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**GUNNISON COUNTY  
FIRE PROTECTION DISTRICT**

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FINANCIAL STATEMENTS

**December 31, 2017**

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**RECEIVED**

Office of the State Auditor

July 24, 2018



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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, 2017, 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, 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 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.

Mary  
Brenes CPA

Digitally signed by Mary Brenes CPA  
DN: cn=Mary Brenes CPA, gn=Mary  
Brenes CPA, o=United States I+US  
e=brenescpa@sgvtt.net  
Reason: I am the author of this  
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Date: 2018-07-21 10:42:06-00

April 13, 2018  
Grand Junction, Colorado

# GUNNISON COUNTY FIRE PROTECTION DISTRICT

## Management's Discussion and Analysis

For the Year Ended December 31, 2017

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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, 2017. 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 \$4,722,241 at the end of the year, an increase of \$185,718 from the prior year.
- The General Fund reported an ending fund balance of \$447,569 and increase of \$5,577 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 \$2,787,591 and increase of \$225,015 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 \$4,722,241 as of December 31, 2017 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, 2017 and 2016.

	<u>2017</u>	<u>2016</u>
<b>Assets</b>		
Current and other assets.....	\$ 3,973,920	\$ 3,732,548
Capital assets .....	<u>1,487,081</u>	<u>1,531,955</u>
<b>Total Assets</b>	<u>5,461,001</u>	<u>5,264,951</u>
<b>Liabilities</b>		
Current liabilities .....	<u>99,838</u>	<u>100,950</u>
<b>Total Liabilities</b>	<u>99,838</u>	<u>100,950</u>
<b>Deferred Inflows</b>		
Property taxes receivable	<u>638,922</u>	<u>627,478</u>
<b>Net Position</b>		
Invested in capital assets, net of related debt.....	1,487,081	1,531,955
Restricted for emergencies .....	21,448	21,756
Unrestricted .....	<u>3,213,712</u>	<u>2,982,812</u>
<b>Net Position</b>	<u>\$ 4,722,241</u>	<u>\$ 4,536,523</u>

The amount restricted for emergencies of \$21,448 represent an emergency reserve required by an amendment to the State constitution.

The District's governmental activities increased the District's net position by \$185,718 in 2017.

The following summarizes the change in the District's governmental position for the year ended December 31, 2017 and 2016.

	<u>2017</u>	<u>2016</u>
<b>Revenues</b>		
Program revenues:		
Operating grants and contributions .....	\$ 31,444	\$ 56,873
Fees.....	112,033	87,005
General revenues:		
Taxes .....	672,968	663,195
Earnings on deposits and investments .....	20,592	16,802
Sale of assets, insurance recovery, loss on disposal .....	<u>-</u>	<u>-</u>
<b>Total Revenues</b>	<u>837,037</u>	<u>823,875</u>
<b>Expenses</b>		
Administration .....	139,645	140,672
Firefighting .....	210,426	254,413
Fire prevention.....	1,280	1,867
Training .....	16,712	9,667
Communications .....	14,447	11,404
Equipment repairs .....	89,165	64,001
Station.....	33,176	30,879
Pension contributions.....	66,452	60,130
National dispatch system .....	<u>80,016</u>	<u>48,738</u>
<b>Total Expenses</b>	<u>651,319</u>	<u>621,771</u>
<b>Change in Net Position</b>	185,718	202,104
<b>Net Position - January 1</b>	<u>4,536,523</u>	<u>4,334,419</u>
<b>Net Position - December 31</b> .....	<u>\$ 4,722,241</u>	<u>\$ 4,536,523</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 \$447,569 as of December 31, 2017, an increase of \$5,577. The unreserved portion of the fund balance over the amount of \$21,448 is available for spending.

### **General Fund Budgetary Highlights**

The District did not operate within its originally adopted General Fund budget by \$24,116. The District budgets for an active wild-land fire season annually in the General fund, the wild-land season was above that budgeted resulting in a higher expenditure than budgeted. The District did operate within its originally adopted Capital Fund budget. The training facility construction continues into 2018 and the 2017 unspent amounts were re-budgeted for 2018. 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 \$3,101,721, less \$1,614,640 of accumulated depreciation, as of December 31, 2017. This investment consists of land, buildings and improvements, vehicles and equipment. The Additions in 2017 included small equipment purchases and training facility improvements.

