
**GRAND JUNCTION RURAL
FIRE PROTECTION DISTRICT**

FINANCIAL STATEMENTS

December 31, 2016

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Independent Auditor's Report

Board of Directors
Grand Junction Rural Fire Protection District

I have audited the accompanying financial statements of the governmental activities and the major fund of the Grand Junction Rural Fire Protection District (the District) as of and for the year ended December 31, 2016, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund, of the Grand Junction Rural Fire Protection District, as of December 31, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Grand Junction Rural Fire Protection District's financial statements as a whole. Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 6 and 18 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

April 6, 2017
Grand Junction, CO

GRAND JUNCTION RURAL FIRE PROTECTION DISTRICT

Management's Discussion and Analysis

For the Year Ended December 31, 2016

As management of the Grand Junction Rural Fire Protection District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2016. We encourage readers to consider the information presented here in conjunction with the additional information furnished in our basic financial statements to better understand the financial position of the District.

Financial Highlights

- In the government-wide financial statements, the District's net position was \$61,947 at the end of the year, an increase of \$62 from the prior year.
- The General Fund reported an ending fund balance of \$61,947 an increase of \$62 from the prior year. The ending fund balance includes the required 3% state mandated emergency reserve.

Overview Of The Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

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

The statement of net position presents information on all of the District's 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 financial position is improving or deteriorating.

The statement of activities presents information showing how the District's net positions 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 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.

In the government-wide financial statements, the District's activities are shown in one category; *governmental activities*. The District's activities are principally supported by property taxes and charges for services.

The government-wide financial statements can be found on pages 7 through 8.

Fund Financial Statements

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The District has a general fund only.

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 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 General Fund balance sheet and the General Fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The District has only one governmental fund; the General Fund. The District's General Fund's financial statements can be found on pages 9 through 10.

An annual appropriated budget is adopted for the General Fund. A budgetary comparison statement on page 18 has been provided for the fund to demonstrate compliance with the budget.

Notes to Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the basic financial statements can be found on pages 11 through 15.

Government-wide Financial Analysis

As noted earlier, net position may serve as a useful indicator of the government's financial position. In this case, the District's net position was \$61,947 as of December 31, 2016.

Government-wide Financial Analysis (Continued)

The following summarizes the District's governmental net position as of December 31, 2016 and 2015.

	<u>2016</u>	<u>2015</u>
Assets		
Current and other assets	<u>\$ 1,999,187</u>	<u>\$ 1,854,352</u>
Total Assets	<u>1,999,187</u>	<u>1,854,352</u>
Liabilities		
Current liabilities	<u>209,940</u>	<u>150,926</u>
Total Liabilities	<u>209,940</u>	<u>150,926</u>
Deferred Inflows		
Deferred property tax receivable	<u>1,727,300</u>	<u>1,641,541</u>
Total Deferred Inflows	<u>1,727,300</u>	<u>1,641,541</u>
Net Position		
Restricted for emergencies	<u>54,772</u>	<u>53,223</u>
Unrestricted	<u>7,175</u>	<u>8,662</u>
Net Position	<u>\$ 61,947</u>	<u>\$ 61,885</u>

Restricted net assets of \$54,772 represent an emergency reserve required by an amendment to the State constitution.

The District's governmental activities increased the District's net position by \$62 in 2016.

The following summarizes the change in the District's governmental net position for the year ended December 31, 2016 and 2015.

	<u>2016</u>	<u>2015</u>
Revenues		
General revenues:		
Taxes	<u>\$ 1,850,198</u>	<u>\$ 1,771,424</u>
Interest income	<u>4,567</u>	<u>2,687</u>
Miscellaneous	<u>0</u>	<u>0</u>
Total Revenues	<u>1,854,765</u>	<u>1,774,111</u>
Expenses		
Administration	<u>6,301</u>	<u>6,351</u>
Firefighting	<u>1,809,000</u>	<u>1,735,000</u>
Legal and professional	<u>6,510</u>	<u>5,676</u>
Tax collection fees	<u>32,886</u>	<u>31,156</u>
Total Expenses	<u>1,854,703</u>	<u>1,778,183</u>
Change in Net Position	<u>62</u>	<u>(4,072)</u>
Net Position - January 1	<u>61,885</u>	<u>65,957</u>
Net Position - December 31	<u>\$ 61,947</u>	<u>\$ 61,885</u>

Financial Analysis of Governmental Funds

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

The focus of governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. 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.

The District maintains only one governmental fund, the General Fund, which is the District's operating fund. The General Fund had a fund balance of \$61,947 as of December 31, 2016. The unreserved portion of the fund balance in the amount of \$7,175 is available for spending.

General Fund Budgetary Highlights

The District did not amend its originally adopted budget during 2016. Information on the General Fund's revenues and expenditures compared to the original and amended budget is presented as required supplementary information.

Economic Factors and Next Year's Budget

For 2017, no changes are expected in the level of funding needed.

