
**GUNNISON COUNTY
FIRE PROTECTION DISTRICT**

FINANCIAL STATEMENTS

December 31, 2016

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Independent Auditor's Report

Board of Directors
Gunnison County Fire Protection District

I have audited the accompanying financial statements of the governmental activities and the major funds of the Gunnison County 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 Gunnison County 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*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information for the general fund on pages 5–8 and 22 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 we 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.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Gunnison County Fire Protection District's basic financial statements. The budgetary comparison information for the Capital Expenditures fund is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The budgetary comparison information for the Capital Expenditures fund is the responsibility of management and was 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 auditing standards generally accepted in the United States of America. In my opinion, the budgetary comparison information for the Capital Expenditures fund information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

July 5, 2017
Grand Junction, Colorado

GUNNISON COUNTY FIRE PROTECTION DISTRICT

Management's Discussion and Analysis

For the Year Ended December 31, 2016

As management of the Gunnison County 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 assets exceeded its liabilities by \$4,536,523 at the end of the year, an increase of \$202,104 from the prior year.
- The General Fund reported an ending fund balance of \$441,992 and increase of \$21,315 from the prior year. The ending fund balance includes the required 3% state mandated emergency reserve.
- The Capital Improvement Fund reported an ending fund balance of \$2,562,576 and increase of \$71,294 from the previous year.

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, liabilities and deferred inflows, with the difference 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 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 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.

The government-wide financial statements can be found on pages 9 through 10.

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 and a capital projects fund.

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 governmental fund's balance sheets and the statements of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The District has two governmental funds; the General Fund and the Capital Expenditures Fund. The District's governmental fund financial statements can be found on pages 11 through 12.

Annual appropriated budgets are adopted for the General Fund and the Capital Expenditures Fund. Budgetary comparison statements on pages 22 through 25 have been provided for the funds 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 13 through 19.

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 Government-wide assets exceeded its liabilities by \$4,536,523 as of December 31, 2016 however the scheduled replacement schedule of capital assets is not fully funded at this time.

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.....	\$ 3,732,548	\$ 3,592,548
Capital assets	<u>1,531,955</u>	<u>1,422,460</u>
Total Assets	<u>5,264,951</u>	<u>5,015,008</u>
Liabilities		
Current liabilities	<u>100,950</u>	<u>51,126</u>
Total Liabilities	<u>100,950</u>	<u>51,126</u>
Deferred Inflows		
Property taxes receivable	<u>627,478</u>	<u>629,463</u>
Net Position		
Invested in capital assets, net of related debt.....	1,531,955	1,422,460
Restricted for emergencies	21,756	18,882
Unrestricted	<u>2,982,812</u>	<u>2,893,137</u>
Net Position	<u>\$ 4,536,523</u>	<u>\$ 4,334,419</u>

The amount restricted for emergencies of \$21,756 represent an emergency reserve required by an amendment to the State constitution.

The District's governmental activities increased the District's net position by \$202,104 in 2016.

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

	<u>2016</u>	<u>2015</u>
Revenues		
Program revenues:		
Operating grants and contributions	\$ 56,873	\$ 37,885
Fees.....	87,005	22,708
General revenues:		
Taxes	663,195	605,867
Earnings on deposits and investments	16,802	9,649
Sale of assets, insurance recovery, loss on disposal	<u>-</u>	<u>520</u>
Total Revenues	<u>823,875</u>	<u>676,629</u>
Expenses		
Administration	140,672	133,649
Firefighting	254,413	244,495
Fire prevention.....	1,867	1,200
Training	9,667	10,575
Communications	11,404	17,541
Equipment repairs	64,001	65,296
Station.....	30,879	28,942
Pension contributions.....	60,130	62,130
National dispatch system	<u>48,738</u>	<u>18,792</u>
Total Expenses	<u>621,771</u>	<u>582,620</u>
Change in Net Position	202,104	94,009
Net Position - January 1	<u>4,334,419</u>	<u>4,420,410</u>
Net Position - December 31	<u>\$ 4,536,523</u>	<u>\$ 4,334,419</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 two governmental funds, the General Fund, which is the District's operating fund and the Capital Expenditures Fund which accumulates and provides for future capital needs. The General Fund had a fund balance of \$441,992 as of December 31, 2016, an increase of \$21,315. The unreserved portion of the fund balance over the amount of \$21,756 is available for spending.

