

GUNNISON COUNTY FIRE PROTECTION DISTRICT

Financial Statements and
Report of Independent Auditors
For the Year Ended December 31, 2024

GUNNISON COUNTY FIRE PROTECTION DISTRICT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Gunnison County Fire Protection District
Gunnison Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Gunnison County Fire Protection District, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise Gunnison County Fire Protection District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Gunnison County Fire Protection District, as of December 31, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Gunnison County Fire Protection District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Gunnison County Fire Protection District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Gunnison County Fire Protection District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Gunnison County Fire Protection District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, statements related to the statewide defined benefit plan, and statements related to the volunteer pension plan be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to 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.

Blair and Associates, P.C.

Cedaredge, Colorado
June 19, 2025

GUNNISON COUNTY FIRE PROTECTION DISTRICT

Management's Discussion and Analysis

For the Year Ended December 31, 2024

As management of the Gunnison County Fire Protection District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2024. We encourage readers to consider the information presented here in conjunction with the additional information furnished in our basic financial statements to better understand the financial position of the District.

Financial Highlights

- In the government-wide financial statements, the District's assets exceeded its liabilities by \$6,673,471 at the end of the year, an increase of \$457,802 from the prior year.
- The General Fund reported an ending fund balance of \$1,656,215, an increase of \$263,094 from the prior year. The ending fund balance includes the required 3% state mandated emergency reserve.
- The Capital Expenditures Fund reported an ending fund balance of \$1,326,041, a decrease of \$1,312,174 from the previous year.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

The statement of net position presents information on all the District's assets, liabilities, and deferred inflows, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether financial position is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

In the government-wide financial statements, the District's activities are shown in one category, *governmental activities*. The District's activities are principally supported by property taxes. The government-wide financial statements can be found on pages 7 through 8.

Fund Financial Statements

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

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Governmental Funds-continued

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund's balance sheets and the statements of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The District has two governmental funds: the General Fund and the Capital Expenditures Fund. The District's governmental fund financial statements can be found on pages 9 through 10.

Annual appropriated budgets are adopted for the General Fund and the Capital Expenditures Fund. Budgetary comparison statements on pages 17 through 19 have been provided for the funds to demonstrate compliance with the budget.

Notes to Basic Financial Statements

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

The notes to the basic financial statements can be found on pages 11 through 16.

Government-wide Financial Analysis

As noted earlier, net position may serve as a useful indicator of the government's financial position. In this case, the District's Government-wide assets exceeded its liabilities by \$6,673,471 as of December 31, 2024, however the scheduled replacement of capital assets is not fully funded at this time.

The following summarizes the District's governmental net position as of December 31, 2024, and 2023.

	<u>2024</u>	<u>2023</u>
Assets		
Current and other assets	\$ 4,177,930	\$ 5,217,985
Capital assets	<u>3,704,674</u>	<u>2,196,159</u>
Total Assets	<u>7,882,604</u>	<u>7,414,144</u>
Liabilities		
Current liabilities	<u>98,801</u>	<u>114,582</u>
Total Liabilities	<u>98,801</u>	<u>114,582</u>
Deferred Inflows		
Property taxes receivable	<u>1,110,332</u>	<u>1,083,893</u>
Net Position		
Invested in capital assets	3,704,674	2,196,159
Restricted for emergencies	21,756	39,280
Unrestricted	<u>2,947,041</u>	<u>3,980,230</u>
Net Position	<u>\$ 6,673,471</u>	<u>\$ 6,215,669</u>

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

The District's governmental activities increased the District's net position by \$457,802 in 2024.

Government-Wide Financial analysis-continued

The following summarizes the changes in the District's governmental position for the year ended December 31, 2024, and 2023.

