City of Gunnison, Colorado

Financial Statements
December 31, 2025

City of Gunnison, Colorado
Financial Report
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McMAHAN AND ASSOCIATES, L.L.C.
Certified Public Accountants and Consultants

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council
City of Gunnison, Colorado

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, Colorado (the "City"), as of and for the year ended December 31, 2025, 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, 2025, 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.

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.

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 fund financial statements, individual fund budgetary information, the Local Highway Finance Report are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining fund financial statements, individual fund budgetary 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.
Avon, Colorado
July 25, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Gunnison, Colorado

Management's Discussion and Analysis
December 31, 2025

As management of the City of Gunnison, Colorado (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2025.

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

Financial Highlights

- The City had an increase in net position of $3,836,372. The City's governmental activities increased net position by $746,573 and business-type activities increased it by $3,089,799.

- The City's governmental funds combined fund balances decreased by $679,766 primarily due to planned use of fund balance in the General Fund to complete the Energy Performance Contract energy upgrades and debt service requirements in the recreation fund. These decreases were partially offset by an increase in the Street Improvement Fund balance due to less capital outlay spending than anticipated.

Overview of the Financial Statements

This discussion and analysis are 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 or 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, parks and recreation, and economic development. The business-type activities of the City include electric, water, sewer, and refuse.

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

Overview of the Financial Statements (continued)

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 and the Facilities Maintenance Fund are internal service funds; they provide vehicle and equipment replacement and maintenance services to all 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 electric, water, sewer and refuse 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 58% 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:

	1/1/25	Additions	Deletions	12/31/25
General Fund:				
Emergency reserves	$ 568,000	$ 235,000	$ 270,000	$ 533,000
Street Improvement Fund:				
Road and bridge	6,584,275	882,207	-	7,466,482
Conservation Trust:				
Recreation	125,077	10,364	-	135,441
Marijuana Mitigation:				
Other	172,949	-	4,819	168,130
	$ 7,450,301	$ 1,127,571	$ 274,819	8,303,053

The following graphs show the City's net position for 2024 and 2025:

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Assets:						
Current and other assets	$ 23,117,096	23,733,532	$ 20,046,578	$ 18,265,589	$ 43,163,674	$ 41,999,121
Capital assets	35,512,969	35,153,698	24,818,529	24,765,285	60,331,498	59,918,983
Total Assets	58,630,065	58,887,230	44,865,107	43,030,874	103,495,172	101,918,104
Liabilities:						
Other liabilities	1,059,694	1,335,892	1,520,419	2,063,920	2,580,113	3,399,812
Long-term liabilities	5,478,284	6,257,947	11,944,641	12,656,706	17,422,925	18,914,653
Total Liabilities	6,537,978	7,593,839	13,465,060	14,720,626	20,003,038	22,314,465
Deferred Inflows of Resources:						
Unavailable property tax revenue	576,834	496,020	-	-	576,834	496,020
Unavailable revenue - Other	179,790	208,481	-	-	179,790	208,481
Total Deferred Inflows of Resources	756,624	704,501	-	-	756,624	704,501
Net Position:						
Net investment in capital assets	33,895,712	32,682,100	15,684,537	14,899,244	49,580,249	47,581,344
Restricted	8,303,053	7,450,301	-	-	8,303,053	7,450,301
Unrestricted	9,136,698	10,456,489	15,715,510	13,411,004	24,852,208	23,867,493
Total Net Position	$ 51,335,463	$ 50,588,890	$ 31,400,047	$ 28,310,248	$ 82,735,510	$ 78,899,138

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.

Overview of the Financial Statements (continued)

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

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues:						
Charges for services	$ 4,060,105	$ 3,083,278	$ 16,930,449	$ 14,968,648	$ 20,990,554	$ 18,051,926
Operating grants & contributions	444,924	3,802,762	-	58,611	444,924	3,861,373
Capital grants & contributions	258,620	228,612	317,353	1,909,467	575,973	2,138,079
General revenues:						
Property taxes	484,836	514,185	-	-	484,836	514,185
Sales and use taxes	12,304,220	11,998,278	-	-	12,304,220	11,998,278
Other taxes	1,146,067	1,203,333	-	-	1,146,067	1,203,333
Investment earnings and other revenue	782,680	732,546	484,985	406,604	1,267,665	1,139,150
Total Revenues	19,481,452	21,562,994	17,732,787	17,343,330	37,214,239	38,906,324
Expenses:						
General government	3,634,793	3,006,261	-	-	3,634,793	3,006,261
Public safety	4,867,409	4,055,489	-	-	4,867,409	4,055,489
Streets	4,123,176	3,872,246	-	-	4,123,176	3,872,246
Parks & recreation	5,306,734	4,616,526	-	-	5,306,734	4,616,526
Economic development	663,704	531,202	-	-	663,704	531,202
Interest	139,063	151,520	-	-	139,063	151,520
Electric	-	-	7,968,968	7,298,953	7,968,968	7,298,953
Water	-	-	2,018,336	1,391,537	2,018,336	1,391,537
Sewer	-	-	3,524,696	3,123,796	3,524,696	3,123,796
Refuse	-	-	1,130,988	1,033,643	1,130,988	1,033,643
Total Expenses	18,734,879	16,233,244	14,642,988	12,847,929	33,377,867	29,081,173
Change in Net Position before transfers	746,573	5,329,750	3,089,799	4,495,401	3,836,372	9,825,151
Transfers	-	(187,345)	-	187,345	-	-
Change in Net Position	746,573	5,142,405	3,089,799	4,682,746	3,836,372	9,825,151
Net Position - Beginning	50,588,890	45,446,485	28,310,248	23,627,502	78,899,138	69,073,987
Net Position - Ending	$ 51,335,463	$ 50,588,890	$ 31,400,047	$ 28,310,248	$ 82,735,510	$ 78,899,138

Governmental activities: Governmental activities increased the City's net position by $746,573. Key elements of this increase are as follows:

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

Business-type activities: Business-type activities increased the City's net position by $3,089,799. Key elements of this change are as follows:

- Positive net income to plan for future capital expenditures

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 are 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.

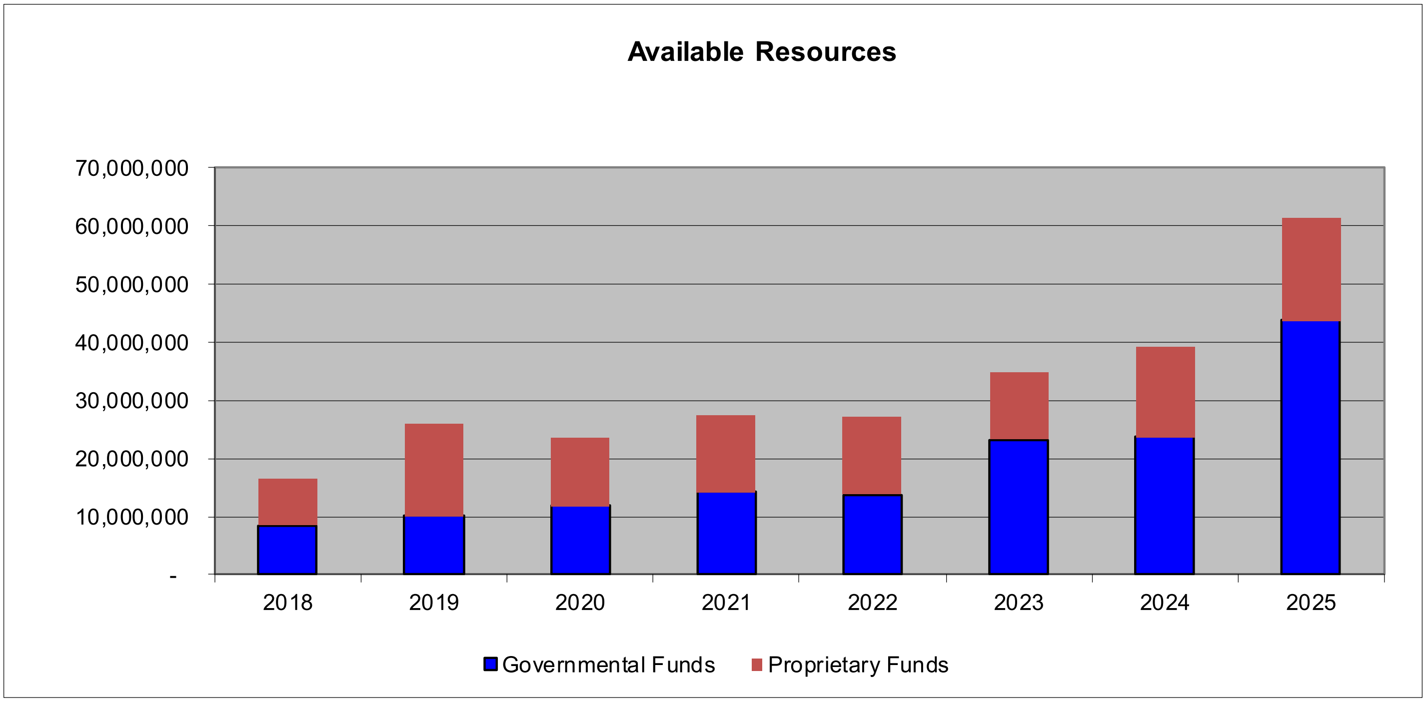
The City's available resources for 2025 is charted below:

	Beginning Available Resources	Increase (Decrease)	Ending Available Resources	2025 Expenditures	% of EAR to Expenditures
Governmental Funds:					
General Fund	7,585,411	(1,171,934)	6,413,477	11,453,179	56%
Conservation Trust Fund	125,077	10,364	135,441	55,533	244%
Risk Management Fund	315,915	18,172	334,087	455,967	73%
Street Improvement Fund	6,588,792	882,207	7,470,999	3,460,326	216%
Marijuana Mitigation Fund	172,949	(4,819)	168,130	201,401	83%
Recreation Department	4,931,779	(413,756)	4,518,023	4,212,241	107%
Business-Type Funds:					
Enterprise Fund:					
Electric Department	8,778,761	843,495	9,622,256	8,264,678	116%
Water Department	3,379,418	814,028	4,193,446	2,343,371	179%
Sewer Department	2,796,770	323,581	3,120,351	3,699,262	84%
Refuse Department	452,764	325,916	778,680	1,083,861	72%
Internal Service Funds:					
Fleet Management	1,670,262	(233,917)	1,436,345	2,010,385	71%
Facilities Maintenance	302,960	521,324	824,284	438,256	188%
Fiduciary Fund:					
Firefighters' Pension Fund	2,353,602	112,735	2,466,337	300,414	821%
	39,454,460	2,027,396	41,481,856	37,978,874	109%

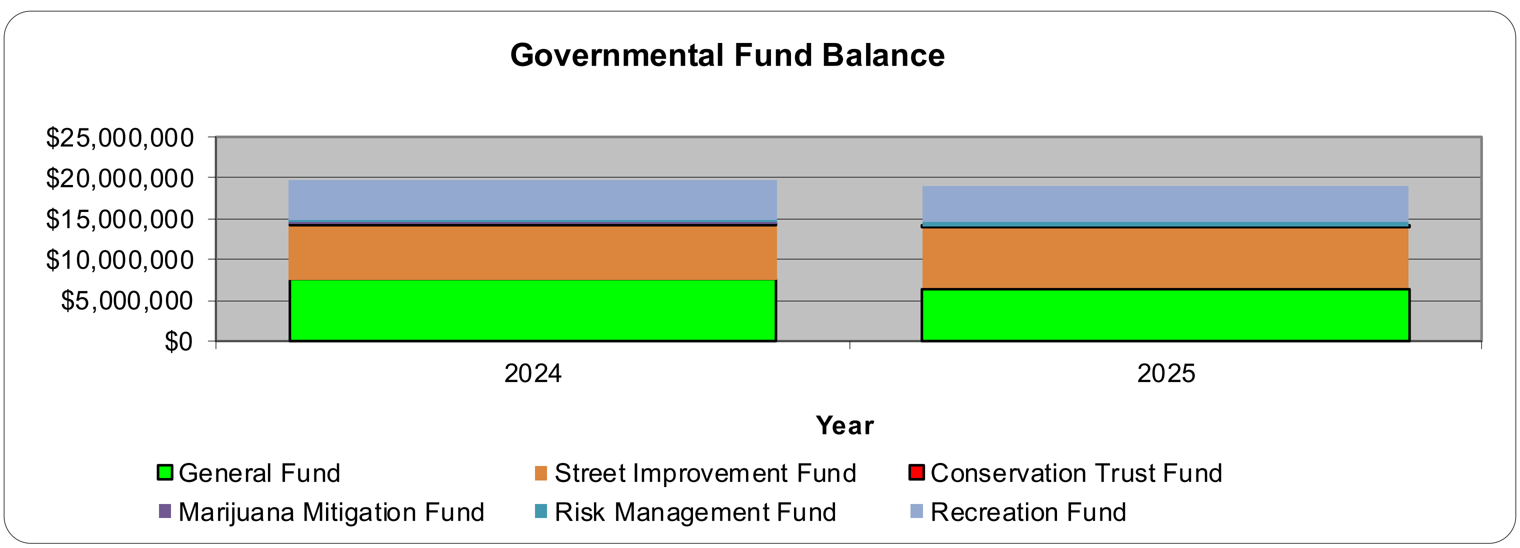
Financial Analysis of the City's Funds (continued)