### **Economic Factors and Next Year's Budget**

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

For 2018, 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, 2017

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### Assets

Cash and cash equivalents.....	\$ 2,388,545
Certificates of deposit .....	892,963
Receivables:	
Property taxes.....	638,922
Due from other governments .....	33,043
Other .....	10,325
Prepaid expenses .....	10,122
Capital assets:	
Land .....	484,505
Buildings and improvements .....	279,093
Vehicles .....	2,175,722
Equipment.....	162,401
Less accumulated depreciation .....	<u>(1,614,640)</u>
	<b>Total Assets</b>
	<u>5,461,001</u>

### Liabilities

Accounts payable .....	<u>99,838</u>
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### Deferred Inflows

Property taxes receivable .....	<u>638,922</u>
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### Net Position

Invested in capital assets .....	1,487,081
Restricted for emergencies .....	21,448
Unrestricted.....	<u>3,213,712</u>
	<b>Total Net Position</b>
	<u>\$ 4,722,241</u>

The accompanying notes are an integral part of this statement.

**GUNNISON COUNTY FIRE PROTECTION DISTRICT**

Statement of Governmental Activities

Year Ended December 31, 2017

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<b>Expenses</b>	
Administration.....	\$ 139,645
Firefighting.....	210,426
Fire prevention .....	1,280
Training.....	16,712
Communications .....	14,447
Equipment repairs .....	89,165
Station .....	33,176
Pension contribution.....	66,452
National dispatch system.....	<u>80,016</u>
	<b>Total Expenses</b> <u>651,319</u>
<b>Program Revenues</b>	
Operating grants and contributions .....	31,444
Fees and charges .....	<u>112,033</u>
	<b>Total Program Revenues</b> <u>143,477</u>
	<b>Net Expenses</b> <u>(507,842)</u>
<b>General Revenues</b>	
Property taxes.....	628,505
Specific ownership taxes.....	42,713
Interest on delinquent taxes.....	1,750
Earnings on deposits .....	<u>20,592</u>
	<b>Total General Revenues</b> <u>693,560</u>
	<b>Change in Net Position</b> 185,718
<b>Net Position - January 1</b> .....	<u>4,536,523</u>
<b>Net Position - December 31</b> .....	<u>\$ 4,722,241</u>

The accompanying notes are an integral part of this statement.

**GUNNISON COUNTY FIRE PROTECTION DISTRICT**

Balance Sheets – Government Funds

**December 31, 2017**

	<b>General Fund</b>	<b>Capital Expenditures Fund</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents.....	\$ 579,991	\$ 1,808,554	\$2,388,545
Certificates of deposit .....	-	892,963	892,963
Receivables:			
Property taxes .....	333,191	305,731	638,922
From other governments.....	31,309	1,734	33,043
Due from other fund .....	-	84,340	84,340
Other receivables .....	10,325	-	10,325
Prepaid expenses .....	<u>10,122</u>	<u>-</u>	<u>10,122</u>
<b>Total Assets Balances</b>	<b><u>\$ 964,938</u></b>	<b><u>\$ 3,093,322</u></b>	<b><u>\$ 4,058,260</u></b>
<b>Liabilities, Deferred Inflows and Fund Balances</b>			
Liabilities:			
Accounts payable.....	\$ 99,838	\$ -	\$ 99,838
Due to other fund .....	<u>84,340</u>	<u>-</u>	<u>84,340</u>
<b>Total Liabilities</b>	<b><u>184,178</u></b>	<b><u>0</u></b>	<b><u>133,163</u></b>
Deferred Inflows			
Property taxes receivable.....	<u>333,191</u>	<u>305,731</u>	<u>627,478</u>
Fund Balance:			
Restricted for emergencies .....	21,448	-	21,448
Committed .....	-	2,787,591	2,787,591
Nonspendable- prepaids .....	10,122	-	10,122
Unassigned .....	<u>415,999</u>	<u>-</u>	<u>415,999</u>
<b>Total Fund Balances</b>	<b><u>447,569</u></b>	<b><u>2,787,591</u></b>	<b><u>3,235,160</u></b>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b><u>\$ 964,938</u></b>	<b><u>\$ 3,093,322</u></b>	<b><u>\$ 4,058,260</u></b>

Reconciliation of Governmental Fund Balance Sheet to the Statement of Net Position:

Fund balances..... \$ 3,235,160

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 .....	\$ 3,101,721	
Less accumulated depreciation.....	<u>(1,614,640)</u>	<u>1,487,081</u>