	<u>2024</u>	<u>2023</u>
REVENUES:		
Program revenues:		
Operating grants & contributions	\$167,112	\$327,210
Fees and other income	11,666	6,371
General revenues:		
Taxes	1,280,994	884,015
Earnings on deposits	<u>98,266</u>	<u>91,770</u>
Total Revenues	<u>1,558,038</u>	<u>1,309,366</u>
Expenses:		
Administration	161,825	91,958
Firefighting	177,600	149,445
Fire prevention	114	2,978
Training	36,199	24,755
Communications	17,311	14,521
Small equipment	40,101	19,323
Equipment repairs	195,639	176,088
Station	52,136	36,363
Pension contribution	75,732	75,732
Depreciation	165,995	152,737
National dispatch system	<u>177,584</u>	<u>208,905</u>
Total Expenses	<u>1,100,236</u>	<u>952,805</u>
Change in Net Position	457,802	356,561
Beginning Net Position, Jan 1,	<u>6,215,669</u>	<u>5,859,108</u>
Ending Net Position, December 31,	<u>\$ 6,673,471</u>	<u>\$ 6,215,669</u>

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

The focus of governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The District maintains two governmental funds, the General Fund, which is the District's operating fund and the Capital Expenditures Fund which accumulates and provides for future capital needs. The General Fund had a fund balance of \$1,656,215 as of December 31, 2024, an increase of \$263,094. The unreserved portion of the fund balance is \$1,602,570 and is available for spending.

General Fund Budgetary Highlights

The District operated within its original budgets for 2024. Amounts budgeted for 2023 were reallocated in 2024, and if not completed in 2024, will be allocated in 2025. Information on the Districts revenues and expenditures compared to the original budget is presented as required supplementary information.

Capital Assets

The District's investment in capital assets amounts to \$6,061,965, less \$2,357,291 of accumulated depreciation, as of December 31, 2024. This investment consists of land, buildings and improvements, vehicles, and equipment. The additions in 2024 included UTV, a trailer, and additional fire vehicles.

Economic Factors and Next Year's Budget

Through June 2025 the District has been within its budget and it is expected the year will be within budget.

For 2025, no changes are expected in the level of funding needed above those budgeted.

Intergovernmental Agreement for Accounting Functions

Effective January 1, 2025, the City of Gunnison entered into an Intergovernmental Agreement (IGA) with the Gunnison County Fire Protection District (the "District"). Under this agreement, the City of Gunnison will assume responsibility for providing accounting functions for the District. See Note 8.

Request for Information

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in the report or requests for additional financial information should be addressed to Gunnison County Fire Protection District, PO Box 1515 Gunnison, Colorado 81230, Attention: Chairman.

GUNNISON COUNTY FIRE PROTECTION DISTRICT
Statement of Governmental Net Position
December 31, 2024

ASSETS

Cash and cash equivalents		\$	2,041,098
Certificates of deposits			951,253
Receivables:			
Property taxes			1,110,332
Due from other governments			43,358
Prepaid expenses			31,889
Capital assets:			
Land	\$		648,647
Land Improvements			251,531
Buildings and improvements			538,894
Vehicles			4,295,693
Equipment			327,200
Less accumulated depreciation			<u>(2,357,291)</u>
Net Capital Assets			<u>3,704,674</u>
Total Assets			<u><u>7,882,604</u></u>

LIABILITIES

Accounts payable			42,129
Accrued expenses			<u>56,672</u>
			<u>98,801</u>

DEFERRED INFLOWS

Property taxes receivable			<u>1,110,332</u>
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NET POSITION

Invested in capital assets			3,704,674
Restricted for emergencies			21,756
Unrestricted			<u>2,947,041</u>
Total Net Position			<u><u>\$ 6,673,471</u></u>

The accompanying notes are an integral part of this statement.