Available Resources (continued):

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



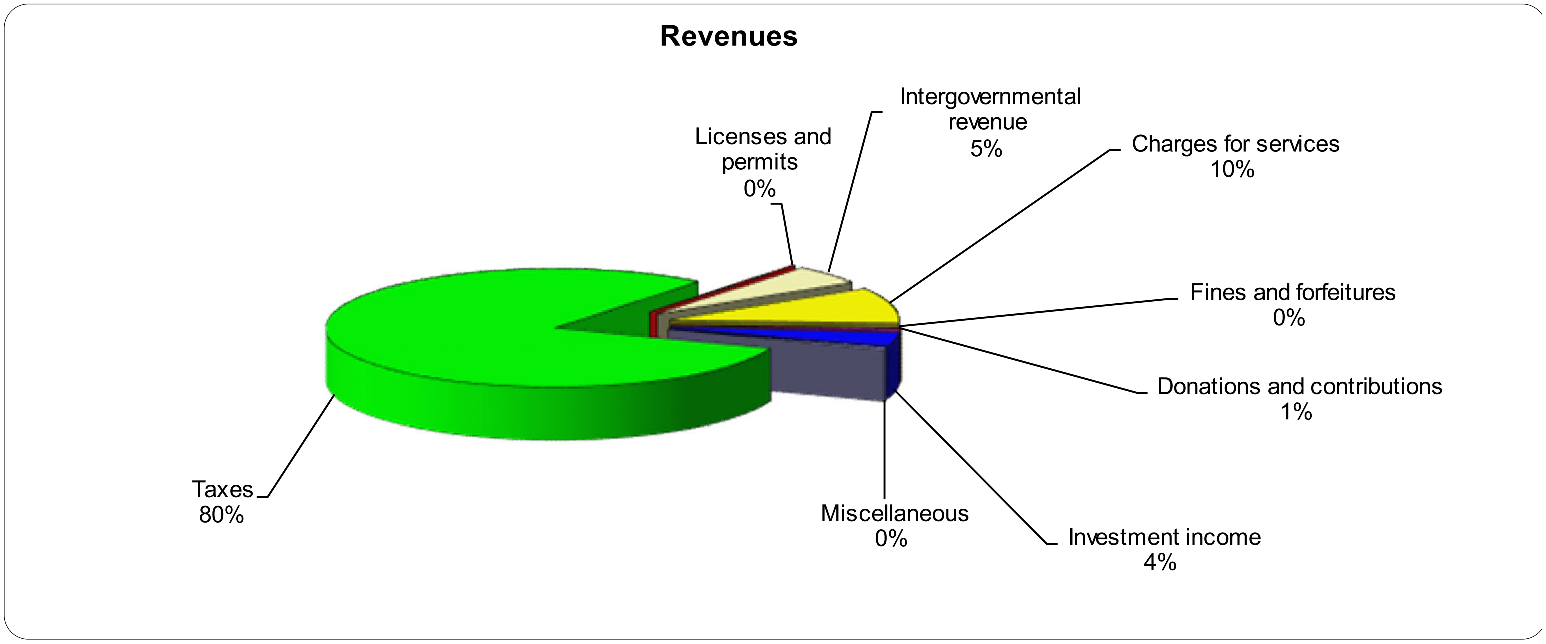
Governmental funds: The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure 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 $19,040,157, a decrease of $679,766 from the prior year ending fund balances. The City's fund balances for past two years are presented in graph format below.



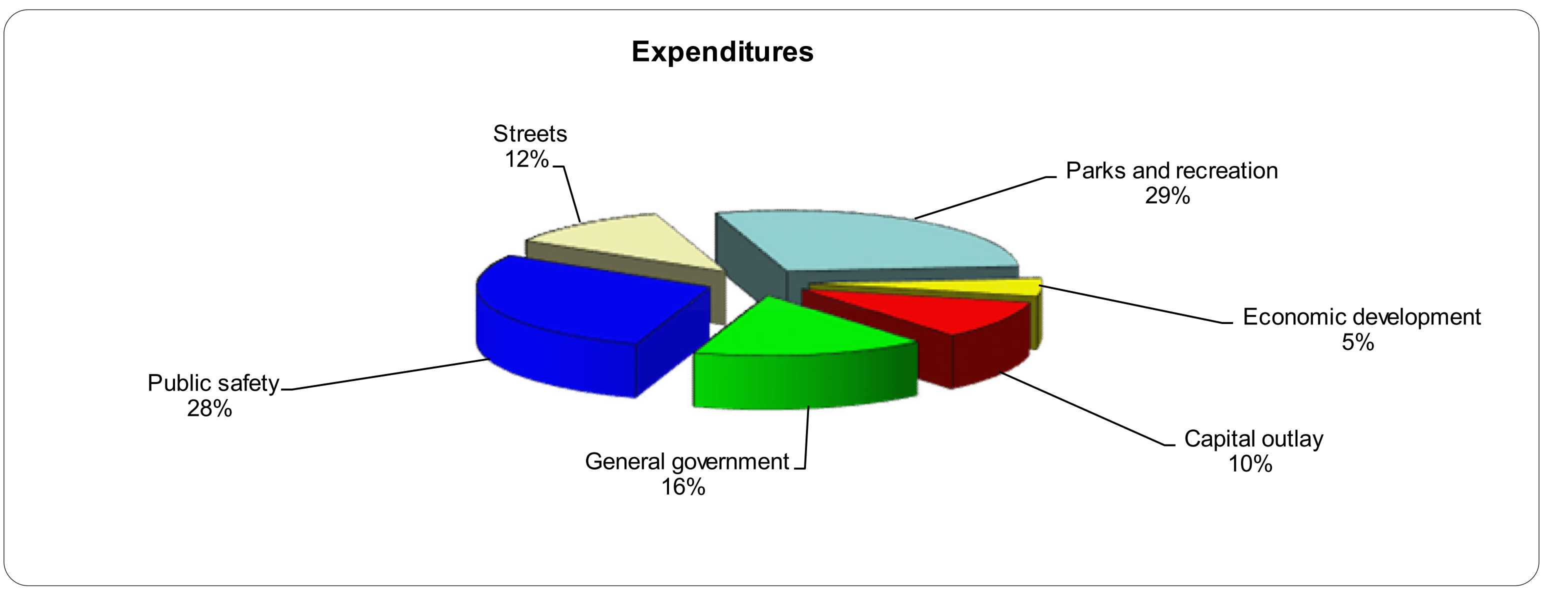
Financial Analysis of the City's Funds (continued)

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 2025:



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:

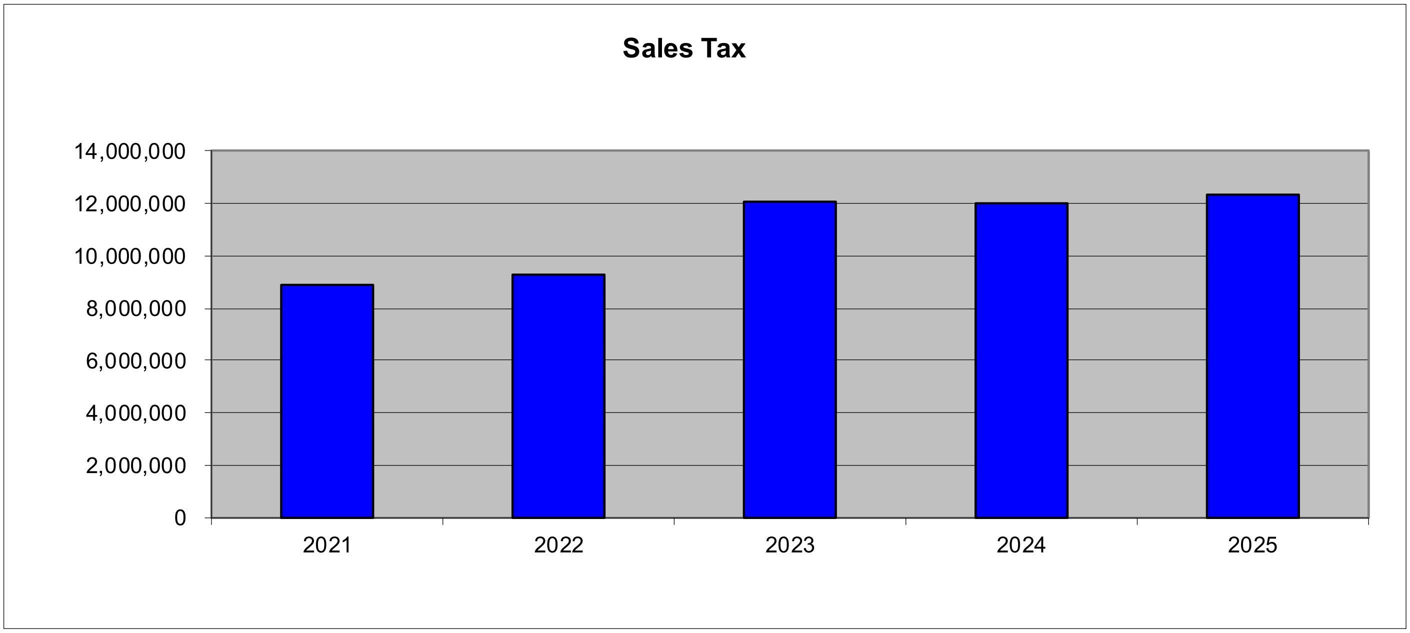
	Final Budget	Actual	Variance	Reason
Revenues:				
Other taxes	231,400	52,985	(178,415)	Severance tax distributions are volatile, and the City did not anticipate such are large decrease year over year.
Grant revenue	308,645	202,866	(105,779)	Some budgeted grants w ere not received.
Other intergovernmental revenue	221,961	336,714	114,753	Federal Mineral Lease distributions w ere larger than anticipated.
Rents	105,217	28,209	(77,008)	Budget planned for 6 employee housing units under a master lease, but only 2 units w ere needed.
Expenditures:				
City attorney	237,570	163,365	74,205	Certain benefits anticipated w ere not utilized and a conservative budget for additional professional support services.
City manager	416,339	330,376	85,963	Contracted services w ere less than anticipated in the budget.
Finance	534,521	307,586	226,935	Payments for January 2026 health insurance w ere prepaid in December 2025 and these expenses w ere budgeted for in 2025.
General services	400,937	338,271	62,666	Contracted services w ere less than anticipated in the budget.
Community development	695,005	607,741	87,264	Contracted services w ere less than anticipated in the budget.
Employee housing	189,700	104,756	84,944	City did not acquire as many master leases as initially anticipated.
Fire Department	532,087	661,922	(129,835)	There w ere unplanned expenditures that w ere related to an unbudgeted grant revenue.
Capital outlay and repairs	614,401	207,227	407,174	Planned capital expenditures w ere delayed.

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

Long-term debts: As of the end of the current fiscal year, the City had $17,422,925 in total long-term obligations. More details about the City's long-term obligations can be found on pages D16-D19.

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 2024 was $305,942 or 2.5%. 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 $6,413,477. The City's 2026 budget anticipates a decrease in General Fund balance of $1,463,716 to arrive at an ending fund balance of $4,949,761 at the end of 2026.

