



## Evans Fire Protection District

Financial Statements and Supplementary Information  
For the Year Ended December 31, 2012

# Evans Fire Protection District

## Contents

---

Letter of Transmittal	i
Independent Auditor's Report	1 - 2
Management's Discussion and Analysis	3 - 10
<b>Basic Financial Statements:</b>	
Government-wide Financial Statements:	
Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements:	
Balance Sheet - Governmental Funds	13 - 14
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	15 - 16
Notes to Financial Statements	17 - 25
<b>Required Supplementary Information:</b>	
Schedule of Revenues, Expenditures and Changes in Fund Balance (Budget and Actual) - General Fund	26
<b>Other Supplementary Information:</b>	
Schedule of Revenues, Expenditures and Changes in Fund Balance (Budget and Actual) - Capital Replacement Fund	27



April 22, 2013

To the Honorable President, Board Members, and Citizens of the Evans Fire Protection District:

State Law requires that all Special Districts publish within 240 days of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the Evans Fire Protection District for the fiscal year ended December 31, 2012.

This report consists of management's representations concerning the finances of the Evans Fire Protection District. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Evans Fire Protection District financial statements have been audited by Anton Collin Mitchell LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Evans Fire Protection District for the fiscal year ended December 31, 2012, are free of material misstatement. The independent auditor concluded based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Evans Fire Protection Districts' financial statements for the fiscal year ended December 31, 2012 are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). The Evans Fire Protection District MD&A can be found immediately following the report of the independent auditors.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Warren Jones".

Warren Jones  
Fire Chief

A handwritten signature in blue ink, appearing to read "Jessica Gonifas".

Jessica Gonifas, CPA  
Evans Deputy City Manager

**Evans Fire Protection District, 1100 37<sup>TH</sup> Street, Evans Community Complex, Evans,  
Colorado 80620, Phone – 970.475.1101, Fax – 970.330.3472, Website –  
[www.evansfiredistrict.org](http://www.evansfiredistrict.org)**



## Independent Auditor's Report

Board of Directors  
Evans Fire Protection District  
Evans, Colorado

We have audited the accompanying financial statements of the governmental activities, the major fund and aggregate remaining fund information of the Evans Fire Protection District (the "District"), as of December 31, 2012, and for the year then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

The District's 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 from 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.

### *Opinion*

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund and aggregate remaining fund information of the District, as of December 31, 2012, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America ("GAAP").



### *Other Matters*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10 and the budgetary comparison information for the General Fund on page 26 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The budgetary comparison information on page 27 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The letter of transmittal has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

*Anton Collins Mitchell LLP*

Greeley, Colorado  
April 22, 2013

April 22, 2013



## ***MANAGEMENT'S DISCUSSION AND ANALYSIS***

To serve the citizens of the Evans Fire Protection District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2012. Please read the information presented here in conjunction with the District's financial statements beginning on page 11.

### ***FINANCIAL HIGHLIGHTS***

- The assets of the District exceeded its liabilities at the close of 2012 by \$285 thousand (net position). Of this amount, \$166 thousand (unrestricted net position) may be used to meet the District's ongoing obligations to citizens and creditors. Of the remaining balance, \$55 thousand is investments in capital assets and \$64 thousand is restricted for other purposes.
- The District's total net position increased by \$296 thousand. This increase was due to the creation of the District in 2012 and revenues exceeding expenditures for the year.
- At the end of 2012, the District's governmental funds reported combined ending fund balances of \$1.0 million. Of this total amount, \$209 thousand or 21 percent is available for spending at the District's discretion (unassigned fund balance).
- At the end of 2012, the unassigned fund balance for the general fund was \$209 thousand, which was 12 percent of total general fund 2012 expenditures.

### ***OVERVIEW OF THE FINANCIAL STATEMENTS***

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

#### ***Government-wide Financial Statements – Reporting the District as a Whole***

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

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

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

Both of these government-wide financial statements present functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include administration, District Board support and elections, maintenance and new construction of facilities and apparatus, and debt service.

The government-wide financial statements include solely the operations of the District itself. There are no additional discrete or blended component units.