GUNNISON COUNTY FIRE PROTECTION DISTRICT
Statement of Governmental Activities
For the Year Ended December 31, 2024

EXPENSES

Administration	\$	161,825
Firefighting		177,600
Prevention		114
Training		36,199
Communications		17,311
Small equipment		40,101
Equipment repairs		195,639
Station		52,136
Pension contribution		75,732
National dispatch system		177,584
Depreciation		165,995
		<u>1,100,236</u>
Total Expenses		<u>1,100,236</u>

PROGRAM REVENUES

Operating grants and contributions		167,112
Fees and charges		11,666
		<u>178,778</u>
Total Program Revenues		<u>178,778</u>
Net Expenses		(921,458)

GENERAL REVENUES

Property taxes		1,220,792
Specific ownership		57,536
Delinquent Tax Interest		2,666
Earnings on deposits		98,266
		<u>1,379,260</u>
Total General Revenues		<u>1,379,260</u>

Change in Net Position 457,802

Net Position - January 1		<u>6,215,669</u>
Net Position - December 31	\$	<u><u>6,673,471</u></u>

The accompanying notes are an integral part of this statement.

GUNNISON COUNTY FIRE PROTECTION DISTRICT
Balance Sheet - Government Funds
December 31, 2024

	General Fund	Capital Expenditures Fund	Total
ASSETS			
Cash and cash equivalents	667,964	1,373,134	2,041,098
Certificates of deposits	-	951,253	951,253
Receivables:			
Property taxes	866,059	244,273	1,110,332
Due from other governments	42,051	1,307	43,358
Due from other fund	999,653	-	999,653
Prepaid expenses	31,889	-	31,889
Total Assets Balances	\$ 2,607,616	\$ 2,569,967	\$ 5,177,583
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE			
Liabilities:			
Accounts payable	42,129	\$ -	\$ 42,129
Due to other fund		999,653	999,653
Accrued expenses	43,213	-	43,213
Total Liabilities	85,342	999,653	1,084,995
Deferred Inflows			
Property taxes receivable	866,059	244,273	1,110,332
Fund Balance:			
Restricted for emergencies	21,756	-	21,756
Committed	-	1,326,041	1,326,041
Nonspendable - prepaid	31,889	-	31,889
Unassigned	1,602,570	-	1,602,570
Total Fund Balances	1,656,215	1,326,041	2,982,256
Total Liabilities, Deferred Inflows and Fund Balances	\$ 2,607,616	\$ 2,569,967	\$ 5,177,583
Reconciliation of governmental fund Balances Sheet to the Statement of Net Position:			
Fund balances			\$ 2,982,256
Amounts reported for governmental activities are not financial resources and therefore, are not reported as assets in the governmental funds.			
Compensated absences			(13,459)
Cost of capital assets		6,061,965	
Less accumulated depreciation		(2,357,291)	3,704,674
Total Net position - Governmental Funds			\$ 6,673,471

The accompanying notes are an integral part of this statement.

GUNNISON COUNTY FIRE PROTECTION DISTRICT
Statement of Revenue, Expenditures and Change in Fund Balance - Governmental Funds
For the Year Ended December 31, 2024

	General Fund	Capital Expenditures Fund	Total
REVENUES			
Taxes	\$ 961,214	\$ 319,780	\$ 1,280,994
Operating grants and contributions	167,112	-	167,112
Earnings on deposits and investments	15,609	82,657	98,266
Miscellaneous income	11,666	-	11,666
Total Revenues	1,155,601	402,437	1,558,038
EXPENDITURES			
Administration	161,825	-	161,825
Firefighting	177,600	-	177,600
Prevention	114	-	114
Training	36,199	-	36,199
Communications	17,311	-	17,311
Small equipment	-	40,101	40,101
Equipment repairs	194,006	-	194,006
Station	52,136	-	52,136
Pension contribution	75,732	-	75,732
National dispatch system	177,584	-	177,584
Capital outlays	-	1,674,510	1,674,510
Total Expenditures	892,507	1,714,611	2,607,118
Excess of Revenue over Expenditures	263,094	(1,312,174)	(1,049,080)
Fund Balance - January 1	1,393,121	2,638,215	4,031,336
Fund Balance - December 31	\$ 1,656,215	\$ 1,326,041	\$ 2,982,256
Reconciliation of the Governmental Fund Statement of Revenue, Expenditures and Change in Fund Balance to the Statement of Activities:			
Net Change in Fund Balances			\$ (1,049,080)
Amounts reported for governmental activities in the statement of activities are different because:			
Change in compensated absences			(1,633)
Capital outlays are reported as expenditures in the fund; however, in the statement of activities, the cost is allocated over the estimated useful lives of the assets as depreciation expense. The following is the amount by which capital outlays exceeded depreciation in the current period:			
Capital outlay		\$ 1,674,510	
Loss on Disposal of Capital Assets		-	
Depreciation		(165,995)	1,508,515
Change in Net Position of Governmental Activities			\$ 457,802

