

**GYPSUM FIRE PROTECTION DISTRICT
GARFIELD AND EAGLE COUNTIES, COLORADO**

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2017**

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RECEIVED

Office of the State Auditor

September 11, 2018

GYPSUM FIRE PROTECTION DISTRICT
FOR THE YEAR ENDED
DECEMBER 31, 2017

Board of Directors

William Baxter – President
Bill Stephens – Vice President
George Wilson – Secretary
Raymond Conway – Treasurer
John Boyd – Director

Administrative Staff

Justin Kirkland – Chief

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-9
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	10
Statement of Activities	11
Fund Financial Statements:	
Balance Sheet – Governmental Funds	12
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	13
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	14
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of Government Funds to the Statement of Activities	15
Notes to the Basic Financial Statements	16-33
Required Supplementary Information:	
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	34
Schedule of Employer's Net Pension Liability	35
Schedule of Pension Contributions	36
Other Supplemental Information:	
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Capital Projects Fund	37

Officers and Directors
Gypsum Fire Protection District
Gypsum, Colorado 81637

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Gypsum Fire Protection District, Colorado, 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

Our responsibility is to express opinions 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 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, we 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.

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

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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Opinions

In our 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 Gypsum Fire Protection District, as of December 31, 2017, and the respective changes in financial position, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

Change in Accounting Principle

As described in the Notes to the Financial Statements, the District has adopted Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this item.

Other Matters

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, as listed in the table of contents, 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 accounting standards generally accepted in the United States of America, which consisted principally of inquiries of management regarding 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 comparison information, the Schedule of Employer's Net Pension Liability, and the Schedule of Employer Contributions are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. The budgetary comparison information, the Schedule of Employer's Net Pension Liability, and the Schedule of Employer Contributions have 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 statement 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.

Other Supplemental Information

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Gypsum Fire Protection District's basic financial statements. The individual fund budgetary comparison schedules, listed as supplemental information in the table of contents, are for purposes of additional analysis and are not a required part of the basic financial statements. The individual fund budgetary comparison schedules are the responsibility of management and were derived from and related 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 to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



MAGGARD & HOOD, P.C.
Glenwood Springs, Colorado
August 22, 2018

GYPSUM FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended December 31, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Gypsum Fire Protection District, with boundaries in Garfield and Eagle Counties, Colorado, was organized pursuant to the provisions set forth in the Colorado Special District Act. The governing body consists of a five member Board of Directors which is elected by the registered voters within the District. The objective of the District is to provide for the preservation of life and protection of property from and during such fires and/or other emergencies as may occur within the fire protection district.

The discussion and analysis of the Gypsum Fire Protection District's financial performance provides an overall review of the District's financial activities for the fiscal year. The intent of this discussion and analysis is to look at the District's financial performance as a whole; it should be read in conjunction with the basic financial statements and notes to enhance the reader's understanding of the District's overall financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year ended December 31, 2017 are as follows:

- In total, the District's *overall* net position increased \$382,187 or 25%, from the previous fiscal year.
- General Revenues accounted for \$1,482,543 or 88%, of all revenues. These general revenues include taxes, grants and entitlements, general interest and other revenues not related to specific programs. Program specific revenues, in the form of charges for services and sales, as well as program specific grants and contributions, accounted for \$200,173, or 12%, of the District's total revenues of \$1,682,716.
- The District had \$1,300,529 in expenses of which \$200,173 were offset by program specific charges for services and sales, operating & capital grants. The District's general revenues (primarily property taxes) and reserves were adequate to provide for these programs.

USING THE BASIC FINANCIAL STATEMENTS

This annual report consists of three parts – *management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two types of information on the same statement that present different views of the District:

- *Government-wide financial statements* that provide both *long-term* and *short-term* information about the District's overall financial status.
- *Fund financial statements* that focus on *individual parts* of the District government, reporting the District's operations *in more detail* than the government-wide statements.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Additionally, other supplemental information has also been included to enhance the reader's understanding of the financial statements.

GYPSUM FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended December 31, 2017

REPORTING THE DISTRICT AS A WHOLE

Statement of Net Position and Statement of Activities

While this report contains all funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during the fiscal year?" The statement of net position and the statement of activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting, similar to that used by most private sector companies, taking into account all of the current year's revenues and expenses regardless of when cash was received or paid.

The focus of these government-wide financial statements is on the overall financial position and activities of the District. These financial statements are constructed around the concept of a primary government, the District.

The statement of net position and statement of activities report the District's *net position* and changes therein. This change in net position is important because it identifies whether the financial position of the District has improved or diminished for the District as a whole. The cause of this change may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws, statutorily required reserves, facility conditions, frequency of fires within the District and other factors. In the statement of net position and the statement of activities, the District's operations are reported as a "Governmental Activity." Governmental activities are generally financed through taxes, intergovernmental revenues and other non-exchange revenues. All of the District's programs and services are currently reported here.

FUND FINANCIAL STATEMENTS

The fund financial reports provide more detailed information about the District's *funds*, focusing on its most significant funds – not on the District as a whole. The District's major governmental funds include the General Fund and the Capital Projects Fund. Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of the District rather than the District as a whole. Except for the General Fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties or governmental statutes or regulations. The District's fund financial statements consist of governmental funds.

Governmental Funds

The District's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal year-end for spending in future periods. These funds are reported using an accounting method called *modified accrual accounting*, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance the District's programs. The relationship, or differences, between governmental *activities* reported in the statement of net position and the statement of activities and the governmental *funds* is reconciled in the financial statements. The *General Fund* is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund, and the *Capital Projects Fund* is used by the District for major capital improvements and acquisition of more expensive pieces of equipment, including the debt service thereon.

GYPSUM FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended December 31, 2017

THE DISTRICT AS A WHOLE

Statement of Net Position

The perspective of the statement of net position is of the District as a whole. Following is a summary of the District's net position for the current and prior fiscal year:

	Governmental Activities		
	2017	2016 (<i>restated</i>)	Increase (Decrease)
<u>ASSETS:</u>			
Current and Other Assets	\$ 2,840,338	\$ 2,219,448	\$ 620,890
Capital Assets, Net	1,638,730	1,726,489	(87,759)
Total Assets	4,479,068	3,945,937	533,131
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>			
Pension Expense	164,286	120,430	43,856
<u>LIABILITIES:</u>			
Current & Other Liabilities	94,678	90,466	4,212
Long-term Obligations	826,010	875,082	(49,072)
Net Pension Liability	291,989	229,440	62,549
Total Liabilities	1,212,677	1,194,988	17,689
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Unavailable Revenue - Property Taxes	1,493,050	1,291,213	201,837
Pensions, net of Accumulation Amortization	52,236	76,962	(24,726)
Total Deferred Inflows of Resources	1,545,286	1,368,175	177,111
<u>NET POSITION:</u>			
Invested in Capital Assets, Net of Related Debt	792,734	830,010	(37,276)
Restricted	39,900	28,800	11,100
Unrestricted	1,052,757	644,394	408,363
Total Net Position (<i>2016 restated</i>)	\$ 1,885,391	\$ 1,503,204	\$ 382,187

Note: 2016 Net Position restated for implementation of GASB 68, Employer Statewide Defined Benefit Plan.

Total *assets* increased from the previous fiscal year, primarily due to cash reserves increasing as a result of increased property tax revenues directly related to the prior year voter approved mill levy override and increased property valuation within the District. In total, property taxes assessed in 2017, to be received in 2018 increased by \$201,837.

The increase in *deferred inflows of resources*, which consists of property taxes to be collected in 2018, reflects increases in the overall assessed valuation of properties within the District's boundaries. This will impact the amount of funds available to provide fire protection services during the next fiscal year.

Total Liabilities of the District decreased from the previous fiscal year, primarily to debt service retirement on the District's long term obligations.

GYPSUM FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended December 31, 2017

THE DISTRICT AS A WHOLE – CONTINUED

The *net position* of the District increased from the past fiscal year. The positive unrestricted assets balance merely represents that there are *long-term* obligations, including pensions, in excess of *currently* available resources. The restricted portion of the District's net position reflects statutorily required Emergency Reserves (*Note 13*).

