
Total Revenues	<u>26,250</u>	<u>26,250</u>	<u>54,324</u>	<u>28,074</u>	<u>13,660</u>
Expenditures:					
Public works	<u>132,600</u>	<u>222,978</u>	<u>175,152</u>	<u>47,826</u>	<u>241,212</u>
Total Expenditures	<u>132,600</u>	<u>222,978</u>	<u>175,152</u>	<u>47,826</u>	<u>241,212</u>
Net Change in Fund Balance	<u>(106,350)</u>	<u>(196,728)</u>	<u>(120,828)</u>	<u>75,900</u>	<u>(227,552)</u>
Fund Balance - Beginning			<u>323,876</u>		<u>551,428</u>
Fund Balance - Ending			<u>203,048</u>		<u>323,876</u>

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

City of Gunnison, Colorado
Schedule of Changes in Net Pension Liability and Related Ratios
Volunteer Firefighters' Pension Fund (Unaudited)
December 31, 2022

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability									
Service cost	42,346	29,432	34,413	34,522	25,739	20,432	19,739	28,211	28,497
Interest cost	185,373	184,175	194,001	197,908	169,664	151,455	134,458	141,346	123,133
Changes in plan benefits	-	-	-	332,243	-	323,200	323,808	-	288,476
Actuarial variations	32,262	46,822	(139,841)	(53,186)	147,019	9,540	(11,699)	(118,110)	-
Changes in assumptions	-	-	-	-	14,848	-	-	-	-
Benefits paid	(259,050)	(247,700)	(247,000)	(241,500)	(213,625)	(199,300)	(168,128)	(147,425)	(125,100)
Net Change in Pension Liability	931	12,729	(158,427)	269,987	143,645	305,327	298,178	(95,978)	315,006
Total Pension Liability - Beginning	3,176,734	3,164,005	3,322,432	3,052,445	2,908,800	2,603,473	2,305,295	2,401,273	2,086,267
Total Pension Liability - Ending	3,177,665	3,176,734	3,164,005	3,322,432	3,052,445	2,908,800	2,603,473	2,305,295	2,401,273
Plan Fiduciary Net Position									
City contribution	40,510	40,510	40,510	40,510	40,510	35,022	32,700	32,700	47,415
District contribution	40,510	40,510	40,510	40,510	40,510	35,022	32,700	32,700	47,415
Pension plan net investment income	(368,215)	220,900	320,458	370,581	(89,479)	267,561	145,397	(4,268)	113,332
Benefit payments	(259,050)	(247,700)	(247,000)	(241,500)	(213,625)	(199,300)	(164,128)	(147,425)	(125,100)
Pension plan administrative expenses	(16,190)	(17,208)	(17,000)	(17,000)	(17,000)	(17,000)	(16,961)	(16,420)	(12,422)
State of Colorado supplemental discretionary payment	54,662	54,662	54,662	54,662	50,960	53,238	58,860	58,860	64,773
Net Change in Plan Fiduciary Net Position	(507,773)	91,674	192,140	247,763	(188,124)	174,543	88,568	(43,853)	135,413
Plan Fiduciary Net Position - Beginning	2,691,082	2,599,408	2,407,268	2,159,505	2,347,629	2,173,086	2,084,518	2,128,371	1,992,958
Plan Fiduciary Net Position - Ending	2,183,309	2,691,082	2,599,408	2,407,268	2,159,505	2,347,629	2,173,086	2,084,518	2,128,371
Net Pension Liability - Ending	994,356	485,652	564,597	915,164	892,940	561,171	430,387	220,777	272,902
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	68.7%	84.7%	82.2%	72.5%	70.7%	80.7%	83.5%	90.4%	88.6%
Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net Pension Liability as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Information for the 10th prior year was not available to report.

City of Gunnison
Schedule of Contributions
Volunteer Firefighters' Pension Fund (Unaudited)
December 31, 2022

FY Ending December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2012	17,861	130,830	(112,969)	N/A	N/A
2013	47,616	101,400	(53,784)	N/A	N/A
2014	34,892	159,603	(124,711)	N/A	N/A
2015	46,915	124,260	(77,345)	N/A	N/A
2016	34,870	124,260	(89,390)	N/A	N/A
2017	49,929	123,282	(73,353)	N/A	N/A
2018	64,200	131,980	(67,780)	N/A	N/A
2019	95,721	135,682	(39,961)	N/A	N/A
2020	97,135	135,682	(38,547)	N/A	N/A
2021	68,128	135,682	(67,554)	N/A	N/A
2022	75,631	135,682	(60,051)	N/A	N/A

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

City of Gunnison
Schedule of Investment Returns
Volunteer Firefighters' Pension Fund (Unaudited)
December 31, 2022

