

GYPSUM FIRE PROTECTION DISTRICT
GARFIELD AND EAGLE COUNTIES, COLORADO

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2012

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
Statement of Fiduciary Net Position – Pension Trust Fund	16
Statement of Changes in Fiduciary Net Position – Pension Trust Fund	17
Notes to the Basic Financial Statements	18-31
Required Supplementary Information:	
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	32
Other Supplemental Information:	
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Capital Projects Fund	33
Statement of Revenues, Expenditures, and Changes in Net Position – Budget and Actual – Expendable Trust Pension – Fiduciary Fund	34

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, as well as each fiduciary fund type, of the Gypsum Fire Protection District, Colorado, as of and for the year ended December 31, 2012, 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, each major fund, and each fiduciary fund type of the Gypsum Fire Protection District, as of December 31, 2012, 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 Principles

As described in Note 1(N) of the financial statements, the District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position* and the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The opinion is not modified with the implementation of these GASB statements.

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.

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.

GYPSUM FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended December 31, 2012

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, 2012 are as follows:

- In total, the District's *overall* net position increased \$59,836, or 3.2%, from the previous fiscal year. A significant portion of this increase is due to Federal Capital grants in the amount of \$42,596 and local capital grants of \$15,000 received during the current fiscal year.
- General Revenues accounted for \$1,039,854, or 89%, 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 \$127,347, or 11%, of the District's total revenues of \$1,167,201.
- The District had \$1,075,017 in expenses of which \$127,347 were offset by program specific charges for services and sales, grants and contributions. The District made pension transfers of \$32,348. The District's general revenues (primarily property taxes) 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, 2012

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. As described below, the financial statements of the District’s fiduciary funds are not included in the government-wide financial statements, because resources of these funds cannot be used to finance the District’s activities. However, the financial statements of fiduciary funds are included in the District’s financial statements because the District is financially accountable for those resources, even though they belong to other parties.

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 also maintains a fiduciary fund for which the District acts solely as a trustee or agent for the benefit of those outside of the reporting entity (discussed below). The District’s fund financial statements are divided into two broad categories; namely (1) governmental funds; and (2) fiduciary 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.

Fiduciary Funds

The District’s component unit, the Gypsum Fire Protection District Pension Fund, is a separate entity organized under Colorado Statutes to administer funds established for the volunteer fire fighters of the Gypsum Fire Protection District. The financial statements of the Pension Fund are prepared using the accrual basis of accounting.

GYPSUM FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended December 31, 2012

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		
	2012	2011	Increase (Decrease)
<u>ASSETS:</u>			
Current and Other Assets	\$ 1,950,307	\$ 1,914,786	\$ 35,521
Capital Assets, Net	2,122,881	2,194,449	(71,568)
Total Assets	4,073,188	4,109,235	(36,047)
<u>LIABILITIES:</u>			
Current & Other Liabilities	119,340	119,926	(586)
Long-term Obligations	1,126,882	1,205,469	(78,587)
Total Liabilities	1,246,222	1,325,395	(79,173)
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Unavailable Revenue - Property Taxes	894,718	911,428	(16,710)
<u>NET POSITION:</u>			
Invested in Capital Assets, Net of Related Debt	966,256	960,007	6,249
Restricted	30,650	34,832	(4,182)
Unrestricted	935,342	877,573	57,769
Total Net Position	\$ 1,932,248	\$ 1,872,412	\$ 59,836

Total *assets* and total *liabilities* decreased from the previous fiscal year, primarily due to debt service retirement of the District's long-term obligations and depreciation of Capital Assets.

The decrease in *deferred inflows of resources*, which consists of property taxes to be collected in 2013, reflects decreases 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.

The *net position* of the District has improved over the past fiscal year. This is primarily due to Federal and local capital grants received in 2012. Amounts Invested in Capital Assets, Net of Related Debt reflect total capital assets and the outstanding long-term obligations thereon. The restricted portion of the District's net position reflects statutorily required Emergency Reserves (see *Note 11*).

GYPSUM FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended December 31, 2012

THE DISTRICT AS A WHOLE – CONTINUED

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		
	2012	2011	Increase (Decrease)
<u>REVENUES:</u>			
<i>Program Revenues:</i>			
Charges for Services & Sales	\$ 67,884	\$ 32,040	\$ 35,844
Operating Grants & Contributions	1,867	6,459	(4,592)
Capital Grants and Contributions	57,596	26,909	30,687
<i>General Revenues:</i>			
Property & Ownership Taxes	973,169	1,303,246	(330,077)
Impact Fees	61,837	3,876	57,961
Rental Income	2,370	-	2,370
Interest & Investment Earnings	2,478	1,081	1,397
Total Revenues	1,167,201	1,373,611	(206,410)
<u>EXPENSES:</u>			
Fire Protection Services	986,028	1,055,841	(69,813)
Fundraising	579	5,030	(4,451)
Interest and other Fiscal Charges	88,410	107,322	(18,912)
Total Expenses	1,075,017	1,168,193	(93,176)
Excess Before Special Items & Transfers	92,184	205,418	(113,234)
Special Items - Conveyances	-	(46,072)	46,072
Transfers	(32,348)	(32,348)	-
Increase (Decrease) in Net Position	\$ 59,836	\$ 126,998	\$ (67,162)