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, 2025

Assets:	Governmental Activities	Business-type Activities	Total
Current assets:			
Cash and investments - Unrestricted	17,752,358	13,453,155	31,205,513
Cash and investments - Restricted	2,611,286	2,550,000	5,161,286
Accounts, taxes, and interest receivable	2,059,016	2,227,655	4,286,671
Due from other governments	307,524	-	307,524
Prepaid expenses	354,365	1,146	355,511
Inventory	32,547	1,814,622	1,847,169
Total current assets	23,117,096	20,046,578	43,163,674
Capital assets:			
Land	2,928,848	731,455	3,660,303
Construction in progress	5,001	2,337,093	2,342,094
Land improvements	17,874,252	-	17,874,252
Buildings and improvements	28,669,732	26,272,511	54,942,243
Vehicles	4,077,393	-	4,077,393
Machinery and equipment	5,814,892	9,831,654	15,646,546
Subscription based IT arrangements	-	120,893	120,893
Less accumulated depreciation/amortization	(23,857,149)	(14,475,077)	(38,332,226)
Total capital assets (net of accumulated depr./amort.)	35,512,969	24,818,529	60,331,498
Total assets	58,630,065	44,865,107	103,495,172
Liabilities:			
Current liabilities:			
Accounts payable	712,395	1,366,571	2,078,966
Accrued payroll	253,799	72,555	326,354
Accrued expenses	40,021	10,076	50,097
Accrued interest payable	51,179	35,717	86,896
Deposits	2,300	35,500	37,800
Total current liabilities	1,059,694	1,520,419	2,580,113
Noncurrent liabilities:			
Compensated absences	824,741	255,649	1,080,390
Accrued expenses	-	5,000	5,000
Bonds payable:			
Due within one year	425,000	-	425,000
Due in more than one year	2,225,000	-	2,225,000
Subscription based IT arrangements payable:			
Due within one year	-	31,328	31,328
Loans payable:			
Due within one year	-	707,546	707,546
Due in more than one year	-	10,795,839	10,795,839
Financed purchases payable:			
Due within one year	15,422	72,552	87,974
Due in more than one year	1,988,121	76,727	2,064,848
Total noncurrent liabilities	5,478,284	11,944,641	17,422,925
Total liabilities	6,537,978	13,465,060	20,003,038
Deferred Inflows of Resources:			
Unavailable property tax revenue	576,834	-	576,834
Unavailable revenue - Other	179,790	-	179,790
Total deferred inflows of resources	756,624	-	756,624
Net Position:			
Net Investment in capital assets	33,895,712	15,684,537	49,580,249
Restricted	8,303,053	-	8,303,053
Unrestricted	9,136,698	15,715,510	24,852,208
Total Net Position	51,335,463	31,400,047	82,735,510

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

City of Gunnison, Colorado
Statement of Activities
For the Year Ended December 31, 2025

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
					Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs							
Primary Government:							
Governmental Activities:							
General government	3,634,793	737,708	34,600	-	(2,862,485)	-	(2,862,485)
Public safety	4,867,409	172,954	102,515	-	(4,591,940)	-	(4,591,940)
Streets	4,123,176	2,031,815	87,520	233,620	(1,770,221)	-	(1,770,221)
Parks and recreation	5,306,734	1,089,261	119,189	25,000	(4,073,284)	-	(4,073,284)
Economic development	663,704	28,367	101,100	-	(534,237)	-	(534,237)
Interest	139,063	-	-	-	(139,063)	-	(139,063)
Total Governmental Activities	18,734,879	4,060,105	444,924	258,620	(13,971,230)	-	(13,971,230)
Business-type Activities:							
Electric	7,968,968	8,999,627	-	-	-	1,030,659	1,030,659
Water	2,018,336	2,778,788	-	205,353	-	965,805	965,805
Sewer	3,524,696	3,783,420	-	112,000	-	370,724	370,724
Refuse	1,130,988	1,368,614	-	-	-	237,626	237,626
Total Business-type Activities	14,642,988	16,930,449	-	317,353	-	2,604,814	2,604,814
Total Primary Government	33,377,867	20,990,554	444,924	575,973	(13,971,230)	2,604,814	(11,366,416)
General Revenues:							
Property tax, levied for general purposes					484,836	-	484,836
Specific ownership tax					48,263	-	48,263
General sales and use tax					12,304,220	-	12,304,220
Franchise tax					1,017,519	-	1,017,519
Real estate transfer assessment					27,300	-	27,300
Other miscellaneous taxes					52,985	-	52,985
Investment earnings					565,721	335,466	901,187
Unrealized gains (losses)					166,822	124,818	291,640
Grants and contributions not restricted to any program					27,679	-	27,679
Gain on disposal of assets					22,458	24,701	47,159
Total General Revenues					14,717,803	484,985	15,202,788
Change in Net Position					746,573	3,089,799	3,836,372
Net Position - Beginning					50,588,890	28,310,248	78,899,138
Net Position - Ending					51,335,463	31,400,047	82,735,510

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

FUND FINANCIAL STATEMENTS

City of Gunnison, Colorado
Balance Sheet
Governmental Funds
December 31, 2025

	General	Street Improvement Fund	Recreation Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Cash and investments - Unrestricted	2,701,181	7,578,385	4,524,557	630,162	15,434,285
Cash and investments - Restricted	2,611,286	-	-	-	2,611,286
Receivables, net of allowance					
for uncollectible accounts	1,386,455	45,688	50,502	32,596	1,515,241
Property tax receivable	576,834	-	-	-	576,834
Due from other governments	307,524	-	-	-	307,524
Inventories	-	-	32,547	-	32,547
Prepaid expenses	348,702	4,517	-	-	353,219
Total Assets	7,931,982	7,628,590	4,607,606	662,758	20,830,936
Liabilities and Fund Equity:					
Liabilities:					
Accounts payable	471,091	113,028	57,527	25,100	666,746
Accrued payroll	184,765	29,563	26,154	-	240,482
Accrued expenses	56,001	15,000	2,447	-	73,448
Accrued interest payable	47,724	-	3,455	-	51,179
Deposits	2,300	-	-	-	2,300
Total Liabilities	761,881	157,591	89,583	25,100	1,034,155
Deferred inflows of resources:					
Unavailable property tax revenue	576,834	-	-	-	576,834
Unavailable revenue - other	179,790	-	-	-	179,790
Total deferred inflows of resources	756,624	-	-	-	756,624
Fund Balances:					
Nonspendable	348,702	4,517	32,547	-	385,766
Spendable:					
Restricted for emergencies	533,000	-	-	-	533,000
Restricted for road and bridge	-	7,466,482	-	-	7,466,482
Restricted for recreation	-	-	-	135,441	135,441
Restricted - other	-	-	-	168,130	168,130
Assigned	-	-	4,485,476	334,087	4,819,563
Unassigned	5,531,775	-	-	-	5,531,775
Total Fund Balances	6,413,477	7,470,999	4,518,023	637,658	19,040,157
Total Liabilities, Deferred Inflows of Resources and Fund Balances	7,931,982	7,628,590	4,607,606	662,758	20,830,936

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

City of Gunnison, Colorado
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position
December 31, 2025

Governmental Funds Total Fund Balance	19,040,157
Add:	
Capital assets used in governmental activities (excluding internal service funds) are not considered current financial resources and, therefore, not reported in the governmental funds.	54,816,183
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.	4,787,611
Less:	
Accumulated depreciation/amortization (excluding internal service funds) is not recognized in the governmental funds because capital assets are expensed at the time of acquisition.	(21,884,339)
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 long-term liabilities:	
Compensated absences (excluding internal service funds)	(770,606)
2021A Refunding SUTR Bonds	(2,650,000)
2023 Energy Financed Purchase	(2,003,543)
Governmental Activities Net Position	51,335,463

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, 2025

	General	Street Improvement Fund	Recreation Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	8,495,472	3,783,685	1,714,877	192,237	14,186,271
Licenses and permits	38,823	-	-	-	38,823
Intergovernmental revenue	539,580	321,140	-	61,334	922,054
Charges for services	514,781	7,649	739,931	457,806	1,720,167
Fines and forfeitures	5,917	17,195	-	-	23,112
Investment income	193,870	155,574	129,451	18,409	497,304
Unrealized gains (losses)	31,099	57,290	48,041	6,832	143,262
Donations and contributions	58,873	-	25,000	-	83,873
Miscellaneous	79,128	-	3,252	-	82,380
Total Revenues	9,957,543	4,342,533	2,660,552	736,618	17,697,246
Expenditures:					
General government	2,279,303	-	-	455,967	2,735,270
Public safety	4,788,360	-	-	15,000	4,803,360
Public works	-	1,939,845	-	-	1,939,845
Culture and recreation	2,249,475	-	2,571,371	-	4,820,846
Economic development	804,655	-	-	-	804,655
Capital outlay	207,227	1,512,795	-	35,155	1,755,177
Debt service	452,259	7,686	462,947	-	922,892
Total Expenditures	10,781,279	3,460,326	3,034,318	506,122	17,782,045
Excess (Deficiency) of Revenues Over Expenditures	(823,736)	882,207	(373,766)	230,496	(84,799)
Other Financing Sources (Uses):					
Sale of asset	13,033	-	10,000	-	23,033
Transfers in	310,669	-	1,127,933	-	1,438,602
Transfers (out)	(671,900)	-	(1,177,923)	(206,779)	(2,056,602)
Total Other Financing Sources (Uses)	(348,198)	-	(39,990)	(206,779)	(594,967)
Net Change in Fund Balances	(1,171,934)	882,207	(413,756)	23,717	(679,766)
Fund Balances - Beginning	7,585,411	6,588,792	4,931,779	613,941	19,719,923
Fund Balances - Ending	6,413,477	7,470,999	4,518,023	637,658	19,040,157

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

City of Gunnison, Colorado
Reconciliation of Revenues, Expenditures and Changes in Fund Balances (Deficit) of Governmental Fund to the Statement of Activities
For the Year Ended December 31, 2025

Governmental Funds Changes in Fund Balances	(679,766)
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.	2,069,788
Retirement of debt principal and bonds outstanding on the City's debt result in a reduction of accumulated resources on the fund financial statements. The government-wide statements show these as reduction against the long-term liabilities.	763,351
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/amortization expense. This is the depreciation/amortization expense for the year.	(1,736,895)
Changes in the City employees' accrued compensated absences are considered changes in long-term liabilities. This is the amount that accrued compensated absences decreased.	19,169
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.	310,926
Governmental Activities Change in Net Position	746,573

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

City of Gunnison, Colorado
Statement of Net Position
Proprietary Funds
December 31, 2025

	Enterprise Fund	Internal Service Funds: Fleet Fund	Internal Service Funds: Facilities Maintenance Fund
Assets:			
Current assets:			
Cash and investments - unrestricted	13,453,155	1,465,162	852,911
Cash and investments - restricted	2,550,000	-	-
Accounts receivables, net of allowance for uncollectible accounts	2,227,655	236	133
Inventories	1,814,622	1,146	-
Prepaid expenses	1,146	-	-
Total current assets	20,046,578	1,466,544	853,044
Non-current assets:			
Land	731,455	-	-
Construction in progress	2,337,093	-	-
Building and improvements	26,272,511	301,368	14,153
Machinery and equipment	9,831,654	4,216,641	21,770
Subscription based IT arrangements	120,893	-	-
Less: Accumulated depreciation	(14,475,077)	(1,970,470)	(2,345)
Total non-current assets	24,818,529	2,547,539	33,578
Total Assets	44,865,107	4,014,083	886,622
Liabilities:			
Current liabilities:			
Accounts payable	1,366,571	20,672	24,969
Accrued payroll	72,555	9,527	3,791
Accrued expenses	10,076	-	-
Long term debt interest payable	35,717	-	-
Deposits held	35,500	-	-
Non-current liabilities due within one year:			
Financed purchases	72,552	-	-
Subscription based IT arrangements	31,328	-	-
Loans	707,546	-	-
Total current liabilities	2,331,845	30,199	28,760
Non-current liabilities:			
Accrued compensated absences	255,649	42,965	11,170
Accrued expenses	5,000	-	-
Non-Current Liabilities - due longer than one year:			
Financed purchases	76,727	-	-
Subscription based IT arrangements	-	-	-
Loans	10,795,839	-	-
Total non-current liabilities	11,133,215	42,965	11,170
Total Liabilities	13,465,060	73,164	39,930
Net Position:			
Net Investment in capital assets	15,684,537	2,547,539	33,578
Unrestricted	15,715,510	1,393,380	813,114
Total Net Position	31,400,047	3,940,919	846,692

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

City of Gunnison, Colorado
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2025