FY Ending December 31,	Net Money- Weighted Rate of Return
2012	12.88%
2013	13.58%
2014	5.19%
2015	-1.00%
2016	6.38%
2017	12.02%
2018	-4.73%
2019	17.25%
2020	13.22%
2021	8.19%
2022	-14.94%

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

SUPPLEMENTARY INFORMATION

City of Gunnison, Colorado
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2022

	<u>Special Revenue</u>			<u>Total Nonmajor Governmental Funds</u>
	<u>Conservation Trust</u>	<u>Marijuana Mitigation Fund</u>	<u>Risk Management Fund</u>	
Assets:				
Cash and investments - Unrestricted	79,783	274,855	244,207	598,845
Receivables, net of allowance for uncollectibles	-	25,624	660	26,284
Total Assets	<u>79,783</u>	<u>300,479</u>	<u>244,867</u>	<u>625,129</u>
Liabilities and Fund Equity:				
Liabilities:				
Accounts payable	1,135	-	13,229	14,364
Total Liabilities	<u>1,135</u>	<u>-</u>	<u>13,229</u>	<u>14,364</u>
Fund Balances:				
Spendable:				
Restricted for recreation	78,648	-	-	78,648
Restricted - other	-	300,479	-	300,479
Assigned	-	-	231,638	231,638
Total Fund Balances	<u>78,648</u>	<u>300,479</u>	<u>231,638</u>	<u>610,765</u>
Total Liabilities and Fund Balances	<u>79,783</u>	<u>300,479</u>	<u>244,867</u>	<u>625,129</u>

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

City of Gunnison, Colorado
Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2022

	<u>Special Revenue</u>			<u>Total Nonmajor Governmental Funds</u>
	<u>Conservation Trust</u>	<u>Marijuana Mitigation Fund</u>	<u>Risk Management Fund</u>	
Revenues:				
Taxes	-	280,292	-	280,292
Intergovernmental revenue	62,917	-	-	62,917
Charges for services	-	-	313,417	313,417
Investment income	612	2,619	6,530	9,761
Unrealized gains (losses)	(3,417)	(11,868)	(20,793)	(36,078)
Total Revenues	<u>60,112</u>	<u>271,043</u>	<u>299,154</u>	<u>630,309</u>
Expenditures:				
General government	-	-	265,391	265,391
Public safety	-	207,500	-	207,500
Capital outlay and repairs	35,901	-	-	35,901
Total Expenditures	<u>35,901</u>	<u>207,500</u>	<u>265,391</u>	<u>508,792</u>
Excess (Deficiency) of Revenues Over Expenditures	24,211	63,543	33,763	121,517
Other Financing Sources (Uses):				
Transfers (out)	(21,031)	(152,910)	-	(173,941)
Total Other Financing Sources (Uses)	<u>(21,031)</u>	<u>(152,910)</u>	<u>-</u>	<u>(173,941)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	3,180	(89,367)	33,763	(52,424)
Fund Balances - Beginning	<u>75,468</u>	<u>389,846</u>	<u>197,875</u>	<u>663,189</u>
Fund Balances - Ending	<u><u>78,648</u></u>	<u><u>300,479</u></u>	<u><u>231,638</u></u>	<u><u>610,765</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, 2022
(With Comparative Actual Amounts For the Year Ended 2021)

	<u>2022</u>			Final Budget Variance Positive (Negative)	<u>2021</u>
	<u>Original Budget</u>	<u>Original and Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:					
Intergovernmental revenue:					
State lottery funds	52,000	60,000	62,917	2,917	61,543
Other income	50	50	-	(50)	21
Investment income	150	150	612	462	257
Unrealized gains (losses)	100	100	(3,417)	(3,517)	(745)
Total Revenues	<u>52,300</u>	<u>60,300</u>	<u>60,112</u>	<u>(188)</u>	<u>61,076</u>
Expenditures:					
Capital outlay and repairs	38,500	38,500	35,901	2,599	30,116
Total Expenditures	<u>38,500</u>	<u>38,500</u>	<u>35,901</u>	<u>2,599</u>	<u>30,116</u>
Excess (Deficiency) of Revenues Over Expenditures	13,800	21,800	24,211	2,411	30,960
Other Financing Sources (Uses):					
Transfers (out)	(17,000)	(25,000)	(21,031)	3,969	(20,097)
Total Other Financing Sources (Uses)	<u>(17,000)</u>	<u>(25,000)</u>	<u>(21,031)</u>	<u>3,969</u>	<u>(20,097)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)			3,180		10,863
Fund Balance - Beginning			<u>75,468</u>		<u>64,605</u>
Fund Balance - Ending			<u><u>78,648</u></u>		<u><u>75,468</u></u>

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

City of Gunnison
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Risk Management Fund
For the Year Ended December 31, 2022
(With Comparative Actual Amounts For the Year Ended 2021)