**Total Net Position - Government Funds**..... **\$ 4,722,241**

**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, 2017**

	<b>General Fund</b>	<b>Capital Expenditures Fund</b>	<b>Total</b>
<b>Revenues</b>			
Taxes .....	\$ 371,260	\$ 301,708	\$ 672,968
Operating grants and contributions .....	31,444	-	31,444
Earnings on deposits and investments.....	806	19,786	20,592
Miscellaneous income.....	<u>112,033</u>	<u>-</u>	<u>112,033</u>
<b>Total Revenues</b>	<u>515,543</u>	<u>321,494</u>	<u>837,037</u>
<b>Expenditures</b>			
Administration .....	139,645	-	139,645
Firefighting.....	90,770	-	90,770
Fire prevention.....	1,280	-	1,280
Training.....	16,712	-	16,712
Communications .....	14,447	-	14,447
Equipment repairs .....	70,904	-	70,904
Station .....	29,740	-	29,740
Pension contribution .....	66,452	-	66,452
National dispatch system .....	80,016	-	80,016
Capital outlay .....	<u>-</u>	<u>96,479</u>	<u>96,479</u>
<b>Total Expenditures</b>	<u>509,966</u>	<u>96,479</u>	<u>606,445</u>
Excess of Revenues over Expenditures	5,577	225,015	230,592
Fund Balance - January 1 .....	<u>441,992</u>	<u>2,562,576</u>	<u>3,004,568</u>
<b>Fund Balance - December 31 .....</b>	<u>\$ 447,569</u>	<u>\$ 2,787,591</u>	<u>\$ 3,235,160</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 .....			\$ 230,592
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 .....		\$ 78,218	
Depreciation .....		<u>(123,092)</u>	<u>(44,874)</u>
<b>Change in Net Position of Governmental Activities .....</b>			<u>\$ 185,718</u>

**The accompanying notes are an integral part of this statement.**

# GUNNISON COUNTY FIRE PROTECTION DISTRICT

## Notes to Basic Financial Statements

December 31, 2017

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### Note 1 - Summary of Significant Accounting Policies

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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.

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**Note 1 - Summary of Significant Accounting Policies (Continued)**

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**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.

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**Note 1 - Summary of Significant Accounting Policies (Continued)**

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**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.

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

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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.

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**Note 3 - Tax, Spending and Debt Limitations**

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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.

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**Note 4 – Budgets**

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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 General fund exceeded its budget expenditures during 2017. The District will monitor expenditures more closely in the future.

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**Note 5 - Deposits and Investments**

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**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, 2017 the District had \$1,063,587 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, 2017, the carrying amount of the District's deposits was \$1,324,958 and the bank balances were \$2,263,434. Of this amount, \$953,139 was covered by federal depository insurance and \$1,310,295 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.....	\$ 1,324,958
COLOTRUST .....	<u>1,063,587</u>
	<u>\$ 2,388,545</u>

**B. Investments**

The District does not have investments.

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**Note 6 – Facilities**

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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 \$5,740 for the shared facilities and other costs during the year ended December 31, 2017.

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**Note 7 - Capital Assets**

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

	Balance December 31, <u>2016</u>	<u>Increases</u>	<u>Decreases</u>	Balance December 31, <u>2017</u>
Capital assets, not being depreciated:				
Land .....	\$ 484,505	\$ _____	\$ _____	\$ 484,505
Capital assets, being depreciated:				
Land improvements .....	5,203	146,860		152,063
Buildings and improvements .....	127,030			127,030
Vehicles .....	2,175,722			2,175,722
Equipment.....	<u>87,029</u>	<u>75,372</u>		<u>162,401</u>
Total capital assets, being depreciated	<u>2,394,984</u>	<u>222,232</u>	<u>0</u>	<u>2,617,216</u>
Less accumulated depreciation for:				
Land improvements .....	(2,341)	(7,603)		(9,944)
Buildings and improvements .....	(44,461)	(3,175)		(47,636)
Vehicles .....	(1,408,358)	(102,613)		(1,510,971)
Equipment.....	<u>(36,388)</u>	<u>(9,701)</u>		<u>(46,089)</u>
Total accumulated depreciation	<u>(1,491,548)</u>	<u>(123,092)</u>	<u>0</u>	<u>(1,614,640)</u>
Total capital assets, being depreciated, net	<u>903,436</u>	<u>99,140</u>	<u>0</u>	<u>1,002,576</u>
Construction in progress .....	<u>144,014</u>		<u>(144,014)</u>	<u>0</u>
Total capital assets, net of depreciation	<u>\$ 1,531,955</u>	<u>\$ 99,140</u>	<u>\$ (144,014)</u>	<u>\$ 1,487,081</u>

Total depreciation expense for the year ended December 31, 2017 was \$123,092, allocated to the following functions: firefighting - \$119,656 and station maintenance - \$3,436.

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**Note 8 – Risk Management**

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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.

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**Note 9 – Retirement Benefits**

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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 2017 was \$37,022.

