

**Glenwood Springs Rural Fire Protection District  
Glenwood Springs, Colorado**

**Financial Statements  
December 31, 2017**

**E**

**RECEIVED**

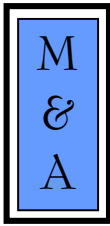
Office of the State Auditor

July 24, 2018

**Glenwood Springs Rural Fire Protection District  
Financial Report  
December 31, 2017**

**Table of Contents**

	<b>Page</b>
INDEPENDENT AUDITOR'S REPORT	A1 - A2
Management's Discussion and Analysis	B1 - B3
Basic Financial Statements:	
Balance Sheet/Statement of Net Position	C1
Statement of Revenues, Expenditures and Changes In Fund Balance/Statement of Activities	C2
Notes to the Financial Statements	D1 - D12
Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes In Fund Balance - Budget and Actual - General Fund	E1
Supplementary Information:	
Schedule of Revenues, Expenditures and Changes In Fund Balance - Budget and Actual - Debt Service Fund	F1



# MCMAHAN AND ASSOCIATES, L.L.C.

*Certified Public Accountants and Consultants*

CHAPEL SQUARE, BLDG C  
245 CHAPEL PLACE, SUITE 300  
P.O. Box 5850, AVON, CO 81620

WEB SITE: WWW.MCMAHANCPA.COM  
MAIN OFFICE: (970) 845-8800  
FACSIMILE: (970) 845-8108  
E-MAIL: MCMAHAN@MCMAHANCPA.COM

## INDEPENDENT AUDITOR'S REPORT

**Board of Directors  
Glenwood Springs Rural Fire Protection District  
Glenwood Springs, Colorado**

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Glenwood Springs Rural Fire Protection District (the "District"), as of and for the year ended December 31, 2017, and related notes to the financial statements, 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

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

An audit includes 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 assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluation of the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

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

*Member: American Institute of Certified Public Accountants*

PAUL J. BACKES, CPA, CGMA  
MICHAEL N. JENKINS, CA, CPA, CGMA  
DANIEL R. CUDAHY, CPA, CGMA

AVON: (970) 845-8800  
ASPEN: (970) 544-3996  
FRISCO: (970) 668-3481

**INDEPENDENT AUDITOR'S REPORT**  
**Board of Directors**  
**Glenwood Springs Rural Fire Protection District**  
**Glenwood Springs, Colorado**

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Glenwood Springs Rural Fire Protection District as of December 31, 2017, 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 Matters**

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

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements taken as a whole. The individual non-major fund budgetary schedules in Section F are presented for purposes of additional analysis and are not a required part of the District's financial statements. The individual non-major fund budgetary schedules are the responsibility of management and were derived from and related 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

*McMahan and Associates, L.L.C.*

**McMahan and Associates, L.L.C.**  
**June 29, 2018**

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

# **GLENWOOD SPRINGS RURAL FIRE PROTECTION DISTRICT**

## **Management's Discussion and Analysis**

December 31, 2017

As management of the Glenwood Springs Rural Fire Protection District, ("District"), we offer readers of the District's financial statements this narrative summary of the financial activities of the District for the fiscal year ended December 31, 2017.

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

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of two components: 1) financial statements; and 2) notes to the financial statements. These components are discussed below.

**Financial statements:** The financial statements are designed to provide readers with an overview of the District's finances, from both a short-term fund perspective and a long-term economic perspective.

The Balance Sheet/Statement of Net Position presents information on all the District's assets and liabilities (both short-term and long-term), with the difference between the two reported as fund balance or net position. The Balance Sheet columns present the financial position focusing on short-term available resources and are reported on a modified accrual basis of accounting. The Statement of Net Position column presents the financial position focusing on long-term economic resources and is reported on a full accrual basis. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Revenues, Expenditures and Changes in Fund Balance/Statement of Activities shows how the government's fund balance and net position changed during the most recent fiscal year. Again, the Statement of Revenues, Expenditures and Changes in Fund Balance columns focus on short-term available resources and are reported on a modified accrual basis. The Statement of Activities column focuses on long-term economic resources and is reported on a full accrual basis.

The District's financial statements can be found in section C of this report.

**Notes to the Financial Statements:** The notes provide a background of the entity, certain required statutes, and accounting policies utilized by the District. They also provide additional information that will aid in the interpretation of the financial statements. The Notes to the Financial Statements can be found in section D of this report.