	2022			Final Budget Variance Positive (Negative)	2021
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Charges for services	1,500	309,993	313,417	3,424	293,801
Investment income	500	500	6,530	6,030	2,702
Unrealized gains (losses)	250	250	(20,793)	(21,043)	(2,765)
Total Revenues	2,250	310,743	299,154	(11,589)	293,738
Expenditures:					
Insurance premiums	-	241,540	218,535	23,005	203,230
Insurance claims	50,000	50,000	42,357	7,643	46,757
Professional services	5,000	5,000	4,499	501	424
Total Expenditures	55,000	296,540	265,391	31,149	250,411
Excess (Deficiency) of Revenues Over Expenditures	(52,750)	14,203	33,763	19,560	43,327
Fund Balance - Beginning			197,875		154,548
Fund Balance - Ending			231,638		197,875

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

City of Gunnison
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Marijuana Mitigation Fund
For the Year Ended December 31, 2022
(With Comparative Actual Amounts For the Year Ended 2021)

	<u>2022</u>			Final Budget Variance Positive (Negative)	<u>2021</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:					
Taxes:					
Sales and use	332,874	332,874	280,292	(52,582)	338,327
Investment income	1,750	1,750	(9,249)	(10,999)	(1,298)
Total Revenues	<u>334,624</u>	<u>334,624</u>	<u>271,043</u>	<u>(63,581)</u>	<u>337,029</u>
Expenditures:					
Public safety	114,500	207,500	207,500	-	144,500
Total Expenditures	<u>114,500</u>	<u>207,500</u>	<u>207,500</u>	<u>-</u>	<u>144,500</u>
Excess (Deficiency) of Revenues over Expenditures	220,124	127,124	63,543	(63,581)	192,529
Other Financing Sources (Uses):					
Transfer (out)	(152,910)	(152,910)	(152,910)	-	(160,135)
Total Other Financing Sources (Uses)	<u>(152,910)</u>	<u>(152,910)</u>	<u>(152,910)</u>	<u>-</u>	<u>(160,135)</u>
Net Change in Fund Balance			(89,367)		32,394
Fund Balance - Beginning			<u>389,846</u>		<u>357,452</u>
Fund Balance - Ending			<u>300,479</u>		<u>389,846</u>

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

City of Gunnison, Colorado
Combining Statement of Net Position
Departments of the Enterprise Fund
For the Year Ended December 31, 2022

	<u>Electric Department</u>	<u>Water Department</u>	<u>Sewer Department</u>	<u>Refuse Department</u>	<u>Recreation Department</u>	<u>Total</u>
Assets:						
Current assets:						
Cash and cash equivalents	6,077,829	796,597	1,305,100	453,332	4,662,738	13,295,596
Accounts receivables, net of allowance for uncollectibles	786,432	108,451	324,433	80,911	28,458	1,328,685
Inventories	1,241,284	124,388	48,480	24,073	16,228	1,454,453
Prepaid expenses	360	1,045	7,684	-	297	9,386
Total current assets	<u>8,105,905</u>	<u>1,030,481</u>	<u>1,685,697</u>	<u>558,316</u>	<u>4,707,721</u>	<u>16,088,120</u>
Non-current assets:						
Land	175,045	50,000	501,410	-	-	726,455
Building and improvements	2,114,509	1,825,861	19,688,093	315,188	14,799,665	38,743,316
Machinery and equipment	5,194,255	1,449,009	4,379,836	957,204	681,344	12,661,648
Less: Accumulated depreciation	(4,299,172)	(2,100,828)	(8,933,760)	(809,339)	(4,762,965)	(20,906,064)
Total non-current assets:	<u>3,184,637</u>	<u>1,224,042</u>	<u>15,635,579</u>	<u>463,053</u>	<u>10,718,044</u>	<u>31,225,355</u>
Total Assets	<u>11,290,542</u>	<u>2,254,523</u>	<u>17,321,276</u>	<u>1,021,369</u>	<u>15,425,765</u>	<u>47,313,475</u>
Liabilities:						
Current liabilities:						
Accounts payable	1,218,576	38,932	93,422	9,509	33,701	1,394,140
Accrued payroll	13,403	6,524	13,139	4,923	16,195	54,184
Accrued expenses	-	-	-	-	1,489	1,489
Long term debt interest payable	-	-	34,348	-	5,059	39,407
Deferred revenue - property taxes	300,000	-	-	-	-	300,000
Deferred revenue	-	-	-	4,634	-	4,634
Deposits held	32,894	-	-	-	-	32,894
Non-current liabilities due within one year:						
Bonds	-	-	-	-	405,000	405,000
Loans	-	-	568,400	-	-	568,400
Total current liabilities:	<u>1,564,873</u>	<u>45,456</u>	<u>709,309</u>	<u>19,066</u>	<u>461,444</u>	<u>2,800,148</u>
Non-current liabilities:						
Accrued compensated absences	40,399	20,438	34,448	12,949	12,585	120,819
Accrued expenses	-	-	-	5,000	-	5,000
Non-Current Liabilities - due longer than one year:						
Bonds	-	-	-	-	3,475,000	3,475,000
Loans	-	-	10,296,967	-	-	10,296,967
Total non-current liabilities	<u>40,399</u>	<u>20,438</u>	<u>10,331,415</u>	<u>17,949</u>	<u>3,487,585</u>	<u>13,897,786</u>
Total Liabilities	<u>1,605,272</u>	<u>65,894</u>	<u>11,040,724</u>	<u>37,015</u>	<u>3,949,029</u>	<u>16,697,934</u>
Net Position:						
Net investment in capital assets	3,184,637	1,224,042	4,191,212	463,053	6,838,044	15,900,988
Unrestricted	6,500,633	964,587	2,089,340	521,301	4,638,692	14,714,553
Total Net Position	<u>9,685,270</u>	<u>2,188,629</u>	<u>6,280,552</u>	<u>984,354</u>	<u>11,476,736</u>	<u>30,615,541</u>