Statement of Activities

The statement of activities reflects the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. The following detail reflects the total cost of services supported by program revenues and general property taxes, unrestricted state entitlements, and other general revenues, resulting in the overall change in net position for the current and prior fiscal year:

	Governmental Activities		
	2017	2016 (<i>restated</i>)	Increase (Decrease)
<u>REVENUES:</u>			
<i>Program Revenues:</i>			
Charges for Services & Sales	\$ 157,259	\$ 25,402	\$ 131,857
Operating Grants & Contributions	15,359	8,398	6,961
Capital Grants and Contributions	27,555	35,619	(8,064)
<i>General Revenues:</i>			
Property & Ownership Taxes	1,363,153	879,305	483,848
Impact Fees	138,012	86,355	51,657
Miscellaneous	5,007	772	4,235
Rental Income	3,950	4,925	(975)
Gain (Loss) Asset Disposals	(41,604)	(1,125)	(40,479)
Interest & Investment Earnings	14,025	6,138	7,887
Total Revenues	<u>1,682,716</u>	<u>1,045,789</u>	<u>636,927</u>
<u>EXPENSES:</u>			
Fire Protection Services	1,220,677	994,837	225,840
Interest and Other Fiscal Charges	85,885	73,215	12,670
Net Pension Adjustment	(6,033)	(40,802)	34,769
Total Expenses	<u>1,300,529</u>	<u>1,027,250</u>	<u>273,279</u>
Increase (Decrease) in Net Position (<i>2016 Restated</i>)	<u>\$ 382,187</u>	<u>\$ 18,539</u>	<u>\$ 363,648</u>

Note: 2016 Net Position restated for implementation of GASB 68, Employer Statewide Defined Benefit Plan.

In 2017 the District received operating and capital grants totaling \$15,359 and \$27,555 respectively. The capital contributions were used to purchase a fire protection gear washer. Remaining funds were used to continue servicing the District.

Property taxes increased from the prior year due to increases in the overall assessed valuation of properties within the District's boundaries.

Increases in expenditures reflect the purchase of needed fire protection equipment, necessary repair and maintenance to the District mobile fire equipment and increases in compensation for full time firefighting staff and administration support. Overall the Board has continued with their cost saving procedures and elected to continue suspension of Board compensation.

GYPSUM FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended December 31, 2017

THE DISTRICT AS A WHOLE – CONTINUED

As indicated above, the statement of activities reflects the cost of program services and the charges for services, grants, and contributions offsetting those services. The following table summarizes the information from the statement of activities, reflecting the total cost of program services and the remaining net cost of program services that are supported by taxes and other general revenues:

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2017</u>	<u>2016 (restated)</u>	<u>2017</u>	<u>2016 (restated)</u>
Fire Protection Services	\$ 1,220,677	\$ 994,837	\$ 1,020,504	\$ 925,418
Interest and Fiscal Charges	<u>79,852</u>	<u>32,413</u>	<u>79,852</u>	<u>32,413</u>
Total Expenses	<u>\$ 1,300,529</u>	<u>\$ 1,027,250</u>	<u>\$ 1,100,356</u>	<u>\$ 957,831</u>

Note: 2016 Net Position restated for implementation of GASB 68, Employer Statewide Defined Benefit Plan.

The District's dependence on general revenues is apparent. In 2017 and 2016, approximately 85% and 93% of the District's governmental activities were supported through taxes and other general revenues, respectively. The community as a whole is the primary support for the District's activities.

THE DISTRICT'S FUNDS

The fund level financial statements focus on how services were financed in the short-term as well as what remains for future spending. The fund level financial statements are reported on the modified accrual basis of accounting. At the fund level, under the modified accrual basis of accounting, depreciable assets and their related depreciation expense are not reflected as they are not a current period financial resource or use. In addition, at the fund level, inflows from loans are presented as a revenue item while outflows for capital outlay and debt service payments are presented as an expenditure item, as these items represent current period financial resources and uses.

The General Fund ending fund balance increased from \$836,500 to \$1,205,962 during the current fiscal year. This represents the excess of current period revenues and other financing sources (financial resources) over expenditures and other financing uses (financial uses). Most financial resources are from property and specific ownership taxes. The majority of expenses are directly related to providing fire protection services to the District. The ending fund balance of \$1,205,962 represents the amount of net resources available for future spending.

The Capital Projects Fund ending fund balance increased from \$80,203 to \$126,543 during the current fiscal year. This represents the excess of current period revenues and other financing sources (financial resources), over current period expenditures (financial uses). The financial resources are from impact fees collected during the current fiscal year and expenditures are for debt service. The ending fund balance of \$126,543 represents the amount of net resources in the Capital Projects Fund available for future capital investment and capital related debt service.

RESTRICTED FUND BALANCE – RESERVED FOR EMERGENCIES

The District, pursuant to the TABOR Amendment, reserves funds for emergencies. As discussed in *Note 13* of the financial statements, the District reserves 3% of the total of all operational expenses every fiscal year. As operational expenses increase, this reserve will grow accordingly. At the end of each fiscal year, if the emergency reserves were not used, the funds are carried into the next year's operational funds.

GYPSUM FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended December 31, 2017

GENERAL FUND BUDGETING HIGHLIGHTS

The District's procedures in establishing the budgetary data reflected in the financial statements is summarized in *Note I(F)* of the financial statements. Budgets are adopted on a basis consistent with generally accepted accounting principles for governmental entities. The District uses a line-item based budget designed to control line-item expenditures, but provide flexibility for overall budgetary management.

General Fund Resources (Inflows)

The District's general fund revenues in the amount of \$1,585,641 exceeded budgetary expectations of \$1,328,913 by \$256,728. Positive variances resulted from unexpected amounts received outsourcing firefighter personnel and equipment to out-of-district disasters. Other positive increases resulted from the improved economic development in the District in the form of impact fees. It is not anticipated that these variances will have a significant impact on future services or liquidity.

General Fund Charges to Appropriations (Outflows)

Actual expenditures and other financing uses of \$1,216,179 were \$963,656 less than the final appropriation of \$2,179,835. Budgetary savings were primarily the result of unexpended amounts for contingencies and emergency reserves. Negative variances in Capital outlay were offset by related capital grants and other contribution revenues.

The Board of Directors and the management continue to strive to budget appropriate amounts for each individual line item. The overall savings are also indicative of the efforts to provide services in the most economical manner. This year's overall savings will have a positive impact on future year's fund balances.

CAPITAL ASSETS

At the end of 2017, the District had a total of \$1,638,730 invested in capital assets. Current year net balances decreased from the prior year due to current year depreciation in excess of current year investment in capital assets. Total depreciation expense for fiscal year 2017 was \$128,450.

The following reflects the balances of fiscal year 2017 compared to fiscal year 2016:

	Governmental Activities	
	2017	2016
<i>Net of Depreciation:</i>		
Non-depreciable Land	\$ 67,720	\$ 67,720
Buildings & Improvements	1,225,449	1,302,464
Vehicles & Equipment	344,208	353,286
Office Furniture & Equipment	1,353	3,019
Total Net Capital Assets	\$ 1,638,730	\$ 1,726,489

DEBT ADMINISTRATION

The District's debt consists of a capital lease agreement for a Rescue Pumper Truck and a lease-purchase agreement for station improvements. The following reflects year end long-term obligation balances and compensated absences of the current and prior fiscal year:

	Governmental Activities	
	2017	2016
Capital Lease – Purchase Agreement	\$ 845,996	\$ 896,479
Compensated Absences	33,041	29,086
Total Long-Term Obligations	\$ 879,037	\$ 925,565

GYPSUM FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended December 31, 2017

CURRENT ISSUES, ECONOMIC CONDITION AND OUTLOOK

The Gypsum Fire Protection District is a combination department of paid and volunteer members. There are twelve paid employees, six fulltime and six part-time members. The staff includes five firefighters, three engineers, five lieutenants, two captains, one chief, one paid administration specialist and twenty five volunteer members to handle all alarms and administration needs. In November of 1995 the Voters of the District passed a De-Brucing question to help meet the ever increasing financial needs of the District.

Fiscal year 2017 saw Gypsum Fire Protection District continue to climb out of the past recession. The Mill Levy increase approved in 2016 along with increased property values in the District resulted in a 37% increase in property tax revenue for the District.

It is predicted that 2018 tax revenues will increase an additional 18% from 2017, even with the Gallagher Amendment trimming back residential property values.

Impact fees collected by Eagle County and the Town of Gypsum on behalf of the District increased as a result of continued population growth within the District. This increase made it possible for the General Fund to transfer less money to the Capital Improvement Fund to satisfy its capital lease obligations.

Even though expenditures of District increased in 2017 from the previous year, the District's fund balances will see an increase of approximately \$380,000. The General Fund and Capital Improvement Fund balances to be carried into year 2018 will be \$1,205,962 and \$126,543 respectively.

The District certified a total mill levy of 10.50 mills for the year which will generate approximately \$1,404,024 in property tax revenues for the District. For 2018, the District will continue managing expenditures to keep pace with conservative revenue forecasts, while trying to keep reserves intact as much as possible.