		Internal Service Funds	
	Enterprise Fund	Fleet Fund	Facilities Maintenance Fund
Operating Revenue:			
Utility sales	16,675,708	1,067,596	933,459
Other revenue	354,740	236	-
Operating Revenue	17,030,448	1,067,832	933,459
Operating Expenses:			
Salaries and employee benefits	7,501,836	-	-
Purchased power	12,656	-	-
Purchased services	2,620,509	-	-
Operations and maintenance	2,670,374	-	-
Supplies	379,686	-	-
Depreciation and amortization	1,427,018	318,142	2,039
Fleet expenses	-	1,375,485	425,651
Operating Expenses	14,612,079	1,693,627	427,690
Operating income (loss)	2,418,369	(625,795)	505,769
Non-Operating Revenues (Expenses):			
Interest revenue	335,466	47,817	19,264
Interest expense	(130,907)	-	-
Unrealized gain (loss)	124,816	17,745	7,149
Grants and contributions	317,353	-	-
Sale of fixed assets	24,702	(279,023)	-
Total Non-Operating Revenues (Expenses)	671,430	(213,461)	26,413
Income (Loss) Before Contributions and Transfers	3,089,799	(839,256)	532,182
Transfers in	15,000	618,000	-
Transfers (out)	(15,000)	-	-
	-	618,000	-
Change in Net Position	3,089,799	(221,256)	532,182
Total Net Position - Beginning	28,310,248	4,162,175	314,510
Total Net Position - Ending	31,400,047	3,940,919	846,692

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

City of Gunnison, Colorado
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2025

	Enterprise Fund	Internal Service Funds: Fleet Fund	Internal Service Funds: Facilities Maintenance Fund	Total
Cash Flows From Operating Activities:				
Cash received from customers for services	16,900,991	-	-	16,900,991
Cash received from interfund charges	-	1,067,979	933,554	2,001,533
Other cash received (paid)	357,441	236	-	357,677
Cash paid for goods and services	(6,334,281)	(1,381,173)	(429,944)	(8,145,398)
Cash paid for employment services	(7,411,857)	-	(156)	(7,412,013)
Net Cash Provided (Used) by Operating Activities	3,512,294	(312,958)	503,454	3,702,790
Cash Flows From Non-Capital Financing Activities:				
Transfers (out)	(15,000)	-	-	(15,000)
Transfers in	15,000	618,000	-	633,000
Net Cash Provided by Non-Capital Financing Activities	-	618,000	-	618,000
Cash Flows From Capital Financing Activities:				
Purchase of fixed assets	(1,480,261)	(612,976)	(12,604)	(2,105,841)
Proceeds on sale of fixed assets	24,702	-	-	24,702
Grants and contributions	317,353	-	-	317,353
Interest paid	(130,907)	-	-	(130,907)
Principal paid	(793,957)	-	-	(793,957)
Net Cash (Used) by Capital Financing Activities	(2,063,070)	(612,976)	(12,604)	(2,688,650)
Cash Flows From Investing Activities:				
Interest received	460,282	65,562	26,413	552,257
Net Cash Provided by Investing Activities	460,282	65,562	26,413	552,257
Net Increase (Decrease) in Cash and Cash Equivalents	1,909,506	(242,372)	517,263	2,184,397
Cash and Cash Equivalents - Beginning	14,093,649	1,707,534	335,648	16,136,831
Cash and Cash Equivalents - Ending	16,003,155	1,465,162	852,911	18,321,228
Reconciliation of Operating (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating (loss)	2,418,369	(625,795)	505,769	2,298,343
Adjustments to reconcile operating (loss) to net cash provided (used) by operating activities:				
Depreciation	1,427,018	318,142	2,039	1,747,199
(Increase) decrease in accounts receivable	225,283	383	95	225,761
(Increase) decrease in inventories	(96,767)	-	-	(96,767)
(Increase) decrease in prepaid expenses	-	-	1,477	1,477
Increase (decrease) in accounts payable	(554,289)	(9,626)	(5,770)	(569,685)
Increase (decrease) in compensated absences	81,891	3,150	(293)	84,748
Increase (decrease) in deposits	2,701	-	-	2,701
Increase (decrease) in accrued wages	8,088	788	137	9,013
Total Adjustments	1,093,925	312,837	(2,315)	1,404,447
Net Cash Provided (Used) by Operating Activities	3,512,294	(312,958)	503,454	3,702,790

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

City of Gunnison, Colorado
Statement of Fiduciary Net Position
Fiduciary Fund
December 31, 2025

	Volunteer Firefighters' Pension Fund
Assets	
Cash and investments	2,431,115
Accounts receivable	35,222
Total Assets	2,466,337
Net Position	
Net position - held in trust for pension benefits	2,466,337

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

City of Gunnison, Colorado
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Year Ended December 31, 2025

	Volunteer Firefighters' Pension Fund
Additions	
Contributions	
City	40,510
District	40,510
State	54,662
Earnings on investments	277,467
Total Additions	413,149
Deductions	
Benefits	279,000
Expenses	21,414
Total Deductions	300,414
Change in net position	112,735
Net position at beginning of year	2,353,602
Net position at end of year	2,466,337

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

NOTES TO THE FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

The City of Gunnison, Colorado (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; 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 electric, water, sewer, and refuse utilities are classified as business activities.

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.

I. Summary of Significant Accounting Policies (continued)

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

3. Fund Balance Disclosure

The City classifies governmental fund balances as follows:

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

Spendable Fund Balance:

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

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority which is City Council. The City's original budget legislation begins with combining historical data, assessment of needs for the upcoming year and the City Council 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 Council 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 Council approval, must be presented via a public process and again approval by City Council.

Assigned – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. Fund Balance may be assigned by the City Council 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 targeted reserve positions, and the Administration calculates targets and reports them annually to City Council.

I. Summary of Significant Accounting Policies (continued)

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

4. Fund Financial Statements

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

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

Special Revenue Funds

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term "proceeds of specific revenue sources" establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund. The City reports the following 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 *Recreation Fund* accounts for revenues derived from sales and use tax, as well as other program fees which finance specific activities for recreation.

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, and Refuse.

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 two non-major internal service funds, the Fleet Management Fund and the Facilities Maintenance Fund.

I. Summary of Significant Accounting Policies (continued)

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

4. Fund Financial Statements (continued)

Fiduciary Fund

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

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 of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

I. Summary of Significant Accounting Policies (continued)

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.

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 in 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.

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 expensed as incurred. Infrastructure, buildings, and equipment are depreciated/amortized 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
Subscription assets	2 - 5

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, 2025.

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

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

9. Subscription Based Information Technology Arrangements (SBITA)

The City has entered into various SBITAs. The City recognizes a SBITA liability and an intangible right-to-use subscription asset in the government-wide financial statements and proprietary statement of net position. The City recognizes subscription assets and liabilities with an initial contract value of $5,000 or more for subscriptions.

At the commencement of a SBITA, the City initially measures the subscription liability at the present value of payments expected to be made during the SBITA term. Subsequently, the subscription liability is reduced by the principal portion of the subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for payments made at or before the commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life.

Key estimates and judgements related to SBITAs included the following:

- The City uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the third party is not provided, the City generally uses the estimated incremental borrowing rate as the discount rate.
- The subscription term includes the non-cancelable period of the subscription.
- Subscription payments included in the measurement of the subscription liability are composed of the fixed payments.

The City monitors changes in circumstances that would require a remeasurement of its subscriptions and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability. Subscription assets are reported with other capital assets and subscription liabilities are reported with long-term debt on the statement of net position.

II. Reconciliation of Government-wide and Fund Financial Statements

These financial statements include a reconciliation between the total fund balances of all governmental funds as presented on the Governmental Funds Balance Sheet and the net position of governmental activities as reported in the government-wide Statement of Net Position. Additionally, these financial statements include a reconciliation between the total net change in fund balances of all governmental funds as presented on the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the change in net position of governmental activities as reported in the government-wide 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 2025.

1. For the 2025 budget year, prior to August 25, 2024, 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, 2024, 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, 2024, 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 2024 were collected in 2025 and taxes certified in 2025 will be collected in 2026. 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.

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.

III. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment (continued)

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 $533,000, which is the approximate required reserve at December 31, 2025.

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's 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 $4,948,506 at year end. Petty cash totaled $1,400.

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 <u>identical</u> investments in <u>active</u> markets;
- *Level 2:* Observable inputs other than quoted market prices; and,
- *Level 3:* Unobservable inputs.

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IV. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

At December 31, 2025, the City had the following recurring fair value measurements:

Investments Measured at Fair Value	Total	Fair Value Measurements Using Level 1	Level 2	Level 3
Certificates of deposit	$ 2,989,589	-	2,989,589	-
United States Treasuries	2,033,230	-	2,033,230	-
United States Agencies	12,829,861	-	12,829,861	-
Investments Measured at Net Asset Value				
COLOTRUST	9,266,130			
Investments Measured at Amortized Cost				
CSAFE	1,619,137			
CSLIP	507,249			

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, C-SAFE, and CSLIP. 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, 2025, the City's investments in COLOTRUST, C-SAFE, and CSLIP was 32%, 6%, and 2% 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.

IV. Detailed Notes on All Funds (continued)

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.

Restricted Cash. The City had $5,161,286 of restricted cash in the General Fund and Proprietary Fund for energy performance projects and the water treatment plant project.

At December 31, 2025, unrealized gains were $180,492 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	Maturities: One to five years
Petty cash:	Not Rated	$ 1,400	$ 1,400	$ -
Demand Deposits:				
Checking, savings & money mkt	Not Rated	1,958,917	1,958,917	-
Certificates of deposit	Not Rated	2,989,589	2,087,372	902,217
Investments:				
Cash with fiscal agent	Not Rated	5,161,286	5,161,286	-
United States Agencies	AA+	12,829,861	3,277,716	9,552,145
United States Treasuries	AA+	2,033,230	496,328	1,536,902
Pension fund investments	AA+	2,431,115	-	2,431,115
Investment Pools	AAAm	11,392,516	11,392,516	-
Total Cash and Investments		$ 38,797,914	$ 24,375,535	$ 14,422,379

Reconciliation to Statements of Net Position:	
Cash and investments - Unrestricted	$ 31,205,513
Cash and investments - Restricted	5,161,286
Cash and investments (Fiduciary Net Position)	2,431,115
Total Cash and Investments	$ 38,797,914

IV. Detailed Notes on All Funds (continued)

B. Receivables

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

	Governmental Funds				
	General	Street Improvement Fund	Recreation Fund	Other Governmental Funds	Total
Receivables:					
Taxes	$ 576,834	$ -	$ -	$ -	$ 576,834
Accounts and other receivable	1,386,455	45,688	50,502	32,596	1,515,241
Due from other governments	307,524	-	-	-	307,524
Gross receivables	2,270,813	45,688	50,502	32,596	2,399,599
Less: allowance for uncollectible accounts	-	-	-	-	-
Net Receivables	$ 2,270,813	$ 45,688	$ 50,502	$ 32,596	$ 2,399,599

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 2025 but not available until 2026.

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

	Enterprise Funds				
	Electric Department	Water Department	Sewer Department	Refuse Department	Total
Receivables:					
Accounts receivable	$ 1,369,338	$ 248,062	$ 478,908	$ 131,347	$ 2,227,655
Gross receivables	1,369,338	248,062	478,908	131,347	2,227,655
Less: allowance for uncollectible accounts	-	-	-	-	-
Net Receivables	$ 1,369,338	$ 248,062	$ 478,908	$ 131,347	$ 2,227,655

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IV. Detailed Notes on All Funds (continued)

C. Capital Assets

Capital asset activity for the year ended December 31, 2025 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 2,928,848	$ -	$ -	$ 2,928,848
Construction in progress	43,516	5,001	(43,516)	5,001
Total capital assets, not depreciated	2,972,364	5,001	(43,516)	2,933,849
Capital assets, being depreciated/amortized:				
Land improvements	16,701,553	1,172,699	-	17,874,252
Buildings and improvements	28,400,327	269,405	-	28,669,732
Machinery and equipment	5,658,857	690,133	(534,098)	5,814,892
Vehicles	3,714,235	623,570	(260,412)	4,077,393
Subscription assets	83,605	-	(83,605)	-
Total capital assets being depreciated/amortized	54,558,577	2,755,807	(878,115)	56,436,269
Less accumulated depreciation/amortization for:				
Land improvements	(3,204,950)	(299,380)	-	(3,504,330)
Buildings and improvements	(7,469,088)	(927,890)	-	(8,396,978)
Infrastructure	(5,898,199)	(220,260)	-	(6,118,459)
Machinery and equipment	(2,880,674)	(374,711)	255,650	(2,999,735)
Vehicles	(2,865,318)	(210,242)	237,913	(2,837,647)
Subscription assets	(59,014)	(24,591)	83,605	-
Total accumulated depreciation/amortization	(22,377,243)	(2,057,074)	577,168	(23,857,149)
Governmental Activities capital assets, net	$ 35,153,698	$ 703,734	$ (344,463)	$ 35,512,969
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 731,455	$ -	$ -	$ 731,455
Construction in progress	1,334,853	1,002,240	-	2,337,093
Total capital assets, not depreciated	2,066,308	1,002,240	-	3,068,548
Capital assets, being depreciated/amortized:				
Building and improvements	26,303,531	-	(31,020)	26,272,511
Machinery and equipment	9,956,718	478,022	(603,086)	9,831,654
Subscription assets	120,893	-	-	120,893
Total capital assets being depreciated/amortized	36,381,142	478,022	(634,106)	36,225,058
Less accumulated depreciation/amortization for:				
Buildings and improvements	(7,762,525)	(916,623)	31,020	(8,648,128)
Machinery and equipment	(5,859,194)	(480,172)	603,086	(5,736,280)
Subscription assets	(60,446)	(30,223)	-	(90,669)
Total accumulated depreciation/amortization	(13,682,165)	(1,427,018)	634,106	(14,475,077)
Business-type Activities capital assets, net	$ 24,765,285	$ 53,244	$ -	$ 24,818,529

IV. Detailed Notes on All Funds (continued)

C. Capital Assets (continued)

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

	Depreciation /Amortization Expense	Capital Outlay
Governmental activities:		
General government	$ 655,578	$ -
Public safety	107,980	8,224
Public works	642,956	2,143,620
Parks and recreation	650,560	565,448
Total - Governmental Activities	$ 2,057,074	$ 2,717,292
Business-type activities:		
Electric Department	$ 276,533	$ 786,258
Water Department	116,347	220,861
Sewer Department	918,408	473,143
Refuse Department	115,730	-
Total - Business-type Activities	$ 1,427,018	$ 1,480,262

D. Transfers

At December 31, 2025, the City had the following transfers:

	In	Out
Governmental Funds:		
General Fund	$ 310,669	$ (671,900)
Recreation Department	1,127,933	(1,177,923)
Other Governmental Funds	-	(206,779)
Internal Service Funds:		
Fleet Fund	618,000	-
Proprietary Funds:		
Water Department	15,000	-
Sewer Department	-	(15,000)
Total	$ 2,071,602	$ (2,071,602)

The above transfers were made to allocate funds to the fund's particular function.

