

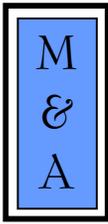
**Glenwood Springs Rural Fire Protection District
Glenwood Springs, Colorado**

**Financial Statements
December 31, 2007**

**Glenwood Springs Rural Fire Protection District
Financial Report
December 31, 2007**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors Glenwood Springs Rural Fire Protection District Glenwood Springs, Colorado

We have audited the accompanying basic financial statements of the governmental activities and the budget and actual individual fund statements of Glenwood Springs Rural Fire Protection District (the "District") for the year ended December 31, 2007, as listed in the table of contents. These financial statements are the responsibility of the management of the District. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Glenwood Springs Rural Fire Protection District as of December 31, 2007, and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

The Management's Discussion and Analysis in Section B is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The budgetary schedule for the General Fund located in Section E is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Our audit was made for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The accompanying financial information listed as Supplementary Information in the Table of Contents is presented for purposes of additional analysis and is not a required part of the financial statements of the Glenwood Springs Rural Fire Protection District. The information in these schedules has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

McMahan and Associates, LLC.

McMahan and Associates, L.L.C.
May 2, 2008

Performing services for local governments throughout Colorado

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MANAGEMENT'S DISCUSSION AND ANALYSIS

GLENWOOD SPRINGS RURAL FIRE PROTECTION DISTRICT

Management's Discussion and Analysis December 31, 2007

As management of the Glenwood Springs Rural Fire Protection District, ("District"), we offer readers of the District's financial statements this narrative summary of the financial activities of the District for the fiscal year ended December 31, 2007.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of two components: 1) financial statements; and 2) notes to the financial statements. These components are discussed below.

Financial statements: The financial statements are designed to provide readers with an overview of the District's finances, from both a short-term fund perspective and a long-term economic perspective.

The Balance Sheet/Statement of Net Assets presents information on all the District's assets and liabilities (both short-term and long-term), with the difference between the two reported as fund balance or net assets. The Balance Sheet columns present the financial position focusing on short-term available resources and are reported on a modified accrual basis of accounting. The Statement of Net Assets column presents the financial position focusing on long-term economic resources and is reported on a full accrual basis. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Revenues, Expenditures and Changes in Fund Balance/Statement of Activities shows how the government's fund balance and net assets changed during the most recent fiscal year. Again, the Statement of Revenues, Expenditures and Changes in Fund Balance columns focus on short-term available resources and are reported on a modified accrual basis. The Statement of Activities column focuses on long-term economic resources and is reported on a full accrual basis.

The District's financial statements can be found in section C of this report.

Notes to the Financial Statements: The notes provide a background of the entity, certain required statutes, and accounting policies utilized by the District. They also provide additional information that will aid in the interpretation of the financial statements. The Notes to the Financial Statements can be found in section D of this report.

Financial Analysis of the District

Glenwood Springs Rural Fire Protection District's Net Assets

	<u>2007</u>	<u>2006</u>
Assets:		
Current and other assets	\$ 831,792	889,217
Fixed assets	<u>872,229</u>	<u>906,203</u>
Total Assets	<u>1,704,021</u>	<u>1,795,420</u>
Liabilities:		
Other liabilities	541,602	519,473
Long-term liabilities	<u>795,000</u>	<u>845,000</u>
Total Liabilities	<u>1,336,602</u>	<u>1,364,473</u>
Net Assets:		
Invested in capital assets, net of related debt	60,145	46,959
Restricted for emergencies	12,628	12,392
Restricted for volunteers	-	20,897
Unrestricted	<u>294,644</u>	<u>350,699</u>
Total Net Assets	<u>\$ 367,417</u>	<u>430,947</u>

At the end of the 2007 fiscal year, the District is able to report positive balances in net assets. Overall, the District's net assets decreased \$(63,530) from the prior year. This decrease was due to increased reserve expenses for the District.