Request for Information

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in the report or requests for additional financial information should be addressed to Grand Junction Rural Fire Protection District, PO Box 55356 Grand Junction, CO 81505-5015.

GRAND JUNCTION RURAL FIRE PROTECTION DISTRICT

Statement of Governmental Net Position

December 31, 2016

Assets

Cash and cash equivalents.....	\$ 241,903
Due from other government	29,984
Receivables:	
Property taxes.....	<u>1,727,300</u>

Total Assets 1,999,187

Liabilities

Accounts payable	940
Due to other governments	<u>209,000</u>

Total Liabilities 209,940

Deferred Inflows of Resources

Property taxes receivable	<u>1,727,300</u>
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Total Deferred Inflows 1,727,300

Net Position

Restricted for emergencies	54,772
Unrestricted.....	<u>7,175</u>

Net Position \$ 61,947

The accompanying notes are an integral part of this statement.

GRAND JUNCTION RURAL FIRE PROTECTION DISTRICT

Statement of Governmental Activities

Year Ended December 31, 2016

Expenses	
General government	\$ 45,703
Emergency services.....	<u>1,809,000</u>
	Total Expenses
	<u>1,854,703</u>
General Revenues	
Property taxes.....	1,641,200
Specific ownership taxes.....	208,998
Interest income	<u>4,567</u>
	Total General Revenues
	<u>1,854,765</u>
	Change in Net Position
	62
Net Position - January 1	<u>61,885</u>
Net Position - December 31	<u>\$ 61,947</u>

GRAND JUNCTION RURAL FIRE PROTECTION DISTRICT

Balance Sheet - General Fund

December 31, 2016

Assets	
Cash and cash equivalents.....	\$ 241,903
Due from other government	29,984
Receivables:	
Property taxes.....	<u>1,727,300</u>
	Total Assets <u>\$ 1,999,187</u>
Liabilities	
Accounts payable	\$ 940
Due to other governments	<u>209,000</u>
	Total Liabilities <u>209,940</u>
Deferred Inflows of Resources	
Property taxes receivable	<u>1,727,300</u>
Fund Balances	
Restricted for emergencies.....	54,772
Unassigned.....	<u>7,175</u>
	Total Fund Balance <u>61,947</u>
	Total Liabilities, Deferred Inflows and Fund Balances <u>\$ 1,999,187</u>

The accompanying notes are an integral part of this statement.

GRAND JUNCTION RURAL FIRE PROTECTION DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balance - General Fund

Year Ended December 31, 2016

Revenues	
Taxes	\$ 1,850,198
Interest income	<u>4,567</u>
	Total Revenues <u>1,854,765</u>
Expenditures	
Administration	6,307
Firefighting.....	1,809,000
Legal and professional fees	6,510
Tax collection fees	<u>32,886</u>
	Total Expenditures <u>1,854,703</u>
	Excess of Revenues over Expenditures <u>62</u>
Fund Balance - January 1	<u>61,885</u>
Fund Balance - December 31	<u><u>\$ 61,947</u></u>

GRAND JUNCTION RURAL FIRE PROTECTION DISTRICT

Notes to Basic Financial Statements

December 31, 2016

Note 1 - Summary of Significant Accounting Policies

The financial statements of the Grand Junction Rural Fire Protection District (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the District's accounting policies are described below:

A. Reporting Entity

These financial statements present the District, a political subdivision of the State of Colorado, established in 1944 for the purpose of furnishing fire protection services to portions of Mesa County, Colorado. The District includes the Redlands Sub-District which was created in 2002 in order to provide faster emergency response time to Redlands area residents. The District exercises oversight and control over the Sub-District. The District is governed by an elected five-person board.

The basic financial statements include only the District as there are no component units required to be included in accordance with GASB Standards based on their operational or financial relationships with the District.

B. Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of governmental net position and the statement of governmental activities) report information on all of the nonfiduciary activities of the District. *Governmental activities* are supported by taxes and charges for services. The District has no *business-type activities*, which rely to a significant extent on user charges for support.

The statement of governmental activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include charges to those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

C. Fund Financial Statements

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Government resources are allocated to and accounted for in individual funds based

Note 1 - Summary of Significant Accounting Policies (Continued)

C. Fund Financial Statements (Continued)

upon the purposes for which they are to be spent and the means by which spending activities are controlled.

All governmental funds are accounted for on a flow of current financial resources basis. Balance sheets for these funds generally include only current assets and current liabilities. Reported fund balances are considered a measure of available, spendable resources. Operating statements for these funds present a summary of available, spendable resources and expenditures for the period. The District has only one governmental fund, the *General Fund*, which is the general operating fund of the District. The District has no financial resources required to be accounted for in a separate fund.

D. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

The modified accrual basis of accounting is used by all governmental funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Those revenues associated with the current period susceptible to accrual are property taxes, interest revenue and charges for services. All other revenues are reported when cash is received. Expenditures are recorded when the related fund liability is incurred.