General Fund Budgetary Highlights

The District operated with its originally adopted General Fund budget. The District budgets for an active wild-land fire season annually in the General fund, the wild-land season was below that budgeted resulting in a lower expenditure than budgeted. The District did not operate within its originally adopted Capital fund budget by \$17,745. The opportunity to purchase vacant land for expansion became available on short notice and the lots were purchased in 2016. In oversight the 2016 budget did not get amended for this purchase before year end. The training facility construction continues into 2017 and the 2016 unspent amounts were re-budgeted for 2017. Information on the Districts revenues and expenditures compared to the original and amended budget is presented as required supplementary information.

Capital Assets

The District's investment in capital assets amounts to \$3,023,503, less \$1,491,548 of accumulated depreciation, as of December 31, 2016. This investment consists of land, buildings and improvements, vehicles and equipment. The Addition in 2016 included land for expansion, small equipment and training facility improvements.

Economic Factors and Next Year's Budget

Through May 31, 2017 the District has been within its budget and it is expected the year will be within budget.

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

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 Gunnison County Fire Protection District, PO Box 1515 Gunnison, Colorado 81230, Attention: Chairman.

GUNNISON COUNTY FIRE PROTECTION DISTRICT

Statement of Governmental Net Position

December 31, 2016

Assets	
Cash and cash equivalents.....	\$ 2,105,922
Certificates of deposit	890,869
Receivables:	
Property taxes.....	627,478
Due from other governments	2,546
Other	94,730
Prepaid expenses	11,451
Capital assets:	
Land	484,505
Buildings and improvements	132,233
Vehicles	2,175,722
Equipment	87,029
Construction in progress	144,014
Less accumulated depreciation	<u>(1,491,548)</u>
	Total Assets <u>5,264,951</u>
Liabilities	
Accounts payable	<u>100,950</u>
Deferred Inflows	
Property taxes receivable	<u>627,478</u>
Net Position	
Invested in capital assets	1,531,955
Restricted for emergencies	21,756
Unrestricted	<u>2,982,812</u>
	Total Net Position <u>\$ 4,536,523</u>

The accompanying notes are an integral part of this statement.

GUNNISON COUNTY FIRE PROTECTION DISTRICT

Statement of Governmental Activities

Year Ended December 31, 2016

Expenses

Administration.....	\$ 140,672
Firefighting.....	254,413
Fire prevention	1,867
Training.....	9,667
Communications	11,404
Equipment repairs	64,001
Station	30,879
Pension contribution.....	60,130
National dispatch system.....	<u>48,738</u>

Total Expenses 621,771

Program Revenues

Operating grants and contributions	56,873
Fees and charges	<u>87,005</u>

Total Program Revenues 143,878

Net Expenses (477,893)

General Revenues

Property taxes.....	627,535
Specific ownership taxes.....	35,568
Interest on delinquent taxes.....	92
Earnings on deposits	<u>16,802</u>

.....**Total General Revenues** 679,997

Change in Net Position 202,104

Net Position - January 1..... 4,334,419

Net Position - December 31..... \$ 4,536,523

The accompanying notes are an integral part of this statement.