The accompanying notes are an integral part of these financial statements.
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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, 2022

	Electric Department	Water Department	Sewer Department	Refuse Department	Recreation Department	Total
Operating Revenue:						
Sales	7,492,086	1,312,523	2,941,014	881,090	682,125	13,308,838
Other revenue	49,013	14,608	61,331	242	5,761	130,955
Operating Revenue	7,541,099	1,327,131	3,002,345	881,332	687,886	13,439,793
Operating Expenses:						
Salaries and employee benefits	778,272	394,490	693,855	262,761	763,785	2,893,163
Purchased power	4,106,031	-	-	-	-	4,106,031
Purchased services	331,562	399,582	877,437	239,682	521,800	2,370,063
Operations and maintenance	836,059	376,868	481,906	246,068	217,289	2,158,190
Supplies	203,427	105,115	113,032	19,856	91,206	532,636
Depreciation and amortization	145,589	81,111	789,093	44,063	409,580	1,469,436
Operating Expenses	6,400,940	1,357,166	2,955,323	812,430	2,003,660	13,529,519
Operating income (loss)	1,140,159	(30,035)	47,022	68,902	(1,315,774)	(89,726)
Non-Operating Revenues (Expenses):						
Taxes	-	-	-	-	2,567,935	2,567,935
Interest revenue	75,632	8,534	12,156	4,826	43,744	144,892
Interest expense	-	-	(172,611)	-	(68,667)	(241,278)
Unrealized gains (losses)	(289,377)	(36,366)	(49,623)	(19,033)	(170,755)	(565,154)
Grants and contributions	-	206,300	543,679	-	351,641	1,101,620
Sale of fixed assets	4,102	7,350	7,350	-	148	18,950
Total Non-Operating Revenues (Expenses)	(209,643)	185,818	340,951	(14,207)	2,724,046	3,026,965
Income (Loss) Before Contributions and Transfers	930,516	155,783	387,973	54,695	1,408,272	2,937,239
Transfers in	-	-	-	-	702,638	702,638
Transfers (out)	(135,305)	(160,412)	(270,412)	(44,293)	(903,792)	(1,514,214)
Change in Net Position	795,211	(4,629)	117,561	10,402	1,207,118	2,125,663
Total Net Position - Beginning	8,890,059	2,193,258	6,162,991	973,952	10,269,618	28,489,878
Total Net Position - Ending	9,685,270	2,188,629	6,280,552	984,354	11,476,736	30,615,541

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, 2022
(With Comparative Actual Amounts For the Year Ended 2021)

	<u>2022</u>			<u>2021</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget Variance Positive (Negative)</u> <u>Actual</u>
Operating Revenue:				
Sales	7,335,983	7,844,723	7,492,086	(352,637)
Other revenue	22,879	22,879	49,013	26,134
Operating Revenue	<u>7,358,862</u>	<u>7,867,602</u>	<u>7,541,099</u>	<u>(326,503)</u>
Operating Expenses:				
Salaries and employee benefits	784,091	784,091	778,272	5,819
Purchased power	3,909,318	4,259,318	4,106,031	153,287
Purchased services	406,825	406,825	331,562	75,263
Operations and maintenance	1,841,262	3,655,242	836,059	2,819,183
Supplies	236,550	252,628	203,427	49,201
Capital outlay	-	-	829,034	(829,034)
Operating Expenses	<u>7,178,046</u>	<u>9,358,104</u>	<u>7,084,385</u>	<u>2,273,719</u>
Operating income (loss)	180,816	(1,490,502)	456,714	1,947,216
Non-Operating Revenues (Expenses):				
Interest revenue	10,000	10,000	75,632	65,632
Unrealized gains (losses)	2,500	2,500	(289,377)	(291,877)
Sale of fixed assets	-	-	4,102	4,102
Total Non-Operating Revenues (Expenses)	<u>12,500</u>	<u>12,500</u>	<u>(209,643)</u>	<u>(222,143)</u>
Income (Loss) Before Contributions and Transfers	193,316	(1,478,002)	247,071	1,725,073
Transfers (out)	(135,305)	(135,305)	(135,305)	-
Change in Net Position - Budgetary Basis	<u>58,011</u>	<u>(1,613,307)</u>	<u>111,766</u>	<u>1,725,073</u>
Reconciliation to GAAP Basis:				
Adjustments:				
Depreciation			(145,589)	(129,552)
Capital outlay			829,034	769,315
Total Adjustments			<u>683,445</u>	<u>639,763</u>
Total Net Position - Beginning			<u>8,890,059</u>	<u>7,482,727</u>
Total Net Position - Ending			<u>9,685,270</u>	<u>8,890,059</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, 2022
(With Comparative Actual Amounts For the Year Ended 2021)

