



GRAND VALLEY FIRE PROTECTION DISTRICT

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2018 BUDGET STATEMENT

Budget Message

The 2018 budgets were prepared within Division of Local Government guidelines. The budgets, through the use of Property Taxes and additional funds collected because of the District's De-Brucing capabilities, will be able to maintain existing programs and services. The budgetary basis of accounting is a modified accrual basis. Services budgeted for include: Fire District Administration, Fire Protection & Rescue Services, Fire Prevention, Fire Fighter & EMS Training, Fire Communications, Fire Repair Services, Emergency Medical Services, Fire Station and Buildings Maintenance, a Capital Projects Fund and a Volunteer Firefighter Pension program.

Budget Premise

The total assessed valuation for taxable year 2017 decreased from \$655,710,670 in 2016, to \$620,692,220. The mill levy was calculated using the "TABOR Mill Levy Limit". The mill levy will stay the same as the previous year, 3.267. Property tax revenues will decrease from the 2017 amount of \$2,142,207 to the 2018 amount of \$2,027,801.

The Operating and Non-Operating revenues of the General Fund are expected to decrease from an estimated 2017 amount of \$2,493,516 to the budgeted 2018 amount of \$2,366,435. Total General Fund Available Operational Revenues (including previous year fund balance) will decrease from an estimated 2017 amount of \$4,877,563 to the budgeted 2018 amount of \$4,036,004. This amount includes a last minute Oil & Gas abatement challenge to the Garfield County of \$6.7 million dollars. The District's portion could be \$381,000, including penalties and interest. It is anticipated that a decision will be made by the Garfield County as to the abatement settlement early in 2018. The Total Operational Expenditures + Future Operational Reserves Adjustments of the General Fund are expected to increase from the budgeted 2017 amount of \$3,697,578 to the budgeted 2018 amount of \$3,977,641, or \$280,063. If the grant projects planned for 2018 are not factored in, the 2018 budget will be \$164,022 less than the 2017 budget. The Year-End Operational Profit / Loss of the General Fund will decrease from an estimated 2017 amount of \$1,669,569 to the budgeted 2018 amount of \$58,363. The Ending General Fund Balance for 2018, which includes the TABOR Emergency Reserves and Future Operational Reserves, will decrease from the estimated 2017 amount of \$5,329,249 to the budgeted 2018 amount of \$3,741,132.

The District created a Capital Projects Fund account in 2006, to plan and purchase large capital items. The Total Available Revenues of the Capital Projects Fund are expected to decrease from the estimated 2017 amount of \$486,151 to the budgeted 2018 amount of \$438,332. Funds for this account are transferred in from the General Fund account and saved/spent from this account accordingly. The District has crafted the 2018 Capital Projects Fund budget to allow for the purchase of needed vehicles and the replacement of others, based on the District's Apparatus/Vehicle

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replacement schedule. There is one ambulance planned for replacement in the year 2018. If this purchase is made, the ending Capital Projects Fund Balance will decrease from an estimated 2017 amount of \$438,257 to the budgeted 2018 amount of \$228,332. This purchase may be deferred in light of the 2018 Oil and Gas abatement and other financial needs of the District.

The District created a Future Operational Reserves Fund in 2012. Monies for this account are garnered from within from the General Fund account and will be saved until such time that they are needed to supplement shortages in the General Fund's Operational Revenues. It has been the District's desire to save enough in reserves to fully fund the operations of the District for two (2) years. To date, the District has saved approximately one year of funding. The fund balance of the Future Operational Reserves account will remain the same as 2017, \$3,563,440, because of the decrease in the District's Assessed Valuation, no funds have been allocated to increase the fund.

The Total Available Revenues of the Volunteer Firefighter Pension Fund are expected to increase from an estimated 2017 amount of \$4,084,111 to the budgeted 2018 amount of \$4,398,439. The Total Expenditures of the Volunteer Firefighter Pension Fund are expected to increase from an estimated 2017 amount of \$183,340 to the budgeted 2018 amount of \$221,519. The 2018 expenditures include the current list of retirees, widows/widowers, fees and expenses, and unreserved expenditures/identified fees. The year-end Ending Volunteer Firefighter Pension Fund Balance will increase from an estimated 2017 amount of \$3,900,771 to the budgeted 2018 amount of \$4,176,920.

Budget Summary

General Fund

This budget reflects past budgets and incorporates the adjustments of the auditor's report from the 2016 audit. Operating Revenues are not expected to change significantly. The District relies heavily on the current oil & gas activities to support and sustain the District's mission. During 2010, there was a large drop in natural gas production due to the fall of gas prices. The District's Assessed Valuation has decreased 70.58%, \$2,109,843,871 (2009) to \$620,692,220 (2017). The oil and gas industry has continued to drill new wells in the Grand Valley Fire Protection District, however at a much slower rate. Production rates have also been reduced because of the fall in natural gas prices. The 2018 Operating Revenues are expected to increase through the use of an outside EMS billing agency. Non-Operating Revenues are expected to increase if the district is successful in receiving grants (total of 4) from US Fire Administration Fire Act Grant, Colorado Department of Public Health and Environment EMS Grant, and Garfield County Federal Mineral Lease District Grants, even though the 2018 General Property Tax will be less. Total Available Operational Revenues are expected to decrease from the 2017 Budget by 12.88% (\$596,517).