Glenwood Springs Rural Fire Protection District's Change in Net Assets

	<u>2007</u>	<u>2006</u>
Revenues:		
Property taxes	\$ 410,701	376,384
Capital improvement taxes	55,404	55,493
Specific ownership taxes	40,152	41,980
Interest	19,230	20,576
Other revenue	25	24
Volunteer firemen revenue	<u>2,069</u>	<u>5,424</u>
Total Revenues	<u>527,581</u>	<u>499,881</u>
Expenses:		
Operating expenses	502,885	406,180
Interest expense	44,913	46,740
Depreciation expense	33,974	33,974
Treasurer's fees	<u>9,339</u>	<u>8,668</u>
Total Expenses	<u>591,111</u>	<u>495,562</u>
Change in Net Assets	<u>(63,530)</u>	<u>4,319</u>
Net Assets - Beginning of the Year	<u>430,947</u>	<u>426,628</u>
Net Assets - End of the Year	<u>\$ 367,417</u>	<u>430,947</u>

Property taxes were the most significant source of income, accounting for 78% of total revenues. Capital improvement taxes of \$55,404 and specific ownership taxes of \$40,152 were also significant sources of revenue for the District, accounting for 11% and 8%, respectively, of the total revenues.

Financial Analysis of the District (continued)

When compared to 2006, revenues increase by \$27,700 in 2007. This increase is primarily due to a increase of \$34,317 in property taxes.

Fire services totaled \$502,885 or expressed as a percentage represented 85% of total expenses incurred by the District in 2007. Of this amount \$439,496 was paid by the City of Glenwood Springs, ("City"), and reimbursed to the City on a periodic basis. Emergency services equipment expense of \$55,404 accounted for 9% of total District expenses in 2007. Emergency services equipment expense has contributed to the City's equipment replacement fund pursuant to the District and City's intergovernmental agreement. The District's contribution is made in exchange for the District's use of City fire equipment. The contribution included taxes received from a specific mill levy for capital improvements.

The District maintains two funds. A General Fund, which accounts for the operations of the District, and a Debt Service Fund, which accumulates resources to make the District's required bond payments. The General Fund's ending fund balance declined significantly due to the operating expenditure being greater than the revenue brought in by the District. The Debt Service Fund ended the year with a fund balance which was largely consistent with their beginning balance. The General Fund's ending fund balance was \$183,048 and the Debt Service Fund's had a \$127,567 ending fund balance.

Budget Variances in the General Fund: The District's expenditures were \$8,119 under budget during fiscal year 2007. Volunteer expenditures were \$7,015 under budget due to conservative budgeting.

Capital Assets: The District has title to Station #3 which has a cost of \$1,019,222 and is being depreciated over an estimated useful life of 30 years. Additional information can be found in the Notes to the Financial Statements in Section D of this report.

Emergency services equipment expense represents payment to the City of Glenwood Springs for purchase of equipment which is owned by the City but available for use by the District.

Long-term debts: In 2001, the District issued limited tax general obligation bonds in the amount of \$1,130,000 to finance fire station construction and remodeling, fire equipment, and vehicle replacement. Additional information can be found in the Notes to the Financial Statements in Section D of this report.

Next Year's Budget and Rates: The District's General Fund balance at the end of the 2007 fiscal year totaled \$183,047. The District's 2008 budget anticipates an ending balance of \$77,081. This is a decrease of \$93,750.

Request for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Glenwood Springs Rural Fire Protection District, 101 W. Eighth Street, Glenwood Springs, CO 81601