IV. Detailed Notes on All Funds (continued)

E. Long-Term Debt

1. 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, 2025 was $6,955,368.

2. 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, 2025 was $2,174,550.

3. 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, 2025 was $2,650,000. The refunding was undertaken to reduce total debt service payments by $263,525 and resulted in an economic gain of $243,555.

4. 2023 Refuse Financed Purchase

During 2023, the City entered into a financed purchase agreement with Community First National Bank for the amount of $361,528. The funds were used to purchase a refuse truck. The interest rate is 5.75% annually and the payments are due August 1 beginning August 1, 2023, and ending on August 1, 2027. The principal outstanding at December 31, 2025 was $149,279.

5. 2023 Energy Financed Purchase

During 2023, the City entered into a financed purchase agreement with Capital One Public Funding for the amount of $2,331,537. The funds were used to fund several energy performance projects. The interest rate is 4.79% annually and the payments are due biannually on January 1 and July 1 beginning January 1, 2024, and ending on July 1, 2043. The principal outstanding at December 31, 2025 was $2,003,543.

IV. Detailed Notes on All Funds (continued)

E. Long-Term Debt (continued)

6. 2024 Water Loan

During 2024, the City entered into a loan agreement with Colorado Water Resources and Power Development Authority for the amount of $2,550,000. The funds are to be used on the design, engineering, and preconstruction costs associated with a new centralized water treatment plant. The interest rate is 2.00% annually and the payments are due biannually on May 1 and November 1 beginning May 1, 2024, and ending on November 1, 2043. The principal outstanding at December 31, 2025 was $2,373,467.

7. Accrued Compensated Absences

Earned but unused compensated absence (e.g. paid time off) benefits amounted to $1,080,390 at December 31, 2025. 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. The compensated absences liability will be paid from the funds which employees' salaries are paid.

8. Debt Schedule

The following debt payments are required:

	Governmental Activities Debt		
Year	Principal	Interest	Total
2026	$ 440,422	$ 137,713	$ 578,135
2027	453,777	130,149	583,926
2028	470,934	122,123	593,057
2029	488,753	113,588	602,341
2030	497,280	104,512	601,792
2031 - 2035	847,981	410,845	1,258,826
2036 - 2040	753,032	275,825	1,028,857
2041 - 2043	701,364	60,843	762,207
Total	$ 4,653,543	$ 1,355,598	$ 6,009,141

	Business-Type Activities Debt		
Year	Principal	Interest	Total
2026	$ 780,098	$ 120,593	$ 900,691
2027	791,027	106,190	897,217
2028	725,531	91,998	817,529
2029	737,264	82,671	819,935
2030	742,434	73,544	815,978
2031 - 2035	3,892,669	264,986	4,157,655
2036 - 2040	3,526,766	112,087	3,638,853
2041 - 2043	456,875	16,123	472,998
Total	$ 11,652,664	$ 868,192	$ 12,520,856

IV. Detailed Notes on All Funds (continued)

E. Long-Term Debt (continued)

9. Subscription Based Information Technology Arrangements

In January 2022, the City entered into a five-year agreement for the subscription of technology services and data acquisition for its water meters. An initial lease liability was recorded in the amount of $47,260. As of December 31, 2025, the value of the subscription liability was $24,201. The City is required to make monthly principal and interest payments of $1,034. The lease has an interest rate of 2.42%. The value of the right-to-use asset as of the end of the current year was $12,247 and had accumulated amortization of $35,445.

In January 2022, the City entered into a five-year agreement for the subscription of technology services and data acquisition for its wastewater meters. An initial lease liability was recorded in the amount of $73,633 during the current year. As of December 31, 2025, the value of the lease liability was $37,706. The City is required to make monthly principal and interest payments of $1,611. The lease has an interest rate of 2.42%. The value of the right-to-use asset as of the end of the current year was $19,081 and had accumulated amortization of $55,224.

The future subscription payments under SBITAs are as follows:

	Business-Type Activities		
Year	Principal	Interest	Total
2026	$ 31,328	$ 412	$ 31,740

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IV. Detailed Notes on All Funds (continued)

E. Long-Term Debt (continued)

10. Changes in Debt

The City had the following changes in debt for the year ended December 31, 2025:

	1/1/25	Additions	Deletions	12/31/25	Due within one year
Governmental Activities Debt:					
2021 SUTR Refunding Bonds	$ 3,065,000	$ -	$ 415,000	$ 2,650,000	$ 425,000
2023 Energy Financed Purchase	2,326,686	-	323,143	2,003,543	15,422
Subscription liability	25,208	-	25,208	-	-
Compensated absences*	841,053	-	16,312	824,741	-
Business-type Activities Debt:					
Accrued expenses	5,000	-	-	5,000	-
2019 Green Reserve	2,324,135	-	149,585	2,174,550	149,585
2019 Sewer Revolving Loan	7,391,989	-	436,621	6,955,368	447,213
2023 Refuse Financed Purchase	217,884	-	68,605	149,279	72,552
2024 Water Loan	2,482,033	-	108,566	2,373,467	110,748
Subscription liability	61,907	-	30,579	31,328	31,328
Compensated absences*	173,758	81,891	-	255,649	-
Total	$ 18,914,653	$ 81,891	$ 1,573,619	$ 17,422,925	$ 1,251,848

*Change in compensated absences is reported net

11. Debt Disclosure Requirements

The City is compliant with 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.

IV. Detailed Notes on All Funds (continued)

F. Pollution Remediation Obligation (continued)

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 2025, 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, 2025, employees and the City made the required contributions to the plan of $201,476 and $201,476, respectively.

All of the Police Officer's Pension Plan investments at December 31, 2025 of $6,212,856 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.

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, 2025, employees and the City made the required contributions to the plan of $418,343 and $418,343 respectively.

All of the General Employee Pension Plan investments at December 31, 2025 of $10,678,768 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.

IV. Detailed Notes on All Funds (continued)

G. Pension Plans (continued)

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, 2025, the Plan had 32 active non-retired members, and 40 retired members, for a total of 72 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 2025, 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.

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:

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

Concentrations. As of December 31, 2025, 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, 2025 are as follows:

Total pension liability	$ 3,795,548
Fiduciary net position	2,466,337
Net pension liability	$ 1,329,211

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, 2026, 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	$ 1,737,097	$ 1,329,211	$ 988,212

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, 2025 were $4,161 to the Mission Square plan and $120,874 to the CRA plan.

I. Restricted Fund Balance

The City had the following restrictions on fund balances at December 31, 2025:

	1/1/25	Additions	Deletions	12/31/25
General Fund:				
Emergency reserves	$ 568,000	$ 235,000	$ 270,000	$ 533,000
Street Improvement Fund:				
Road and bridge	6,584,275	882,207	-	7,466,482
Conservation Trust:				
Recreation	125,077	10,364	-	135,441
Marijuana Mitigation:				
Other	172,949	-	4,819	168,130
	$ 7,450,301	$ 1,127,571	$ 274,819	8,303,053

J. Assigned Fund Balance

The City had the following assigned fund balances at December 31, 2025:

	1/1/25	Additions	Deletions	12/31/25
Special Revenue Funds:				
Recreation fund	$ 4,931,032	$ -	$ (445,556)	4,485,476
Risk management fund	315,915	18,172	-	334,087
	$ 5,246,947	$ 18,172	$ (445,556)	$ 4,819,563

V. Other Information

A. Joint Venture

At December 31, 2025, Gunnison/Hinsdale Authority had assets of $2,165,178, liabilities of $459,951 and $1,705,227 in net position. Total revenues for 2025 were $2,181,845 and total expenses were $2,028,821 resulting in a net change in net position of $153,024. 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, 2025. 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, 2025, is:

Fund:	Property and Casualty Pool Equity Ratio	Worker's Compensation Pool Equity Ratio
Loss Fund	0.520%	1.559%
Operating Fund	0.798%	0.671%
Reserve Fund	0.871%	0.484%

CIRSA's combined financial information for the year ended December 31, 2025, is summarized as follows:

Assets:	
Cash and investments	$121,759,798
Other assets	7,575,204
Total Assets	$129,335,002
Total liabilities	$ 72,659,266
Net position	$ 56,675,736
Total Revenues	$ 64,322,044
Total Expenses	(45,456,929)
Change in Net Position	$ 18,865,115

V. Other Information (continued)

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 for 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. Intergovernmental Agreement for Accounting Functions

Effective January 1, 2025, the City entered into an Intergovernmental Agreement (IGA) with the Gunnison County Fire Protection District (the “District”). Under the agreement, the City assumed responsibility for providing certain administrative and financial functions for the District, including accounts payable, accounts receivable, audit, bookkeeping, human resources, and information technology support necessary for District operations. The City also serves as the fiscal agent for the Volunteer Fireman’s Pension Board. The agreement is intended to streamline financial operations and enhance the efficiency of service delivery within the District’s service area.

Despite this collaboration, the District will continue to operate as a separate and distinct legal entity. The District’s volunteers and three permanent employees are paid through the City and contracted to the District for operational oversight, similar to a temporary agency arrangement. This setup allows the District's personnel to gain access to the City’s health insurance, worker's compensation insurance, and other benefits provided by the City.

As compensation for firefighting services provided within the City’s service area, the City is required to pay the District an annual service fee. The annual fee is based on 50% of the compensation, benefits, and related employer burden for shared employees, including items such as FICA and unemployment tax, as well as additional District operational costs. The operational cost component is determined based on an agreed amount during the annual budget process and is intended to approximate the City funding included in the respective 2025 budgets of the City and the District, less the personnel cost component noted above.

For the year ending December 31, 2025 the total expenses paid to the District per this agreement was $429,264. The City did contribute an additional $300,000 to the District in 2025 to support the District with funding for future vehicle purchases.

E. Construction Commitments

At December 31, 2025, the City had the following contractual commitments:

Project	Vendor	Contract Commitment	Completed	Remaining
East Gunnison Feeder Project	Altitude Energy, LLC	$ 2,910,252	$ 737,204	$ 2,173,048
Main Substation Transformer Project	Altitude Energy, LLC	154,406	34,120	120,286
Energy Performance Project	McKinstry Essention, LLC	3,997,420	3,797,549	199,871

F. Comparative Information

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year’s presentation.