As discussed above, during 2012 the District received Federal Grants of \$42,330 which helped to defray costs of an air compressor, and also received a contribution of a \$15,000 brush truck from the Eagle River Fire Protection District. Charges for services increased primarily due to a new radio programming services agreement which provided revenues of \$20,000 (see *Note 8*). Additionally, there were approximately \$9,100 of cost recoveries from cancellation of volunteer life insurance benefits.

Property taxes decreased from the prior year due to both decreases in the overall assessed valuation of properties within the District's boundaries and approximately \$30,000 of delinquent taxes that had been collected in 2011. Increases in impact fees were primarily from the Federal HAATS (high altitude aviation training site) facility development project within the District's service area.

Decreases in expenditures reflect cost saving measures implemented by the District to offset the continued declines in property taxes available to fund fire protection services. (Note: Conveyances in the prior year consisted of a parking lot and adjoining basketball court adjacent to Station #14, which is a nonrecurring expense item.)

GYPSUM FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended December 31, 2012

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>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Fire Protection Services	\$ 986,028	\$ 1,055,841	\$ 860,548	\$ 993,016
Fundraising	579	5,030	(1,288)	(1,429)
Interest and Fiscal Charges	<u>88,410</u>	<u>107,322</u>	<u>88,410</u>	<u>107,322</u>
 Total Expenses	 <u>\$ 1,075,017</u>	 <u>\$ 1,168,193</u>	 <u>\$ 947,670</u>	 <u>\$ 1,098,909</u>

The District's dependence on general revenues is apparent. In 2012 and 2011, approximately 88% and 94% 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 \$993,695 to \$1,029,381 during the current fiscal year. This represents the excess of current period revenues (financial resources) over current period 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 \$1,029,381 represents the amount of net resources available for future spending.

The Capital Projects Fund ending fund balance increased from \$5,334 to \$23,962 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 \$23,962 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 11 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, 2012

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 \$1,105,363 exceeded budgetary expectations of \$949,218 by \$156,145. Positive variances resulted from conservative projections of tax collections, plus unexpected amounts received under Federal grants and Out-of-District services, as well as additional revenues from new intergovernmental agreements. 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 \$1,069,677 were \$917,199 less than the final appropriation of \$1,986,876. 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 contributions revenues. Miscellaneous administrative expenditures included the write-off of uncollectible receivables of \$6,094 that was not anticipated in the adopted budget. The District also incurred election costs and overall increases in insurance rates and volunteer reimbursement which were not anticipated at the time of the original adopted budget. It is not anticipated that these variances will have a significant impact on future services or liquidity.

* * *

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 2012, the District had a total of \$2,122,881 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 2012 was \$145,589.

The following reflects the balances of fiscal year 2012 compared to fiscal year 2011:

	Governmental Activities	
	2012	2011
<i>Net of Depreciation:</i>		
Non-depreciable Land	\$ 66,145	\$ 66,145
Buildings & Improvements	1,533,311	1,595,606
Vehicles & Equipment	514,153	518,657
Office Furniture & Equipment	9,272	14,041
Total Net Capital Assets	\$ 2,122,881	\$ 2,194,449

GYPSUM FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended December 31, 2012

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	
	2012	2011
Capital Lease – Rescue Pumper Truck	\$ 81,302	\$ 119,640
Capital Lease-Purchase Agreement	1,075,323	1,114,802
Compensated Absences	51,586	48,844
Total Long-Term Obligations	\$ 1,208,211	\$ 1,283,286

CURRENT ISSUES, ECONOMIC CONDITION AND OUTLOOK

The Gypsum Fire Protection District is a combination department of paid and volunteer members. There are eleven paid employees: three engineers, three lieutenants, two captains, one chief, one deputy chief, one paid administration specialist and forty volunteer members to handle all alarms and administration needs. Voters passed a deburring question in November of 1995 to help meet the needs of the District.

The fiscal year 2012 property tax revenues reflected the impact of declining property values that have been observed Statewide. In November, the District took a mill levy increase question to the voters, which was defeated by a two to one margin. The District will move forward being mindful of that voice while continuing to provide the best possible service to the District's residents and property owners.

During 2012, the District refurbished a twenty year-old fire truck into a wild land squad truck, saving a large capital purchase and continuing to focus on the threat of urban interface fires. Eagle River Fire Protection District generously donated a brush truck to Gypsum Fire Protection District as well. There were five hundred and twenty nine emergency call (911) activations, or 1.4 per 24-hour period. On average, there were 4.75 volunteers per 24-hour shift. Due to decreases in capital impact fees, which are reflective of decreased development in District boundaries, one of the two leases held by the District was paid out of General Fund resources rather than from Capital Projects Fund impact fees; it is anticipated that the District will continue to do so in 2013 through transfers to the Capital Projects Fund to cover its debt service requirements.