The accompanying notes are an integral part of this statement.

GUNNISON COUNTY FIRE PROTECTION DISTRICT

Notes to Basic Financial Statements

December 31, 2024

Note 1 – Summary of Significant Accounting Policies

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

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

A. Reporting Entity

The financial statements present the District, a political subdivision of the State of Colorado, established in 1975 for the purpose of furnishing fire protection services to portions of Gunnison and Saguache Counties. The District is governed by an elected five-person board.

The basic financial statements include only the District, as there are no component units required to be included in accordance with GASB standards.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Governmental Net Position and the Statement of Governmental Activities) report information on all the non-fiduciary activities of the District. *Governmental activities* are supported by taxes, and charges for services. The District has no *business-type activities*, which rely to a significant extent on user charges for support.

The statement of governmental activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with the specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as *general revenues*.

C. Fund Financial Statements

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

All governmental funds are accounted for on a flow of current financial resources basis. Balance sheets for these funds generally include only current assets and current liabilities and deferred inflows of resources. Reported fund balances are considered a measure of available, spendable resources. Operating statements for these funds present a summary of available, spendable resources and expenditures for the period. The District has two governmental funds, the *General Fund*, which is the general operating fund of the District and the Capital Improvement Fund, a capital projects fund to account for capital expenditures.

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and comparable items are recognized as revenues as soon as eligibility requirements imposed by the provider have been met.

GUNNISON COUNTY FIRE PROTECTION DISTRICT

Notes to Basic Financial Statements

December 31, 2024

Note 1 - Summary of Significant Accounting Policies-continued

E. Measurement Focus, Basis of Accounting and Financial Statement Presentation-continued

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

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

F. Capital Assets and Long-Term Liabilities

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets of the District as a whole. When purchased, such assets are recorded as expenditures in the governmental type fund.

All capital assets are valued at historical cost or estimated historical costs if actual historical cost is not available. The assets have a useful life of 7 to 40 years and are depreciated on the straight-line method. It is the District’s policy to capitalize individual items costing \$5,000 or more and having a life of over one year.

G. Net Position

Net Position represents the difference between assets and liabilities and deferred inflows of resources. Net Position invested in capital assets net of related debt consists of capital assets net of accumulated depreciation and related debt. Net Position are reported as restricted when there are constraints placed on their use either by law through constitutional provisions or enabling legislation or through restrictions externally imposed by creditors, grantors, laws, or regulations of other governments.

H. Use of Estimates

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

I. Disaggregation of Receivables and Payables

Significant components of receivables and payables are disaggregated in the financial statements. All receivables are expected to be collected within one year. All material payables are expected to be paid within one year except for the amounts for the accrual of compensated absences and capital leases.

J. Compensated Absences

The District’s compensated absences on December 31, 2024, was \$13,459.

GUNNISON COUNTY FIRE PROTECTION DISTRICT

Notes to Basic Financial Statements

December 31, 2024

Note 1 - Summary of Significant Accounting Policies-continued

K. Budgets and Budgetary Accounting

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

The budget is prepared on the same basis as that of the fund financial statements.

The details of the budget calendar are outlined below:

- October 15 – Deadline for Budget Officer to submit proposed budget to the government board. Governing body must publish "Notice of Budget" upon receiving proposed budget.
- December 15 – Deadline for certification of mill to the Board of County Commissioners.
- December 22 – Deadline for Board of County Commissioners to levy taxes and to certify the levies to the Assessor.
- December 31– Statutory deadline for local governing body to adopt budget. A certified copy of the adopted budget must be sent to the Division of Local Government within 30 days of adoption.
- On or before
December 31– The District shall enact an ordinance appropriating the budget for the ensuing year.