REQUIRED SUPPLEMENTARY INFORMATION

City of Gunnison, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended December 31, 2025
(With Comparative Actual Amounts For the Year Ended 2024)

	2025				2024
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:					
Taxes:					
General property taxes	483,619	483,619	484,836	1,217	514,185
Sales & use tax	6,712,498	6,712,498	6,940,132	227,634	6,773,334
Franchise tax	1,024,191	1,024,191	1,017,519	(6,672)	939,419
Other taxes	231,400	231,400	52,985	(178,415)	216,950
Total Taxes	8,451,708	8,451,708	8,495,472	43,764	8,443,888
Licenses and Permits:					
Other licenses and permits	51,060	51,060	38,823	(12,237)	40,744
Intergovernmental Revenue:					
Grant revenue	308,645	308,645	202,866	(105,779)	617,110
Other intergovernmental revenue	221,961	221,961	336,714	114,753	90,585
Total Intergovernmental Revenue	530,606	530,606	539,580	8,974	707,695
Charges for Services:					
Real estate transfer fee	-	-	27,300	27,300	-
Recreation revenue	377,060	377,060	326,106	(50,954)	330,913
Other charges for services	172,697	172,697	133,166	(39,531)	219,850
Rents	105,217	105,217	28,209	(77,008)	21,708
Total Charges for Services	654,974	654,974	514,781	(140,193)	572,471
Fines and Forfeitures:					
Traffic fines	8,500	8,500	5,917	(2,583)	8,085
Miscellaneous Revenue:					
Investment income	177,000	177,000	193,870	16,870	276,938
Unrealized gains (losses)	6,180	-	31,099	31,099	65,888
Donations and contributions	55,678	55,678	58,873	3,195	59,657
Other income	45,417	45,417	79,128	33,711	65,218
Total Miscellaneous Revenue	284,275	278,095	362,970	84,875	467,701
Total Revenues	9,981,123	9,974,943	9,957,543	(17,400)	10,240,584
Expenditures:					
General Government:					
City council	49,138	49,138	50,098	(960)	77,749
Municipal court	104,176	104,176	101,096	3,080	91,707
City attorney	187,570	237,570	163,365	74,205	152,751
City manager	416,339	416,339	330,376	85,963	224,331
City clerk	224,176	224,176	177,771	46,405	113,388
Finance	534,521	534,521	307,586	226,935	477,853
General services	400,937	400,937	338,271	62,666	247,431
Community development	695,005	695,005	607,741	87,264	642,754
Community outreach	100,295	100,295	97,011	3,284	106,881
Employee housing	189,700	189,700	104,756	84,944	55,666
City management	(3,579)	(23,578)	1,232	(24,810)	46,072
Total General Government	2,898,278	2,928,279	2,279,303	648,976	2,236,583

(continued on E2)

City of Gunnison, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended December 31, 2025
(With Comparative Actual Amounts For the Year Ended 2024)
(continued)

	2025				2024
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Expenditures: (continued)					
Public Safety:					
Police	4,000,899	4,000,899	3,858,656	142,243	3,463,319
Building inspection	175,600	175,600	173,545	2,055	156,645
Fire department	582,087	532,087	661,922	(129,835)	353,102
LE Victim Advocate Program	98,496	98,496	94,237	4,259	54,303
Total Public Safety	4,857,082	4,807,082	4,788,360	18,722	4,027,369
Culture and Recreation:					
Cranor Hill	59,565	59,565	49,445	10,120	36,280
Senior meals	134,680	134,680	119,973	14,707	137,775
Senior programming	-	-	-	-	87,461
Recreation administration	654,589	654,589	638,122	16,467	498,000
Recreation programs	363,312	363,312	326,819	36,493	301,590
Parks	1,016,770	1,016,770	975,116	41,654	952,226
Lazy K Infrastructure Grant	140,000	140,000	140,000	-	97,500
Next50 senior grant	-	-	-	-	6,231
Total Culture and Recreation	2,368,916	2,368,916	2,249,475	119,441	2,117,063
Economic Development:					
Public service grants	114,125	136,000	136,000	-	63,250
Economic development grants	711,140	709,265	646,260	63,005	531,202
Strategic partnerships	19,910	19,910	22,395	(2,485)	19,910
Total Economic Development	845,175	865,175	804,655	60,520	614,362
Capital Outlay:					
Capital outlay and repairs	614,401	614,401	207,227	407,174	2,662,070
Debt Service:					
Interest	111,313	111,313	103,907	7,406	112,290
Principal	323,143	323,143	348,352	(25,209)	34,415
Total Debt Service	434,456	434,456	452,259	(17,803)	146,705
Total Expenditures	12,018,308	12,018,309	10,781,279	1,237,030	11,804,152
Excess (Deficiency) of Revenues over Expenditures	(2,037,185)	(2,043,366)	(823,736)	1,219,630	(1,563,568)
Other Financing Sources (Uses):					
Transfer in	346,601	346,601	310,669	(35,932)	166,672
Transfer (out)	(671,900)	(671,900)	(671,900)	-	(1,010,243)
Sale of assets	-	-	13,033	13,033	500
Total Other Financing Sources (Uses)	(325,299)	(325,299)	(348,198)	(22,899)	(843,071)
Net Change in Fund Balance	(2,362,484)	(2,368,665)	(1,171,934)	1,196,731	(2,406,639)
Fund Balance - Beginning	6,913,057	6,913,057	7,585,411	672,354	9,992,050
Fund Balance - Ending	4,550,573	4,544,392	6,413,477	1,869,085	7,585,411

City of Gunnison, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Street Improvement Fund
For the Year Ended December 31, 2025
(With Comparative Actual Amounts For the Year Ended 2024)

	2025			2024
	Original and Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:				
Taxes:				
Specific ownership tax	47,130	48,263	1,133	46,964
Sales & use tax	3,347,055	3,456,974	109,919	3,351,409
Miscellaneous revenue	280,000	278,448	(1,552)	47,290
Total Taxes	3,674,185	3,783,685	109,500	3,445,663
Intergovernmental revenue:				
State grants	2,023,178	321,140	(1,702,038)	3,234,923
Charges for Services:				
Permits	6,150	7,649	1,499	6,072
Fines and Forfeitures:				
Traffic fines	29,201	17,195	(12,006)	29,245
Investment income	75,000	155,574	80,574	87,861
Unrealized gains (losses)	15,000	57,290	42,290	43,987
Total Revenues	5,822,714	4,342,533	(1,480,181)	6,847,751
Expenditures:				
Public works	2,902,928	1,939,845	963,083	1,943,029
Capital outlay	1,953,937	1,512,795	441,142	2,822,941
Debt service	7,686	7,686	-	2,217
Total Expenditures	4,864,551	3,460,326	1,404,225	4,768,187
Excess (Deficiency) of Revenues over Expenditures	958,163	882,207	(75,956)	2,079,564
Other Financing Sources (Uses):				
Transfer in	-	-	-	99,688
Total Other Financing Sources (Uses)	-	-	-	99,688
Net Change in Fund Balance	958,163	882,207	(75,956)	2,179,252
Fund Balance - Beginning	4,254,116	6,588,792	2,334,676	4,409,540
Fund Balance - Ending	5,212,279	7,470,999	2,258,720	6,588,792

City of Gunnison, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Recreation Fund
For the Year Ended December 31, 2025
(With Comparative Actual Amounts For the Year Ended 2024)

	2025			2024
	Original and Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:				
Taxes	1,660,351	1,714,877	54,526	1,662,510
Grants and contributions	4,000	25,000	21,000	3,217
Charges for services	700,876	739,931	39,055	675,984
Interest revenue	104,000	129,451	25,451	102,247
Unrealized gains (losses)	2,300	48,041	45,741	48,005
Other revenue	37,600	3,252	(34,348)	6,344
Total Revenues	2,509,127	2,660,552	151,425	2,498,307
Expenditures:				
Salaries and employee benefits	1,172,692	1,150,201	22,491	1,052,634
Purchased services	893,245	788,680	104,565	634,727
Operations and maintenance	33,713	29,836	3,877	18,300
Supplies	118,650	112,421	6,229	65,967
Capital outlay	633,000	490,233	142,767	-
Debt service - principal	415,001	415,000	1	410,000
Debt service - interest	49,488	47,947	1,541	54,465
Expenditures	3,315,789	3,034,318	281,471	2,236,093
Excess (Deficiency) of Revenues over Expenditures	(806,662)	(373,766)	432,896	262,214
Other Financing Sources (Uses):				
Sale of capital assets	-	10,000	10,000	-
Transfers in	1,294,700	1,127,933	(166,767)	689,898
Transfers (out)	(1,375,000)	(1,177,923)	197,077	(619,140)
Total Other Financing Sources (Uses)	(80,300)	(39,990)	40,310	70,758
Net Change in Fund Balance	(886,962)	(413,756)	473,206	332,972
Fund Balance - Beginning	4,529,209	4,931,779	402,570	4,598,807
Fund Balance - Ending	3,642,247	4,518,023	875,776	4,931,779

City of Gunnison, Colorado
Schedule of Changes in Net Pension Liability and Related Ratios
Volunteer Firefighters' Pension Fund (Unaudited)
December 31, 2025
Last 10 Fiscal Years

	2025	2024	2023	2022	2021
Total Pension Liability					
Service cost	44,086	30,137	34,607	42,346	29,432
Interest cost	220,121	219,933	185,064	185,373	184,175
Changes in plan benefits	-	627,349	-	-	-
Actuarial variations	46,247	22,488	10,351	32,262	46,822
Changes in assumptions	-	-	-	-	-
Benefits paid	(279,000)	(287,750)	(255,750)	(259,050)	(247,700)
Net Change in Pension Liability	31,454	612,157	(25,728)	931	12,729
Total Pension Liability - Beginning	3,764,094	3,151,937	3,177,665	3,176,734	3,164,005
Total Pension Liability - Ending	3,795,548	3,764,094	3,151,937	3,177,665	3,176,734
Plan Fiduciary Net Position					
City contribution	40,510	44,510	40,510	40,510	40,510
District contribution	40,510	44,510	40,510	40,510	40,510
Pension plan net investment income	277,467	192,376	276,466	(368,215)	220,900
Benefit payments	(279,000)	(287,675)	(255,750)	(259,050)	(247,700)
Pension plan administrative expenses	(21,414)	(17,575)	(16,913)	(16,190)	(17,208)
State of Colorado supplemental discretionary payment	54,662	54,662	54,662	54,662	54,662
Net Change in Plan Fiduciary Net Position	112,735	30,808	139,485	(507,773)	91,674
Plan Fiduciary Net Position - Beginning	2,353,602	2,322,794	2,183,309	2,691,082	2,599,408
Plan Fiduciary Net Position - Ending	2,466,337	2,353,602	2,322,794	2,183,309	2,691,082
Net Pension Liability - Ending	1,329,211	1,410,492	829,143	994,356	485,652
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	65.0%	62.5%	73.7%	68.7%	84.7%
Covered Payroll	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

	2020	2019	2018	2017	2016
Total Pension Liability					
Service cost	34,413	34,522	25,739	20,432	19,739
Interest cost	194,001	197,908	169,664	151,455	134,458
Changes in plan benefits	-	332,243	-	323,200	323,808
Actuarial variations	(139,841)	(53,186)	147,019	9,540	(11,699)
Changes in assumptions	-	-	14,848	-	-
Benefits paid	(247,000)	(241,500)	(213,625)	(199,300)	(168,128)
Net Change in Pension Liability	(158,427)	269,987	143,645	305,327	298,178
Total Pension Liability - Beginning	3,322,432	3,052,445	2,908,800	2,603,473	2,305,295
Total Pension Liability - Ending	3,164,005	3,322,432	3,052,445	2,908,800	2,603,473
Plan Fiduciary Net Position					
City contribution	40,510	40,510	40,510	35,022	32,700
District contribution	40,510	40,510	40,510	35,022	32,700
Pension plan net investment income	320,458	370,581	(89,479)	267,561	145,397
Benefit payments	(247,000)	(241,500)	(213,625)	(199,300)	(164,128)
Pension plan administrative expenses	(17,000)	(17,000)	(17,000)	(17,000)	(16,961)
State of Colorado supplemental discretionary payment	54,662	54,662	50,960	53,238	58,860
Net Change in Plan Fiduciary Net Position	192,140	247,763	(188,124)	174,543	88,568
Plan Fiduciary Net Position - Beginning	2,407,268	2,159,505	2,347,629	2,173,086	2,084,518
Plan Fiduciary Net Position - Ending	2,599,408	2,407,268	2,159,505	2,347,629	2,173,086
Net Pension Liability - Ending	564,597	915,164	892,940	561,171	430,387
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	82.2%	72.5%	70.7%	80.7%	83.5%
Covered Payroll	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

City of Gunnison, Colorado
Schedule of Contributions
Volunteer Firefighters' Pension Fund (Unaudited)
December 31, 2025

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
2023	102,757	135,682	(32,925)	N/A	N/A
2024	86,964	143,682	(56,718)	N/A	N/A
2025	140,756	135,682	5,074	N/A	N/A

City of Gunnison, Colorado
Schedule of Investment Returns
Volunteer Firefighters' Pension Fund (Unaudited)
December 31, 2025