## Financial Analysis of the District

### Glenwood Springs Rural Fire Protection District's Net Position

	<u>2017</u>	<u>2016</u>
<b>Assets:</b>		
Current and other assets	\$ 965,937	\$ 921,252
Fixed assets	532,489	566,463
<b>Total Assets</b>	<u>1,498,426</u>	<u>1,487,715</u>
<b>Liabilities:</b>		
Other liabilities	80,525	92,793
Long-term liabilities	10,000	75,000
<b>Total Liabilities</b>	<u>90,525</u>	<u>167,793</u>
<b>Deferred Inflows of Resources:</b>		
Property tax revenues	<u>830,112</u>	<u>778,968</u>
<b>Net Position:</b>		
Net investment in capital assets	442,489	401,463
Restricted for emergencies	40,117	33,866
Unrestricted	95,183	105,625
<b>Total Net Position</b>	<u>\$ 577,789</u>	<u>\$ 540,954</u>

At the end of the 2017 fiscal year, the District is able to report positive net position balances. Overall, the District's net position increased \$36,835 from the prior year. This increase was a result of the District's increased revenues in 2017, including Specific ownership tax increases.

### Glenwood Springs Rural Fire Protection District's Change in Net Position

	<u>2017</u>	<u>2016</u>
<b>Revenues:</b>		
Property taxes	\$ 717,522	\$ 713,600
Capital improvement taxes	65,160	65,430
Specific ownership taxes	60,119	37,575
Interest	2,486	2,068
Other revenue	4,264	3
Volunteer firemen revenue	-	1
<b>Total Revenues</b>	<u>849,551</u>	<u>818,677</u>
<b>Expenses:</b>		
Operating expenses	755,107	689,102
Interest expense	7,937	11,609
Depreciation expense	33,974	33,974
Treasurer's fees	15,698	15,621
<b>Total Expenses</b>	<u>812,716</u>	<u>750,306</u>
<b>Change in Net Position</b>	36,835	68,371
<b>Net Position - Beginning of the Year</b>	<u>540,954</u>	<u>472,583</u>
<b>Net Position - End of the Year</b>	<u>\$ 577,789</u>	<u>\$ 540,954</u>

## Financial Analysis of the District (continued)

Property taxes were the most significant source of income, accounting for 84% of total revenues. Capital improvement taxes of \$65,160 and specific ownership taxes of \$60,119 were also significant sources of revenue for the District, accounting for 8% and 7%, respectively, of the total revenues.

When compared to 2016, revenues increased by \$30,874 in 2017. This increase is attributed to an increase in assessed values in the District.

Fire services expenditures totaled \$754,957, or, expressed as a percentage, represented 93% of total expenses incurred by the District in 2017. Of this amount \$680,332 was paid by the City of Glenwood Springs, ("City"). Also included in this amount was Emergency services equipment expense of \$65,160. Emergency services equipment expense has contributed to the City's equipment replacement fund pursuant to the District and City's intergovernmental agreement. The District's contribution is made in exchange for the District's use of City fire equipment. The contribution included taxes received from a specific mill levy for capital improvements.

The District maintains two funds. A General Fund, which accounts for the operations of the District, and a Debt Service Fund, which accumulates resources to make the District's required bond payments. The General Fund's ending fund balance increased due to the property tax revenues noted above. The Debt Service Fund's ending fund balance increased as the bond payable and associated interest expenses are dwindling down. The General Fund's ending fund balance was \$118,329 and the Debt Service Fund's had a \$17,346 ending fund balance.

**Budget Variances in the General Fund:** The District's expenditures were \$32,393 over budget during fiscal year 2017.

**Capital Assets:** The District has title to Station #3 which has a cost of \$1,019,222 and is being depreciated over an estimated useful life of 30 years. Additional information can be found in the Notes to the Financial Statements in Section D of this report.

Emergency services equipment expense represents payment to the City of Glenwood Springs for purchase of equipment which is owned by the City but available for use by the District.

**Long-term debts:** In 2001, the District issued limited tax general obligation bonds in the amount of \$1,130,000 to finance fire station construction and remodeling, fire equipment, and vehicle replacement. In December 2011, the District authorized an early call on its December 1, 2020 principal payment in the amount of \$85,000. In December 2014, the District authorized an additional early call on its December 1, 2019 principal payment in the amount of \$70,000.

Additional information can be found in the Notes to the Financial Statements in Section D of this report.