BASIC FINANCIAL STATEMENTS

**Glenwood Springs Rural Fire Protection District
Balance Sheet/Statement of Net Assets
December 31, 2007**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
Assets:					
Cash and cash equivalents	180,668	126,982	307,650	-	307,650
Property tax receivable	400,349	90,877	491,226	-	491,226
Fixed assets, net of accumulated depreciation	-	-	-	872,229	872,229
Bond issuance costs, net of amortization	-	-	-	32,916	32,916
Total Assets	<u><u>581,017</u></u>	<u><u>217,859</u></u>	<u><u>798,876</u></u>	<u><u>905,145</u></u>	<u><u>1,704,021</u></u>
Liabilities:					
Deferred tax revenues	397,969	90,292	488,261	-	488,261
Accrued interest payable	-	-	-	3,343	3,343
Bonds payable:					
Due within one year	-	-	-	50,000	50,000
Due in more than one year	-	-	-	795,000	795,000
Total Liabilities	<u><u>397,969</u></u>	<u><u>90,292</u></u>	<u><u>488,261</u></u>	<u><u>848,343</u></u>	<u><u>1,336,604</u></u>
Fund Balances/Net Assets:					
Fund Balance:					
Restricted for emergencies	12,628	-	12,628	(12,628)	-
Unreserved	170,420	127,567	297,987	(297,987)	-
Total Fund Balance	<u><u>183,048</u></u>	<u><u>127,567</u></u>	<u><u>310,615</u></u>	<u><u>(310,615)</u></u>	<u><u>-</u></u>
Total Liabilities and Fund Balance	<u><u>581,017</u></u>	<u><u>217,859</u></u>	<u><u>798,876</u></u>		
Net Assets:					
Invested in capital assets, net of related debt				60,145	60,145
Restricted for emergencies				12,628	12,628
Unrestricted				294,644	294,644
Total Net Assets				<u><u>367,417</u></u>	<u><u>367,417</u></u>

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

Glenwood Springs Rural Fire Protection District
Statement of Revenues, Expenditures and Changes in Fund Balance/
Statement of Activities
For the Year Ended December 31, 2007

	General Fund	Debt Service Fund	Total	Adjustments	Statement of Activities
Revenues:					
Property taxes	318,270	92,431	410,701	-	410,701
Capital improvement taxes	55,404	-	55,404	-	55,404
Specific ownership taxes	32,192	7,960	40,152	-	40,152
Interest	12,988	6,242	19,230	-	19,230
Other revenue	25	-	25	-	25
Volunteer firemen revenue	2,069	-	2,069	-	2,069
Total Revenues	420,948	106,633	527,581	-	527,581
Expenditures/Expenses:					
Fire services	439,496	-	439,496	-	439,496
Emergency services equipment expense	55,404	-	55,404	-	55,404
Treasurer's fees	7,492	1,847	9,339	-	9,339
Volunteer expenditures	7,985	-	7,985	-	7,985
Principal payments	-	50,000	50,000	(50,000)	-
Interest expense	-	42,235	42,235	(177)	42,058
Other expenses	-	150	150	-	150
Amortization of bond issuance cost	-	-	-	2,705	2,705
Depreciation expense	-	-	-	33,974	33,974
Total Expenditures/Expenses	510,377	94,232	604,609	(13,498)	591,111
Change in Net Assets	(89,429)	12,401	(77,028)	13,498	(63,530)
Net Assets:					
Fund Balance - Beginning of the Year	272,477	115,166	387,643		430,947
Fund Balance - End of the Year	183,048	127,567	310,615		367,417

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

NOTES TO THE FINANCIAL STATEMENTS

REQUIRED SUPPLEMENTARY INFORMATION

SUPPLEMENTARY INFORMATION

Glenwood Springs Rural Fire Protection District
Notes to the Financial Statements
December 31, 2007

I. Summary of Significant Accounting Policies

The Glenwood Springs Rural Fire Protection District (the "District") is a political subdivision incorporated under the laws of the State of Colorado. The function of the District is to provide fire protection and emergency medical services to the District and its inhabitants. The District's boundaries border the City of Glenwood Springs (the "City"). Therefore, in order to improve intergovernmental efficiencies, the District has signed an intergovernmental agreement to share capital and certain operating costs. This agreement is further explained in footnote V.B. – Intergovernmental Agreements.

The financial statements of the District have been prepared in conformity with U.S. generally accepted accounting principles ("GAAP") as applied to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Reporting Entity

The District is governed by an elected Board, which is responsible for setting policy, appointing administrative personnel and adopting an annual budget in accordance with state statutes. As required by GAAP, the financial statements of the reporting entity include those of the District. No additional separate governmental units, agencies, or non-profit corporations are included in the financial statements of the District since none were discovered to fall within the oversight responsibility based upon the application of the following criteria: financial accountability, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens, and fiscal dependency.

B. Government-wide and Fund Financial Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type.

1. Government-wide Financial Statements

In the Balance Sheet/Statement of Net Assets, the Statement of Net Assets column is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables, as well as, long-term debt and obligations. The District's net assets are reported in three parts—restricted for emergencies, restricted for volunteers, and unrestricted net assets. The government-wide focus is on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

Glenwood Springs Rural Fire Protection District
Notes to the Financial Statements
December 31, 2007
(Continued)

I. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements (continued)

2. Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The fund focus is on current available resources and budget compliance. The District reports the following governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources not required to be accounted for in another fund.