	<u>2022</u>			<u>Final Budget Variance Positive (Negative)</u>	<u>2021</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Operating Revenue:					
Sales	1,159,852	1,159,852	1,312,523	152,671	1,072,130
Other revenue	7,200	7,200	14,608	7,408	2,785
Operating Revenue	<u>1,167,052</u>	<u>1,167,052</u>	<u>1,327,131</u>	<u>160,079</u>	<u>1,074,915</u>
Operating Expenses:					
Salaries and employee benefits	431,390	431,390	394,490	36,900	319,253
Purchased services	377,181	377,181	399,582	(22,401)	460,550
Operations and maintenance	370,544	370,544	376,868	(6,324)	306,305
Supplies	275,075	379,814	105,115	274,699	72,215
Capital outlay	-	143,000	372,320	(229,320)	50,403
Operating Expenses	<u>1,454,190</u>	<u>1,701,929</u>	<u>1,648,375</u>	<u>53,554</u>	<u>1,208,726</u>
Operating income (loss)	(287,138)	(534,877)	(321,244)	213,633	(133,811)
Non-Operating Revenues (Expenses):					
Interest revenue	-	-	8,534	8,534	6,485
Unrealized gains (losses)	-	-	(36,366)	(36,366)	(9,337)
Grants and contributions	336,050	336,050	206,300	(129,750)	296,095
Sale of fixed assets	-	104,739	7,350	(97,389)	5,500
Total Non-Operating Revenues (Expenses)	<u>336,050</u>	<u>440,789</u>	<u>185,818</u>	<u>(254,971)</u>	<u>298,743</u>
Income (Loss) Before Contributions and Transfers	48,912	(94,088)	(135,426)	(41,338)	164,932
Transfers (out)	(50,412)	(160,412)	(160,412)	-	-
Change in Net Position - Budgetary Basis	<u>(1,500)</u>	<u>(254,500)</u>	<u>(295,838)</u>	<u>(41,338)</u>	<u>164,932</u>
Reconciliation to GAAP Basis:					
Adjustments:					
Depreciation			(81,111)		(62,473)
Capital outlay			372,320		50,403
Total Adjustments			291,209		(12,070)
Total Net Position - Beginning			<u>2,193,258</u>		<u>2,040,396</u>
Total Net Position - Ending			<u>2,188,629</u>		<u>2,193,258</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, 2022
(With Comparative Actual Amounts For the Year Ended 2021)

	<u>2022</u>			Final Budget Variance Positive (Negative)	<u>2021</u>
	Original Budget	Final Budget	Actual		Actual
Operating Revenue:					
Sales	2,279,409	2,279,409	2,941,014	661,605	2,345,116
Other revenue	42,200	42,200	61,331	19,131	532,150
Operating Revenue	<u>2,321,609</u>	<u>2,321,609</u>	<u>3,002,345</u>	<u>680,736</u>	<u>2,877,266</u>
Operating Expenses:					
Salaries and employee benefits	739,739	739,739	693,855	45,884	645,200
Purchased services	611,428	1,024,738	877,437	147,301	661,727
Operations and maintenance	464,967	464,967	481,906	(16,939)	445,794
Supplies	554,275	860,902	113,032	747,870	72,080
Capital outlay	-	-	726,199	(726,199)	1,442,183
Operating Expenses	<u>2,370,409</u>	<u>3,090,346</u>	<u>2,892,429</u>	<u>197,917</u>	<u>3,266,984</u>
Operating income (loss)	(48,800)	(768,737)	109,916	878,653	(389,718)
Non-Operating Revenues (Expenses):					
Interest revenue	1,000	1,000	12,156	11,156	5,486
Debt service - principal	(559,074)	(559,074)	(559,074)	-	(553,665)
Interest expense	(99,808)	(99,808)	(172,611)	(72,803)	(64,207)
Unrealized gains (losses)	500	500	(49,623)	(50,123)	(6,367)
Grants and contributions	442,200	855,510	543,679	(311,831)	871,120
Sale of capital assets	-	104,739	81,666	(23,073)	5,500
Total Non-Operating Revenues (Expenses)	<u>(215,182)</u>	<u>302,867</u>	<u>(143,807)</u>	<u>(446,674)</u>	<u>257,867</u>
Income (Loss) Before Contributions and Transfers	(263,982)	(465,870)	(33,891)	431,979	(131,851)
Transfers (out)	(50,412)	(270,412)	(270,412)	-	-
Change in Net Position - Budgetary Basis	<u>(314,394)</u>	<u>(736,282)</u>	<u>(304,303)</u>	<u>431,979</u>	<u>(131,851)</u>
Reconciliation to GAAP Basis:					
Adjustments:					
Capital outlay			726,199		1,442,183
Gain (loss) on disposal of assets			(74,316)		-
Debt service - Principal			559,074		553,665
Depreciation			(789,093)		(139,335)
Total Adjustments			<u>421,864</u>		<u>1,856,513</u>
Total Net Position - Beginning			<u>6,162,991</u>		<u>4,438,329</u>
Total Net Position - Ending			<u>6,280,552</u>		<u>6,162,991</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, 2022
(With Comparative Actual Amounts For the Year Ended 2021)