**Next Year's Budget and Rates:** The District's General Fund balance at the end of the 2017 fiscal year totaled \$118,329. The District's 2018 budget anticipates a decrease in fund balance in the amount of \$95,458.

## Request for Information

This financial report is designed to provide a general overview of the District'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 information should be addressed to: Glenwood Springs Rural Fire Protection District, 101 W. Eighth Street, Glenwood Springs, CO 81601.

## **BASIC FINANCIAL STATEMENTS**

**Glenwood Springs Rural Fire Protection District  
Balance Sheet/Statement of Net Position  
December 31, 2017**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<b>Assets:</b>					
Cash and cash equivalents	114,102	16,989	131,091	-	131,091
Property tax receivable	748,454	86,392	834,846	-	834,846
Fixed assets, net of accumulated depreciation	-	-	-	532,489	532,489
<b>Total Assets</b>	<u>862,556</u>	<u>103,381</u>	<u>965,937</u>	<u>532,489</u>	<u>1,498,426</u>
<b>Liabilities:</b>					
Accounts payable	-	150	150	-	150
Accrued interest payable	-	-	-	375	375
Bonds payable:					
Due within one year	-	-	-	80,000	80,000
Due in more than one year	-	-	-	10,000	10,000
<b>Total Liabilities</b>	<u>-</u>	<u>150</u>	<u>150</u>	<u>90,375</u>	<u>90,525</u>
<b>Deferred Inflows of Resources:</b>					
Property tax revenues	744,227	85,885	830,112	-	830,112
<b>Fund Balances/Net Position:</b>					
<b>Fund Balance:</b>					
Restricted	22,771	17,346	40,117	(40,117)	-
Unassigned	95,558	-	95,558	(95,558)	-
<b>Total Fund Balance</b>	<u>118,329</u>	<u>17,346</u>	<u>135,675</u>	<u>(135,675)</u>	<u>-</u>
<b>Total Liabilities, Deferred Inflows and Fund Balance</b>	<u>862,556</u>	<u>103,381</u>	<u>965,937</u>		
<b>Net Position:</b>					
Net investment in capital assets				442,489	442,489
Restricted				40,117	40,117
Unrestricted				95,183	95,183
<b>Total Net Position</b>				<u>577,789</u>	<u>577,789</u>

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

**Glenwood Springs Rural Fire Protection District**  
**Statement of Revenues, Expenditures and Changes in Fund Balance/**  
**Statement of Activities**  
**For the Year Ended December 31, 2017**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>Revenues:</b>					
Property taxes	633,738	83,784	717,522	-	717,522
Capital improvement taxes	65,160	-	65,160	-	65,160
Specific ownership taxes	53,683	6,436	60,119	-	60,119
Interest	2,173	313	2,486	-	2,486
Other revenue	4,264	-	4,264	-	4,264
<b>Total Revenues</b>	<u>759,018</u>	<u>90,533</u>	<u>849,551</u>	<u>-</u>	<u>849,551</u>
<b>Expenditures/Expenses:</b>					
Fire services	689,797	-	689,797	-	689,797
Emergency services equipment expense	65,160	-	65,160	-	65,160
Treasurer's fees	14,018	1,680	15,698	-	15,698
Principal payments	-	75,000	75,000	(75,000)	-
Interest expense	-	8,250	8,250	(313)	7,937
Other expenses	-	150	150	-	150
Depreciation expense	-	-	-	33,974	33,974
<b>Total Expenditures/Expenses</b>	<u>768,975</u>	<u>85,080</u>	<u>854,055</u>	<u>(41,339)</u>	<u>812,716</u>
<b>Change in Fund Balance/Net Position</b>	(9,957)	5,453	(4,504)	41,339	36,835
<b>Fund Balance/ Net Position:</b>					
<b>Beginning of the Year</b>	<u>128,286</u>	<u>11,893</u>	<u>140,179</u>		<u>540,954</u>
<b>End of the Year</b>	<u><u>118,329</u></u>	<u><u>17,346</u></u>	<u><u>135,675</u></u>		<u><u>577,789</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS**

**Glenwood Springs Rural Fire Protection District**  
**Notes to the Financial Statements**  
**December 31, 2017**

**I. Summary of Significant Accounting Policies**

The Glenwood Springs Rural Fire Protection District (the "District") is a political subdivision incorporated under the laws of the State of Colorado. The function of the District is to provide fire protection and emergency medical services to the District and its inhabitants. The District's boundaries border the City of Glenwood Springs (the "City"). Therefore, in order to improve intergovernmental efficiencies, the District has signed an intergovernmental agreement to share capital and certain operating costs. This agreement is further explained in footnote V.B. – Intergovernmental Agreements.