Gypsum Fire Protection has a long history of doing much with just a little. We intend and will succeed at doing precisely that. This District has much to be grateful for. The constituents of this District make the challenges worthwhile. Helping this community and the people in it is what keeps us positive and looking forward. The District will continue to collaborate with its local partner, Greater Eagle Fire Protection District, to train staff and continue to provide outstanding service to the members of the District.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our residents, customers, taxpayers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions regarding this report or need additional information, please contact the:

Gypsum Fire Protection District
P.O. Box 243
Gypsum, Colorado 81637
Tel: (970) 524-7101
Fax: (970) 524-9880

GOVERNMENT - WIDE FINANCIAL STATEMENTS

GYPSUM FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION
December 31, 2017

	Governmental Activities
<u>ASSETS:</u>	
Cash and Cash Equivalents	\$ 1,247,001
Receivables – Net:	
Cash with County Treasurer	5,635
Accounts Receivable	94,652
Property Taxes	1,493,050
Capital Assets:	
Non-depreciable Land	67,720
Other Capital Assets, Net of Accumulated Depreciation	<u>1,571,010</u>
TOTAL ASSETS	<u>4,479,068</u>
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Pensions, Net of Accumulated Amortization	<u>164,286</u>
TOTAL DEFERRED INFLOW OF RESOURCES	<u>164,286</u>
 <u>LIABILITIES</u>	
Accounts Payable	3,233
Accrued Liabilities	11,550
Accrued Interest	26,868
Long-term Obligations:	
Due within one year:	
Notes Payable – Capital Leases	53,027
Due in more than one year:	
Notes Payable – Capital Leases	792,969
Accrued Vacation and Comp Time	33,041
Net Pension Liability	<u>291,989</u>
TOTAL LIABILITIES	<u>1,212,677</u>
 <u>DEFERRED INFLOW OF RESOURCES</u>	
Unavailable Revenues – Property Taxes	1,493,050
Pension, Net of Accumulated Amortization	<u>52,236</u>
TOTAL DEFERRED INFLOW OF RESOURCES	<u>1,545,286</u>
 <u>NET POSITION:</u>	
Invested in Capital Assets, Net of Related Debt	446,609
Restricted for:	
Emergencies	39,900
Unrestricted	<u>1,398,882</u>
TOTAL NET POSITION	<u>\$ 1,885,391</u>

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

GYPSUM FIRE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended December 31, 2017

	PROGRAM REVENUES		
EXPENSES	Charges For Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES:			
Fire Protection Services	\$ 1,220,677	\$ 157,259	\$ 15,359
Interest on Long-term Debt	43,600	-	-
Other Fiscal Charges	42,285	-	-
Net Pension Adjustment	(6,033)	-	-
TOTAL PRIMARY GOVERNMENT	\$ 1,300,529	\$ 157,259	\$ 15,359

GENERAL REVENUES:

Taxes:

- Property Taxes, Levied For General Purposes
- Specific Ownership Taxes, for General Purposes
- Impact Fees
- Rental Income
- Miscellaneous
- Gain (Loss) on Asset Retirements
- Unrestricted Interest and Investment Earnings

Total General Revenues

Change in Net Position

NET POSITION – BEGINNING OF YEAR *(restated)*

NET POSITION – END OF YEAR

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

NET (EXPENSE) REVENUE AND
CHANGES IN NET POSITION

	<u>Governmental Activities</u>
\$	(1,020,504)
	(43,600)
	(42,285)
	<u>6,033</u>
	(1,100,356)
	1,294,476
	68,677
	138,012
	3,950
	5,007
	(41,604)
	<u>14,025</u>
	<u>1,482,543</u>
	382,187
	<u>1,503,204</u>
\$	<u>1,885,391</u>

FUND FINANCIAL STATEMENTS

GYPSUM FIRE PROTECTION DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2017

	General Fund	Capital Projects	Total Governmental Funds
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 1,133,794	\$ 113,207	\$ 1,247,001
Receivables – Net:			
Cash with County Treasurer	5,635	-	5,635
Accounts Receivable	81,316	13,336	94,652
Property Taxes	1,493,050	-	1,493,050
Total Assets	\$ 2,713,795	\$ 126,543	\$ 2,840,338
<u>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES:</u>			
Liabilities:			
Accounts Payable	\$ 3,233	\$ -	\$ 3,233
Accrued Liabilities	11,550	-	11,550
Total Liabilities	14,783	-	14,783
Deferred Inflow of Resources:			
Unavailable Revenue – Property Taxes	1,493,050	-	1,493,050
Total Deferred Inflow of Resources	1,493,050	-	1,493,050
<u>Fund Equity:</u>			
Fund Balance:			
Restricted for Emergencies	36,900	3,000	39,900
Assigned	7,962	123,543	131,505
Unassigned	1,161,100	-	1,161,100
Total Fund Balances	1,205,962	126,543	1,332,505
Total Liabilities, Deferred Inflows and Fund Balances	\$ 2,713,795	\$ 126,543	\$ 2,840,338

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

GYPSUM FIRE PROTECTION DISTRICT
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES

December 31, 2017

TOTAL GOVERNMENTAL FUND BALANCES \$ 1,332,505

Amounts reported for governmental activities on the Statement
of Net Position are different because of the following:

Capital assets used in governmental activities are not financial resources, therefore,
they are not reported in the governmental funds.

Governmental Capital Assets	\$ 3,321,245	
Less Accumulated Depreciation	<u>(1,682,515)</u>	1,638,730

Some liabilities are not due and payable in the current year and, therefore, are not
reported in the governmental funds:

Accrued Interest Payable	\$ (26,868)	
Current Portion of Long-term Liabilities	<u>(53,027)</u>	(79,895)

Long-term liabilities are not due and payable in the current year and, therefore, are
not reported in the governmental funds.

Accrued Vacation and Comp Time	\$ (33,041)	
Long-term Liability	(792,969)	
Net Pension Liability	(291,989)	
Deferred Outflows of Resources - Pensions	164,286	
Deferred Inflows of Resources - Pensions	<u>(52,236)</u>	<u>(1,005,949)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 1,885,391

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

GYPSUM FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended December 31, 2017

	General Fund	Capital Projects	Total Governmental Funds
REVENUES:			
Local Property Taxes	\$ 1,294,476	\$ -	\$ 1,294,476
Specific Ownership Taxes	68,677	-	68,677
Out of District Calls	127,238	-	127,238
Impact Fees	-	138,012	138,012
Fees, Permits, Fines & Other	30,021	-	30,021
Grants	27,555	-	27,555
Miscellaneous	5,007	-	5,007
Fundraising Donations & Local Grants	15,359	-	15,359
Rental Income	3,950	-	3,950
Interest Income	13,358	667	14,025
Total Revenues	1,585,641	138,679	1,724,320
EXPENDITURES:			
Capital Outlay	134,013	-	134,013
Community Education	738	-	738
County Treas. Fees and Abatements	37,983	4,302	42,285
Debt Service – Principal	-	50,483	50,483
Debt Service – Interest	-	45,183	45,183
Dispatch and Intergovernmental Support	36,023	-	36,023
Dues and Subscriptions	3,280	-	3,280
Employee Benefits	97,194	-	97,194
Fleet – Gas and Oil	9,682	-	9,682
Fundraising Expense	-	-	-
Insurance	51,392	-	51,392
Miscellaneous Administrative	8,663	-	8,663
Office Expense	5,633	88	5,721
Payroll Taxes	26,133	-	26,133
Pension Contribution – FPPA	39,399	-	39,399
Professional Services	19,387	-	19,387
Protective Clothing, Uniforms & Tools	20,492	-	20,492
Repairs and Maintenance – Building	8,140	-	8,140
Repairs & Maintenance – Equipment	24,455	-	24,455
Salaries	600,707	-	600,707
Telecommunications	9,732	-	9,732
Training, Travel and Meals	12,039	-	12,039
Utilities	11,023	-	11,023
Volunteer Incentives/Reimbursement	29,650	-	29,650
Volunteer Pension Contrib. - FPPA	22,704	-	22,704
Total Expenditures	1,208,462	100,056	1,308,518
Excess of Revenues Over (Under) Expenditures	377,179	38,623	415,802
OTHER FINANCING SOURCES (USES):			
Transfers (to) from Other Funds	(7,717)	7,717	-
Total Other Financing Sources (Uses)	(7,717)	7,717	-
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	369,462	46,340	415,802
Fund Balance – Beginning of Year	836,500	80,203	916,703
Fund Balance – End of Year	\$ 1,205,962	\$ 126,543	\$ 1,332,505

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

GYPSUM FIRE PROTECTION DISTRICT
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended December 31, 2017

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS \$ 415,802

Amounts reported for governmental activities on the Statement of Activities are different because of the following:

Governmental Funds report capital outlays as expenditures; however, on the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current year:

Capital Outlay	\$	82,295	
Depreciation		<u>(128,450)</u>	(46,155)

The net book value of asset dispositions are not reported in the governmental funds as they are not a current financial use. This is the amount by which the net book value of assets disposed exceeded proceeds, if applicable, in the current year. (41,604)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount of debt that was repaid during the current year: 50,483

Compensated absences not payable from current resources are not reported as expenditures of the current year. In the Statement of Activities, these costs represent expenses of the current year. This is the amount by which accrued vacation, sick leave and comp time increased this year: (3,955)

Interest expense is recognized as an expenditure in the governmental funds when it is due, and this requires the use of current financial resources; however, in the Statement of Activities interest expense is recognized as the interest accrues regardless of when it is due. This is the amount by which accrued interest decreased in the current year. 1,583

Changes in the District's net pension obligation reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the change in Districts net pension obligation during the year, including differences between employer contributions to the pension plan and amortization of pension-related deferrals. 6,033

CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 382,187

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

GYPSUM FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Gypsum Fire Protection District, herein referred to as the District, conform to generally accepted accounting principles (GAAP) as applicable to governmental units. The District applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Significant accounting policies of the District are described below.