The District certified a total mill levy of 6.892 mills for the year which will generate approximately \$894,718 in property tax revenues for the District. For 2013, the District will continue managing expenditures to keep pace with conservative revenue forecasts, while trying to keep reserves intact as much as possible.

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

The Gypsum Fire Protection District Pension Fund, a component unit of the Gypsum Fire Protection District, also issues a public annual financial statement and all required supplemental information. That report may be obtained by writing to the address listed above.

GOVERNMENT - WIDE FINANCIAL STATEMENTS

GYPSUM FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION
December 31, 2012

	<u>Governmental Activities</u>
<u>ASSETS:</u>	
Cash and Cash Equivalents	\$ 1,039,187
Receivables:	
Cash with County Treasurer	704
Accounts Receivable, Net	15,698
Property Taxes – Deferred	894,718
Capital Assets:	
Non-depreciable Land	66,145
Other Capital Assets, Net of Accumulated Depreciation	<u>2,056,736</u>
TOTAL ASSETS	<u>4,073,188</u>
 <u>LIABILITIES</u>	
Accounts Payable	2,246
Accrued Interest	35,765
Long-term Obligations:	
Due within one year:	
Notes Payable – Capital Leases	81,329
Due in more than one year:	
Notes Payable – Capital Leases	1,075,296
Accrued Vacation and Comp Time	<u>51,586</u>
TOTAL LIABILITIES	<u>1,246,222</u>
 <u>DEFERRED INFLOW OF RESOURCES</u>	
Unavailable Revenues – Property Taxes	<u>894,718</u>
TOTAL DEFERRED INFLOW OF RESOURCES	<u>894,718</u>
 <u>NET POSITION:</u>	
Invested in Capital Assets, Net of Related Debt	966,256
Restricted for:	
Emergencies	30,650
Unrestricted	<u>935,342</u>
TOTAL NET POSITION	<u>\$ 1,932,248</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, 2012

	PROGRAM REVENUES		
EXPENSES	Charges For Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES:			
Fire Protection Services	\$ 986,028	\$ 67,884	\$ -
Fundraising	579	-	1,867
Interest on Long-term Debt	58,921	-	-
Other Fiscal Charges	29,489	-	-
TOTAL PRIMARY GOVERNMENT	\$ 1,075,017	\$ 67,884	\$ 1,867

GENERAL REVENUES:

Taxes:

- Property Taxes, Levied For General Purposes
- Specific Ownership Taxes, for General Purposes
- Impact Fees
- Rental Income
- Unrestricted Interest and Investment Earnings

Total General Revenues

Excess before Transfers

Transfers - Pension

Change in Net Position

NET POSITION – BEGINNING OF YEAR

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>
\$	(860,548)
	1,288
	(58,921)
	<u>(29,489)</u>
	<u>(947,670)</u>
	937,290
	35,879
	61,837
	2,370
	<u>2,478</u>
	<u>1,039,854</u>
	92,184
	<u>(32,348)</u>
	59,836
	<u>1,872,412</u>
\$	<u><u>1,932,248</u></u>

FUND FINANCIAL STATEMENTS

GYPSUM FIRE PROTECTION DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2012

	General Fund	Capital Projects	Total Governmental Funds
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 1,015,225	\$ 23,962	\$ 1,039,187
Receivables:			
Cash with County Treasurer	704	-	704
Accounts Receivable, Net	15,698	-	15,698
Property Taxes - Deferred	894,718	-	894,718
Total Assets	\$ 1,926,345	\$ 23,962	\$ 1,950,307
<u>LIABILITIES, DEFERRED OUTFLOWS AND FUND BALANCES:</u>			
Liabilities:			
Accounts Payable	\$ 2,246	\$ -	\$ 2,246
Total Liabilities	2,246	-	2,246
Deferred Inflow of Resources:			
Deferred Property Taxes	894,718	-	894,718
Total Deferred Inflow of Resources	894,718	-	894,718
<u>Fund Equity:</u>			
Fund Balance:			
Restricted for Emergencies	29,350	1,300	30,650
Assigned	-	22,662	22,662
Unassigned	1,000,031	-	1,000,031
Total Fund Balances	1,029,381	23,962	1,053,343
Total Liabilities, Deferred Inflows and Fund Balances	\$ 1,926,345	\$ 23,962	\$ 1,950,307