L. Property Taxes - Receivable

Annual property taxes are levied on December 22 of each year and attached as an enforceable lien as of January 1. They are payable in full April 30, or in two equal installments due February 28 and June 30. The county bills and collects property taxes for the district. Property taxes collected by the county are remitted to the district in the subsequent month. Property taxes are reported as receivable and deferred revenue when levied and as revenue when collected in the following year.

M. Fund Balance

The District has approved the following fund balance policies:

Committed fund balances are approved by the District's Board via a board resolution. The District does not use the assigned fund balance designation as only the board is authorized to do so. The committed fund is earmarked for future capital asset purchases. All committed fund balances are held by the Capital Improvement Fund.

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

N. Subsequent Events

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

GUNNISON COUNTY FIRE PROTECTION DISTRICT

Notes to Basic Financial Statements

December 31, 2024

Note 2 – Reconciliation of Government-Wide and Fund Financial Statements

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

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

Note 3 - Tax, Spending, and Debt Limitation

In November 1992, the voters of Colorado approved Amendment 1, commonly known as the Taxpayer’s Bill of Rights (TABOR), which adds a new Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue, and debt limitations that apply to the State of Colorado and all local governments.

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

On November 6, 2001, voters approved a mill levy increase from 1.765 mills to 4.5 mills for revenues received in the year 2002 and thereafter. The increase is a voter approved revenue change and property tax revenue change under Article X, Section 20 of the Colorado constitution and to exceed the 5.35% property tax revenue growth limitation contained in C.R.S. 29-1-301.

The Amendment requires that an emergency reserve be maintained at 3% of fiscal year spending. A portion of the General fund’s fund balance is classified as restricted for emergencies as required by the Amendment. The District believes it is following this amendment.

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

Note 4 – Deposits and Investments

A. Deposits

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

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

GUNNISON COUNTY FIRE PROTECTION DISTRICT

Notes to Basic Financial Statements

December 31, 2024

Note 4 – Deposits and Investments-continued

A. Deposits-continued

On December 31, 2024, the District had \$1,265,916 of deposits in the Colorado Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado to pool surplus funds. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00. Investments of COLOTRUST consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury securities. A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal functions of COLOTRUST. Substantially all securities owned by COLOTRUST are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by COLOTRUST. These pools are not required to and are not registered with the SEC. COLOTRUST' S two funds are rated AAA by Standard and Poor's, Fitch's, and Moody's rating services. The Capital Improvement Fund owns \$1,265,704 and the General Fund owns \$212.

On December 31, 2024, the District's bank balances amounted to \$775,182. Of this amount, \$250,000 was covered by federal depository insurance and \$525,182 is collateralized with securities held in single financial institution collateral pools as provided by statute. Collateral for uninsured deposits is held by banks in the name of several government accounts of which the District is a part. The Capital Improvement Fund owns \$107,430 and the General Fund owns \$667,752.

The above cash is classified in the Statement of Governmental Net Position as follows:

Bank Accounts	\$ 775,182
COLOTRUST	<u>1,265,916</u>
	<u>\$ 2,041,098</u>

B. Investments

The District invests in certificates of deposit with maturity dates ranging from February 2027 to August 2029, and interest rate of 4%. The invested balance on December 31, 2024, is \$951,253

Note 5 - Change in Capital Asset

Capital assets activity for the year ended December 31, 2024, was as follows:

	Balance <u>12/31/2023</u>	Additions <u>Trade-ins</u>	Deletions <u>Transfer-out</u>	Balance <u>12/31/2024</u>
Land improvements	\$ 251,530	\$ -	\$ -	\$ 251,530
Building & improvements	478,444	-	-	478,444
Vehicles	2,718,761	1,576,932	-	4,295,693
Equipment	279,624	47,578	-	327,202
Total	<u>3,728,359</u>	<u>1,624,510</u>	-	<u>5,352,869</u>
Less accumulated depreciation	<u>(2,191,296)</u>	<u>(165,995)</u>	-	<u>(2,357,291)</u>
Net depreciable assets	1,537,063	1,458,515	-	2,995,578
Construction-in-process	10,450	50,000	-	60,450
Land	648,646	-	-	648,646
Net Fixed Assets	<u>\$ 2,196,159</u>	<u>\$ 1,508,515</u>	<u>\$ -</u>	<u>\$ 3,704,674</u>

GUNNISON COUNTY FIRE PROTECTION DISTRICT

Notes to Basic Financial Statements

December 31, 2024

Note 5 - Change in Capital Asset-continued

In 2024, the Districts depreciation was \$165,995.

Note 6 – Risk Management

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

Note 7 - Retirement Benefits

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

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

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

The District's contribution for 2024 was \$40,510. The State's contribution to the pension fund for 2024 was \$35,222.

Note 8 - Intergovernmental Agreement for Accounting Functions

Effective January 1, 2025, the City of Gunnison entered into an Intergovernmental Agreement (IGA) with the Gunnison County Fire Protection District (the "District"). Under this agreement, the City of Gunnison will assume responsibility for providing accounting functions for the District. These functions include accounts payable, accounts receivable, audit, bookkeeping, human resources, and information technology support necessary for the District's operations. The City will also serve as the fiscal agent for the Volunteer Fireman's Pension Board. This agreement aims to streamline financial operations and enhance the efficiency of service delivery within the District's service area.

Despite this collaboration, the District will continue to operate as a separate and distinct legal entity. The District's volunteers and three permanent employees will be paid by the City of Gunnison and contracted to the District for operational oversight, similar to a temporary agency arrangement. This setup allows the District's personnel to gain access to the City of Gunnison's health insurance, worker's compensation insurance, and other benefits provided by the City.

The City will prepare the District's annual budgets, maintain accurate financial records, and conduct external annual audits in compliance with State law and Generally Accepted Accounting Principles (GAAP).

REQUIRED SUPPLEMENTAL INFORMATION

GUNNISON COUNTY FIRE PROTECTION DISTRICT
Statement of Revenue, Expenditures and Change in Fund Balance - Budget and Actual
General Fund
For the Year Ended December 31, 2024

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Taxes:				
General property taxes	\$ 822,801	\$ 822,801	\$ 901,012	\$ 78,211
Specific ownership taxes	37,000	37,000	57,536	20,536
Interest and delinquent taxes	15,000	1,500	2,666	1,166
Total Taxes	<u>874,801</u>	<u>861,301</u>	<u>961,214</u>	<u>99,913</u>
Intergovernmental and grants	20,000.00	20,000.00	35,222	15,222
Miscellaneous:				
Other revenue	-	-	13,051	13,051
National Dispatch system	400,000	400,000	130,505	(269,495)
Earnings on deposits	10,000	10,000	15,609	5,609
Total Revenues	<u>1,304,801</u>	<u>1,291,301</u>	<u>1,155,601</u>	<u>(135,700)</u>
Expenditures				
Administration:				
Employee benefits	5,476	5,476	8,364	(2,888)
Insurance	40,000	40,000	10,664	29,336
Rent expense	-	35,000	31,900	3,100
County Treasurer's fees	28,000	28,000	33,173	(5,173)
Accounting services	20,000	35,000	31,332	3,668
Audit services	6,000	6,000	5,800	200
Secretarial services	7,000	7,000	7,000	-
Administration supplies	7,000	7,000	4,630	2,370
Life insurance	875	875	4,000	(3,125)
Total Administration	<u>114,351</u>	<u>164,351</u>	<u>136,863</u>	<u>27,488</u>
Firefighting:				
Volunteer reimbursement	70,000	70,000	43,213	26,787
Protective clothing	30,000	30,000	27,321	2,679
Officers' pay	28,800	28,800	24,000	4,800
Fire fighting supplies	45,376	45,376	27,102	18,274
Payroll taxes and workers comp	48,000	48,000	42,340	5,660
Fuel	14,000	14,000	13,624	376
Total Firefighting	<u>236,176</u>	<u>236,176</u>	<u>177,600</u>	<u>58,576</u>
Fire prevention	<u>3,000</u>	<u>3,000</u>	<u>114</u>	<u>2,886</u>
Training	<u>51,125</u>	<u>51,125</u>	<u>36,199</u>	<u>14,926</u>
Communications:				
Other communication expense	31,500	31,500	2,740	28,760
Dispatch fees	14,500	14,500	14,571	(71)
Total Communications	<u>46,000</u>	<u>46,000</u>	<u>17,311</u>	<u>28,689</u>
Equipment repairs	18,000	18,000	11,473	6,527
Technician	182,533	182,533	182,533	-
Total Equipment Repairs	<u>200,533</u>	<u>200,533</u>	<u>194,006</u>	<u>6,527</u>
Balance Forward	<u>651,185</u>	<u>701,185</u>	<u>562,093</u>	<u>139,092</u>