A. Financial Reporting Entity

The Gypsum Fire Protection District, with boundaries in Garfield and Eagle Counties, Colorado, was organized pursuant to provisions set forth in the Colorado Special District Act. The governing body consists of a five member Board of Directors which is elected by the registered voters within the District. The objective of the District is to provide for the preservation of life and protection of property from and during such fires and/or other emergencies as may occur within the fire protection district.

The Governmental Accounting Standards Board (GASB) has specified the criteria to be used in defining a governmental entity for financial reporting purposes.

The reporting entity consists of (a) the primary government; i.e., the District, and (b) organizations for which the District is financially accountable. The District is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the District. Consideration is also given to other organizations that are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the District. Organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

Based on the criteria discussed above, the District's financial statements do not include any component units, nor do they exclude any potential component units requiring inclusion in the District's reporting entity. The District is not a component unit of any other governmental reporting entity. The District's financial statements include the accounts of all District operations.

B. Basis of Presentation

GOVERNMENT-WIDE STATEMENTS

The statement of net position and the statement of activities display information about the primary government (the District). These statements include the financial activities of the overall government. The statement of net position presents the financial condition of the governmental activities of the District at year-end. The difference between the assets, deferred outflows of resources, liabilities and deferred inflows of resources of the District is reported as net position.

The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. In the statement of activities, direct expenses are those that are specifically associated with a service, program or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

GYPSUM FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

B. Basis of Presentation - continued

FUND FINANCIAL STATEMENTS

The fund financial statements provide information about the District's funds, which consist of *governmental funds*. During the fiscal year, the District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance by segregating transactions related to certain governmental functions or activities. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column.

Governmental accounting systems are organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. The District's funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations based upon the purposes for which they are to be spent and by the means by which spending activities are controlled. The various funds of the District are outlined in the following paragraphs:

Governmental Funds

Governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are included on their balance sheets. The reported fund balance (net current assets) is considered a measure of "available spendable resources". The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

General Fund

The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Capital Projects Fund

The Capital Projects Fund is used to account for financial resources to be used for the acquisition of equipment and other capital improvements, including debt service thereon.

C. Basis of Accounting

GOVERNMENT WIDE FINANCIAL STATEMENTS

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 at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District receives value without directly giving equal value in return, consist of property taxes. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied.

GYPSUM FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

C. Basis of Accounting

FUND FINANCIAL STATEMENTS

Governmental funds are reported using the *current financial resources measurement focus* and the *modified accrual-basis of accounting*. Under this method, revenues are recognized when measurable and available. The District considers all revenues available if they are collected within 60 days after year-end. The following material revenue sources are considered susceptible to accrual because they are both measurable and available to finance expenditures of the current period:

- Property Taxes
- Specific Ownership Taxes

Taxpayer-assessed local property and specific ownership taxes are considered “measurable” when in the hands of intermediary collecting governments and are recognized as revenue at that time. Expenditures are recorded when the related fund liability is incurred, except for un-matured principal and interest on general long-term debt, which is recognized when due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities are reported as other financing sources.

D. Budgets and Budgetary Accounting

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

1. Prior to October 15, the District Secretary submits to the Board a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. A “Notice of Budget” is published when the budget is received.
2. Public hearings are held to obtain taxpayer comments.
3. Prior to November 20, the Board adopts, by resolution, the budget for the ensuing fiscal year and certifies the tax levy, unless an election for increased property tax is being held. The statutory deadline for certification of mill levies to the Board of County Commissioners if an election for increased property tax levy is held is December 15.
4. On or before December 15, the Board passes an annual appropriating ordinance in which such sums of money are appropriated as the Board deems necessary to defray all expenses and liabilities of the District during the ensuing year.
5. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP) for governmental units, which provides that debt principal payments and capital outlay are treated as expenditures.
6. After adoption of the budget ordinance, the District may make by ordinance the following changes: a) supplemental appropriations to the extent of revenues in excess of the estimated budget; b) emergency appropriations; c) reduction of appropriations for which originally estimated revenues are insufficient.
7. Expenditures may not legally exceed appropriations at the fund level. Board approval is required for changes in the total budget of any fund. Budget amounts included in the financial statements are based on the final, legally amended budget.
8. Budget appropriations lapse at the end of each year.

The District legally adopted annual budgets for all of the District’s funds for 2017.

GYPSUM FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

E. Cash and Investments

The District's policy in determining which items are treated as cash equivalents include cash, demand deposits, treasury bills, and other short-term, highly liquid investments that are readily convertible to cash and have original maturities of three months or less. Investments are reported at fair value which is determined using selected bases. Short-term investments are reported at cost which approximates fair value. Securities traded on a national or international exchange are valued at the last quoted market price. Cash deposits are reported at carrying amounts which reasonably estimate fair value. Additional cash disclosures are found in *Note 2* of the financial statements.

F. Property Taxes Receivable and Deferred Inflows – Unavailable Property Tax Revenue

Property taxes are levied on December 15, and attach as an enforceable lien on property on January 1st of the following year. 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 16th. Property taxes are levied and collected on behalf of the District by the County Treasurer and are reported as revenue when received by the County Treasurer. Property taxes levied in the current year and payable in the following year are reported as a receivable at December 31. However, since the taxes are not available to pay current liabilities, the receivable is recorded as a deferred inflow of resources.

G. Allowance for Doubtful Accounts

Bad debts are provided on the allowance method based on the District's evaluation of outstanding accounts receivable at the end of the year. The District believes that all accounts are collectible, therefore, no allowance for bad debt is reflected in the financial statements.

H. Deferred Outflows and Inflows of Resources

The statement of net position and fund balance sheet include separate sections for deferred outflows of resources and deferred inflows of resources, when applicable. Deferred outflow of resources represent a consumption of net position that applies to future periods that will be recognized as an expense or expenditure in future periods. Deferred inflows of resources represent an acquisition of net position or fund balance that applies to future periods and will be recognized as revenue in future periods.

I. Capital Assets

All capital assets purchased or acquired with an original cost in excess of capitalization thresholds set by the District are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their estimated fair value on the date of donation. Repairs and maintenance are recorded as expenditures as incurred; while additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Depreciation is provided on the straight-line basis over the following estimated useful lives.

Equipment	5-15 years
Infrastructure	7-40 years

GYPSUM FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

J. Accrued Liabilities for Compensated Absences

The District's policy for compensated absences provides for a maximum one year carryover of unused sick time of up to 40 hours. Unused sick time in excess of 40 hours is either paid at 50% or rolled into the employee's Health Savings Account with the excess contributed to a sick leave bank. The District's policy is to permit employees to accumulate a limited amount of earned but unused vacation and comp time which will be paid upon separation from District service, with vacation and comp time paid at 100%. The District accrues a liability only on the government-wide financial statements for compensated absences since it is anticipated that none of the liability will be liquidated with currently available expendable financial resources.

K. Inter-fund Receivables and Payables

To the extent that operating expenses are paid by another fund and/or transfers are made between the funds and these advances have not been repaid as of year-end, balances of inter-fund amounts receivable or payable are recorded.

L. Net Position/Fund Balance

In the government-wide financial statements, net position is classified in the following categories:

Invested in Capital Assets, Net of Related Debt – this category groups all capital assets into one component. Accumulated depreciation and the outstanding debt balances attributable to (already invested in) the acquisition, construction or improvement of these assets reduce this category.

Restricted – assets are reported as *restricted* when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments, or by various enabling legislation.

Unrestricted – represents the amount which is not restricted for any purpose. It is the District's policy to first apply restricted resources when an expense is incurred for which both restricted and unrestricted assets are available.