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**Required Supplementary Information**

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**GUNNISON COUNTY FIRE PROTECTION DISTRICT**

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

General Fund

**Year Ended December 31, 2017**

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Taxes:			
General property taxes .....	\$ 326,216	\$ 326,797	\$ 581
Specific ownership taxes.....	34,000	42,713	8,713
Interest on Delinquent taxes.....	<u>1,500</u>	<u>1,750</u>	<u>250</u>
Total Taxes	<u>361,716</u>	<u>371,260</u>	<u>9,544</u>
Intergovernmental and grants .....	<u>29,930</u>	<u>31,444</u>	<u>1,514</u>
Miscellaneous:			
Other revenue.....		19,359	19,359
National Dispatch System.....	95,000	92,674	(2,326)
Earnings on deposits .....	<u>750</u>	<u>806</u>	<u>56</u>
<b>Total Revenues</b>	<u>487,396</u>	<u>515,543</u>	<u>28,147</u>
<b>Expenditures</b>			
Administration:			
Assistant fire marshall .....	63,000	70,200	(7,200)
Employee benefits.....	20,190	3,726	16,464
Insurance.....	24,200	22,717	1,483
County Treasures' fees .....	18,885	18,698	187
Election costs .....			0
Accounting services.....	8,200	8,836	(636)
Audit services .....	3,500	3,750	(250)
Secretarial services .....	4,800	4,800	0
Administration supplies .....	5,000	6,254	(1,254)
Life insurance .....	<u>875</u>	<u>664</u>	<u>211</u>
Total Administration	<u>148,650</u>	<u>139,645</u>	<u>9,005</u>
Firefighting:			
Volunteer reimbursement.....	25,000	15,878	9,122
Supplies.....	5,500	4,197	1,303
Protective clothing .....	15,000	14,973	27
Officers' pay .....	12,540	12,540	0
Payroll taxes and workers comp .....	26,277	37,151	(10,874)
Fuel .....	7,500	4,231	3,269
Fire Marshall.....	<u>2,400</u>	<u>1,800</u>	<u>600</u>
Total Firefighting	<u>94,217</u>	<u>90,770</u>	<u>3,447</u>
Fire prevention .....	<u>2,500</u>	<u>1,280</u>	<u>1,220</u>
Training.....	<u>15,000</u>	<u>16,712</u>	<u>(1,712)</u>

**GUNNISON COUNTY FIRE PROTECTION DISTRICT**

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

General Fund

**Year Ended December 31, 2017**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Communications:			
Dispatch fees .....	10,353	9,730	623
Other .....	<u>4,000</u>	<u>4,717</u>	<u>(717)</u>
<b>Total Communications</b>	<u>14,353</u>	<u>14,447</u>	<u>(94)</u>
Equipment repairs .....	18,000	16,904	1,096
Technician .....	<u>54,000</u>	<u>54,000</u>	<u>0</u>
<b>Total Equipment Repairs</b>	<u>72,000</u>	<u>70,904</u>	<u>1,096</u>
Station:			
Volunteer fire departments .....	24,000	24,000	0
Station and grounds .....	<u>10,000</u>	<u>5,740</u>	<u>4,260</u>
<b>Total Station</b>	<u>34,000</u>	<u>29,740</u>	<u>4,260</u>
Pension contribution .....	<u>60,130</u>	<u>66,452</u>	<u>(6,322)</u>
National dispatch system .....	<u>45,000</u>	<u>80,016</u>	<u>(35,016)</u>
<b>Total Expenditures</b>	<u>485,850</u>	<u>509,966</u>	<u>(24,116)</u>
<b>Excess of Revenues over     Expenditures</b>	1,546	5,577	4,031
<b>Fund Balance - January 1</b> .....	<u>441,992</u>	<u>441,992</u>	<u>0</u>
<b>Fund Balance - December 31</b> .....	<u>\$ 443,538</u>	<u>\$ 447,569</u>	<u>\$ 4,031</u>

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**Supplementary Information**

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**GUNNISON COUNTY FIRE PROTECTION DISTRICT**

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

Capital Expenditures Fund

**Year Ended December 31, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Revenues</b>				
Taxes:				
General property taxes .....	\$ 301,123	\$ 301,123	\$ 301,708	\$ 585
<b>Total Taxes</b>	<u>301,123</u>	<u>301,123</u>	<u>301,708</u>	<u>585</u>
Miscellaneous:				
Earnings on deposits	<u>10,000</u>	<u>10,000</u>	<u>19,786</u>	<u>9,786</u>
<b>Total Revenues</b>	<u>311,123</u>	<u>311,123</u>	<u>321,494</u>	<u>10,371</u>
<b>Expenditures</b>				
Capital outlay .....	<u>400,000</u>	<u>445,000</u>	<u>96,479</u>	<u>348,521</u>
<b>Total Expenditures</b>	<u>400,000</u>	<u>445,000</u>	<u>96,479</u>	<u>348,521</u>
<b>Excess of Revenues over     Expenditures</b>	(88,877)	(133,877)	225,015	358,892
<b>Fund Balance - January 1 .....</b>	<u>2,562,576</u>	<u>2,562,576</u>	<u>2,562,576</u>	<u>0</u>
<b>Fund Balance - December 31 .....</b>	<u>\$ 2,473,699</u>	<u>\$ 2,428,699</u>	<u>\$ 2,787,591</u>	<u>\$ 358,892</u>

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