The financial statements of the District have been prepared in conformity with U.S. generally accepted accounting principles ("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 government's accounting policies are described below.

**A. Reporting Entity**

The District is governed by an elected Board, which is responsible for setting policy, appointing administrative personnel and adopting an annual budget in accordance with state statutes. As required by GAAP, the financial statements of the reporting entity include those of the District. No additional separate governmental units, agencies, or non-profit corporations are included in the financial statements of the District since none were discovered to fall within the oversight responsibility based upon the application of the following criteria: financial accountability, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens, and fiscal dependency.

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

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type.

**1. Government-wide Financial Statements**

In the Balance Sheet/Statement of Net Position, the Statement of Net Position column is 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 District's net position is reported in three parts—net investment in capital assets, restricted, and unrestricted net position. The government-wide focus is on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

**Glenwood Springs Rural Fire Protection District**  
**Notes to the Financial Statements**  
**December 31, 2017**  
**(Continued)**

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

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

**2. Fund Financial Statements**

The financial transactions of the District 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 District reports the following governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources not required to be accounted for in another fund.

The *Debt Service Fund* accounts for property taxes levied for debt payment on general obligation bonds.

**C. 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**

Governmental activities in the government-wide 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 (within 60 days of December 31) 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.

**D. Financial Statement Accounts**

**1. Cash and Cash Equivalents**

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

**Glenwood Springs Rural Fire Protection District**  
**Notes to the Financial Statements**  
**December 31, 2017**  
**(Continued)**

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

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

**2. Receivables**

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

**3. Property Taxes**

Property taxes are assessed in one year as a lien on the property, but not collected by the governmental entities 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 a deferred inflow of resources.

**4. Capital Assets**

Capital assets, which include buildings, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial cost of \$5,000 or more and an estimated useful life of at least 3 years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

Capital expenditures for projects are capitalized as projects are constructed. Interest incurred during the construction phase is capitalized as part of the value of the asset.

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

<b>Assets</b>	<b>Years</b>
Buildings	30

**5. Deferred Outflows and Inflows of Resources**

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenses/expenditures) until then. The District does not have any items that qualify for reporting in this category.

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 (revenue) until that time. The District has one item that qualifies for reporting in this category, unavailable revenue from property taxes, reported in the governmental balance sheet and on the Statement of Net Position. These amounts are deferred and recognized as an inflow from resources in the period that the amounts become available.

**Glenwood Springs Rural Fire Protection District**  
**Notes to the Financial Statements**  
**December 31, 2017**  
**(Continued)**

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

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

**6. Fund Equity**

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 the funds, but also provide clarity to the level 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 fund balance is limited to negative residual fund balance. For further details on the various fund balance classifications, refer to Note IV.D.

**E. Significant Accounting Policies**

**1. Use of Estimates**

The preparation of financial statements in conformity with U.S. 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 the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**2. Credit Risk**

Receivables in the District's funds are primarily due from other governments. Management believes that the credit risk related to these receivables is minimal.

**3. Restricted and Unrestricted Resources**

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

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

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

The governmental fund Balance Sheet and the government-wide Statement of Net Position includes a reconciling column. Explanation of the adjustments included in the reconciling column is as follows:

Capital assets used in government activities are not financial resources and therefore, are not reported in the funds. The adjustment is detailed as follows:

Capital assets	\$1,019,222
Accumulated depreciation	(\$486,733)

**Glenwood Springs Rural Fire Protection District**  
**Notes to the Financial Statements**  
**December 31, 2017**  
**(Continued)**

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

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

Another adjustment included as a reconciling item includes long-term liabilities that are not due and payable in the current period and therefore, are not reported in the funds. This adjustment is detailed as follows:

Accrued interest payable	\$375
Bonds payable	\$90,000

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

The governmental fund Statement of Revenue, Expenditures and Changes in Fund Balance and the government-wide Statement of Activities includes a reconciling column. Explanation of the adjustments included in the reconciling column is as follows:

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not recorded as expenditures in governmental funds.