GUNNISON COUNTY FIRE PROTECTION DISTRICT
Statement of Revenue, Expenditures and Change in Fund Balance - Budget and Actual
General Fund
For the Year Ended December 31, 2024

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Balance brought forward	\$ 651,185	\$ 701,185	\$ 562,093	\$ 139,092
Station:				
Volunteer fire departments	45,000	45,000	36,586	8,414
Station and grounds	15,000	15,000	15,550	(550)
Total Station	<u>60,000</u>	<u>60,000</u>	<u>52,136</u>	<u>7,864</u>
Pension contribution	81,020	81,020	75,732	5,288
Contingency	-	15,000	24,962	(9,962)
National Dispatch System	445,700	121,540	177,584	(56,044)
Total Expenditures	<u>1,237,905</u>	<u>978,745</u>	<u>892,507</u>	<u>86,238</u>
Excess of Revenue over Expenditures	66,896	312,556	263,094	(49,462)
Fund Balances - January 1	-	-	1,393,121	1,393,121
Fund Balance - December 31	<u>\$ 66,896</u>	<u>\$ 312,556</u>	<u>\$ 1,656,215</u>	<u>\$ 1,343,659</u>

SUPPLEMENTARY INFORMATION

GUNNISON COUNTY FIRE PROTECTION DISTRICT
Statement of Revenue, Expenditures and Change in Fund Balance - Budget and Actual
Capital Expenditures Fund
For the Year Ended December 31, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues				
Taxes				
General property taxes	\$ 289,092	\$ 289,092	\$ 319,780	\$ 30,688
Total Taxes	<u>289,092</u>	<u>289,092</u>	<u>319,780</u>	<u>30,688</u>
Miscellaneous:				
Earnings on deposits	<u>40,000</u>	<u>40,000</u>	<u>82,657</u>	<u>42,657</u>
Total Revenues	<u>329,092</u>	<u>329,092</u>	<u>402,437</u>	<u>73,345</u>
Expenditures				
Small equipment	-	-	40,101	(40,101)
Capital outlays	<u>1,756,500</u>	<u>2,056,500</u>	<u>1,674,510</u>	<u>381,990</u>
Total Expenditures	<u>1,756,500</u>	<u>2,056,500</u>	<u>1,714,611</u>	<u>341,889</u>
Excess of Revenue over Expenditures	(1,427,408)	(1,727,408)	(1,312,174)	415,234
Fund Balance - January 1	<u>3,135,082</u>	<u>3,135,082</u>	<u>2,638,215</u>	<u>(496,867)</u>
Fund Balance - December 31	<u>\$ 1,707,674</u>	<u>\$ 1,407,674</u>	<u>\$ 1,326,041</u>	<u>\$ (81,633)</u>