The government-wide financial statements can be found on Pages 11-12 of this report.

### **Fund Financial Statements – Reporting the District's Most Significant Funds**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives, or as required by legal enabling legislation. The District, like other special districts, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the District are considered governmental funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between the different statements.

The District maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund which is designated as a major fund.

The District adopts an annual budget for all of its funds. To demonstrate compliance, a budgetary comparison is provided for each of the funds.

The basic governmental fund financial statements are found on Pages 13-16 of this report.

### **Notes to the financial statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are found on Pages 17-25 of this report.

### ***Other information***

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District. Required and other supplementary information can be found on Pages 26-27 of this report.

## ***GOVERNMENT-WIDE FINANCIAL ANALYSIS – Evans Fire Protection District as a Whole***

As noted earlier, net position may serve as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$285 thousand at the close of 2012.

The District's net investment in capital assets (e.g., machinery and equipment) reflects a balance of \$55 thousand. Net position is reflected in the statements at historical cost less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net position (22 percent) represents resources that are subjected to external and internal restrictions on how they may be used. The remaining balance of unrestricted net position (\$166 thousand) may be used to meet the District's ongoing obligations to citizens and creditors. Table 1 provides a summary of the District's net position for 2012 as compared to 2011.



**Table 1**  
**Evans Fire Protection District**  
**Net Position (\$000's)**

	<b>Governmental Activities</b>	
	<b>2012</b>	<b>2011</b>
<b>Assets:</b>		
Current and other assets	\$ 1,139	\$ -
Capital assets	55	-
Total assets	1,194	-
<b>Liabilities:</b>		
Current liabilities	102	11
Long-term liabilities	807	-
Total liabilities	909	11
<b>Net Position:</b>		
Net investment in capital assets	55	-
Restricted	64	-
Unrestricted	166	(11)
Total net position	<u>\$ 285</u>	<u>\$ (11)</u>

**Evans Fire Protection District Total Net Position**  
**December 31, 2012**

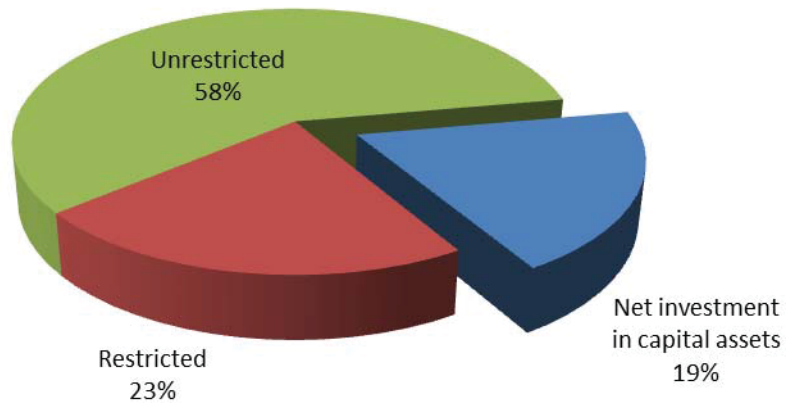


Table 2 shows the condensed Statement of Activities for the fiscal 2012 compared to the fiscal year 2011.

		<b>Governmental</b>	
		<b>2012</b>	<b>2011</b>
<b>Revenues:</b>			
<i>Program revenues:</i>			
Charges for services	\$	6	\$ -
Capital grants and contributions		10	-
<i>General revenues:</i>			
Property taxes		600	-
Specific ownership taxes		48	-
Intergovernmental		1,459	-
Other		1	-
Total revenues		2,124	-
<b>Expenses:</b>			
Administration		315	11
Operations		1,513	-
Total expenses		1,828	11
Increase (decrease) in net assets		296	(11)
Net assets – beginning		(11)	-
Net assets – ending	\$	285	\$ (11)

Governmental activities increased the District’s net position by \$296 thousand.