In the fund financial statements, fund balances of governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent because they are either in non-spendable form such as inventory and prepaid expenses, or legally or contractually required to be maintained intact such as the corpus of permanently restricted funds to be retained in perpetuity. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale, when applicable.

Restricted – when constraints are placed on the use of resources either (a) externally imposed by creditors or (b) imposed by law through constitutional provisions or enabling legislation. As discussed in *Note 13*, Colorado voters passed an amendment to the State Constitution, one of the provisions of which requires local governments to establish an emergency reserve which is calculated at 3% of certain expenditures. These funds may only be expended in cases of emergencies as defined by the amendment, and are used to fund appropriations only after unrestricted resources are depleted.

Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority (the Board of Directors). These amounts cannot be changed except by taking the same type of action employed to previously commit these amounts.

GYPSUM FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

L. Net Position/Fund Balance - continued

Assigned – amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by the governing body itself, or a body or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. The General Fund includes accumulated fundraising proceeds to be used for future scholarships as assigned. The District considers available fund balances of the Capital Projects Fund as assigned for future capital outlay and/or debt service.

Unassigned – the residual for the general fund.

It is the District's policy to first apply restricted resources when an expense is incurred for which both restricted and unrestricted assets are available. Committed and assigned amounts are considered to have been spent first when an expenditure is incurred for purposes for which such categories and unassigned amounts are available.

M. Use of Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities and the reported revenues and expenses. Actual results could vary from the estimates that were used.

N. Pensions

The District participates in a defined benefit plan administered by the Fire and Police Pension Association of Colorado (“FPPA”). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the plans have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

O. Fair Value Measurements

The District has a number of financial instruments, including cash and equivalents, receivables, accounts payable, and notes payable, none of which are held for trading purposes. The District estimates that the fair values of its financial instruments at December 31, 2017 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet.

NOTE 2 - CASH AND INVESTMENTS

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. The eligible depository is required to pledge to the Colorado Division of Banking a pool of collateral having a market value that at all times exceeds 102 percent of uninsured aggregate public deposits. The eligible collateral is determined by the PDPA, which includes obligations of the United States, the State of Colorado, Local Colorado governments, and obligations secured by first lien mortgages on real property located in the state.

GYPSUM FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 2 - CASH AND INVESTMENTS - continued

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 State Regulatory Commission for banks and financial services is required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. There is no custodial credit risk for public deposits collateralized under PDPA.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- Obligations of the United States and certain U.S. governmental agency securities, including securities issued by FNMA (federal national mortgage association), GNMA (governmental national mortgage association), FHLMC (federal home loan mortgage corporation), the federal farm credit bank, the federal land bank, the export-import bank, and by the Tennessee valley authority, and certain international agency securities, including the World Bank.
- General obligation and revenue bonds of U.S. local government entities, the District of Columbia, and territorial possessions of the U.S. rated in the highest two rating categories by two or more nationally recognized rating agencies.
- Bankers' acceptances of certain banks
- Certain securities lending agreements
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed Investment contracts
- Local government investment pools
- The investing local government's own securities including certificates of participation and lease obligations.

A summary of the District's cash and investments at December 31, 2017 is as follows:

Checking Accounts	\$ 49,000
Colotrust Investment Pool	<u>1,241,972</u>
Total Balances	1,290,972
Less Outstanding Items	<u>(43,971)</u>
Total Cash and Cash Equivalents	<u>\$ 1,247,001</u>

The District's bank deposits were entirely covered by federal depository insurance or collateralized under PDPA in accordance with state statute.

The District has not adopted a formal investment policy; however, the District invests public funds in a manner which will provide the highest investment return with the maximum security, meet daily cash flow demands, and conform to all federal, state and local statutes governing the investment of public funds. This applies to the investment of all financial assets of all funds of the District over which it exercises financial control.

GYPSUM FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 2 - CASH AND INVESTMENTS – continued

As of December 31, 2017, the District had invested \$1,241,972 in the Colorado Local Government Liquid Asset Trust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS +. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for the Trust’s portfolios pursuant to a custodian agreement. The custodian acts as a safekeeping agent for the Trust’s investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian’s internal records segregate investments owned by the Trust. As of December 31, 2017, the District had \$0 invested in COLOTRUST PRIME and \$1,241,972 invested in COLOTRUST PLUS+. The COLOTRUST investments are not categorized in terms of custodial credit risk, since they are not evidenced by securities that exist in physical or book entry form.

As of December 31, 2017 the District's investments had the following credit ratings:

<u>Investment</u>	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Rating Agency</u>
Colotrust Accounts	\$ 1,241,972	AAAm	Standard & Poors

Additional investment and deposit disclosures for credit risk, interest rate risk, and foreign currency risk, as required by GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, are included in the notes below.

To minimize custodial credit risk, or the risk that an insurer or other counterparty to an investment will not fulfill its obligations, state law limits District investments to those where the issuer is rated in one of the three highest rating categories by one or more nationally recognized organizations that rate such issuers. The District has deposits in Colotrust Plus+. Colotrust is rated AAAM by Standard & Poors. The concentration of credit risk, or the risk of loss attributed to the magnitude of a government’s investment in a single issuer, occurs when deposits are not diversified. District policy places no limit on the amount the District may invest in any one issuer; however the District maintains general guidelines for investments to ensure proper diversification by security type and institution. All District investments are issued or explicitly guaranteed by securities of the U.S. government, or insured by the Public Depository Protection Act, or are investments in mutual fund or external investment pools, and therefore are not subject to concentration of credit risk disclosure requirements.

Interest rate risk is the extent to which changes in interest rates will adversely affect the fair value of an investment. The District maintains an investment policy that limits investment maturities to three years as means of managing its exposure to fair value losses arising from increasing interest rates and to avoid undue concentration in any sector of the yield curve. Exceptions to this structure may be allowed where maturities can be structured to accommodate readily identifiable cash flows as approved by the Board. As of December 31, 2017, the District had no investments that were subject to interest rate risk as described above.

The District was not subject to foreign currency risk as of December 31, 2017.

GYPSUM FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 3 - FAIR VALUES OF FINANCIAL INSTRUMENTS

The District reports its investments using the fair value measurements established by generally accepted accounting principles. As such, fair value hierarchy categorizes the inputs used to measure the fair value into three levels. Level 1 inputs are quoted prices in active markets for identical investments; Level 2 inputs include quoted prices in active markets for similar investments, or other observable inputs; and Level 3 inputs are unobservable inputs. At December 31, 2017, the District investments in ColoTrust were reported at the net asset value per share, measured utilizing quoted prices in active markets for similar investments (Level 2 inputs).

NOTE 4 - CAPITAL ASSETS

A summary of changes in Capital Assets follows:

	Balance Jan 1, 2017	Additions	Dispositions	Balance Dec 31, 2017
GOVERNMENTAL ACTIVITIES				
Non-depreciable Land	\$ 67,720	\$ -	\$ -	\$ 67,720
Building/Improvements	1,902,972	-	(48,648)	1,854,324
Vehicles & Equipment	1,951,065	82,295	(664,513)	1,368,847
Office Equipment	106,234	-	(75,880)	30,354
Less Accumulated Depreciation	<u>(2,301,502)</u>	<u>(128,450)</u>	<u>747,437</u>	<u>(1,682,515)</u>
Net Capital Assets	<u>\$ 1,726,489</u>	<u>\$ (46,155)</u>	<u>\$ (41,604)</u>	<u>\$ 1,638,730</u>

NOTE 5 - LONG-TERM OBLIGATIONS

A summary of change in Long-Term Obligations follows:

	Balance Jan 1, 2017	Additions	Reductions	Balance Dec 31, 2017	Due Within One Year
GOVERNMENTAL ACTIVITIES					
Capital Lease Obligations:					
Dated - July 29, 2009	\$ 896,479	\$ -	\$ (50,483)	\$ 845,996	\$ 53,027
Compensated Absences	<u>29,086</u>	<u>- 3,955</u>	<u>-</u>	<u>33,041</u>	<u>-</u>
Total Obligations	<u>\$ 925,565</u>	<u>\$ 3,955</u>	<u>\$ (50,483)</u>	<u>\$ 879,037</u>	<u>\$ 53,027</u>

Capital Lease Obligations

Lease-Purchase Agreement dated July 29, 2009, in the amount of \$1,200,000 payable to Municipal Capital Markets Group, Inc., payable in annual installments of \$95,665 through 2029 at an interest rate of 5.04%, secured by Real Property and Improvements. Building Improvements in the amount of \$1,200,000 were capitalized under the lease; there is approximately \$288,909 of accumulated depreciation on these assets as of December 31, 2017. The term of the agreement is subject to annual appropriation and, therefore, terminates at the end of each current fiscal year, with annual renewal at the same terms and conditions of the original term, unless terminated by the District. The renewal balance at December 31, 2017 is \$845,996.