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%
2023	12.56%
2024	7.98%
2025	11.51%

SUPPLEMENTARY INFORMATION

City of Gunnison, Colorado
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2025

	Special Revenue			Total
	Conservation Trust	Risk Management Fund	Marijuana Mitigation Fund	Total Nonmajor Governmental Funds
Assets:				
Cash and investments - Unrestricted	118,663	350,086	161,413	630,162
Receivables, net of allowance for uncollectible accounts	20,378	-	12,218	32,596
Total Assets	139,041	350,086	173,631	662,758
Liabilities and Fund Equity:				
Liabilities:				
Accounts payable	3,600	15,999	5,501	25,100
Total Liabilities	3,600	15,999	5,501	25,100
Fund Balances:				
Spendable:				
Restricted for recreation	135,441	-	-	135,441
Restricted - other	-	-	168,130	168,130
Assigned	-	334,087	-	334,087
Total Fund Balances	135,441	334,087	168,130	637,658
Total Liabilities and Fund Balances	139,041	350,086	173,631	662,758

City of Gunnison, Colorado
Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2025

	Special Revenue			Total
	Conservation Trust	Risk Management Fund	Marijuana Mitigation Fund	Total Nonmajor Governmental Funds
Revenues:				
Taxes	-	-	192,237	192,237
Intergovernmental revenue	60,966	368	-	61,334
Charges for services	-	457,806	-	457,806
Investment income	3,596	11,644	3,169	18,409
Unrealized gains (losses)	1,335	4,321	1,176	6,832
Total Revenues	65,897	474,139	196,582	736,618
Expenditures:				
General government	-	455,967	-	455,967
Public safety	-	-	15,000	15,000
Capital outlay and repairs	35,155	-	-	35,155
Total Expenditures	35,155	455,967	15,000	506,122
Excess (Deficiency) of Revenues Over Expenditures	30,742	18,172	181,582	230,496
Other Financing Sources (Uses):				
Transfers (out)	(20,378)	-	(186,401)	(206,779)
Total Other Financing Sources (Uses)	(20,378)	-	(186,401)	(206,779)
Net Change in Fund Balance	10,364	18,172	(4,819)	23,717
Fund Balances - Beginning	125,077	315,915	172,949	613,941
Fund Balances - Ending	135,441	334,087	168,130	637,658

City of Gunnison, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Conservation Trust Fund
For the Year Ended December 31, 2025
(With Comparative Actual Amounts For the Year Ended 2024)

	2025			2024
	Original and Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:				
Intergovernmental revenue:				
State lottery funds	73,000	60,966	(12,034)	62,431
Other income	10	-	(10)	9
Investment income	2,000	3,596	1,596	2,427
Unrealized gains (losses)	100	1,335	1,235	1,158
Total Revenues	75,110	65,897	(9,213)	66,025
Expenditures:				
Capital outlay and repairs	38,500	35,155	3,345	20,842
Total Expenditures	38,500	35,155	3,345	20,842
Excess (Deficiency) of Revenues Over Expenditures	36,610	30,742	(5,868)	45,183
Other Financing Sources (Uses):				
Transfers (out)	(26,000)	(20,378)	5,622	(20,867)
Total Other Financing Sources (Uses)	(26,000)	(20,378)	5,622	(20,867)
Net Change in Fund Balance	10,610	10,364	(246)	24,316
Fund Balance - Beginning	122,177	125,077	2,900	100,761
Fund Balance - Ending	132,787	135,441	2,654	125,077

City of Gunnison, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Risk Management Fund
For the Year Ended December 31, 2025
(With Comparative Actual Amounts For the Year Ended 2024)

	2025			2024
	Original and Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:				
Charges for services	423,734	457,806	34,072	379,132
Intergovernmental revenue	2,233	368	(1,865)	2,248
Investment income	12,000	11,644	(356)	10,930
Unrealized gains (losses)	250	4,321	4,071	4,860
Total Revenues	438,217	474,139	35,922	397,170
Expenditures:				
Insurance premiums	356,717	365,073	(8,356)	305,751
Insurance claims	150,000	90,894	59,106	25,563
Professional services	5,000	-	5,000	-
Total Expenditures	511,717	455,967	55,750	331,314
Net Change in Fund Balance	(73,500)	18,172	91,672	65,856
Fund Balance - Beginning	179,560	315,915	136,355	250,059
Fund Balance - Ending	106,060	334,087	228,027	315,915

City of Gunnison, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Marijuana Mitigation Fund
For the Year Ended December 31, 2025
(With Comparative Actual Amounts For the Year Ended 2024)

	2025			2024
	Original and Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:				
Taxes:				
Sales and use	197,000	192,237	(4,763)	211,025
Investment income	2,750	4,345	1,595	4,143
Total Revenues	199,750	196,582	(3,168)	215,168
Expenditures:				
Public safety	15,000	15,000	-	90,000
Total Expenditures	15,000	15,000	-	90,000
Excess (Deficiency) of Revenues over Expenditures	184,750	181,582	(3,168)	125,168
Other Financing Sources (Uses):				
Transfer (out)	(186,401)	(186,401)	-	(164,445)
Total Other Financing Sources (Uses)	(186,401)	(186,401)	-	(164,445)
Net Change in Fund Balance	(1,651)	(4,819)	(3,168)	(39,277)
Fund Balance - Beginning	164,627	172,949	8,322	212,226
Fund Balance - Ending	162,976	168,130	5,154	172,949

City of Gunnison, Colorado
Combining Statement of Net Position
Departments of the Enterprise Fund
For the Year Ended December 31, 2025

	Electric Department	Water Department	Sewer Department	Refuse Department	Total
Assets:					
Current assets:					
Cash and cash equivalents	7,850,831	1,474,874	3,400,515	726,935	13,453,155
Cash and cash equivalents - restricted	-	2,550,000	-	-	2,550,000
Accounts receivables, net of allowance for uncollectible accounts	1,369,338	248,062	478,908	131,347	2,227,655
Inventories	1,547,847	202,258	47,852	16,665	1,814,622
Prepaid expenses	-	1,146	-	-	1,146
Total current assets	10,768,016	4,476,340	3,927,275	874,947	20,046,578
Non-current assets:					
Land	175,045	55,000	501,410	-	731,455
Construction in progress	776,544	1,479,498	81,051	-	2,337,093
Building and improvements	4,809,460	1,513,199	19,638,656	311,196	26,272,511
Machinery and equipment	2,862,188	1,457,349	4,117,918	1,394,199	9,831,654
Subscription assets	-	47,260	73,633	-	120,893
Less: Accumulated depreciation/amortization	(2,586,409)	(1,480,332)	(9,586,853)	(821,483)	(14,475,077)
Total non-current assets:	6,036,828	3,071,974	14,825,815	883,912	24,818,529
Total Assets	16,804,844	7,548,314	18,753,090	1,758,859	44,865,107
Liabilities:					
Current liabilities:					
Accounts payable	1,075,745	133,045	145,257	12,524	1,366,571
Accrued payroll	24,439	18,986	21,516	7,614	72,555
Accrued expenses	10,076	-	-	-	10,076
Accrued interest	-	7,868	24,272	3,577	35,717
Deposits held	35,500	-	-	-	35,500
Non-current liabilities due within one year:					
Financed purchases	-	-	-	72,552	72,552
Subscription liabilities	-	12,247	19,081	-	31,328
Loans	-	110,748	596,798	-	707,546
Total current liabilities:	1,145,760	282,894	806,924	96,267	2,331,845
Non-current liabilities:					
Accrued compensated absences	105,140	58,600	57,585	34,324	255,649
Accrued expenses	-	-	-	5,000	5,000
Non-Current Liabilities - due longer than one year:					
Financed purchases	-	-	-	76,727	76,727
Subscription liabilities	-	-	-	-	-
Loans	-	2,262,719	8,533,120	-	10,795,839
Total non-current liabilities	105,140	2,321,319	8,590,705	116,051	11,133,215
Total Liabilities	1,250,900	2,604,213	9,397,629	212,318	13,465,060
Net Position:					
Net investment in capital assets	6,036,828	3,236,260	5,676,816	734,633	15,684,537
Unrestricted	9,517,116	1,707,841	3,678,645	811,908	15,715,510
Total Net Position	15,553,944	4,944,101	9,355,461	1,546,541	31,400,047

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, 2025

	Electric Department	Water Department	Sewer Department	Refuse Department	Total
Operating Revenue:					
Sales	8,985,852	2,538,400	3,782,879	1,368,577	16,675,708
Other revenue	13,775	340,388	541	36	354,740
Operating Revenue	8,999,627	2,878,788	3,783,420	1,368,613	17,030,448
Operating Expenses:					
Salaries and employee benefits	5,528,258	721,332	911,564	340,682	7,501,836
Purchased power	12,656	-	-	-	12,656
Purchased services	492,419	736,331	1,051,882	339,877	2,620,509
Operations and maintenance	1,545,285	397,931	450,894	276,264	2,670,374
Supplies	113,817	97,200	121,129	47,540	379,686
Depreciation and amortization	276,533	116,347	918,408	115,730	1,427,018
Operating Expenses	7,968,968	2,069,141	3,453,877	1,120,093	14,612,079
Operating income (loss)	1,030,659	809,647	329,543	248,520	2,418,369
Non-Operating Revenues (Expenses):					
Interest revenue	214,016	23,319	83,439	14,692	335,466
Interest expense	-	(49,195)	(70,819)	(10,893)	(130,907)
Unrealized gains (losses)	78,848	9,540	30,976	5,452	124,816
Grants and contributions	-	205,353	112,000	-	317,353
Sale of fixed assets	-	12,351	12,351	-	24,702
Total Non-Operating Revenues (Expenses)	292,864	201,368	167,947	9,251	671,430
Income (Loss) Before Contributions and Transfers	1,323,523	1,011,015	497,490	257,771	3,089,799
Transfers in	-	15,000	-	-	15,000
Transfers (out)	-	-	(15,000)	-	(15,000)
Change in Net Position	1,323,523	1,026,015	482,490	257,771	3,089,799
Total Net Position - Beginning	14,230,421	3,918,086	8,872,971	1,288,770	28,310,248
Total Net Position - Ending	15,553,944	4,944,101	9,355,461	1,546,541	31,400,047

City of Gunnison
Schedule of Revenues and Expenditures Budget (Non-GAAP Basis)
and Actual With Reconciliation to GAAP Basis
City of Gunnison, Colorado
Electric Department
For the Year Ended December 31, 2025
(With Comparative Actual Amounts For the Year Ended 2024)

	2025			2024
	Original and Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Operating Revenue:				
Sales	9,052,964	8,985,852	(67,112)	8,191,952
Other revenue	8,650	13,775	5,125	51,801
Operating Revenue	9,061,614	8,999,627	(61,987)	8,243,753
Operating Expenses:				
Salaries and employee benefits	5,619,940	5,528,258	91,682	5,032,375
Purchased power	5,350	12,656	(7,306)	11,194
Purchased services	778,917	492,419	286,498	316,379
Operations and maintenance	5,322,846	1,545,285	3,777,561	1,027,873
Supplies	464,250	113,817	350,433	644,533
Capital outlay	140,000	786,258	(646,258)	1,210,300
Operating Expenses	12,331,303	8,478,693	3,852,610	8,242,654
Operating income (loss)	(3,269,689)	520,934	3,790,623	1,099
Non-Operating Revenues (Expenses):				
Interest revenue	175,000	214,016	39,016	182,081
Unrealized gains (losses)	10,000	78,848	68,848	90,005
Total Non-Operating Revenues (Expenses)	185,000	292,864	107,864	272,086
Change in Net Position - Budgetary Basis	(3,084,689)	813,798	3,898,487	273,185
Reconciliation to GAAP Basis:				
Adjustments:				
Depreciation		(276,533)		(266,599)
Capital outlay		786,258		1,210,300
Total Adjustments		509,725		943,701
Total Net Position - Beginning		14,230,421		13,013,535
Total Net Position - Ending		15,553,944		14,230,421

City of Gunnison, Colorado
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, 2025
(With Comparative Actual Amounts For the Year Ended 2024)