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, 2012

TOTAL GOVERNMENTAL FUND BALANCES		\$ 1,053,343
<p>Amounts reported for governmental activities on the Statement of Net Position are different because of the following:</p>		
<p>Capital assets used in governmental activities are not financial resources, therefore, they are not reported in the governmental funds.</p>		
Governmental Capital Assets	\$ 3,902,047	
Less Accumulated Depreciation	<u>(1,779,166)</u>	2,122,881
<p>Some liabilities are not due and payable in the current year and, therefore, are not reported in the governmental funds:</p>		
Accrued Interest Payable	\$ (35,765)	
Current Portion of Long-term Liabilities	<u>(81,329)</u>	(117,094)
Long-term liabilities are not due and payable in the current year and, therefore, are not reported in the governmental funds.		<u>(1,126,882)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 1,932,248</u>

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, 2012

	General Fund	Capital Projects	Total Governmental Funds
REVENUES:			
Local Property Taxes	\$ 937,290	\$ -	\$ 937,290
Specific Ownership Taxes	35,879	-	35,879
Out of District Calls	21,291	-	21,291
Impact Fees	-	61,837	61,837
Fees, Permits, Fines & Other	46,593	-	46,593
Grants - Federal	42,596	-	42,596
Fundraising and Donations	1,867	-	1,867
Rental Income	2,370	-	2,370
Interest Income	2,477	1	2,478
Total Revenues	1,090,363	61,838	1,152,201
EXPENDITURES:			
Capital Outlay	74,021	-	74,021
Community Education	3,469	122	3,591
Collection Fees and Abatements	29,489	-	29,489
Debt Service – Principal	39,479	38,338	77,817
Debt Service – Interest	56,186	4,750	60,936
Dispatch and Intergovernmental Support	39,704	-	39,704
Donations and Scholarships	1,331	-	1,331
Dues and Subscriptions	2,774	-	2,774
Fleet – Gas and Oil	14,697	-	14,697
Fundraising Expense	579	-	579
Insurance	38,774	-	38,774
Miscellaneous Administrative	15,330	-	15,330
Office Expense	3,490	-	3,490
Payroll Taxes	24,230	-	24,230
Professional Services	38,315	-	38,315
Protective Clothing, Uniforms & Tools	5,650	-	5,650
Repairs and Maintenance – Building	5,626	-	5,626
Repairs & Maintenance – Equipment	10,831	-	10,831
Salaries and Benefits	533,798	-	533,798
Telecommunications	7,824	-	7,824
Training, Travel and Meals	12,106	-	12,106
Utilities	14,298	-	14,298
Volunteer Incentives/Reimbursement	65,328	-	65,328
Total Expenditures	1,037,329	43,210	1,080,539
Excess of Revenues Over (Under) Expenditures	53,034	18,628	71,662
OTHER FINANCING SOURCES (USES):			
Intergovernmental Capital Contribution	15,000	-	15,000
Transfers (Out) – Pension Fund	(32,348)	-	(32,348)
Total Other Financing Sources (Uses)	(17,348)	-	(17,348)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	35,686	18,628	54,314
Fund Balance – Beginning of Year	993,695	5,334	999,029
Fund Balance – End of Year	\$ 1,029,381	\$ 23,962	\$ 1,053,343

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, 2012

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS \$ 54,314

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	\$	74,021	
Depreciation		<u>(145,589)</u>	(71,568)

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: 77,817

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: (2,742)

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. 2,015

CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 59,836

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

GYPSUM FIRE PROTECTION DISTRICT
STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUND
December 31, 2012

	Expendable Trust Pension Fund
<u>ASSETS:</u>	
Cash and Cash Equivalents	\$ 2,844
Investments in Fire and Police Pension Association	507,540
State Pension Contribution Receivable	14,400
TOTAL ASSETS	\$ 524,784
 <u>LIABILITIES AND NET POSITION:</u>	
Liabilities:	
Accounts Payable	\$ -
Total Liabilities	-
Net Position:	
Restricted for:	
Retirement Benefits	524,784
Unrestricted	-
Total Net Position	524,784
TOTAL LIABILITIES AND NET POSITION	\$ 524,784

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

GYPSUM FIRE PROTECTION DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY ASSETS
FIDUCIARY FUND
For the Fiscal Year Ended December 31, 2012

	<u>Expendable Trust Pension Fund</u>
<u>ADDITIONS:</u>	
Contributions:	
Employer	\$ 32,348
State	14,400
Total Contributions	<u>46,748</u>
Investment Income:	
Net Appreciation (Depreciation) in Fair Value of Investments	36,253
Interest, Dividends and Other Earnings	8,065
Real Estate, Net	-
Realized Gain (Loss)	12,046
Net Investment Income (Loss)	<u>56,364</u>
Total Net Additions (Reductions)	<u>103,112</u>
<u>DEDUCTIONS:</u>	
Benefits	50,100
Administration	4,290
Total Deductions	<u>54,390</u>
Net Increase (Decrease)	48,722
Net Position Held in Trust for Pension	
Benefits – Beginning of Year	<u>476,062</u>
Net Position Held in Trust for Pension	
Benefits – End of Year	<u>\$ 524,784</u>

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

GYPSUM FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

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, in conformity with generally accepted accounting principles, the financial statements of a component unit have been included in the financial reporting entity. The District has one component unit, the Gypsum Fire Protection District Pension Fund.