	2022			Final Budget Variance Positive (Negative)	2021
	Original Budget	Final Budget	Actual		Actual
Operating Revenue:					
Sales	883,081	883,081	881,090	(1,991)	841,055
Other revenue	150	150	242	92	411
Operating Revenue	883,231	883,231	881,332	(1,899)	841,466
Operating Expenses:					
Salaries and employee benefits	271,513	271,513	262,761	8,752	241,741
Purchased services	245,414	245,414	239,682	5,732	222,352
Operations and maintenance	665,677	665,677	246,068	419,609	217,531
Supplies	22,400	22,400	19,856	2,544	19,135
Operating Expenses	1,205,004	1,205,004	768,367	436,637	700,759
Operating income (loss)	(321,773)	(321,773)	112,965	434,738	140,707
Non-Operating Revenues (Expenses):					
Interest revenue	1,000	1,000	4,826	3,826	2,655
Unrealized gains (losses)	200	200	(19,033)	(19,233)	(3,691)
Total Non-Operating Revenues (Expenses)	1,200	1,200	(14,207)	(15,407)	(1,036)
Income (Loss) Before Contributions and Transfers	(320,573)	(320,573)	98,758	419,331	139,671
Transfers (out)	(44,293)	(44,293)	(44,293)	-	-
Change in Net Position - Budgetary Basis	(364,866)	(364,866)	54,465	419,331	139,671
Reconciliation to GAAP Basis:					
Adjustments:					
Depreciation			(44,063)		(44,063)
Total Adjustments			(44,063)		(44,063)
Total Net Position - Beginning			973,952		878,344
Total Net Position - Ending			984,354		973,952

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

City of Gunnison
Schedule of Revenues and Expenditures Budget (Non-GAAP Basis)
and Actual With Reconciliation to GAAP Basis
Proprietary Funds
Recreation Fund
For the Year Ended December 31, 2022
(With Comparative Actual Amounts For the Year Ended 2021)

	2022			Final Budget Variance Positive (Negative)	2021
	Original Budget	Final Budget	Actual		Actual
Operating Revenue:					
Sales	426,765	426,765	682,125	255,360	468,632
Other revenue	4,200	4,200	5,761	1,561	4,591
Operating Revenue	<u>430,965</u>	<u>430,965</u>	<u>687,886</u>	<u>256,921</u>	<u>473,223</u>
Operating Expenses:					
Salaries and employee benefits	790,138	790,138	763,785	26,353	673,103
Purchased services	598,093	607,698	521,800	85,898	379,802
Operations and maintenance	340,570	406,846	217,289	189,557	178,831
Supplies	149,000	622,464	91,206	531,258	91,665
Capital outlay	-	-	623,116	(623,116)	316,008
Operating Expenses	<u>1,877,801</u>	<u>2,427,146</u>	<u>2,217,196</u>	<u>209,950</u>	<u>1,639,409</u>
Operating Income (Loss)	(1,446,836)	(1,996,181)	(1,529,310)	466,871	(1,166,186)
Non-Operating Revenues (Expenses):					
Taxes	2,209,618	2,209,618	2,567,935	358,317	2,428,111
Interest revenue	24,100	24,100	43,744	19,644	29,020
Debt service - principal	(400,000)	(400,000)	(400,000)	-	(375,000)
Interest expense	(68,060)	(68,060)	(68,667)	(607)	(132,051)
Unrealized gains (losses)	5,550	5,550	(170,755)	(176,305)	(43,403)
Grants and contributions	-	-	351,641	351,641	16,450
Sale of capital assets	-	-	148	148	125
Total Non-Operating Revenues (Expenses)	<u>1,771,208</u>	<u>1,771,208</u>	<u>2,324,046</u>	<u>552,838</u>	<u>1,923,252</u>
Income (Loss) Before Contributions and Transfers	324,372	(224,973)	794,736	1,019,709	757,066
Transfers in	851,718	925,994	702,638	(223,356)	587,716
Transfers (out)	(1,456,118)	(1,522,394)	(903,792)	618,602	(915,381)
Change in Net Position - Budgetary Basis	<u>(280,028)</u>	<u>(821,373)</u>	<u>593,582</u>	<u>1,414,955</u>	<u>429,401</u>
Reconciliation to GAAP Basis:					
Adjustments:					
Depreciation			(409,580)		(407,854)
Capital outlay			623,116		316,008
Debt service - principal			400,000		375,000
Total Adjustments			<u>613,536</u>		<u>283,154</u>
Total Net Position - Beginning			10,269,618		9,557,063
Total Net Position - Ending			<u>11,476,736</u>		<u>10,269,618</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, 2022
(With Comparative Actual Amounts For the Year Ended 2021)