Fire Administration expenditures are expected to increase from the 2017 Budget by 1.33% (\$40,380). Full-Time staff salaries and benefits have been set based on the area-wide survey conducted in 2015, of other Fire Protection Districts/Departments in Garfield County and surrounding FPD/FDs. The District currently supports paying its Volunteers through the use of the State & Federal government approved "Bright Line Test" program. This program allows volunteers to be paid "20% of a starting salaried position" as compensation for their time spent responding to Calls for Service, attending training sessions and Business Meetings while volunteering for the Grand Valley Fire Protection

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District. The District also has a "Part-Time" employment program. This program has been designed to pay part-time employees based on their level of fire and/or EMS certification(s), similar to full-time employees. The Board of Directors has elected to not include a COLA increase in the 2018 budget as a cost saving measure. The District has re-designed its former "Certification based Step" program to a new "Performance Review" and "Certification Pay" system, which was implemented during 2016. Performance Pay will not be awarded in 2018 as another cost savings measure. Several of the Fire Administration lines have been significantly reduced as additional cost saving measures.

Fire Fighting expenditures have been increased from the 2017 Budget by 521.32% (\$229,900). There are two major firefighting equipment purchases being planned for 2018, SCBA units and Bunker Gear. Both purchases are for equipment that will be out of service as of the end of 2017. Both of these purchases will require matching grants, USFA Fire Act Grant and Garfield County Federal Mineral Lease District Grant. The rest of the Fire Fighting portion of the budget has been reduced for 2018.

The Fire Prevention section will be reduced 21.43% (\$1,500). The budgeted amount for 2018 should be adequate to meet the needs of the school population of Garfield County School District 16 and other basic public education needs of the community.

Fire Training expenditures will be decreased in 2018 by 5.88% (\$3,500). This decrease is due to the reduction of out of District Training the District will be approving for 2018. In order to compensate for this reduction, the District will schedule more in District and shared resources training with other local Fire District/Departments in the coming year.

The Fire Communications line has been increased from the previous year's estimated amount by 3,300.00% (\$99,000). Funds will be used to maintain the current inventory of communications and start the replacement of the District's 800 MHz portable radios. This purchase will be dependent on either a USFA Fire Act Grant or a Garfield County Federal Mineral Lease District Grant.

Fire Repairs have been decreased by 13.76% (\$15,000). There are no significant vehicle and equipment upgrades scheduled for 2018. The District will continue to do as much regular preventative maintenance as possible in order to keep the overall cost of repairs down.

Emergency Medical Services has been increased for the coming year, 119.96% (\$96,085). This increase is due to the planned purchase of three LifePak 15 Defibrillator/Monitors as the District's current LifePak 12's will no longer be serviced or supported by PhysioControl. This purchase will be dependent on an EMS Grant from the Colorado Department of Public Health and Environment. The District is anticipating that the Bad Debt/Collections Expense will start to decrease over time with the out-sourcing of EMS billing.

The Fire Stations and Buildings line will decrease, 13.22% (\$13,714). The District has eliminated/taken over several of the past services to the District, such as custodial, lawn care, pest control and minor buildings/facilities maintenance.

The Unreserved / Undesignated Expense line is budgeted for \$50,000. These funds are to cover the cost of a catastrophic loss or impact on/to the District or major projects or needs that don't fall into

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capital projects. Examples of such impacts could be the cost of a large private land wildfire which utilizes Federal and other compensatable resources, loss of a piece of District fire suppression or EMS equipment, or an improvement to District facilities, etc.

There are no Capital Projects Funds transfers planned for 2018.

There are no Future Operational Reserve Adjustments planned for 2018.

Capital Projects Fund

The District has planned to purchase a new/replacement ambulance. This purchase may be deferred to a later date. The District also budgets funds for unreserved / undesignated expenses. Total funds budgeted for 2018 are \$210,000.

Volunteer Firefighters Pension Fund

The pension benefit for retired volunteer firefighters will be increased to \$891 per month for those retirees who are drawing a pension for 20 years of service, based on the FPPA Actuarial Review completed in 2017 and the subsequent approval to increase volunteer benefits by the Volunteer Firefighter Pension Board of Trustees. Widow/widowers receive \$445.50, 50% less per month. The current rate is prorated downward for those retirees, widows/widowers earning a pension for less than 20 but at least 10 years of service. The prorated amount is \$44.55 per month for retirees and \$22.28 for widow/widowers.

Volunteer Firefighter Pension Fund line items will remain substantially unchanged from the 2017 Budget. Because of the existing fund balance, the District is no longer contributing funds to the Volunteer Firefighter Pension Fund and therefore is no longer eligible for the State funding of \$10,380 per year. It is anticipated that the FPPA investment program will improve during this coming year and the revenues made from these investments will be positive. The Unreserved Expenditures line item is for un-anticipated expenditures that the District may incur, such as legal expenses, and other expenses outside of FPPA control.

There is one volunteer planning to retire in November 2018 and will be eligible to receive benefits at that time.

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