E. Use of Estimates

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

F. Property Taxes Receivable

Property taxes for the current year are levied and attach as a lien on property the following January 1. They are payable in full by April 30 or in two equal installments due February 28 and June 15. Property taxes are reported as a receivable at December 31.

G. Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources, such as revenue, until that time.

Note 1 - Summary of Significant Accounting Policies (Continued)

G. Net Position

Net position represents the difference between assets and liabilities. The amount shown as invested in capital assets consists of capital assets, net of accumulated depreciation. Balances are reported as restricted when there are limitations imposed on their use by external restrictions imposed by creditors, grantors, laws or regulations of other governments. It is the District's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

H. Subsequent Events

Management has reviewed subsequent events through the date of the audit report.

Note 2 - Tax, Spending and Debt Limitations

In November 1992, Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments.

On November 1999, the electors of the District approved the retention and spending of the District's non-tax revenues for the year beginning January 1, 2000, and subsequent years, without regard to the limitations imposed by the Amendment.

The Amendment requires that an emergency reserve be maintained at 3% of fiscal year spending. A portion of the General Fund's fund balance is classified as restricted for emergencies as required by the Amendment.

The Amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the Amendment.

Note 3 – Budgets

The District adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- A. Budgets are required by state law for all governmental, proprietary, and trust funds.
- B. The budget committee is required to submit a proposed budget to the Board by October 15.
- C. Public hearings are conducted by the Board to obtain taxpayer comments.
- D. Certification of the mill levies to the Board of County Commissioners and adoption of the budget and appropriations are required by December 15.
- E. Expenditures may not legally exceed appropriations at the fund level. Board approval is required for changes in the budget.

Note 3 – Budgets (Continued)

- F. Budget appropriations lapse at the end of each year.
- F. The District adopts budgets on a basis that is consistent with GAAP.

Note 4 - Deposits and Investments

A. Deposits

The Colorado Public Deposit Protection Act (PDPA) governs the District's cash deposits. The statutes specify eligible depositories for public cash deposits, which must be Colorado institutions and must maintain federal insurance on deposits held. Each eligible depository with deposits in excess of the insured levels must pledge a collateral pool of defined eligible assets, to be maintained by another institution or held in trust for all of its local government depositors as a group, with a market value at least equal to 102% of the uninsured deposits. The State Regulatory Commissions for banks and savings and loan associations are required by statute to monitor the naming of eligible depositories and the reporting of uninsured deposits and assets maintained in the collateral pools.

At December 31, 2016, the carrying amount of the District's deposits was \$241,503 and the bank balances were the same. This balance is covered by federal depository insurance.

Investments

The District does not have investments.

Note 5 – Economic Dependency

The District contracts with the City of Grand Junction, Colorado to provide fire protection and emergency medical services to the area covered by the District. The District submits payments to the city twice a year as directed in the contract. The District is dependent on this contract to carry out its primary functions to tax payers. This contract represented 98% of the District's expenditures in 2016. The terms of the contract were revised in July of 2008 and are effective on January 1, 2008 through December 31, 2017.

Note 9 - Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims have not exceeded commercial coverage in any of the past three years.

Note 10 – Contract with City of Grand Junction

The District has a contract for emergency services with the City of Grand Junction, Colorado. Under the terms of the agreement the District can retain up to \$25,000 of total revenues received each year to cover its administrative expenses. The contract also allows the District to maintain the emergency reserve required by Colorado Statutes as well as a maximum of \$25,000 in additional net assets.

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Required Supplementary Information

GRAND JUNCTION RURAL FIRE PROTECTION DISTRICT

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

General Fund

Year Ended December 31, 2016

	Original and Final Budget	<u>Actual</u>	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Taxes:			
General property taxes	\$ 1,641,164	\$ 1,641,200	\$ 36
Specific ownership taxes	<u>213,500</u>	<u>208,998</u>	<u>(4,502)</u>
Total Taxes	<u>1,854,664</u>	<u>1,850,198</u>	<u>(4,466)</u>
Miscellaneous:			
Interest income	<u>2,020</u>	<u>4,567</u>	<u>2,547</u>
Total Miscellaneous	<u>2,020</u>	<u>4,567</u>	<u>2,547</u>
Total Revenues	<u>1,856,684</u>	<u>1,854,765</u>	<u>(1,919)</u>
Expenditures			
Administration	7,825	6,307	1,518
Firefighting	1,808,559	1,809,000	(441)
Legal and professional	6,300	6,510	(210)
Tax collection fees	<u>34,000</u>	<u>32,886</u>	<u>1,114</u>
Total Expenditures	<u>1,856,684</u>	<u>1,854,703</u>	<u>1,981</u>
Excess of Revenues over			
Expenditures	-0-	62	62
Fund Balance - January 1	<u>61,885</u>	<u>61,885</u>	<u>0</u>
Fund Balance - December 31	<u>\$ 61,885</u>	<u>\$ 61,947</u>	<u>\$ 62</u>

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