## FINANCIAL ANALYSIS OF THE DISTRICT’S FUNDS

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds** - The focus of the District’s governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

As of December 31, 2012, the District’s governmental funds reported ending fund balances of \$2.8 million. Approximately 21 percent of this total amount (\$209 thousand) constitutes unassigned fund balance, which is available for spending at the District’s discretion. The remainder of fund balance (\$801 thousand), is reserved to indicate that

it is not available for new spending because it has been restricted to: 1) provide an emergency reserve as required by the State Constitution (amendment to Article X, Section 20) and 2) committed and assigned fund balance which was accumulated due to revenues which were assigned to a specific function (for example, training facility revenues and transfers for capital replacement).

The General Fund is the chief operating fund of the District. As of December 31, 2012, the unassigned fund balance of the general fund was \$209 thousand. As a measure of the General Fund's liquidity, it may be useful to compare total unassigned fund balance to total fund expenditures. Total fund balance represents 56 percent of total General Fund expenditures.

In 2012, grants and contributions are the General Fund's largest source of revenue at 69 percent, or \$1.47 million. The majority of this category represents the payment from the City of Evans to the District through an intergovernmental agreement.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

The difference between the 2012 original budget and the final revised expenditure budget was \$10 thousand. This change was due to spending approved under a grant received.

During the year, actual revenues were \$2.1 million, which was slightly higher than original budgetary amounts.

Actual expenditures and other financing uses totaled \$1.8 million which was \$1.0 million under actual revenues and other financing sources. The fund balance as of December 31, 2012 is \$1.0 million. Of this amount, 1) \$64 thousand is restricted for emergencies 2) \$39 thousand is assigned for functions related to designate revenue, 3) \$725 thousand is committed for the purchase of fire apparatus in 2013 and 4) \$209 thousand is unassigned and available for appropriations as the District Board sees fit.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

*Capital Assets* - The District's investment in capital assets for its governmental activities as of December 31, 2012 amounted to \$55 thousand (net of accumulated depreciation). This investment includes machinery and equipment.

**Evans Fire Protection District Capital Assets  
(net of depreciation)**

	<b>Governmental Activities</b>	
	<b>2012</b>	<b>2011</b>
Vehicles	\$ 40	\$ -
Equipment	15	-
Total	<u>\$ 55</u>	<u>\$ -</u>

Additional information on the District’s capital assets can be found in the notes to the financial statements on Page 23 of this report.

*Debt* - As of December 31, 2012, the District had total lease obligations outstanding of \$725 thousand.

**Evans Fire Protection District Outstanding Debt**

	<b>Governmental Activities</b>	
	<b>2012</b>	<b>2011</b>
Capital Lease	\$ 725	\$ -
Compensated Absences	<u>82</u>	<u>-</u>
Total	<u>\$ 807</u>	<u>\$ -</u>

The District’s total debt was increased by \$725 thousand during 2012, due to entering into a capital lease for the purchase of a fire apparatus.

Additional information on the District’s long-term debt can be found in the notes to the financial statements on Pages 23-24 of this report.

**ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES**

- The final phase in the transition of the City of Evans (the “City”) fire services to the newly formed District involved a successfully passed ballot question in May of 2012, asking the voters for permission to transfer 10 property tax mills from the City to the District. This also resulted in all assets of the former City Fire Department transferring to the District in January 2013.
- Property tax is projected to increase by one percent for 2013.

All of these factors were considered in preparing the District’s budget for the 2013 fiscal year.

## Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, 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 questions about this report or need additional financial information, contact the City of Evans Finance Department, 1100 37<sup>th</sup> Street, Evans, Colorado 80620, (970) 475-1101.