The Gypsum Fire Protection District Pension Fund is a separate entity organized under Colorado statutes to administer funds established for the volunteer fire fighters of the Gypsum Fire Protection District. The financial statements of the Pension Fund are prepared using the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The investments are presented at fair value except for short-term investments which are recorded at cost, which approximates fair value.

Neither the District nor the Pension Fund is a component unit of any other governmental entity.

B. Individual Component Unit Disclosure

In conformity with generally accepted accounting principles, the financial statements of the component unit have been included in the financial reporting entity as a Fiduciary Fund which is used to account for assets held by the District in a trustee capacity for individual retirees of the District.

GYPSUM FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

C. 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 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.

FUND FINANCIAL STATEMENTS

The fund financial statements provide information about the District's funds, including the component unit. Separate statements for each fund category – *governmental and fiduciary* – are presented. 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.

GYPSUM FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

C. Basis of Presentation - continued

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.

Fiduciary Fund

Pension Trust Fund

The Pension Trust Fund is used to account for assets held by the District in a trustee capacity for individual retirees of the District.

D. 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.

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 unmatured 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.

The Pension Trust Fund is accounted for using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

GYPSUM FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

E. Property Taxes Receivable and Deferred 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 deferred revenue.

F. 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 2012.

GYPSUM FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

G. 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.

H. 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

I. 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.

J. 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.

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.

GYPSUM FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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 11*, 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.

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 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.

GYPSUM FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

N. Implementation of New GASB Statements

The District has implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. These statements establish guidance for reporting deferred outflows and deferred inflows of resources. The statement also discusses how net position – no longer net assets – should be displayed. The District has incorporated these requirements effective with the financial statements dated December 31, 2012.

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. 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.

GYPSUM FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 2 - CASH AND INVESTMENTS - continued

A summary of the District's cash and investments at December 31, 2012 is as follows:

Checking Accounts (<i>Governmental and Fiduciary</i>)	\$ 46,779
Colostrust Investment Pool	<u>1,006,356</u>
Total Balances	1,053,135
Less Outstanding Items	<u>(11,104)</u>
Total Cash and Cash Equivalents (<i>Governmental and Fiduciary</i>)	<u>\$ 1,042,031</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.

As of December 31, 2012, the District had invested \$1,006,356 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, 2012, the District had \$0 invested in COLOTRUST PRIME and \$1,006,356 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.

The District's pension fund is managed by the "Fire and Police Pension Association of Colorado" (FPPA) in a Common Fund. Those investments are held in the name of the Association by their custodians. The investment in the FPPA investment pool is set by Colorado statute for funding of police and fire defined benefit pension plans. Investments consist of publicly traded common and preferred stock, convertible bonds, venture capital and real estate. Investments in FPPA are not categorized by risk as they are not evidenced by securities that exist in physical or book entry form. The fair value of the position of FPPA approximates the value of the District's investment in the pool. Additional disclosures on the pension fund can be found in *Note 7*.

As of December 31, 2012 the District's investments had the following credit ratings:

<u>Investment</u>	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Rating Agency</u>
Colostrust Accounts	\$ 1,006,356	AAAm	Standard & Poors
<u>Not Subject to Categorization</u>			
Fire and Police Pension Association of Colorado	\$ 507,540	unrated	

GYPSUM FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 2 - CASH AND INVESTMENTS - continued

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, 2012, 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, 2012.

NOTE 3 - FAIR VALUES OF FINANCIAL INSTRUMENTS

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, 2012 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet.

NOTE 4 - CAPITAL ASSETS

A summary of changes in Capital Assets follows:

	Balance <u>Jan 1, 2012</u>	Additions	Dispositions	Balance <u>Dec 31, 2012</u>
GOVERNMENTAL ACTIVITIES				
Non-depreciable Land	\$ 66,145	\$ -	\$ -	\$ 66,145
Building/Improvements	1,880,852	452	-	1,881,304
Vehicles & Equipment	1,773,243	72,216	-	1,845,459
Office Equipment	107,786	1,353	-	109,139
Less Accumulated Depreciation	<u>(1,633,577)</u>	<u>(145,589)</u>	<u>-</u>	<u>(1,779,166)</u>
Net Capital Assets	<u>\$ 2,194,449</u>	<u>\$ (71,568)</u>	<u>\$ -</u>	<u>\$ 2,122,881</u>

GYPSUM FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 5 - LONG-TERM OBLIGATIONS