GYPSUM FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 5 - LONG-TERM OBLIGATIONS – continued

Capital Lease Obligations - continued

The annual rental payments under the agreement are as follows:

Year Ended December 31,	Principal	Interest	Total
2018	\$ 53,027	\$ 42,638	\$ 95,665
2019	55,700	39,966	95,666
2020	58,507	37,158	95,665
2021	61,456	34,210	95,666
2022	64,553	31,112	95,665
2023-2027	374,973	103,353	478,326
2028-2029	177,780	5,450	183,230
Total	<u>\$ 845,996</u>	<u>\$ 293,887</u>	<u>\$ 1,139,883</u>

The District primarily uses the capital projects fund to retire debt on a year-to-year basis.

NOTE 6 - FPPA Statewide Defined Benefit Plan

Plan Description: The Statewide Defined Benefit Plan (SWDB) is a cost-sharing multiple-employer defined benefit pension plan. The plan is administered by the Fire & Police Pension Association of Colorado (FPPA). FPPA issues a publicly available comprehensive annual financial report that can be obtained on FPPA’s website at <http://fppaco.org/annual-reports.html>

Description of Benefits: A member is eligible for a normal retirement pension once the member has completed twenty-five years of credited service and has attained the age of 55.

The annual normal retirement benefit is 2% of the average of the member’s highest three years’ base salary for each year of credited service up to ten years, plus 2.5% for each year of service thereafter. The benefit earned prior to January 1, 2007 from members of affiliated Social Security employers will be reduced by the amount of Social Security income payable to the member annually. Effective January 1, 2007, members currently covered by Social Security will receive half the benefit when compared to the Statewide Defined Benefit Plan. Benefits paid to retired members are evaluated and may be re-determined every October 1. The amount of any increase is based on the Board’s discretion and can range from 0% to the higher 3% or the Consumer Price Index.

A member is eligible for an early retirement at age 50 or after 30 years of service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, an employee may elect to have member contributions, along with 5% as interest, returned as a lump sum distribution. Alternatively, a member with at least 5 years of accredited service may leave contributions with the Plan and remain eligible for a retirement pension at age 55 equal to 2% of the member’s average highest three years’ base salary for each year of credited service up to ten years, plus 2.5% for each year of service thereafter.

Contributions: The Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. Contribution rates for the SWDB plan are set by state statute. Employer contribution rates can only be amended by state statute. Member contribution rates can only be amended by state statute. Member contribution rates can be amended by statute or election of the membership.

GYPSUM FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 6 - FPPA Statewide Defined Benefit Plan – continued

Contributions (continued): Members of the SWDB plan and their employers are contributing at a rate of 9% and 8%, respectively, of base salary for a total contribution rate of 17% for 2016. In 2014, the members elected to increase the member contribution rate to the SWDB plan beginning in 2015. Member contribution rates will increase 0.5 percent annually through 2022 to a total of 12% of base salary. Employer contributions will remain at 8% resulting in a combined contribution rate of 20% in 2022.

Contributions from members and employers of plans re-entering the system are established by resolution and approved by the FPPA Board of Directors. The reentry group has a combined contribution rate of 20.5% of base salary in 2015. It is a local decision on who pays the additional 4% contribution. Per the 2014 member election, the reentry group will also have their required member contribution rate increase 0.5% annually beginning in 2015 through 2022 for a total combined member and employer contribution rate of 24% in 2022.

The contribution rated for members and employers of affiliated social security employers is 4.5% and 4%, respectively, of base salary for a total contribution rate of 8.5% in 2016. Per the 2014 member election, members of the affiliate social security group will have their required contribution rate increase 0.25% annually beginning in 2015 through 2022 to a total 6% of base salary. Employer contributions will remain at 4% resulting in a combined rate of 10% in 2022.

Actuarial Valuation Dates: The total pension liability as of December 31, 2016 is based upon the January 1, 2017 actuarial valuation. The actuarially determined contributions as of December 31, 2016 are based upon the January 1, 2016 actuarial valuation.

Collective Net Pension (Liability) Asset: At December 31, 2017, the District reported a liability of \$18,616 for its proportionate share of the net pension (liability) asset. The Plan’s total pension liability currently exceeds the fiduciary net position, resulting in a liability reported by the District. The net pension (liability) asset was measured as of December 31, 2016, and the total pension liability used to calculate the net pension (liability) asset was determined by an actuarial valuation as of January 1, 2017. The District’s proportion of the net pension (liability) asset was based on the District’s contributions to the Plan for calendar year 2016, relative to the total contributions of participating employers to the Plan.

At December 31, 2016 the District’s proportionate share was .051518%, compared to .052037% at December 31, 2015.

For the year ended December 31, 2017, the District recognized net pension (revenues) expense of \$318.

At December 31, 2017, the District reported deferred outflows of resources and deferred inflows of resources relate to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Experience	\$ 16,622	\$ 947
Change in Assumptions	12,716	-
Net Difference between Projected and Actual		
Earnings on Pension Plan Investments	50,247	-
Changes in Proportionate Share of Contribution	-	-
Contributions Subsequent to Measurement Date	29,103	-
Total	\$ 108,688	\$ 947

GYPSUM FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 6 - FPPA Statewide Defined Benefit Plan – continued

Collective Net Pension (Liability) Asset (continued): Contributions subsequent to the measurement date of December 31, 2016, which are reported as deferred outflows or resources related to pensions, will be recognized as an adjustment against the net pension (liability) asset in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as a component of pension expense as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Amortization</u>
2018	\$ (7,742)
2019	(7,742)
2020	(7,742)
2021	(7,742)
2022	(7,742)
Thereafter	<u>(39,928)</u>
Total	<u>\$ (78,638)</u>

Actuarial Assumptions: The actuarial valuations of the Statewide Defined Benefit Plan were used to determine the total pension liability and actuarially determined contributions for the fiscal year ended December 31, 2016. The valuations used the following actuarial assumption and other inputs:

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % of Payroll, Open
Amortization Period	30 Years
Long-term Investment Rate of Return*	5-Year smoothed market
Projected Salary Increases*	4% - 14%
Cost of Living Adjustments (COLA)	0.0%
* Includes Inflation at	2.5%

Effective January 1, 2016, the post-retirement mortality tables for non-disabled retirees is a blend of the Annuitant and Employee RP-2014 generational mortality tables with blue collar adjustment projected with Scale BB. The occupationally disabled post-retirement mortality assumption uses the same table as used for healthy annuitants, except there is a three year set-forward, meaning a disabled member age 70 will be valued as if they were a 73 year old healthy retiree. The totally disabled post-retirement mortality assumption uses the RP-2014 generational mortality tables for disabled annuitants, except an additional provision to apply a minimum 3% mortality probability to males and 2% mortality probability to females is included to reflect substantial impairment for this population. The pre-retirement off-duty mortality tables are adjusted to 55% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00020.

GYPSUM FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 6 - FPPA Statewide Defined Benefit Plan – continued

Methods and Assumptions Used to Determine Contribution Rates (continued): The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund’s target asset allocation as of December 31, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Rate of Return</u>
Global Equity	36%	9.50%
Equity Long/Short	10%	7.35%
Illiquid Alternatives	23%	10.75%
Fixed Income	15%	4.10%
Absolute Return	10%	6.55%
Managed Futures	4%	5.50%
Cash	<u>2%</u>	0%*
Total	<u>100%</u>	

*While the expected inflation exceeds the expected rate of return for cash, a 0.0% real rate of return is utilized.

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board’s funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the SWDB plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Discount rate: Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan’s fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan’s projected fiduciary net position is not sufficient to pay benefits).

For the purposes of this valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.78% (based on the weekly rate closest to but not later than the measurement date of the “state & local bonds” rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.50%.

GYPSUM FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 6 - FPPA Statewide Defined Benefit Plan – continued

Sensitivity of the District’s proportionate share of the net pension liability/ (asset) to changes in the Single Discount Rate: The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease	Current Single Discount Rate Assumption	1% Increase
	<u>6.50%</u>	<u>7.50%</u>	<u>8.50%</u>
Net Pension Liability	\$ 307,440,992	\$ 36,133,840	\$ (189,200,101)
Proportionate Share of			
Net Pension Liability	\$ 158,391	\$ 18,616	\$ (97,474)

NOTE 7 - VOLUNTEER FIREMEN’S PENSION FUND

Plan Description: The District contributes to a defined benefit pension plan which is affiliated with the Fire and Police Pension Association of Colorado (FPPA) to provide retirement income for all its volunteer fire fighters in recognition of their service to the District. FPPA administers an agent multiple-employer Public Employee Retirement System (“PERS”). The PERS represents the assets of numerous separate plans that have been pooled for investment purposes. The pension plans have elected to affiliate with FPPA for plan administration and investment only. FPPA issues a publicly available comprehensive annual financial report that can be obtained at [http://fppaco.org/pdfs/annual audit actuarial reports](http://fppaco.org/pdfs/annual_audit_actuarial_reports).