	2022			Final Budget Variance Positive (Negative)	2021
	Original Budget	Original and Final Budget	Actual		Actual
Operating Revenue:					
Charges for services	736,243	736,243	724,562	(11,681)	712,225
Other revenue	400	400	3,566	3,166	129
Operating Revenue	<u>736,643</u>	<u>736,643</u>	<u>728,128</u>	<u>(8,515)</u>	<u>712,354</u>
Operating Expenses:					
Fleet expenses	1,550,638	1,721,638	745,767	975,871	710,432
Capital outlay	-	-	342,691	(342,691)	132,132
Operating Expenses	<u>1,550,638</u>	<u>1,721,638</u>	<u>1,088,458</u>	<u>633,180</u>	<u>842,564</u>
Operating income (loss)	(813,995)	(984,995)	(360,330)	624,665	(130,210)
Non-Operating Revenues (Expenses):					
Interest revenue	250	250	5,663	5,413	2,726
Unrealized gains (losses)	150	150	(15,958)	(16,108)	(5,637)
Sale of capital assets	-	-	20,100	20,100	51,890
Total Non-Operating Revenues (Expenses)	<u>400</u>	<u>400</u>	<u>9,805</u>	<u>9,405</u>	<u>48,979</u>
Income (Loss) Before Contributions and Transfers	(813,595)	(984,595)	(350,525)	634,070	(81,231)
Transfers in	742,031	742,031	742,031	-	590,865
Transfers (out)	34,993	34,993	(34,993)	(69,986)	-
Change in Net Position - Budgetary Basis	<u>(36,571)</u>	<u>(207,571)</u>	<u>356,513</u>	<u>564,084</u>	<u>509,634</u>
Reconciliation to GAAP Basis:					
Adjustments:					
Depreciation			(258,420)		(230,892)
Capital outlay			342,691		132,132
Total Adjustments			<u>84,271</u>		<u>(98,760)</u>
Total Net Position - Beginning			<u>2,753,800</u>		<u>2,342,926</u>
Total Net Position - Ending			<u>3,194,584</u>		<u>2,753,800</u>

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

City of Gunnison
Statement of Changes in Fiduciary Net Position
Budget and Actual
Volunteer Firefighters' Pension Fund
For the Year Ended December 31, 2022
(With Comparative Actual Amounts For the Year Ended 2021)

	<u>2022</u>			<u>2021</u>	
	<u>Original Budget</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Budget Variance Positive (Negative)</u>	<u>Actual</u>
Additions					
Contributions	131,020	131,020	135,682	4,662	135,682
Earnings on investments	65,000	65,000	(368,215)	(433,215)	320,458
Total Additions	<u>196,020</u>	<u>196,020</u>	<u>(232,533)</u>	<u>(428,553)</u>	<u>456,140</u>
Deductions					
Benefits	291,600	291,600	259,050	32,550	247,000
Expenses	18,500	18,500	16,190	2,310	17,000
Total Deductions	<u>310,100</u>	<u>310,100</u>	<u>275,240</u>	<u>34,860</u>	<u>264,000</u>
Change in Net Position - Budgetary Basis	<u>(114,080)</u>	<u>(114,080)</u>	<u>(507,773)</u>	<u>(463,413)</u>	192,140
Total Net Position - Beginning			<u>2,599,408</u>		<u>2,407,268</u>
Total Net Position - Ending			<u>2,091,635</u>		<u>2,599,408</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.

