



GRAND VALLEY FIRE PROTECTION DISTRICT

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2017 BUDGET STATEMENT

Budget Message

The 2017 budget was prepared within Division of Local Government guidelines. The budget, through the use of Property Taxes and additional funds collected because of the District's De-Brucing capabilities, will be able to maintain and improve 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 Fire Fighter Pension program.

Budget Premise

The total assessed valuation for taxable year 2015 decreased from \$1,246,726,970 in 2014, to \$655,710,670. 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 2016 amount of \$4,073,057 to the 2017 amount of \$2,142,207.

The Operating and Non-Operating revenues of the General Fund are expected to decrease from an estimated 2016 amount of \$4,459,467 to the budgeted 2017 amount of \$2,512,207. Total General Fund Available Operational Revenues (including previous year fund balance) will decrease from an estimated 2016 amount of \$6,996,457 to the budgeted 2017 amount of \$4,632,520. The Total Operational Expenditures + Future Operational Reserves Adjustments of the General Fund are expected to decrease from an estimated 2016 amount of \$4,876,143 to the budgeted 2017 amount of \$3,697,578. The Year-End Operational Profit / Loss of the General Fund will decrease from an estimated 2016 amount of \$2,120,313 to the budgeted 2017 amount of \$934,942. The Ending General Fund Balance for 2017 will decrease from the 2016 amount of \$5,815,750 to the budgeted amount of \$4,571,961.

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 2016 amount of \$515,849 to the budgeted 2017 amount of \$470,678. Funds for this account are transferred in from the General Fund account and saved/spent from this account accordingly. The District has crafted the 2017 Capital Projects Fund budget to allow for the purchase of needed vehicles and the replacement of others, based on the District's Apparatus/Vehicle replacement schedule. There are no apparatus/vehicles planned for replacement in the year 2017. The District is planning on purchasing land from the Town of Parachute on which the Parachute Fire Station is located. Funds have been allocated for this purchase. Total Expenditures for 2017 will increase from \$45,321 in 2016 to \$80,000. The Ending Capital Projects Fund Balance will decrease from an estimated 2016 amount of \$470,528 to the budgeted 2017 amount of \$390,678.

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

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supplement shortages in the General Fund's Operational Revenues. It is the District's desire to save enough in reserves to fully fund the operations of the District for two (2) years. The fund balance of the Future Operational Reserves account will remain the same as 2016, \$3,561,652, 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 Pension Fund are expected to decrease from an estimated 2016 amount of \$3,658,576 to the budgeted 2017 amount of \$3,588,728. The Total Expenditures of the Volunteer Pension Fund are expected to increase from an estimated 2016 amount of \$177,825 to the budgeted 2017 amount of \$183,340. The 2017 expenditures include the current list of retirees, widows/widowers, fees and expenses, and unreserved expenditures/identified fees. The year-end Ending Volunteer Pension Fund Balance will decrease from an estimated 2016 amount of \$3,480,751 to the budgeted 2017 amount of \$3,405,389.

Budget Summary

General Fund

This budget reflects past budgets and incorporates the adjustments of the auditor's report from the 2015 audit. Operating Revenues are not expected to change significantly. Non-Operating Revenues will be significantly reduced in the 2017 Budget due to a 47% decrease in the District's Assessed Valuation. The District relies heavily on the current oil & gas activities to support and sustain the District's mission. During 2009, there was a large drop in natural gas production due to the fall of gas prices. The oil and gas industry has continued to drill new wells in the Grand Valley Fire Protection District, however at a much slower rate. The forecast for Budget Year 2017 has suggested there may be a continued slow increase in gas prices & production based on futures sales.

Fire Administration expenditures are expected to increase by 1.14% (\$35,180) this year. 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 other 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 District. The District also has a "Part-Time" employment program. This program has been re-designed to pay part-time employees based on their level of fire and/or EMS certification(s). The Board of Directors has included a COLA increase in the 2017 budget of 2.1%, based on the Denver/Boulder/Greeley CPI. 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 2017 as a cost savings measure. Several of the Fire Administration lines have been significantly reduced as additional cost saving measures.

Fire Fighting expenditures have been decreased from the previous year by 60.52% (\$67,600). There are no major firefighting equipment purchases being planned for 2017. The rest of the Fire Fighting portion of the budget has been significantly reduced for 2017.

The Fire Prevention section will be reduced 64.10% (\$8,000). The budgeted amount for 2017 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.

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Fire Training expenditures will be decreased in 2017 by 35.68% (\$33,000). This decrease is due to the reduction of out of District Training the District will be approving for 2017. 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 80.65% (\$12,500). Funds will be used to maintain the current inventory of communications. There are no plans to purchase any communications equipment during 2017.

Fire Repairs have been decreased by 31.01% (\$49,000). There are no significant vehicle and equipment upgrades scheduled for 2017. 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, 16.76% (\$11,500). This increase is due to the significant increase of unanticipated bad debt expenses from 2016, 104.55% (\$23,000). Other line items within this section have been reduced. There are no major equipment needs or other related needs anticipated for the coming year.

The Fire Stations and Buildings line will decrease, 34.98% (\$55,786). The District has reduced several of the lines, with the exception of gas & electric utilities which were budgeted with a 2.1% increase.

The Unreserved / Undesignated Expense line is budgeted for \$200,000. 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 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 2017.

There are no Future Operational Reserve Adjustments planned for 2017.

Capital Projects Fund

The District is planning on purchasing the land that Station #2 in Parachute is built on. The District also budgets funds for unreserved / undesignated expenses. All other purchases for major equipment/apparatus have been postponed until 2018. Total funds budgeted for 2017 are \$80,000.

Volunteer Pension Fund

The pension benefit for retired Volunteer fire fighters will remain \$857.20 per month for those retirees who are drawing a pension for 20 years of service, based on the FPPA Actuarial Review completed in 2015 and the subsequent approval to increase Volunteer benefits by the Pension Board of Trustees. Widow/widowers receive \$428.60, 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 \$42.86 per month for retirees and \$21.43 for widow/widowers.

Volunteer Pension Fund line items will remain substantially unchanged from the 2016 Budget. Because of the existing fund balance, the District is no longer contributing funds to the Volunteer Pension Fund

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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.

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