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
GOVERNMENTAL ACTIVITIES					
Capital Lease Obligations:					
Dated 10/27/2005	\$ 119,640	\$ -	\$ (38,338)	\$ 81,302	\$ 39,860
Dated 07/29/2009	1,114,802	-	(39,479)	1,075,323	41,469
Compensated Absences	<u>48,844</u>	<u>2,742</u>	<u>-</u>	<u>51,586</u>	<u>-</u>
 Total	 <u>\$ 1,283,286</u>	 <u>\$ 2,742</u>	 <u>\$ (77,817)</u>	 <u>\$ 1,208,211</u>	 <u>\$ 81,329</u>

Capital Lease Obligations

Master Municipal Lease and Option Agreement dated October 27, 2005, payable to Municipal Services Group, Inc., payable in annual installments of \$43,087 through 2015 at an interest rate of 3.97%, secured by equipment. 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, 2012 is \$81,302. The annual rental payments under the agreement are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 39,860	\$ 3,227	\$ 43,087
2014	<u>41,442</u>	<u>1,645</u>	<u>43,087</u>
	<u>\$ 81,302</u>	<u>\$ 4,872</u>	<u>\$ 86,174</u>

Lease-Purchase Agreement dated July 29, 2009, 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. 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, 2012 is \$1,075,323. The annual rental payments under the agreement are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 41,469	\$ 54,196	\$ 95,665
2014	43,559	52,106	95,665
2015	45,754	49,911	95,665
2016	48,060	47,605	95,665
2017	50,483	45,182	95,665
2018-2022	293,243	185,084	478,327
2023-2027	374,974	103,353	478,327
2028-2029	<u>177,781</u>	<u>13,550</u>	<u>191,331</u>
	<u>\$ 1,075,323</u>	<u>\$ 550,987</u>	<u>\$ 1,626,310</u>

The District primarily uses the capital projects fund to retire debt on a year-to-year basis; however, due to continued lack of significant impact fees from development within the District's boundaries, during 2012, the general fund was used to retire debt on the 2009 capital lease obligation and the capital projects fund was used to retire debt on the 2005 capital lease obligation.

GYPSUM FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 6 - VOLUNTEER FIRE FIGHTER'S PENSION

The District, on behalf of its volunteer firefighters, contributes to a defined benefit pension plan which is affiliated with the Fire and Police Pension Association of Colorado (FPPA). Assets of the plan are commingled for investment purposes in the Fire and Police Member's Benefit Fund, an agent multiple-employer defined benefit pension plan administered by FPPA. The plan provides retirement benefits for members and beneficiaries according to the plan provisions as enacted and governed by the Pension Board of Trustees. Colorado Revised Statutes (CRS), as amended, establishes basic benefit provisions under the plan. FPPA issues a publicly available annual financial report that includes the assets of the volunteer plan. That report may be obtained by calling FPPA at 1-800-332-3772.

The Pension Fund's Board of Trustees is comprised of the five Directors of the District, a retired volunteer and an active volunteer. At the date of the most recent actuarial study, December 31, 2011, there were 9 retired volunteers receiving benefits and 14 active volunteers of which 6 are vested in the plan.

Volunteer firefighters who maintain an average of 36 hours per year of training participation in the department are eligible to participate in the plan for that year. Volunteers' rights to a benefit vest after 20 years of service. Volunteers who retire at, or after the age of fifty with ten years of credited service, are entitled to a reduced benefit. In addition, the plan provides death and disability benefits, funded by insurance policies.

The financial statements of the volunteer plan are prepared using the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The investments are presented at fair value except for short term investments which are recorded at cost, which approximates fair value.

The District makes contributions based upon District established benefits and funding requirements based upon an actuarial study. Plan members do not make contributions. The State of Colorado also contributes to the plan in an amount set by statute. A summary of the contributions to the Pension Fund and annual required contributions based upon actuarial studies for the current and prior five years are as follows:

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
District contributions	\$ 32,348	\$ 32,348	\$ 32,348	\$ 32,348	\$ 16,000	\$ 16,000
State of Colorado Contributions	<u>14,400</u>	<u>14,400</u>	<u>14,400</u>	<u>14,400</u>	<u>14,400</u>	<u>14,400</u>
Total combined contributions	<u>\$ 46,748</u>	<u>\$ 46,748</u>	<u>\$ 46,748</u>	<u>\$ 46,748</u>	<u>\$ 30,400</u>	<u>\$ 30,400</u>
Annual required contributions	<u>\$ 46,748</u>	<u>\$ 46,748</u>	<u>\$ 46,748</u>	<u>\$ 46,748</u>	<u>\$ 30,400</u>	<u>\$ 30,400</u>
Contributions as a percent of annual required contributions	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>
Net pension obligations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

For the years ended December 31 presented above, the contributions were equal to or exceeded the annual required contribution. There were no net pension obligations as of December 31 for any of the years presented above.

GYPSUM FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 6 - VOLUNTEER FIRE FIGHTER'S PENSION – continued

The Annual Required Contribution (ARC) for the current year was determined by the FPPA actuary, using the “entry age normal” cost method and is as of January 1, 2011. The significant actuarial assumptions used in the valuation were: (a) life expectancy of participants obtained from the 1994 Group Annuity Mortality Table loaded for fire and police experience; (b) retirement age assumption of 50 with 20 years of service; (c) investment return of 8% per annum net of operating expenses, compounded annually; and (d) an inflation rate of 3.5%.