## Basic Financial Statements

---

**Evans Fire Protection District**  
**Statement of Net Position**

December 31, 2012

	Governmental Activities
<b>Assets</b>	
Cash and cash equivalents	\$ 414,336
Restricted cash and cash equivalents	725,000
Property taxes receivable	1,708,627
Capital assets, net of accumulated depreciation	55,111
<b>Total assets</b>	<b>2,903,074</b>
<b>Liabilities</b>	
Accounts payable	66,562
Accrued wages payable	35,231
Accrued interest payable	268
Non-current liabilities:	
Accrued compensated absences	82,304
Due within one year	75,000
Due in more than one year	650,000
<b>Total liabilities</b>	<b>909,365</b>
<b>Deferred inflows of resources</b>	
Unearned revenue - property taxes	1,708,627
<b>Total deferred inflows of resources</b>	<b>1,708,627</b>
<b>Net position</b>	
Net investment in capital assets	55,111
Restricted for emergencies	63,725
Unrestricted	166,246
<b>Total net position</b>	<b>\$ 285,082</b>

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

**Evans Fire Protection District**  
**Statement of Activities**

Year Ended December 31, 2012

	Expenses	Program Revenues		Net Revenue (Expense) and Change in Net Position
		Charges for Services	Capital Grants and Contributions	Governmental Activities
<b>Governmental activities</b>				
Administration	\$ 314,618	\$ -	\$ -	\$ (314,618)
Operations	1,512,972	6,450	10,057	(1,496,465)
Interest on long-term debt	268	-	-	(268)
<b>Total governmental activities/primary government</b>	<b>\$ 1,827,858</b>	<b>\$ 6,450</b>	<b>\$ 10,057</b>	<b>(1,811,351)</b>
<b>General revenues</b>				
Property taxes				600,441
Specific ownership taxes				48,141
Intergovernmental				1,458,468
Other				618
<b>Total general revenues</b>				<b>2,107,668</b>
<b>Change in net position</b>				<b>296,317</b>
<b>Net position at beginning of year</b>				<b>(11,235)</b>
<b>Net position at end of year</b>				<b>\$ 285,082</b>

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



**Evans Fire Protection District**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2012**

	General	Capital Replacement (Non Major)	Total Governmental Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 386,336	\$ 28,000	\$ 414,336
Restricted cash and cash equivalents	725,000	-	725,000
Property taxes receivable	1,708,627	-	1,708,627
<b>Total assets</b>	<b>\$ 2,819,963</b>	<b>\$ 28,000</b>	<b>\$ 2,847,963</b>
<b>Liabilities, deferred inflows of resources and fund balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 66,562	\$ -	\$ 66,562
Accrued wages payable	35,231	-	35,231
<b>Total liabilities</b>	<b>101,793</b>	<b>-</b>	<b>101,793</b>
<b>Deferred inflows of resources</b>			
Unearned revenue - property taxes	1,708,627	-	1,708,627
<b>Total deferred inflows of resources</b>	<b>1,708,627</b>	<b>-</b>	<b>1,708,627</b>
<b>Fund balances</b>			
Restricted for emergencies	63,725	-	63,725
Committed for capital acquisition	725,000	-	725,000
Assigned for training facility	11,887	-	11,887
Assigned for capital replacement	-	28,000	28,000
Unassigned	208,931	-	208,931
<b>Total fund balances</b>	<b>1,009,543</b>	<b>28,000</b>	<b>1,037,543</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 2,819,963</b>	<b>\$ 28,000</b>	<b>\$ 2,847,963</b>

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

**Evans Fire Protection District**  
**Reconciliation of the Governmental Funds**  
**Balance Sheet with the Government-Wide Statement of Net Position**

December 31, 2012

---

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balance - governmental funds		\$ 1,037,543
---	--	--------------

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.

Capital assets	\$ 59,048		
Less: accumulated depreciation	<u>(3,937)</u>		55,111

Long-term liabilities, including capital lease obligations, accrued interest payable, and accrued compensated absences, are not due and payable from current financial resources, and therefore are not reported as liabilities in the fund financial statements.