The *Debt Service Fund* accounts for property taxes levied for debt payment on general obligation bonds.

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

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures or expenses are recognized in the accounts and reported in the financial statements. Financial statement presentation refers to classification of revenues by source and expenses by function.

1. Long-term Economic Focus and Accrual Basis

Governmental activities in the government-wide financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

2. Current Financial Focus and Modified Accrual Basis

The governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified, accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter (within 60 days of December 31) to be used to pay liabilities of the current period. Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, if any, is recognized when due.

D. Financial Statement Accounts

1. Cash and Cash Equivalents

Cash and cash equivalents are defined as deposits that can be withdrawn at any time without notice or penalty and investments with original maturities of three months or less.

**Glenwood Springs Rural Fire Protection District
Notes to the Financial Statements
December 31, 2007
(Continued)**

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

2. Receivables

Receivables are reported net of an allowance for uncollectible accounts.

3. Property Taxes

Property taxes are assessed in one year as a lien on the property, but not collected by the governmental entities until the subsequent year. In accordance with GAAP, the assessed but uncollected property taxes have been recorded as a receivable and as deferred revenue.

4. Capital Assets

Capital assets, which include buildings, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial cost of \$5,000 or more and an estimated useful life of at least 3 years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

Capital expenditures for projects are capitalized as projects are constructed. Interest incurred during the construction phase is capitalized as part of the value of the asset.

Capital assets are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	30

5. Bond Issuance Costs

Issuance costs for bonds are deferred and amortized over the term of the bonds using the straight-line method.

6. Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Glenwood Springs Rural Fire Protection District
Notes to the Financial Statements
December 31, 2007
(Continued)

II. Reconciliation of Government-wide and Fund Financial Statements

A. Explanation of differences between the governmental fund Balance Sheet and the government-wide Statement of Net Assets

The governmental fund Balance Sheet and the government-wide Statement of Net Assets includes a reconciling column. Explanation of the adjustments included in the reconciling column is as follows:

Debt issuance costs related to governmental activities are not financial resources and therefore, are not reported in the funds. However, in the Statement of Net Assets, bond issuance costs are recorded as assets to be amortized over the life of the bonds issued.

Bond issuance costs, net	\$32,916
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Another adjustment included as a reconciling item includes long-term liabilities that are not due and payable in the current period and therefore, are not reported in the funds. This adjustment is detailed as follows:

Accrued interest payable	\$3,343
Bonds payable	\$845,000

Capital assets used in government activities are not financial resources and therefore, are not reported in the funds. The adjustment is detailed as follows:

Capital assets	\$1,019,222
Accumulated depreciation	\$146,993

B. Explanation of differences between the governmental fund Statement of Revenue, Expenditures and Changes in Fund Balance and the government-wide Statement of Activities

The governmental fund Statement of Revenue, Expenditures and Changes in Fund Balance and the government-wide Statement of Activities includes a reconciling column. Explanation of the adjustments included in the reconciling column is as follows:

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not recorded as expenditures in governmental funds.

Interest expense	(\$177)
Amortization of bond issuance costs	\$2,705
Depreciation expense	\$33,974

Another adjustment included in the reconciliation includes the issuance of long-term debt (e.g., bonds, leases) which provides current financial resources to governmental funds. The repayment of the principal of long-term debt consumes the current financial resources of governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.

Principal paid	\$50,000
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Glenwood Springs Rural Fire Protection District
Notes to the Financial Statements
December 31, 2007
(Continued)

III. Stewardship, Compliance, and Accountability

A. Budgets and Budgetary Accounting

In the fall of each year, the District's Board of Directors formally adopts a budget with appropriations by fund for the ensuing year pursuant to the Colorado Local Budget Law. The budget for the governmental funds are adopted on a basis consistent with U.S. generally accepted accounting principles (GAAP).