The plan provides normal retirement benefits. The following benefit provisions were used to determine the District’s pension liability at the measurement date of December 31, 2016.

<i>Normal retirement benefit at age 50 with 20 year of service (monthly):</i>	
Regular	\$ 500
<i>Vested retirement benefit:</i>	
With 10 to 20 years of service amount per year of service per minimum vesting years.	\$ 25
Minimum vesting years	10
<i>Funeral benefits (required benefit):</i>	
Funeral benefit lump sum, one time only	\$ 1,000

As of January 1, 2017, the latest actuarial valuation date, there were 10 active, 13 retirees and beneficiaries and 3 terminated vested members.

Funding Policy: The funding of the plan by the District and members is authorized by the Board of Trustees. The contribution by the State of Colorado (the “State) toward fire pension funds has been a fixed dollar amount established by the legislature and allocated pro rata to all fire pension funds in the State who apply for State matching funds, based upon the amounts contributed by the employer up to a maximum of one half (1/2) mill on the assessed valuation or 90% of City contributions, whichever is less. Since the District currently offers maximum retirement benefits in excess of \$300 per month on an actuarially sound basis, and (2) the amount of State contributions provided in the prior year.

GYPSUM FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 7 - VOLUNTEER FIRE FIGHTER'S PENSION – continued

Net Pension Liability: At December 31, 2017, the volunteer pension fund reported a net pension liability of \$273,373. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017.

Actuarial Assumptions: Actuarially determined contribution rates are calculated as of January 1 of odd numbered years. The contribution rates have a one-year lag, so the actuarial valuation as of January 1, 2017, determines the contribution amounts for 2017 and 2018.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open*
Remaining Amortization Period	20 Years
Asset Valuation method	5-Year smoothed market
Inflation	3.00%
Salary Increases	N/A
Investment Rate of Return	7.50%
Retirement Age	50% per year of eligibility until 100% at age 65.
Mortality	Pre-retirement: RP-2000 Combined Mortality Table with Blue Collar Adjustment, 40% multiplier for off-duty mortality. Post-retirement: RP-2000 Combined Mortality Table, with Blue Collar Adjustment Disabled: RP-2000 Disabled Mortality Table All tables projected with Scale AA.

Plans that are heavily weighted with retiree liabilities use an amortization period based on the expected Remaining Lifetime of the participants.

Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) the long-term expected rate of return on pension plan investments (7.50%), and (2) tax-exempt municipal bond rate based on an index of 20 year obligation bonds with an average AA credit rating as of the measurement date (3.65%) to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits. The resulting Single Discount Rate is 7.50%

Regarding the sensitivity of the net pension liability/ (asset) to changes in the Single Discount Rate, the following represent the plan's net pension liability/ (asset), calculated using a Single Discount Rate of 7.5%, as well as what the plan's net pension liability/ (asset) would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	Current Single Discount		
	1% Decrease	Rate Assumption	1% Increase
	<u>6.50%</u>	<u>7.50%</u>	<u>8.50%</u>
Net Pension Liability \$	378,804	\$ 273,373	\$ 186,455

GYPSUM FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 7 - VOLUNTEER FIRE FIGHTER'S PENSION – continued

In connection with the District's Volunteer Fire and Police Protection Retirement Plan, the following deferred outflow of resources and deferred inflows of resources were reported at December 31, 2017:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Experience	\$ 7,284	\$ 51,289
Change in Assumptions	14,749	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	33,565	-
Total	\$ 55,598	\$ 51,289

Contributions subsequent to the measurement date of December 31, 2017, which are reported as deferred outflows of resources related to pensions, will be recognized as a reduction of the net pension liability in subsequent years. Other amounts reported as deferred outflow of resources and deferred inflow of resources related to pensions will be recognized as a component of pension expense in future years as follows:

Year Ended December 31,	Amortization
2018	\$ (4,567)
2019	(4,569)
2020	10,770
2021	2,675
2022	-
Total	\$ 4,309

NOTE 7 - DEFERRED COMPENSATION PLAN – SECTION 457

The District offers its employees an additional voluntary deferred compensation plan created in accordance with IRC section 457 (the "457 Plan). The 457 Plan is administered by FPPA. The 457 Plan is available to all paid staff and permits participants to defer a portion of their salary to future years. All compensation deferred under the 457 Plan, together with all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are to be held in trust for the exclusive benefit of the participants and their designated beneficiaries. Compensation deferred under the 457 Plan is not available to participants until termination, retirement, death, or unforeseeable emergency.

Employees may elect or defer any percentage of their annual compensation, provided that the total annual contribution does not exceed limitations established by the Internal Revenue Service. The District contributes up to 8% of employee earnings. For 2017 the District contributed \$18,819.

The individual participants determine investment decisions within the 457 Plan and, therefore, the 457 Plan's investment concentration varies between participants. The District, as Trustee of the 457 Plan, has the duty of due care that would be required of an ordinary prudent investor, but has no liability for losses under the 457 Plan. Consequently, the 457 Plan is not part of the District's financial statements.

GYPSUM FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 9 - COMMITMENTS – INTERGOVERNMENTAL AGREEMENTS

The District has entered into intergovernmental agreements: 1) with the Regional Hazardous Materials Association of Eagle County (RHMAEC), for sharing of costs to minimize the effects of hazardous substance incidents within Eagle County; and 2) with Eagle County for operations of the 800 Mhz transmitter. The District paid \$21,896 in fiscal year 2017 related to these intergovernmental agreements and there were no unpaid liabilities due as of year-end. In addition, during 2017 the District received \$10,000 from Eagle County for 800 MHz DTR radio programming on behalf of the County.

NOTE 10 - LEASE COMMITMENTS

The District currently leases a copier from GreatAmerica Financial Service Corporation under a sixty three month operating lease which expires on November 30, 2021. Monthly payments of \$62 are due until the lease expiration date. The future minimum lease payments of the District’s long term lease are as follows:

<u>Year Ended December 31, 2017</u>	
2018	\$ 744
2019	744
2020	744
2021	<u>682</u>
Total	<u>\$ 2,914</u>

NOTE 11 - CONTINGENCIES

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 representatives 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.

State/Federal Grants

Under terms of state & federal grants, periodic audits may be required, and certain costs may be questioned as not being appropriate expenditures. Such audits could lead to reimbursements to the grantor agencies. The Districts management is not aware of any wrongful spending for which they would have to reimburse the grantor agencies for expenditures.

NOTE 12 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors and omissions; injuries to employees; or acts of God. The District maintains commercial insurance for all risks of loss. The District did not have any claim settlements in excess of coverage for each of the past three years.

GYPSUM FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 13 - STATUTORY COMPLIANCE

A. 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 increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government. Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years. 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 spending (excluding bonded debt service). The required reserve at December 31, 2017 is approximately \$39,900.

The initial base for local government spending and revenue limits is December 31, 1992 fiscal year spending. Future spending and revenue limits are determined based on the prior year’s fiscal year spending adjusted for inflation in the prior calendar year plus annual local growth. Fiscal year spending is generally defined as expenditures and reserve increases with certain exceptions. Revenue, if any, in excess of the fiscal year spending limit must be refunded in the next fiscal year unless voters approve retention of such revenue. In November 1995, voters approved a measure to allow the District to retain and spend all revenues in excess of the fiscal year spending limit and the 5.5% revenue increase limit provided the revenues are spent for fire, rescue and emergency medical services.

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.

NOTE 14 - SUBSEQUENT EVENTS

Management has evaluated events subsequent to December 31, 2017 through the issuance date of this report. There are no material events noted during this period that would impact the results reflected in this report or the District’s results going forward.