GUNNISON COUNTY FIRE PROTECTION DISTRICT

Balance Sheets – Government Funds

December 31, 2016

	General Fund	Capital Expenditures Fund	Total
Assets			
Cash and cash equivalents.....	\$ 422,002	\$ 1,683,920	\$2,105,922
Certificates of deposit	-	890,869	890,869
Receivables:			
Property taxes	326,355	301,123	627,478
From other governments.....	2,546	-	2,546
Due from other fund	32,213	-	32,213
Other receivables	74,730	20,000	94,730
Prepaid expenses	11,451	-	11,451
Total Assets Balances	<u>\$ 869,297</u>	<u>\$ 2,895,912</u>	<u>\$ 3,765,209</u>
Liabilities, Deferred Inflows and Fund Balances			
Liabilities:			
Accounts payable.....	\$ 100,950	\$ -	\$ 100,950
Due to other fund	-	32,213	32,213
Total Liabilities	<u>100,950</u>	<u>32,213</u>	<u>133,163</u>
Deferred Inflows			
Property taxes receivable.....	<u>326,355</u>	<u>301,123</u>	<u>627,478</u>
Fund Balance:			
Restricted for emergencies	21,756	-	21,756
Committed	-	2,562,576	2,562,576
Nonspendable- prepaids	11,451	-	11,451
Unassigned	408,785	-	408,785
Total Fund Balances	<u>441,992</u>	<u>2,562,576</u>	<u>3,004,568</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 869,297</u>	<u>\$ 2,895,912</u>	<u>\$ 3,765,209</u>
Reconciliation of Governmental Fund Balance Sheet to the Statement of Net Position:			
Fund balances.....			\$ 3,004,568
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.			
Cost of capital assets		\$ 3,023,503	
Less accumulated depreciation.....		<u>(1,491,548)</u>	<u>1,531,955</u>
Total Net Position - Government Funds			<u>\$ 4,536,523</u>

The accompanying notes are an integral part of this statement.

GUNNISON COUNTY FIRE PROTECTION DISTRICT

Statements of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds

Year Ended December 31, 2016

	General Fund	Capital Expenditures Fund	Total
Revenues			
Taxes	\$ 361,978	\$ 301,217	\$ 663,195
Operating grants and contributions	36,873	20,000	56,873
Earnings on deposits and investments.....	662	16,140	16,802
Miscellaneous income.....	<u>87,005</u>	<u>-</u>	<u>87,005</u>
Total Revenues	<u>486,518</u>	<u>337,357</u>	<u>823,875</u>
Expenditures			
Administration	137,236	-	137,236
Firefighting.....	103,547	-	103,547
Fire prevention	1,867	-	1,867
Training.....	9,667	-	9,667
Communications	11,404	-	11,404
Equipment repairs	61,735	-	61,735
Station	30,879	-	30,879
Pension contribution	60,130	-	60,130
National dispatch system	48,738	-	48,738
Capital outlay	<u>-</u>	<u>266,063</u>	<u>266,063</u>
Total Expenditures	<u>465,203</u>	<u>266,063</u>	<u>731,266</u>
Excess of Revenues over Expenditures	21,315	71,294	92,609
Fund Balance - January 1	<u>420,677</u>	<u>2,491,282</u>	<u>2,911,959</u>
Fund Balance - December 31	<u>\$ 441,992</u>	<u>\$ 2,562,576</u>	<u>\$ 3,004,568</u>
Reconciliation of the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities:			
Net Change in Fund Balance			\$ 92,609
Amounts reported for governmental activities in the statement of activities are different because:.....			
Capital outlays are reported as expenditures in the fund; however, in the statement of activities, the cost is allocated over the estimated useful lives of the assets as depreciation expense. The following is the amount by which capital outlays exceeded depreciation in the current period:			
Capital outlay		\$ 263,797	
Depreciation		<u>(154,302)</u>	<u>109,495</u>
Change in Net Position of Governmental Activities			<u>\$ 202,104</u>

The accompanying notes are an integral part of this statement.

GUNNISON COUNTY FIRE PROTECTION DISTRICT

Notes to Basic Financial Statements

December 31, 2016

Note 1 - Summary of Significant Accounting Policies

The financial statements of the Gunnison County 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 1975 for the purpose of furnishing fire protection services to portions of Gunnison and Saguache Counties. 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.

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 non-fiduciary 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 are 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, deferred inflows, fund equity, revenues and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Note 1 - Summary of Significant Accounting Policies (Continued)

C. Fund Financial Statements (Continued)

All governmental funds are accounted for on a flow of current financial resources basis. Balance sheets for these funds generally include only current assets, current liabilities, and deferred inflows of resources. 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 two governmental funds, the *General Fund*, which is the general operating fund of the District and the *Capital Improvement Fund* a capital projects fund to account for capital expenditures.