	2025			2024
	Original and Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Operating Revenue:				
Sales	2,784,031	2,538,400	(245,631)	1,978,865
Other revenue	5,165,200	340,388	(4,824,812)	79,260
Operating Revenue	7,949,231	2,878,788	(5,070,443)	2,058,125
Operating Expenses:				
Salaries and employee benefits	810,220	721,332	88,888	402,809
Purchased services	1,079,372	736,331	343,041	478,516
Operations and maintenance	379,418	397,931	(18,513)	300,363
Supplies	6,547,000	97,200	6,449,800	128,874
Capital outlay	-	220,861	(220,861)	1,384,361
Operating Expenses	8,816,010	2,173,655	6,642,355	2,694,923
Operating income (loss)	(866,779)	705,133	1,571,912	(636,798)
Non-Operating Revenues (Expenses):				
Interest revenue	12,000	23,319	11,319	26,718
Proceeds from debt issuance	-	-	-	2,550,000
Debt service - principal	(108,566)	(120,520)	(11,954)	(79,636)
Interest expense	(49,101)	(49,195)	(94)	(41,405)
Unrealized gains (losses)	300	9,540	9,240	13,684
Grants and contributions	110,000	205,353	95,353	291,780
Sale of fixed assets	-	12,351	12,351	-
Total Non-Operating Revenues (Expenses)	(35,367)	80,848	116,215	2,761,141
Income (Loss) Before Contributions and Transfers	(902,146)	785,981	1,688,127	2,124,343
Transfers in	15,000	15,000	-	187,345
Change in Net Position - Budgetary Basis	(887,146)	800,981	1,688,127	2,311,688
Reconciliation to GAAP Basis:				
Adjustments:				
Depreciation		(116,347)		(114,569)
Capital outlay		220,861		1,384,361
Debt issuance		-		(2,550,000)
Debt service - Principal		120,520		79,636
Total Adjustments		225,034		(1,200,572)
Total Net Position - Beginning		3,918,086		2,806,970
Total Net Position - Ending		4,944,101		3,918,086

City of Gunnison, Colorado
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, 2025
(With Comparative Actual Amounts For the Year Ended 2024)

	2025			2024
	Original and Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Operating Revenue:				
Sales	3,949,469	3,782,879	(166,590)	3,372,260
Other revenue	200	541	341	248,401
Operating Revenue	3,949,669	3,783,420	(166,249)	3,620,661
Operating Expenses:				
Salaries and employee benefits	968,198	911,564	56,634	746,911
Purchased services	1,722,420	1,051,882	670,538	876,867
Operations and maintenance	599,180	450,894	148,286	456,092
Supplies	564,500	121,129	443,371	111,864
Capital outlay	-	473,143	(473,143)	1,274,113
Operating Expenses	3,854,298	3,008,612	845,686	3,465,847
Operating income (loss)	95,371	774,808	679,437	154,814
Non-Operating Revenues (Expenses):				
Interest revenue	50,000	83,439	33,439	48,689
Debt service - principal	(586,007)	(604,832)	(18,825)	(599,023)
Interest expense	(65,834)	(70,819)	(4,985)	(79,814)
Unrealized gains (losses)	5,000	30,976	25,976	23,018
Grants and contributions	200,000	112,000	(88,000)	1,617,687
Sale of capital assets	-	12,351	12,351	8,350
Total Non-Operating Revenues (Expenses)	(396,841)	(436,885)	(40,044)	1,018,907
Income (Loss) Before Contributions and Transfers	(301,470)	337,923	639,393	1,173,721
Transfers (out)	(15,000)	(15,000)	-	-
Change in Net Position - Budgetary Basis	(316,470)	322,923	639,393	1,173,721
Reconciliation to GAAP Basis:				
Adjustments:				
Capital outlay		473,143		1,274,113
Debt service - Principal		604,832		599,023
Depreciation and amortization		(918,408)		(852,248)
Total Adjustments		159,567		1,020,888
Total Net Position - Beginning		8,872,971		6,678,362
Total Net Position - Ending		9,355,461		8,872,971

City of Gunnison, Colorado
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, 2025
(With Comparative Actual Amounts For the Year Ended 2024)

	2025			2024
	Original and Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Operating Revenue:				
Sales	1,262,811	1,368,577	105,766	1,121,011
Other revenue	10,525	36	(10,489)	58,709
Operating Revenue	1,273,336	1,368,613	95,277	1,179,720
Operating Expenses:				
Salaries and employee benefits	330,173	340,682	(10,509)	335,510
Purchased services	365,198	339,877	25,321	248,914
Operations and maintenance	302,816	276,264	26,552	275,419
Supplies	62,900	47,540	15,360	43,334
Operating Expenses	1,061,087	1,004,363	56,724	903,177
Operating income (loss)	212,249	364,250	152,001	276,543
Non-Operating Revenues (Expenses):				
Interest revenue	10,000	14,692	4,692	9,118
Lease - principal	(81,142)	(68,605)	12,537	(64,872)
Interest expense	-	(10,893)	(10,893)	(14,734)
Unrealized gains (losses)	200	5,452	5,252	4,939
Total Non-Operating Revenues (Expenses)	(70,942)	(59,354)	11,588	(65,549)
Change in Net Position - Budgetary Basis	141,307	304,896	163,589	210,994
Reconciliation to GAAP Basis:				
Adjustments:				
Lease - Principal		68,605		64,872
Depreciation		(115,730)		(115,731)
Total Adjustments		(47,125)		(50,859)
Total Net Position - Beginning		1,288,770		1,128,635
Total Net Position - Ending		1,546,541		1,288,770

City of Gunnison, Colorado
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, 2025
(With Comparative Actual Amounts For the Year Ended 2024)

	2025			2024
	Original and Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Operating Revenue:				
Charges for services	1,067,595	1,067,596	1	823,355
Other revenue	200	236	36	124
Operating Revenue	1,067,795	1,067,832	37	823,479
Operating Expenses:				
Fleet expenses	1,909,101	1,375,485	533,616	842,098
Capital outlay	250,000	634,900	(384,900)	95,185
Operating Expenses	2,159,101	2,010,385	148,716	937,283
Operating income (loss)	(1,091,306)	(942,553)	148,753	(113,804)
Non-Operating Revenues (Expenses):				
Interest revenue	20,000	47,817	27,817	27,353
Unrealized gains (losses)	2,000	17,745	15,745	13,520
Sale of capital assets	-	(279,023)	(279,023)	495
Total Non-Operating Revenues (Expenses)	22,000	(213,461)	(235,461)	41,368
Income (Loss) Before Contributions and Transfers	(1,069,306)	(1,156,014)	(86,708)	(72,436)
Transfers in	618,000	618,000	-	600,000
Change in Net Position - Budgetary Basis	(451,306)	(538,014)	(86,708)	527,564
Reconciliation to GAAP Basis:				
Adjustments:				
Depreciation		(318,142)		(326,761)
Capital outlay		634,900		95,185
Total Adjustments		316,758		(231,576)
Total Net Position - Beginning		4,162,175		3,866,187
Total Net Position - Ending		3,940,919		4,162,175

City of Gunnison, Colorado
Schedule of Revenues and Expenditures Budget (Non-GAAP Basis) and Actual With Reconciliation to GAAP Basis
Internal Service
Facilities Maintenance Fund
For the Year Ended December 31, 2025
(With Comparative Actual Amounts For the Year Ended 2024)

	2025			2024
	Original and Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Operating Revenue:				
Charges for services	931,680	933,459	1,779	491,204
Operating Revenue	931,680	933,459	1,779	491,204
Operating Expenses:				
Fleet expenses	855,930	425,651	430,279	442,236
Capital outlay	55,000	12,604	42,396	23,319
Operating Expenses	910,930	438,255	472,675	465,555
Operating income (loss)	20,750	495,204	474,454	25,649
Non-Operating Revenues (Expenses):				
Interest revenue	4,000	19,264	15,264	4,706
Unrealized gains (losses)	150	7,149	6,999	2,704
Total Non-Operating Revenues (Expenses)	4,150	26,413	22,263	7,410
Income (Loss) Before Contributions and Transfers	24,900	521,617	496,717	33,059
Transfers in	-	-	-	258,438
Change in Net Position - Budgetary Basis	24,900	521,617	496,717	291,497
Reconciliation to GAAP Basis:				
Adjustments:				
Depreciation		(2,039)		(306)
Capital outlay		12,604		23,319
Total Adjustments		10,565		23,013
Total Net Position - Beginning		314,510		-
Total Net Position - Ending		846,692		314,510

City of Gunnison, Colorado
Statement of Changes in Fiduciary Net Position
Budget and Actual
Volunteer Firefighters' Pension Fund
For the Year Ended December 31, 2025
(With Comparative Actual Amounts For the Year Ended 2024)

	2025			2024
	Original and Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Additions				
Contributions	116,242	135,682	19,440	143,682
Earnings on investments	206,000	277,467	71,467	192,376
Total Additions	322,242	413,149	90,907	336,058
Deductions				
Benefits	311,200	279,000	32,200	287,675
Expenses	23,000	21,414	1,586	17,575
Total Deductions	334,200	300,414	33,786	305,250
Change in Net Position - Budgetary Basis	(11,958)	112,735	57,121	30,808
Total Net Position - Beginning		2,353,602		2,322,794
Total Net Position - Ending		2,466,337		2,353,602

LOCAL HIGHWAY FINANCE REPORT

LOCAL HIGHWAY FINANCE REPORT

THIS INFORMATION FROM THE RECORDS OF: CITY OF GUNNISON	**PREPARED BY:** BEN COWAN BCOWAN@GUNNISONCO.GOV	**STATE:** COLORADO **REPORT YEAR ENDING DATE(mm/yyyy):** 12/2025

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. Total (1 - (2 through 4))				

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	212,864.26
b. Non-property Taxes and Assessments Imposts	3,489,484.19	b. Other Misc. Local Receipts	301,682.10
c. Total (a + b)	$ 3,489,484.19	**c. Total (a + b)**	$ 514,546.36

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		**D. Receipts from Federal Government**	
1. Highway-user Taxes (from Item I.C.5.)	233,620.13	1. FHWA (from Item I.D.5.)	0.00
2. State General Funds		2. Other Federal Agencies:	0.00
3. Other State funds:			
a. State Bond Proceeds			
b. Non-State Bond Proceeds	110,562.76		
c. Total (a + b)	$ 110,562.76		
4. Total (1 + 2 + 3c)	$ 344,182.89	**3. Total (1 + 2)**	$ -

III. EXPENDITURES FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT
A.1. Capital outlay:	
a. Right-Of-Way Costs	600.00
b. Engineering Costs	83,287.40
c. Construction Costs	2,229,271.02
d. Total Capital Outlay (a+ b + c)	$ 2,313,158.42

LOCAL HIGHWAY FINANCE REPORT	STATE: COLORADO
	REPORT YEAR ENDING DATE(mm/yyyy): 12/2025

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. Amount used for highway purposes				

II. RECEIPTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Receipts from Local Sources:	
1. Local Highway-user Taxes	
a. Motor Fuel (from Item I.A.1)	
b. Motor Vehicle (from Item I.B.1)	
c. Total (a + b)	
2. General Fund Appropriations	0.00
3. Other Local Imposts (from page 1, Item II.A3.c)	$ 3,489,484.19
4. Miscellaneous Local Receipts (from page 1, Item II.A4.c)	$ 514,546.36
5. Transfers from Toll Facilities	0.00
6. Proceeds of Sale of Bonds and Notes:	
a. Bonds - Original Issues	0.00
b. Bonds - Refunding Issues	0.00
c. Notes	0.00
d. Total (a + b + c)	$ -
7. Total (1 through 6)	$ 4,004,030.55
B. Private Contributions	0.00
C. Receipts from State government (from page 1, Item II.C.4)	$ 344,182.89
D. Receipts from Federal government (from page 1, Item II.D.3)	$ -
E. Total receipts (A.7 + B + C + D)	$ 4,348,213.44

III. EXPENDITURES FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway expenditures:	
1. Capital Outlay (from page 1, Item III.A1.d)	$ 2,313,158.42
2. Maintenance:	1,073,560.47
3. Road and Street Services:	
a. Snow and Ice Removal	40,403.21
b. Other & Traffic Control Operations	0.00
c. Total (a + b)	$ 40,403.21
4. General Administration & Miscellaneous	38,856.81
5. Highway Law Enforcement and Safety	775,335.71
6. Total (1 through 5)	$ 4,241,314.62
B. Debt Service on Local Obligations:	
1. Bonds:	
a. Interest	0.00
b. Redemption	0.00
c. Total (a + b)	$ -
2. Notes:	
a. Interest	0.00
b. Redemption	0.00
c. Total (a + b)	$ -
3. Total (1c + 2c)	$ -
C. Payments to State for Highways	0.00
D. Payments to Toll Facilities	0.00
E. Total Expenditures (A6 + B3 + C + D)	$ 4,241,314.62

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

ITEM	OPENING DEBT	AMOUNT ISSUED	REDEMPTIONS	CLOSING DEBT
A. Bonds (Total)	0	$ -	$ -	$ -
1. Bonds (Refunding Portion)		$ -		
B. Notes (Total)	0	$ -	$ -	$ -