LOCAL HIGHWAY FINANCE REPORT		City or County: City of Gunnison
		YEAR ENDING : December 2022
This Information From The Records Of City of Gunnison	Prepared By: Phone:	Ben Cowan 970-641-8162

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	3,203,918.03
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	773,763.53
		S&A Mtnc (09-402)	795,345.24
		Less OT (4102)	6,824.31
		Less Cont Svc-Snc (09-4034-4360)	14,757.40
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	0.00
2. General fund appropriations (calculate so that cell E67 = 0)	828,530.42	b. Snow and ice removal	21,581.71
		OT (4102)	6,824.31
3. Other local imposts (from page 2)	2,342,834.87	Cont Svc.-Snow (4360)	14,757.40
4. Miscellaneous local receipts (from page 2)	(59,979.07)	c. Other	0.00
5. Transfers from toll facilities	0.00	d. Total (a. through c.)	21,581.71
		4. General administration & miscellaneous	99,891.00
6. Proceeds of sale of bonds and notes:		PW Admin (01-4031)	
a. Bonds - Original Issues	0.00	5. Highway law enforcement and safety	572,481.82
b. Bonds - Refunding Issues	0.00	Police (01-4020) * 20% Per Chief	
c. Notes	0.00	6. Total (1 through 5)	4,671,636.09
d. Total (a. + b. + c.)	0.00	B. Debt service on local obligations:	
7. Total (1 through 6)	3,111,386.22	1. Bonds:	
B. Private Contributions	0.00	a. Interest	0.00
C. Receipts from State government (from page 2)	233,815.30	b. Redemption	0.00
D. Receipts from Federal Government (from page 2)	0.00	c. Total (a. + b.)	0.00
E. Total receipts (A.7 + B + C + D)	3,345,201.52	2. Notes:	
		a. Interest	0.00
		b. Redemption	0.00
		c. Total (a. + b.)	0.00
		3. Total (1.c + 2.c)	0.00
		C. Payments to State for highways	0.00
		D. Payments to toll facilities	0.00
		E. Total disbursements (A.6 + B.3 + C + D)	4,671,636.09

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursement	D. Ending Balance	E. Reconciliation
	1,326,434.57	3,345,201.52	4,671,636.09	(0.00)	0.00

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2022	
II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assesments	0.00	a. Interest on investments	(106,673.62)
b. Other local imposts:		b. Traffic Fines (09-3501)	11,590.00
1. Sales Taxes (30%)	2,311,141.89	c. Parking Garage Fees	0.00
City Sales Tax (09-3104) #####			
Use Tax (09-3106) 126,273.08			
2. Infrastructure & Impact Fees (ROW 09-32)	4,617.50	d. Parking Meter Fees	0.00
3. Liens	0.00	e. Sale of Surplus Property (09-	35,000.00
4. Licenses	0.00	f. Charges for Services	0.00
5. Specific Ownership &/or Other (09 3102)	27,075.48	g. Other Misc. Receipts	0.00
6. Total (1. through 5.)	2,342,834.87	h. Other (09 3601, 3604)	104.55
c. Total (a. + b.)	2,342,834.87	i. Total (a. through h.)	(59,979.07)
	(Carry forward to page 1)		(Carry forward to page 1)
ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Governm	
1. Highway-user taxes (09-3307)	196,262.96	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	0.00
a. State bond proceeds		b. FEMA	0.00
b. Project Match		c. HUD	0.00
c. Motor Vehicle Registration (09-3103)	23,665.47	d. Federal Transit Admin	0.00
d. Other (Specify)		e. U.S. Corps of Engineers	0.00
e. Other (Highway Maint Agr 09 3306)	13,886.87	f. Other Federal	0.00
f. Total (a. through e.)	37,552.34	g. Total (a. through f.)	0.00
4. Total (1. + 2. + 3.f)	233,815.30	3. Total (1. + 2.g)	
			(Carry forward to page 1)
III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
		ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)
			TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs		0.00	0.00
b. Engineering Costs	131,775.33	0.00	131,775.33
c. Construction:			
(1). New Facilities			
(2). Capacity Improvements		0.00	0.00
(3). System Preservation		0.00	2,974,665.58
Material Crushing 09-4035 9103	55,000.00	0.00	
Gravel/Asphalt/Patching 09-4035 91	3,441.69	0.00	
Concrete 09-4035-9112	349,000.00	0.00	
Slurry Seal 09-4035-9109	296,551.69	0.00	
Crack Seal 09-4035-9110	34,200.00	0.00	
Street Impvmt/Overlay 09-4035-911	2,236,472.20	0.00	
(4). System Enhancement & Operation		0.00	97,477.12
Tree Program 09-4035-9101	2,375.59	0.00	
Tree Chipping 09-4035-9102	0.00	0.00	
Signs 09-4035-9105	9,172.42	0.00	
Paint Striping 09-4035-9104	85,929.11	0.00	
(4). Total Construction (1)+(2)+(3)		0.00	3,072,142.70
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.4)		0.00	3,203,918.03
			(Carry forward to page 1)
Notes and Comments:			