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.

As a general rule the effect of inter-fund activity has been eliminated from the government-wide financial statements. When the District has the option to use either restricted or unrestricted net assets to finance a program it is the District’s policy to first apply restricted resources.

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 and deferred revenue at December 31. The deferred taxes are reported as revenue in the year they are available and collected.

Note 1 - Summary of Significant Accounting Policies (Continued)

G. Capital Assets

Capital assets are stated at cost. Donated assets are recorded at their estimated fair market value at the date of donation. The District defines capital assets as assets with a life of over one year, with a cost of \$5,000 or more.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	20 - 40 years
Vehicles	6 - 15 years
Equipment.....	7 - 20 years

H. Compensated Absences

The District has no compensated absences policy requiring accrual in the financial statements.

I. Net Position

Net position represent the difference between assets, liabilities and deferred inflows of resources. The amount shown as invested in capital assets consists of capital assets, net of accumulated depreciation. The balance reported as restricted is due to limitations imposed on their use by external restrictions imposed by creditors, grantors, laws or regulations of other governments.

J. Fund Balance

The District has approved the following fund balance policies:

Committed fund balances are approved by the District's Board via a board resolution. The District does not use the assigned fund balance designation as only the board is authorized to do so.

When the District has the option to use either restricted or unassigned fund balance to finance a program it is the District's policy to first apply restricted resources. It is also the District's policy to use committed fund balance first when it has the option to use committed or unassigned fund balance.

K. Subsequent Events

Management has evaluated subsequent events thru the date of the audit report.

Note 2 - Reconciliation of Government-wide and Fund Financial Statements

The governmental funds balance sheet includes a reconciliation between *fund balances* of the *governmental funds* and *net position of governmental activities* as reported in the government-wide statement of net position. Additionally, the governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between the *net change in fund balances of the governmental funds* and the *changes in net position of governmental activities* as reported in the government-wide statement of activities.

These reconciliations detail items that require adjustment to convert from the current resources measurement and modified accrual basis for government fund statements to the economic resources measurement and full accrual basis used for government-wide statements.

Note 3 - 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 3, 1998, the electors of the District approved the retention and spending of the District's non-tax revenues for the year beginning January 1, 1998, and subsequent years, without regard to the limitations imposed by the Amendment.

On November 6, 2001, voters approved a mill levy increase from 1.765 mills to 4.5 mills for revenues received in the year 2002 and thereafter. The increase is a voter approved revenue change and property tax revenue change under Article X, Section 20 of the Colorado constitution and to exceed the 5.5% property tax revenue growth limitation contained in C.R.S. 29-1-301.

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

The Capital Expenditures fund exceeded its budget expenditures during 2016. The District will monitor expenditures more closely in the future.

Note 5 - Deposits and Investments

A. Deposits

The District complies with GASB requirements related to investment credit risk, including custodial credit risk and concentrations of credit risk, interest rate risk and foreign currency risk, as well as deposit custodial credit risk and foreign currency risk.

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.

On December 31, 2016 the District had \$1,052,497 of deposits in the Colorado Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado to pool surplus funds. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00. Investments of COLOTRUST consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury securities. A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal functions of COLOTRUST. Substantially all securities owned by COLOTRUST are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by COLOTRUST. These pools are not required to and are not registered with the SEC. COLOTRUST's two funds are rated AAA by Standard and Poor's, Fitch's and Moody's rating services.

At December 31, 2016, the carrying amount of the District's deposits was \$1,053,425 and the bank balances were \$1,966,376. Of this amount, \$950,868 was covered by federal depository insurance and \$1,015,508 is collateralized with securities held in single financial institution collateral pools as provided by statute. Collateral for uninsured deposits is held by banks in the name of a number of government accounts of which the District is a part.