Interest expense	(\$313)
Depreciation expense	\$33,974

Another adjustment included in the reconciliation includes the issuance of long-term debt (e.g., bonds, leases) which provides current financial resources to governmental funds. The repayment of the principal of long-term debt consumes the current financial resources of governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Principal repayments	\$75,000
----------------------	----------

**Glenwood Springs Rural Fire Protection District**  
**Notes to the Financial Statements**  
**December 31, 2017**  
**(Continued)**

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

**A. Budgets and Budgetary Accounting**

In the fall of each year, the District's Board of Directors formally adopts a budget with appropriations by fund for the ensuing year pursuant to the Colorado Local Budget Law. The budget for the governmental funds are adopted on a basis consistent with U.S. generally accepted accounting principles (GAAP).

- (1) For the 2017 budget, prior to August 25, 2016, the County Assessor sent to the District a certified assessed valuation of all taxable property within the District's boundaries. The County Assessor may change the assessed valuation on or before December 10, 2016 only once by a single notification to the District.
- (2) On or before October 15, 2016, the District's management submitted to the District's Board of Directors a recommended budget which detailed the necessary property taxes needed along with other available revenues to meet the District's operating requirements.
- (3) After a required publication of "Notice of Proposed Budget", the District adopted the proposed budget and an appropriating resolution which legally appropriated expenditures for the upcoming year.
- (4) For the 2017 budget, prior to December 15, 2016, the District computed and certified to the County Commissioners a rate of levy that derived the necessary property taxes as computed in the proposed budget.
- (5) After adoption of the budget resolution, the District may make the following changes: (a) supplemental appropriations to the extent of revenues in excess of the estimated in the budget; (b) emergency appropriations; and (c) reduction of appropriations for which originally estimated revenues are insufficient.

Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2016 were collected in 2017 and taxes certified in 2017 will be collected in 2018. 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 which 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 15th.

The level of control in the budget at which expenditures exceed appropriations is at the fund level. All appropriations lapse at year end.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the District because it is at present considered not necessary to assure effective budgetary control or to facilitate effective cash planning and control.

The District's General Fund and Debt Service fund exceeded appropriations at December 31, 2017, which may be a violation of State Statute.

**Glenwood Springs Rural Fire Protection District**  
**Notes to the Financial Statements**  
**December 31, 2017**  
**(Continued)**

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

**B. TABOR Amendment - Revenue and Spending Limitation 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 which apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increases, a mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

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

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending (excluding bonded debt service). The District has reserved a portion of its December 31, 2017, year-end fund balance in the General Fund for emergencies as required under TABOR in the amount of \$22,771 which is the required reserve at December 31, 2017.

On November 8, 1994, the District's electorate voted to allow the District to collect, retain, and expend all revenues generated. The remaining TABOR restrictions, which require voter approval for (1) new taxes or tax rate increases, and (2) new or additional debt, are still applicable.

The District'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 District'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 District's deposits at each financial institution. Deposit balances over \$250,000 are collateralized as required by PDPA. As of year-end, the carrying amounts of the District's demand deposits were \$131,091.

**Glenwood Springs Rural Fire Protection District**  
**Notes to the Financial Statements**  
**December 31, 2017**  
**(Continued)**

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

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

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

<u>Type:</u>	<u>Rating</u>	<u>Carrying Amount</u>	<u>Maturities</u>	
			<u>Less Than One Year</u>	<u>Less Than Five Years</u>
<i>Deposits:</i>				
Checking		\$ 131,091		
		<u>\$ 131,091</u>		
<b>Financial Statement Captions:</b>				
Cash and cash equivalents		\$ 131,091		
		<u>\$ 131,091</u>		

**Interest Rate Risk.** As a means of limiting its exposure to interest rate risk, the District diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer. The District 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 District has limited its interest rate risk.

**Credit Risk.** State law and District policy limit investments to those authorized by State statutes including U.S. Agencies and 2a7-like pools. The District'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. Financial institutions holding District deposits are required to be an eligible public depository under the requirements of Colorado's Public Deposit Protection Act.

The Colorado Public Deposit Protection Act ("PDPA") requires that all units of local government deposit cash in eligible public depositories; eligibility is determined by State regulators. Amounts on deposit in excess of Federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. The PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to the aggregate uninsured deposits.