- (1) For the 2007 budget, prior to August 25, 2006, the County Assessor sent to the District a certified assessed valuation of all taxable property within the District's boundaries. The County Assessor may change the assessed valuation on or before December 10, 2006 only once by a single notification to the District.
- (2) On or before October 15, 2006, the District's management submitted to the District's Board of Directors a recommended budget which detailed the necessary property taxes needed along with other available revenues to meet the District's operating requirements.
- (3) After a required publication of "Notice of Proposed Budget", the District adopted the proposed budget and an appropriating resolution which legally appropriated expenditures for the upcoming year.
- (4) For the 2007 budget, prior to December 15, 2006, the District computed and certified to the County Commissioners a rate of levy that derived the necessary property taxes as computed in the proposed budget.
- (5) After adoption of the budget resolution, the District may make the following changes: (a) supplemental appropriations to the extent of revenues in excess of the estimated in the budget; (b) emergency appropriations; and (c) reduction of appropriations for which originally estimated revenues are insufficient.

Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2006 were collected in 2007 and taxes certified in 2007 will be collected in 2008. Taxes are due on January 1st in the year of collection; however, 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 15th.

The level of control in the budget at which expenditures exceed appropriations is at the fund level. All appropriations lapse at year end.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the District because it is at present considered not necessary to assure effective budgetary control or to facilitate effective cash planning and control.

Glenwood Springs Rural Fire Protection District
Notes to the Financial Statements
December 31, 2007
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

B. 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 increases, a 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 fiscal year spending (excluding bonded debt service). The District has reserved a portion of its December 31, 2007, year-end fund balance in the General Fund for emergencies as required under TABOR in the amount of \$12,628 which is the required reserve at December 31, 2007.

On November 8, 1994, the District's electorate voted to allow the District to collect, retain, and expend all revenues generated. The remaining TABOR restrictions, which require voter approval for (1) new taxes or tax rate increases, and (2) new or additional debt, are still applicable.

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.

IV. Detailed Notes on all Funds

A. Deposits and Investments

The District's deposits are entirely covered by federal depository insurance ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first \$100,000 of the District's deposits at each financial institution. Deposit balances over \$100,000 are collateralized as required by PDPA. As of year end, the carrying amount of the District's demand deposits was \$146,847. At year end, the District had the following investments and maturities:

Glenwood Springs Rural Fire Protection District
Notes to the Financial Statements
December 31, 2007
(Continued)

IV. Detailed Notes on all Funds (continued)

A. Deposits and Investments (continued)

<u>Type:</u>	<u>Rating</u>	<u>Carrying Amount</u>	<u>Maturities</u>	
			<u>Less Than One Year</u>	<u>Less Than Five Years</u>
<i>Deposits:</i>				
Checking		\$ 23,855		
Savings		122,992		
<i>Investments:</i>				
Colotrust	AAAm	160,803	160,803	
		<u>\$ 307,650</u>		
<u>Financial Statement Captions:</u>				
Cash and cash equivalents		307,650		
		<u>\$ 307,650</u>		

The Investment Pool represents investments in COLOTRUST which is a 2a7-like pool. The fair value of the pool is determined by the pool's share price. The District has no regulatory oversight for the pool.

The District has invested \$160,803 in Colorado Local Government Liquid Asset Trust ("COLOTRUST"), an investment vehicle established for local government entities in Colorado to pool surplus funds. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00. Investments of COLOTRUST consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury securities. A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal functions of COLOTRUST. Substantially all securities owned by COLOTRUST are held by the Federal Reserve Bank in the account maintained for the custodial bank.

Interest Rate Risk. As a means of limiting its exposure to interest rate risk, the District diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer. The District coordinates its investment maturities to closely match cash flow needs and restricts the maximum investment term to less than five years from the purchase date. As a result of the limited length of maturities the District has limited its interest rate risk.

Credit Risk. State law and District policy limit investments to those authorized by State statutes including U.S. Agencies and 2a7-like pools. The District's general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments. Financial institutions holding District deposits are required to be an eligible public depository under the requirements of Colorado's Public Deposit Protection Act.

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. Amounts on deposit in excess of Federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. The 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 market value of the collateral must be at least equal to the aggregate uninsured deposits.