Above cash is classified in Statement of Governmental Net Position as follows:

Bank accounts.....	\$ 1,053,425
COLOTRUST	1,052,497
	<u>\$ 2,105,922</u>

B. Investments

The District does not have investments.

Note 6 – Facilities

The City of Gunnison (the City) leased certain facilities from Gunnison County (the County) as a firehouse until December 9, 2003, at which date the County conveyed the facilities by deed to the City and District. The District’s portion of the contributed property was valued at \$170,000. The District has entered into an intergovernmental agreement with the City to share equally the cost of maintenance, repair, utilities, operations and insurance. The District paid the City \$6,879 for the shared facilities and other costs during the year ended December 31, 2016.

Note 7 - Capital Assets

Capital assets activity for the year ended December 31, 2016 was as follows:

	Balance December 31, <u>2015</u>	<u>Increases</u>	<u>Decreases</u>	Balance December 31, <u>2016</u>
Capital assets, not being depreciated:				
Land	\$ 310,396	\$ 174,109	\$	\$ 484,505
Capital assets, being depreciated:				
Land improvements	5,203			5,203
Buildings and improvements	127,030			127,030
Vehicles	2,157,046	18,676		2,175,722
Equipment.....	<u>45,879</u>	<u>41,150</u>		<u>87,029</u>
Total capital assets, being depreciated	<u>2,335,158</u>	<u>59,826</u>	<u>0</u>	<u>2,394,984</u>
Less accumulated depreciation for:				
Land improvements	(2,081)	(260)		(2,341)
Buildings and improvements	(41,285)	(3,176)		(44,461)
Vehicles	(1,261,149)	(147,209)		(1,408,358)
Equipment.....	<u>(32,731)</u>	<u>(3,657)</u>		<u>(36,388)</u>
Total accumulated depreciation	<u>(1,337,246)</u>	<u>(154,302)</u>	<u>0</u>	<u>(1,491,548)</u>
Total capital assets, being depreciated, net	<u>1,007,912</u>	<u>(94,476)</u>	<u>0</u>	<u>903,436</u>
Construction in progress	<u>114,152</u>	<u>29,862</u>		<u>144,014</u>
Total capital assets, net of depreciation	<u>\$ 1,422,460</u>	<u>\$ 109,495</u>	<u>\$</u>	<u>\$ 1,531,955</u>

Total depreciation expense for the year ended December 31, 2016 was \$154,302, allocated to the following functions: firefighting - \$150,866 and station maintenance - \$3,436.

Note 8 – 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 9 – Retirement Benefits

The District contributes to the City of Gunnison's Volunteer Firefighters Pension Plan. The State of Colorado annually contributes an amount equal to 90% of the combined City and District contribution amounts for the prior year.

The Plan is presented in the City's financial statements. The financial statements and required supplemental information of the Plan can be obtained by contacting the City of Gunnison Finance Department.

The Plan provides normal retirement benefits, disability retirement and survivor benefits. Firefighters who have attained both 50 years of age and completed 20 years of active service in any fire department in the State of Colorado are eligible for a monthly pension of \$350. Upon death, the surviving spouse receives a monthly pension equal to 50% of the benefit previously received, payable until death or remarriage.

The District's contribution for 2016 was \$30,700.

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Required Supplementary Information