For the purpose of this actuarial study, plan assets were valued at fair value using quoted market prices except for real estate which is recorded at estimated fair value based upon periodic appraisals, investments in limited partnerships which are recorded at estimated fair value as derived from the financial statements of the partnerships and guaranteed investment contracts which are recorded at contract value. Securities transactions are recorded on a trade dated basis. The study utilized a level dollar amortization over a closed period of 20 years. The asset valuation method is based on a three-year moving average of expected and actual market values determined as follows: 1) at the beginning of each plan year, an expected market asset value is calculated as the sum of the previous year’s market value increased with a year’s interest at the Plan valuation rate plus net cash flow (excluding expenses) adjusted for interest (at the same rate) to the end of the previous plan year; 2) the difference between the expected market asset value and the market value is the investment gain or loss for the previous plan year; 3) the final actuarial asset value is the actual market value plus one-third of the investment gain or (loss) for the previous plan year; and 4) The actuarial value was initialized at market value as of January 1, 1999.

A summary of funding progress based upon actuarial studies, which are updated every two years, is as follows. A summary of funding progress for years prior to 1997 is not available.

Actuarial Valuation Date	Net Position Available for Benefits (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Liability (c)	Funded Ratio (a)/(b)
01/01/11	\$ 460,176	\$ 759,943	\$ 299,767	61%
01/01/09	\$ 399,578	\$ 716,501	\$ 316,923	56%
01/01/07	\$ 434,034	\$ 656,755	\$ 222,721	66%
01/01/05	\$ 347,783	\$ 474,876	\$ 127,093	73%
01/01/03	\$ 296,572	\$ 429,830	\$ 133,258	69%
01/01/01	\$ 278,534	\$ 371,970	\$ 93,436	75%
01/01/99	\$ 206,306	\$ 102,469	\$ (103,837)	201%
12/31/97	\$ 147,244	\$ 112,984	\$ (34,260)	130%

NOTE 7 - STATE FIRE AND POLICE PENSION PLAN

The District contributes to the Statewide Defined Benefit Plan, a cost-sharing multiple-employer defined benefit pension plan administered by the Colorado Fire and Police Pension Association (FPPA). The Statewide Defined Benefit Plan provides retirement benefits for members and beneficiaries. Death and disability coverage is provided for members hired prior to January 1, 1997 through the Statewide Death and Disability Plan which is also administered by FPPA. This is a non-contributory plan. All full-time paid firefighters of the District are members of the Statewide Defined Benefit Plan. Colorado Statutes assign the authority to establish benefit provisions to the state legislature. FPPA issues a publicly available annual financial report that includes financial statements and required supplementary information for both the Statewide Defined Benefit Plan and the Statewide Death and Disability Plan. That report may be obtained by calling FPPA at 303-770-3772 in the Denver Metro area and 1-800-332-FPPA (3772) from outside the metro area.

GYPSUM FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 8 - 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 \$23,585 in fiscal year 2012 related to these intergovernmental agreements and there were no unpaid liabilities due as of year-end. In addition, during 2012 the District received \$20,000 from Eagle County for 800 MhZ DTR radio programming on behalf of the County under a separate intergovernmental agreement.

NOTE 9 - CONTINGENCIES

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, 2012.

NOTE 10 - 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. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 11 - 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, 2012 is approximately \$30,650.

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.

GYPSUM FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 11 - STATUTORY COMPLIANCE - continued

B. Budgetary Compliance

Although no expenditures exceeded budgetary appropriations and available fund balances for the District's funds, the amounts used for available beginning fund balances for budgetary purposes exceeded actual available beginning fund balances for each of the individual funds. This may not be in compliance with Colorado Revised Statutes.

NOTE 12 - SUBSEQUENT EVENTS

Management has evaluated events subsequent to December 31, 2012 through the issuance date of this report. There has been no materials event noted during this period that would impact the results reflected in this report or the District's results going forward.