**Concentration of Credit Risk.** The District 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.

**Glenwood Springs Rural Fire Protection District**  
**Notes to the Financial Statements**  
**December 31, 2017**  
**(Continued)**

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

**B. Capital Assets**

Capital asset activity for the year ended December 31, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets, being depreciated:				
Buildings and improvements	\$ 1,019,222	\$ -	\$ -	\$ 1,019,222
Total capital assets being depreciated	<u>1,019,222</u>	<u>-</u>	<u>-</u>	<u>1,019,222</u>
Less accumulated depreciation for:				
Buildings and improvements	(452,759)	(33,974)	-	(486,733)
Total accumulated depreciation	<u>(452,759)</u>	<u>(33,974)</u>	<u>-</u>	<u>(486,733)</u>
<b>Total capital assets, being depreciated, net</b>	<u>\$ 566,463</u>	<u>\$ (33,974)</u>	<u>\$ -</u>	<u>\$ 532,489</u>

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

	<u>Capital Outlay</u>	<u>Depreciation</u>
Governmental activities:		
General government	\$ -	\$ 33,974
<b>Total - governmental activities</b>	<u>\$ -</u>	<u>\$ 33,974</u>

**C. Long-term Obligations**

**1. 2001 Limited Tax General Obligation Bonds**

On November 7, 2000, the District's electorate approved issuance of bonds for fire station construction and remodeling, fire equipment, and vehicle replacement. In March 2001, the District issued \$1,130,000 of Limited Tax General Obligation Bonds. Repayment is secured through the District's covenant to levy ad valorem property taxes at a rate not to exceed 4.750 mills annually through December 31, 2019. 2001 series bonds maturing on or after December 1, 2012, are subject to redemption prior to maturity on December 1, 2011, and on any date thereafter at par. Payment dates are June and December 1 each year, interest rates on the outstanding bonds vary from 4% to 5%, and the bonds mature on December 1, 2019. Repayment of the bonds is insured through Financial Security Assurance, Inc.

**Glenwood Springs Rural Fire Protection District  
Notes to the Financial Statements  
December 31, 2017  
(Continued)**

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

**C. Long-term Obligations (continued)**

**1. 2001 Limited Tax General Obligation Bonds (continued)**

The principal and interest requirements are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 80,000	\$ 4,500
2019	10,000	500
<b>Total</b>	<u>\$ 90,000</u>	<u>\$ 5,000</u>

**2. Changes in General Long-term Debt**

The District had the following changes in general long-term debt for the year ended December 31, 2017:

	<u>Balance at 1/1/17</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at 12/31/17</u>	<u>Due Within One Year</u>
2001 Limited Tax General Obligation Bonds	\$ 165,000	\$ -	\$ (75,000)	\$ 90,000	\$ 80,000
<b>Total</b>	<u>\$ 165,000</u>	<u>\$ -</u>	<u>\$ (75,000)</u>	<u>\$ 90,000</u>	<u>\$ 80,000</u>

**D. Fund Balance Disclosures**

The District classifies governmental fund balances as follows:

*Non-spendable* – includes fund balance amounts inherently non-spendable since they represent inventories, prepaid items, and long-term portions of loans receivable.

*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. The District has reported restrictions of \$22,771 for TABOR and \$17,346 for debt service.

*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 the Board of Directors. The District's original budget legislation begins with combining historical data, assessment of needs for the upcoming year and the District's platform to review and/or make changes to each department's budget. The budget is formally presented to the Board of Directors via an advertised public process for the review, revisions and final approval by year-end. All subsequent budget requests made during the year, after Board of Director approval, must be presented via a public process and again approved by the Board of Directors.

**Glenwood Springs Rural Fire Protection District**  
**Notes to the Financial Statements**  
**December 31, 2017**  
**(Continued)**

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

**D. Fund Balance Disclosures (continued)**

*Spendable Fund Balance (continued):*

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

*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 District's restricted amounts are to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents or contracts that prohibit this, such as grant agreements that require dollar for dollar spending. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts when expenditures are made.

**V. Other Information**

**A. Legal Claims**

During the normal course of business, the District incurs claims and other assertions against it from various agencies and individuals. Management of the District and their legal counsel feel none of these claims or assertions are significant enough that they would materially affect the fairness of the presentation of the financial statements at December 31, 2017.

**B. Intergovernmental Agreements**

Effective January 1, 1991, the District entered into an intergovernmental agreement with the City of Glenwood Springs, Colorado (the "City"). This agreement will automatically be renewed on a year-to-year basis unless either party gives a one year advance written notice of termination.