Glenwood Springs Rural Fire Protection District
Notes to the Financial Statements
December 31, 2007
(Continued)

III. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

Concentration of Credit Risk. The District diversifies its investments by security type and institution. Investments may only be made in those financial institutions which are insured by the Federal Deposit Insurance Corporation, the Federal Home Mortgage Association, the Federal Savings and Loan Insurance Corporation, Congressionally authorized mortgage lenders and investments that are federally guaranteed.

B. Capital Assets

Capital asset activity for the year ended December 31, 2007 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, being depreciated:				
Buildings and improvements	\$ 1,019,222	-	-	1,019,222
Total capital assets being depreciated	<u>1,019,222</u>	<u>-</u>	<u>-</u>	<u>1,019,222</u>
Less accumulated depreciation for:				
Buildings and improvements	(113,019)	(33,974)	-	(146,993)
Total accumulated depreciation	<u>(113,019)</u>	<u>(33,974)</u>	<u>-</u>	<u>(146,993)</u>
Total capital assets, being depreciated, net	<u>\$ 906,203</u>	<u>(33,974)</u>	<u>-</u>	<u>872,229</u>

The District had the following capital outlay and depreciation expense for the following functions:

	<u>Capital Outlay</u>	<u>Depreciation</u>
Governmental activities:		
General government	\$ -	33,974
Total - governmental activities	<u>\$ -</u>	<u>33,974</u>

E. Long-term Obligations

1. 2001 Limited Tax General Obligation Bonds

On November 7, 2000, the District's electorate approved issuance of bonds for fire station construction and remodeling, fire equipment, and vehicle replacement. In March 2001, the District issued \$1,130,000 of Limited Tax General Obligation Bonds. Repayment is secured through the District's covenant to levy ad valorem property taxes at a rate not to exceed 4.750 mills annually through December 31, 2020. 2001 series bonds maturing on or after December 1, 2012, are subject to redemption prior to maturity on December 1, 2011, and on any date thereafter at par. Payment dates are June and December 1 each year, interest rates on the outstanding bonds vary from 4% to 5%, and the bonds mature on December 1, 2020. Repayment of the bonds is insured through Financial Security Assurance, Inc.

Glenwood Springs Rural Fire Protection District
Notes to the Financial Statements
December 31, 2007
(Continued)

III. Detailed Notes on All Funds (continued)

E. Long-term Obligations (continued)

1. 2001 Limited Tax General Obligation Bonds (continued)

The principal and interest requirements are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 50,000	40,110
2009	50,000	37,985
2010	55,000	35,860
2011	50,000	33,385
2012	60,000	31,135
2013 - 2017	335,000	112,230
2018 - 2020	245,000	24,750
Total	<u>\$ 845,000</u>	<u>315,455</u>

2. Changes in General Long-term Debt

The District had the following changes in general long-term debt for the year ended December 31, 2007:

	<u>Balance at</u> <u>1/1/07</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>12/31/07</u>	<u>Due Within</u> <u>One Year</u>
2001 Limited Tax General Obligation Bonds	\$ 895,000	-	(50,000)	845,000	50,000
Total	<u>\$ 895,000</u>	<u>-</u>	<u>(50,000)</u>	<u>845,000</u>	<u>50,000</u>

V. Other Information

A. Legal Claims

During the normal course of business, the District incurs claims and other assertions against it from various agencies and individuals. Management of the District and their legal counsel 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, 2007.

B. Intergovernmental Agreements

Effective January 1, 1991, the District entered into an intergovernmental agreement with the City of Glenwood Springs, Colorado (the "City"). This agreement will automatically be renewed on a year-to-year basis unless either party gives a one year advance written notice of termination.

The basic provisions of this agreement are to transfer to the City all fire and ambulance protection services, to acquire and maintain equipment and facilities, to hire and manage all personnel and the related costs and benefits, to manage volunteers and the related costs and benefits, to transfer administrative costs, and to transfer all other ancillary expenditures. The District reimburses the City for its proportionate share of these costs by way of a predetermined formula as set forth in the intergovernmental agreement through the District's collection of remitted tax revenues.