REQUIRED SUPPLEMENTAL INFORMATION

GYPSUM FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
December 31, 2012

	GENERAL FUND			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>BUDGETARY REVENUES:</u>				
Local Property Taxes	\$ 911,718	\$ 911,718	\$ 937,290	\$ 25,572
Specific Ownership Taxes	24,000	24,000	35,879	11,879
Out of District Calls	2,000	2,000	21,291	19,291
Fees, Permits, Fines and Other	10,000	10,000	46,593	36,593
Capital Grants and Contributions	-	-	57,596	57,596
Fundraising and Donations	1,000	1,000	1,867	867
Rental Income	-	-	2,370	2,370
Interest Income	500	500	2,477	1,977
Total Budgetary Revenues	<u>949,218</u>	<u>949,218</u>	<u>1,105,363</u>	<u>156,145</u>
<u>BUDGETARY EXPENDITURES:</u>				
General Expenditures:				
Capital Outlay	19,000	19,000	74,021	(55,021)
Community Education	4,500	4,500	3,469	1,031
County Treasurer Fees and Abatements	31,385	31,385	29,489	1,896
Debt Service – Principal	39,479	39,479	39,479	-
Debt Service – Interest	60,521	60,521	56,186	4,335
Dispatch and Intergovernmental Support	40,900	40,900	39,704	1,196
Donations and Scholarships	2,000	2,000	1,331	669
Dues and Subscriptions	1,000	1,000	2,774	(1,774)
Fleet – Gas and Oil	10,650	10,650	14,697	(4,047)
Fundraising Expense	1,100	1,100	579	521
Insurance	31,995	31,995	38,774	(6,779)
Miscellaneous Administrative	5,040	5,040	15,330	(10,290)
Office Expense	4,500	4,500	3,490	1,010
Payroll Taxes	22,672	22,672	24,230	(1,558)
Professional Services	19,000	19,000	38,315	(19,315)
Protective Clothing, Uniforms and Tools	13,261	13,261	5,650	7,611
Repairs and Maintenance – Building	3,750	3,750	5,626	(1,876)
Repairs and Maintenance – Equipment	19,500	19,500	10,831	8,669
Salaries and Benefits	537,266	537,266	533,798	3,468
Telecommunications	7,000	7,000	7,824	(824)
Training, Travel and Meals	11,740	11,740	12,106	(366)
Utilities	15,000	15,000	14,298	702
Volunteer Incentives/Reimbursements	60,000	60,000	65,328	(5,328)
Contingency	933,660	933,660	-	933,660
Emergency Reserves	59,609	59,609	-	59,609
Other Financing Uses:				
Interfund Transfers Out	-	-	-	-
Transfers Out – Pension Fund	32,348	32,348	32,348	-
Total Budgetary Expenditures	<u>1,986,876</u>	<u>1,986,876</u>	<u>1,069,677</u>	<u>917,199</u>
Excess of Budgetary Revenues Over (Under) Budgetary Expenditures	(1,037,658)	(1,037,658)	35,686	1,073,344
Fund Balance – Beginning of Year	<u>1,037,658</u>	<u>1,037,658</u>	<u>993,695</u>	<u>(43,963)</u>
Fund Balance – End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,029,381</u>	<u>\$ 1,029,381</u>

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, 2012

	<u>CAPITAL PROJECTS FUND</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>BUDGETARY REVENUES:</u>				
General Revenues:				
Impact Fees	\$ 40,000	\$ 40,000	\$ 61,837	\$ 21,837
Interest Income	30	30	1	(29)
Other Financing Sources:				
Interfund Transfers In (Out)	-	-	-	-
 Total Budgetary Revenues	<u>40,030</u>	<u>40,030</u>	<u>61,838</u>	<u>21,808</u>
<u>BUDGETARY EXPENDITURES:</u>				
General Expenditures:				
Collection Fees	-	-	122	(122)
Debt Service				
Principal	38,338	38,338	38,338	-
Interest	14,678	14,678	4,750	9,928
Contingency	-	-	-	-
 Total Budgetary Expenditures	<u>53,016</u>	<u>53,016</u>	<u>43,210</u>	<u>9,806</u>
 Excess of Budgetary Revenues Over (Under) Budgetary Expenditures	 (12,986)	 (12,986)	 18,628	 31,614
 Fund Balance – Beginning of Year	 <u>12,986</u>	 <u>12,986</u>	 <u>5,334</u>	 <u>(7,652)</u>
 Fund Balance – End of Year	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 23,962</u>	 <u>\$ 23,962</u>

GYPSUM FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN NET POSITION – BUDGET AND ACTUAL
EXPENDABLE TRUST PENSION – FIDUCIARY FUND
December 31, 2012

	EXPENDABLE TRUST PENSION FIDUCIARY FUND			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>ADDITIONS:</u>				
Contributions:				
Employer	\$ 32,348	\$ 32,348	\$ 32,348	\$ -
State	14,400	14,400	14,400	-
Total Contributions	46,748	46,748	46,748	-
Investment Income:				
Net Investment Income (Loss)	41,001	41,001	56,364	15,363
Total Additions (Reductions)	87,749	87,749	103,112	15,363
<u>DEDUCTIONS:</u>				
Benefits	45,100	45,100	50,100	(5,000)
Administration	3,000	3,000	4,290	(1,290)
Contingency	551,590	551,590	-	551,590
Total Deductions	599,690	599,690	54,390	545,300
Net Increase (Decrease)	(511,941)	(511,941)	48,722	560,663
Net Position Held in Trust for Pension Benefits:				
Beginning of Year	511,941	511,941	476,062	(35,879)
End of Year	\$ -	\$ -	\$ 524,784	\$ 524,784