The basic provisions of this agreement are to transfer to the City all fire and ambulance protection services, to acquire and maintain equipment and facilities, to hire and manage all personnel and the related costs and benefits, to manage volunteers and the related costs and benefits, to transfer administrative costs, and to transfer all other ancillary expenditures. The District reimburses the City for its proportionate share of these costs by way of a predetermined formula as set forth in the intergovernmental agreement through the District's collection of remitted tax revenues.

The agreement shall remain in effect for the purpose of retiring the District's bonded indebtedness. In addition, in accordance with a separate intergovernmental agreement between the District and City, dated March 16, 1990, the District must transfer property known as Glenwood Springs Rural Fire Protection District Station No. 1 upon retirement of the General Obligation Refunding Bonds. This retirement occurred during 2000 and all general fixed assets were transferred and are accounted for by the City.

**Glenwood Springs Rural Fire Protection District**  
**Notes to the Financial Statements**  
**December 31, 2017**  
**(Continued)**

**V. Other Information (continued)**

**C. Volunteer Firefighters Pension Plan**

In accordance with an intergovernmental agreement with the City (see Note V. B), the City assumes the pension obligation of all District volunteers, who are subject to all of the rights and responsibilities of other volunteers in the City's fire and ambulance departments. The District's volunteers are included in the City's Fire and Police Pension Association Plan.

**D. Risk Management**

In accordance with an intergovernmental agreement with the City (see Note V. B), the District is included in the City's risk management policy.

**REQUIRED SUPPLEMENTARY INFORMATION**

**Glenwood Springs Rural Fire Protection District**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**General Fund**  
**For the Year Ended December 31, 2017**  
**With Comparative Actual Amounts for 2016**

	<u>2017</u>		<u>Variance Positive (Negative)</u>	<u>2016</u>
	<u>Original and Final Budget</u>	<u>Actual</u>		<u>Actual</u>
<b>Revenues:</b>				
Property taxes	635,757	633,738	(2,019)	631,565
Capital improvement taxes	65,579	65,160	(419)	65,430
Specific ownership taxes	36,529	53,683	17,154	33,621
Interest	1,800	2,173	373	1,810
Other revenue	50	4,264	4,214	3
Volunteer firemen revenue	-	-	-	1
<b>Total Revenues</b>	<u>739,715</u>	<u>759,018</u>	<u>19,303</u>	<u>732,430</u>
<b>Expenditures:</b>				
Fire services - operations	652,166	689,797	(37,631)	623,672
Emergency services equipment expense	65,579	65,160	419	65,430
Treasurer's fees	14,027	14,018	9	13,976
Volunteer expenditures	4,810	-	4,810	-
<b>Total Expenditures</b>	<u>736,582</u>	<u>768,975</u>	<u>(32,393)</u>	<u>703,078</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>3,133</u>	<u>(9,957)</u>	<u>(13,090)</u>	<u>29,352</u>
<b>Fund Balance - Beginning of the Year</b>		<u>128,286</u>		<u>98,934</u>
<b>Fund Balance - End of the Year</b>		<u>118,329</u>		<u>128,286</u>

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

**SUPPLEMENTARY INFORMATION**

**Glenwood Springs Rural Fire Protection District**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**Debt Service Fund**  
**For the Year Ended December 31, 2017**  
**With Comparative Actual Amounts for 2016**

	<u>2017</u>		<b>Final Variance Positive (Negative)</b>	<u>2016</u>
	<b>Original and Final Budget</b>	<b>Actual</b>		<b>Actual</b>
<b>Revenues:</b>				
Property taxes	83,402	83,784	382	82,035
Specific ownership taxes	4,000	6,436	2,436	3,954
Interest	400	313	(87)	258
<b>Total Revenues</b>	<u>87,802</u>	<u>90,533</u>	<u>2,731</u>	<u>86,247</u>
<b>Expenditures:</b>				
Principal	70,000	75,000	(5,000)	70,000
Interest	11,750	8,250	3,500	11,750
Bond fees	150	150	-	150
Treasurer's fees	1,748	1,680	68	1,645
<b>Total Expenditures</b>	<u>83,648</u>	<u>85,080</u>	<u>(1,432)</u>	<u>83,545</u>
<b>Excess of Revenues Over Expenditures</b>	<u>4,154</u>	5,453	<u>1,299</u>	2,702
<b>Fund Balance - Beginning of the Year</b>		<u>11,893</u>		<u>9,191</u>
<b>Fund Balance - End of the Year</b>		<u>17,346</u>		<u>11,893</u>

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