GUNNISON COUNTY FIRE PROTECTION DISTRICT

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

General Fund

Year Ended December 31, 2016

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Taxes:			
General property taxes	\$ 325,584	\$ 326,318	\$ 734
Specific ownership taxes.....	30,000	35,568	5,568
Interest on Delinquent taxes.....	<u>1,500</u>	<u>92</u>	<u>(1,408)</u>
Total Taxes	<u>357,084</u>	<u>361,978</u>	<u>4,894</u>
Intergovernmental and grants	<u>29,930</u>	<u>36,873</u>	<u>6,943</u>
Miscellaneous:			
Other revenue.....		7	7
National Dispatch System.....	80,000	86,998	6,998
Earnings on deposits	<u>750</u>	<u>662</u>	<u>(88)</u>
Total Revenues	<u>467,764</u>	<u>486,518</u>	<u>18,754</u>
Expenditures			
Administration:			
Assistant fire marshall	60,000	60,000	0
Employee benefits.....	19,770	19,147	623
Insurance	24,200	19,996	4,204
County Treasures' fees	18,881	18,630	251
Election costs	500	92	408
Accounting services	8,000	7,086	914
Audit services	3,500	3,500	0
Secretarial services	4,500	4,500	0
Administration supplies	5,000	3,372	1,628
Life insurance	<u>875</u>	<u>913</u>	<u>(38)</u>
Total Administration	<u>145,226</u>	<u>137,236</u>	<u>7,990</u>
Firefighting:			
Volunteer reimbursement.....	32,000	20,346	11,654
Supplies.....	6,700	7,852	(1,152)
Protective clothing	15,000	28,088	(13,088)
Officers' pay	12,540	12,540	0
Payroll taxes and workers comp	25,795	24,920	875
Fuel	10,000	8,001	1,999
Fire Marshall.....	<u>2,400</u>	<u>1,800</u>	<u>600</u>
Total Firefighting	<u>104,435</u>	<u>103,547</u>	<u>888</u>
Fire prevention	<u>2,500</u>	<u>1,867</u>	<u>633</u>
Training	<u>15,000</u>	<u>9,667</u>	<u>5,333</u>

GUNNISON COUNTY FIRE PROTECTION DISTRICT

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

General Fund

Year Ended December 31, 2016

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Communications:			
Dispatch fees	4,000	1,101	2,899
Other	<u>12,001</u>	<u>10,303</u>	<u>1,698</u>
Total Communications	<u>16,001</u>	<u>11,404</u>	<u>4,597</u>
Equipment repairs	15,000	10,735	4,265
Technician	<u>51,000</u>	<u>51,000</u>	<u>0</u>
Total Equipment Repairs	<u>66,000</u>	<u>61,735</u>	<u>4,265</u>
Station:			
Volunteer fire departments	24,000	24,000	0
Station and grounds	<u>10,000</u>	<u>6,879</u>	<u>3,121</u>
Total Station	<u>34,000</u>	<u>30,879</u>	<u>3,121</u>
Pension contribution	<u>60,130</u>	<u>60,130</u>	<u>0</u>
National dispatch system	<u>68,000</u>	<u>48,738</u>	<u>19,262</u>
Total Expenditures	<u>511,292</u>	<u>465,203</u>	<u>46,089</u>
Excess of Revenues over Expenditures	(43,528)	21,315	64,843
Fund Balance - January 1	<u>420,677</u>	<u>420,677</u>	<u>0</u>
Fund Balance - December 31	<u>\$ 377,149</u>	<u>\$ 441,992</u>	<u>\$ 64,843</u>

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Supplementary Information

GUNNISON COUNTY FIRE PROTECTION DISTRICT

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

Capital Expenditures Fund

Year Ended December 31, 2016

	<u>Original And Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Taxes:			
General property taxes	\$ 300,539	\$ 301,217	\$ 678
Total Taxes	<u>300,539</u>	<u>301,217</u>	<u>678</u>
Miscellaneous:			
Earnings on deposits	3,500	16,140	12,640
Grant	<u> </u>	<u>20,000</u>	<u>20,000</u>
Total Miscellaneous	<u>3,500</u>	<u>36,140</u>	<u>32,640</u>
Total Revenues	<u>304,039</u>	<u>337,357</u>	<u>33,318</u>
Expenditures			
Capital outlay	<u>215,000</u>	<u>266,063</u>	<u>(51,063)</u>
Total Expenditures	<u>215,000</u>	<u>266,063</u>	<u>(51,063)</u>
Excess of Revenues over Expenditures	89,039	71,294	(17,745)
Fund Balance - January 1	<u>2,491,282</u>	<u>2,491,282</u>	<u>0</u>
Fund Balance - December 31	<u>\$ 2,580,321</u>	<u>\$ 2,562,576</u>	<u>\$ (17,745)</u>

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