Glenwood Springs Rural Fire Protection District
Notes to the Financial Statements
December 31, 2007
(Continued)

V. Other Information (continued)

B. Intergovernmental Agreements (continued)

The agreement shall remain in effect for the purpose of retiring the District's bonded indebtedness. In addition, in accordance with a separate intergovernmental agreement between the District and City, dated March 16, 1990, the District must transfer property known as Glenwood Springs Rural Fire Protection District Station No. 1 upon retirement of the General Obligation Refunding Bonds. This retirement occurred during 2000 and all general fixed assets were transferred and are accounted for by the City.

C. Pension Funds – Fire and Police Pension Association

Plan Description. 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 through the Statewide Death and Disability Plan, which is also administered by the Colorado Fire and Police Pension Association. This is a non-contributory plan. All full-time, paid police officers/firefighters of the District are members of the Statewide Defined Benefit Plan and the Statewide Death and Disability Plan. Title 31, Article 30 of the Colorado Revised Statutes ("CRS"), as amended, assigns 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 writing to FPPA of Colorado, 5290 DTC Parkway, Suite 100, Englewood, Colorado 80111 or by calling FPPA at (303) 770-3772 in the Denver Metro area, or 1-800-332-FPPA (3772) from outside the metro area.

D. Volunteer Firefighters Pension Plan

In accordance with an intergovernmental agreement with the City (see Note V. B), the City assumes the pension obligation of all District volunteers, who are subject to all of the rights and responsibilities of other volunteers in the City's fire and ambulance departments. The District's volunteers are included in the City's Fire and Police Pension Association Plan.

E. Risk Management

In accordance with an intergovernmental agreement with the City (see Note V. B), the District is included in the City's risk management policy.

F. Fund Balances

Fund balances have been reserved for specific purposes as follows:

1. Emergency Reserve

Emergency reserve is 3% of fiscal year spending as required by TABOR.

2. Volunteer Reserve

The volunteer reserve is money donated by the public to be specifically utilized for expenditures incurred by the volunteer firefighters.

Glenwood Springs Rural Fire Protection District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended December 31, 2007
With Comparative Actual Amounts for 2006

	<u>2007</u>		<u>Variance Positive (Negative)</u>	<u>2006</u>
	<u>Original and Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Property taxes	317,735	318,270	535	287,507
Capital improvement taxes	56,515	55,404	(1,111)	55,493
Specific ownership taxes	35,000	32,192	(2,808)	33,282
Interest	7,000	12,988	5,988	14,168
Other revenue	100	25	(75)	24
Volunteer firemen revenue	500	2,069	1,569	5,424
Total Revenues	<u>416,850</u>	<u>420,948</u>	<u>4,098</u>	<u>395,898</u>
Expenditures:				
Fire services - Operations	439,496	439,496	-	341,544
Emergency services equipment expense	56,515	55,404	1,111	55,493
Treasurer's fees	7,485	7,492	(7)	6,884
Volunteer expenditures	15,000	7,985	7,015	9,143
Total Expenditures	<u>518,496</u>	<u>510,377</u>	<u>8,119</u>	<u>413,064</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(101,646)</u>	<u>(89,429)</u>	<u>12,217</u>	<u>(17,166)</u>
Fund Balance - Beginning of the Year		<u>272,477</u>		<u>289,643</u>
Fund Balance - End of the Year		<u>183,048</u>		<u>272,477</u>

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

Glenwood Springs Rural Fire Protection District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Debt Service Fund
For the Year Ended December 31, 2007
With Comparative Actual Amounts for 2006

	2007		Variance Positive (Negative)	2006
	Original and Final Budget	Actual		Actual
Revenues:				
Property taxes	92,370	92,431	61	88,877
Specific ownership taxes	7,000	7,960	960	8,698
Interest	5,500	6,242	742	6,408
Total Revenues	104,870	106,633	1,763	103,983
Expenditures:				
Principal	50,000	50,000	-	45,000
Interest	42,235	42,235	-	44,035
Bond fees	150	150	-	150
Treasurer's fees	1,847	1,847	-	1,784
Total Expenditures	94,232	94,232	-	90,969
Excess of Revenues Over Expenditures	10,638	12,401	1,763	13,014
Fund Balance - Beginning of the Year		115,166		102,152
Fund Balance - End of the Year		127,567		115,166

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