NOTE 15 - RESTATEMENT OF PRIOR PERIODS

During 2017, the District implemented Government Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions (an Amendment of GASB No. 27)*, for the Employer Statewide Defined Benefit Plan which requires Employers to recognize their long-term obligations for pension benefits as an asset of liability on the Statement of Net Position. As such, the District’s 2016 financial statements report a restatement of net position as follows:

	Governmental Activities
Net Position, December 31, 2016, as Originally Stated	\$ 1,413,761
Deferred Outflows of Resources – Employer Plan	68,516
Deferred Outflows of Resources – Employer Contributions	21,093
Deferred Inflow of Resources – Employer Plan	(1,083)
Net Pension Asset – Employer Plan	917
Net Position, December 31, 2016 as Restated	<u>\$ 1,503,204</u>

REQUIRED SUPPLEMENTAL INFORMATION

GYPSUM FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
December 31, 2017

	GENERAL FUND			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>BUDGETARY REVENUES:</u>				
Local Property Taxes	\$ 1,291,813	\$ 1,291,813	\$ 1,294,476	\$ 2,663
Specific Ownership Taxes	30,000	30,000	68,677	38,677
Out of District Calls	2,000	2,000	127,238	125,238
Fees, Permits, Fines and Other	100	100	30,021	29,921
Grant Proceeds	-	-	27,555	27,555
Miscellaneous	-	-	5,007	5,007
Fundraising and Donations	-	-	15,359	15,359
Rental Income	2,500	2,500	3,950	1,450
Interest Income	2,500	2,500	13,358	10,858
Total Budgetary Revenues	<u>1,328,913</u>	<u>1,328,913</u>	<u>1,585,641</u>	<u>256,728</u>
<u>BUDGETARY EXPENDITURES:</u>				
General Expenditures:				
Capital Outlay	128,000	128,000	134,013	(6,013)
Community Education	2,800	2,800	738	2,062
County Treasurer Fees and Abatements	38,931	38,931	37,983	948
Dispatch and Intergovernmental Support	36,291	36,291	36,023	268
Dues and Subscriptions	3,200	3,200	3,280	(80)
Employee Benefits	104,302	104,302	97,194	7,108
Fleet – Gas and Oil	7,700	7,700	9,682	(1,982)
Insurance	51,310	51,310	51,392	(82)
Miscellaneous Administrative	12,497	12,497	8,663	3,834
Office Expense	5,484	5,484	5,633	(149)
Payroll Taxes	27,206	27,206	26,133	1,073
Pension Contributions – FPPA	40,434	40,434	39,399	1,035
Professional Services	13,600	13,600	19,387	(5,787)
Protective Clothing, Uniforms and Tools	25,872	25,872	20,492	5,380
Repairs and Maintenance – Building	7,054	7,054	8,140	(1,086)
Repairs and Maintenance – Equipment	31,982	31,982	24,455	7,527
Salaries and Benefits	623,392	623,392	600,707	22,685
Telecommunications	9,160	9,160	9,732	(572)
Training, Travel and Meals	9,500	9,500	12,039	(2,539)
Utilities	11,502	11,502	11,023	479
Volunteer Incentives/Reimbursements	42,800	42,800	29,650	13,150
Volunteer Pension Contributions – FPPA	13,840	13,840	22,704	(8,864)
Contingency	856,783	856,783	-	856,783
Emergency Reserves	65,395	65,395	-	65,395
Other Financing Uses:				
Interfund Transfers Out- Capital Projects Fund	<u>10,800</u>	<u>10,800</u>	<u>7,717</u>	<u>3,083</u>
Total Budgetary Expenditures	<u>2,179,835</u>	<u>2,179,835</u>	<u>1,216,179</u>	<u>963,656</u>
Excess of Budgetary Revenues Over (Under) Budgetary Expenditures	(850,922)	(850,922)	369,462	1,220,384
Fund Balance – Beginning of Year	<u>850,922</u>	<u>850,922</u>	<u>836,500</u>	<u>(14,422)</u>
Fund Balance – End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,205,962</u>	<u>\$ 1,205,962</u>

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

GYPSUM FIRE PROTECTION DISTRICT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY/ASSET
AND RELATED RATIOS
FIRE AND POLICE PENSION ASSOCIATION OF COLORADO
Last 10 Fiscal Years *

Measurement Period End December 31,

<u>Employer Plan:</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Portion of the Net Pension (Asset)/ Liability	.051518%	.052037%	.058640%
District's Proportionate Share of the (Asset)/ Liability	\$ 18,616	\$ (917)	(66,180)
District's Covered-Employee Payroll	263,666	252,256	263,709
District's Proportionate Share of the net Pension (Asset)/ Liability as a Percentage of Covered EE Payroll	7 %	(.03) %	(25) %
Plan Fiduciary Net Position as a Percentage of the Total Pension (Asset)/ Liability	98.21%	100.10%	106.8%
 <u>Volunteer Plan:</u>	 <u>2016</u>	 <u>2015</u>	 <u>2014</u>
Total Pension Liability			
Service Cost	\$ 8,074	\$ 8,074	14,046
Interest on Total Pension Liability	61,564	60,639	68,209
Benefit Charges	-	-	-
Diff between Expected and Actual Experience	10,389	-	(125,059)
Changes of Assumptions	21,036	-	-
Benefit Payments	<u>(57,595)</u>	<u>(55,200)</u>	<u>(55,200)</u>
Net Change in Total Pension Liability	43,468	13,513	(98,004)
 Total Pension Liability - Beginning	 <u>845,167</u>	 <u>831,654</u>	 <u>929,658</u>
Total Pension Liability – Ending (A)	<u>\$ 888,635</u>	<u>\$ 845,167</u>	<u>\$ 831,654</u>
 Plan Fiduciary Net Position			
Employer Contributions	\$ 13,280	\$ 35,977	35,977
Pension Plan Net Investment Income	31,589	10,794	38,204
Benefit Payments	(57,595)	(55,200)	(55,200)
Pension Plan Administrative Expense	(1,222)	(2,296)	(1,269)
State of Colorado Suppl. Discretionary Payments	<u>14,400</u>	<u>14,400</u>	<u>14,400</u>
Net Change in Fiduciary Net Position	452	3,675	32,112
 Plan Fiduciary Net Position - Beginning	 614,810	 611,135	 579,023
Plan Fiduciary Net Position – Ending (B)	<u>\$ 615,262</u>	<u>\$ 614,810</u>	<u>\$ 611,135</u>
 Net Pension Liability – Ending (A) – (B)	 <u>\$ 273,373</u>	 <u>\$ 230,357</u>	 <u>\$ 220,519</u>
 Plan Fiduciary Net Position as a Percentage of Total Pension Liability	 69.24%	 72.74%	 73.48%

*The amounts presented for each fiscal year were determined as of calendar year-end that occurred one year prior. Information is only available beginning in fiscal year 2014.

Notes to the Schedule of Employer's Net Position Liability for the Year Ended December 31, 2016:

NOTE 1- Changes of Assumptions
A change of \$21,036 occurred for fiscal reporting year 2016.

NOTE 2- Changes of Benefit Terms
No changes during the years presented.

NOTE 3- Changes of Size or Composition of Population Covered by Benefit Terms
No changes during the years presented above.

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

GYPSUM FIRE PROTECTION DISTRICT
SCHEDULE OF EMPLOYER'S CONTRIBUTIONS
FIRE AND POLICE PENSION ASSOCIATION OF COLORADO
Last 10 Fiscal Years *

<u>Employer Plan:</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 21,093	\$ 20,181	21,096
Contributions in Relation to Contractually Required Payment	21,093	20,181	21,096
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Employee Payroll	263,666	252,266	263,709
Contributions as a Percentage of Covered-Employee Payroll	8%	8%	8%
<u>Volunteer Plan:</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially Determined Contribution	\$ 27,680	\$ 50,377	50,377
Actual Contribution, Including State of Colorado Discretionary Payment	27,680	50,377	50,377
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Notes to the Schedule of Employer's Net Position Liability for the Year Ended December 31, 2016:

- NOTE 1- Changes of Assumptions*
No changes during the years presented.
- NOTE 2- Changes of Benefit Terms*
No changes during the years presented.
- NOTE 3- Changes of Size or Composition of Population Covered by Benefit Terms*
No changes during the years presented above.
- NOTE 4- Actual Contribution, Including State of Colorado*
Discretionary payment totaled \$27,680 for the Volunteer Plan.

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

OTHER SUPPLEMENTAL INFORMATION

GYPSUM FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
December 31, 2017

	CAPITAL PROJECTS FUND			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>BUDGETARY REVENUES:</u>				
General Revenues:				
Impact Fees	\$ 15,000	\$ 15,000	\$ 138,012	\$ 123,012
Interest Income	1	1	667	666
Other Financing Sources:				
Interfund Transfers In (Out)	10,800	10,800	7,717	(3,083)
 Total Budgetary Revenues	25,801	25,801	146,396	120,595
<u>BUDGETARY EXPENDITURES:</u>				
General Expenditures:				
Bank Charges	-	-	88	(88)
Collection Fees	450	450	4,302	(3,852)
Debt Service:				
Principal	50,483	50,483	50,483	-
Interest	45,182	45,182	45,183	(1)
 Total Budgetary Expenditures	96,115	96,115	100,056	(3,941)
 Excess of Budgetary Revenues Over (Under) Budgetary Expenditures	(70,314)	(70,314)	46,340	116,654
 Fund Balance – Beginning of Year	70,314	70,314	80,203	9,889
 Fund Balance – End of Year	\$ -	\$ -	\$ 126,543	\$ 126,543