Capital lease obligation	\$ (725,000)		
Accrued interest payable	(268)		
Accrued compensated absences	<u>(82,304)</u>		<u>(807,572)</u>

Total net position - governmental activities		\$ 285,082
--	--	------------

---

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

**Evans Fire Protection District**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended December 31, 2012**

	General	Capital Replacement (Non Major)	Total Governmental Funds
<b>Revenues</b>			
Taxes	\$ 648,582	\$ -	\$ 648,582
Charges for services	6,450	-	6,450
Grants and contributions	1,468,723	-	1,468,723
Other	420	-	420
<b>Total revenues</b>	<b>2,124,175</b>	<b>-</b>	<b>2,124,175</b>
<b>Expenditures</b>			
Current			
Administration	314,618	-	314,618
Operations	1,426,731	-	1,426,731
Capital outlay	59,048	-	59,048
<b>Total expenditures</b>	<b>1,800,397</b>	<b>-</b>	<b>1,800,397</b>
<b>Excess of revenues over expenditures</b>	<b>323,778</b>	<b>-</b>	<b>323,778</b>
<b>Other financing sources (uses)</b>			
Proceeds from capital lease	725,000	-	725,000
Transfer in	-	28,000	28,000
Transfer out	(28,000)	-	(28,000)
<b>Total other financing sources (uses)</b>	<b>697,000</b>	<b>28,000</b>	<b>725,000</b>
<b>Net change in fund balance</b>	<b>1,020,778</b>	<b>28,000</b>	<b>1,048,778</b>
<b>Fund balance at beginning of year</b>	<b>(11,235)</b>	<b>-</b>	<b>(11,235)</b>
<b>Fund balance at end of year</b>	<b>\$ 1,009,543</b>	<b>\$ 28,000</b>	<b>\$ 1,037,543</b>

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

**Evans Fire Protection District**  
**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures**  
**and Changes in Fund Balances with the Government-Wide Statement of Activities**

**Year Ended December 31, 2012**

---

Amounts reported for governmental activities on the Statement of Activities are different because:

Change in fund balance - governmental funds	\$ 1,048,778
---	--------------

Capital outlay to purchase or build capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown on the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expense in the Statement of Activities. This is the amount that capital outlay exceeded depreciation expense during the year.

Capital outlay	\$ 59,048	
Depreciation expense	<u>(3,937)</u>	55,111

Increase in accrued interest payable is reflected in interest expense on the Statement of Activities and is not reflected on the Statement of Revenues, Expenditures and Changes in Fund Balances.	(268)
--	-------

Proceeds from capital lease are treated as an other financing source in the Statement of Revenues, Expenditures and Changes in Fund Balance, but issuing debt increases long-term liabilities in the Statement of Net Position.	(725,000)
---	-----------

Increase in accrued compensated absences is reflected in expense on the Statement of Activities but is not included on the Statement of Revenues, Expenditures and Changes in Fund Balances.	(82,304)
--	----------

<hr/> Change in net position - Governmental Activities	<hr/> \$ 296,317
--	------------------

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

# Evans Fire Protection District

## Notes to Financial Statements

December 31, 2012

---

### 1. Summary of Significant Accounting Policies

#### *Form of Organization*

The Evans Fire Protection District (the "District") was formed in November 2011 within the City of Evans, Colorado. The District provides emergency response services for fires, medical emergencies, rescues, hazardous materials releases, and natural and man-made disasters within the District.

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

#### *Reporting Entity*

As defined by GAAP established by the GASB, the financial reporting entity consists of the primary government, as well as component units, which are legally separate organizations for which elected officials of the primary government are financially accountable. Financial accountability is defined as:

- 1) Appointment of a voting majority of the component unit's board, and either, a) the ability to impose its will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or
- 2) Fiscal dependency on the primary government

Based on the above criteria, there are no other organizations that would be considered component units of the District.

#### *Government-wide and Fund Financial Statements*

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes, charges for services and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on user charges for support. The District does not have any business-type activities.

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

The fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

# Evans Fire Protection District

## Notes to Financial Statements

December 31, 2012

---

### *Measurement Focus, Basis of Accounting, and Financial Statement Presentation*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are accounted for using the current financial resources measurement focus, whereby only current assets, deferred outflows of resources, liabilities, and deferred inflows of resources generally are included in the balance sheet, and the statement of revenues, expenditures and changes in fund balances present increases and decreases in those components. These funds use the modified accrual basis of accounting whereby revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recognized when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recognized only when payment is due.

Property taxes, intergovernmental grants, and earnings on investments associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

Because governmental fund statements are presented using a measurement focus and basis of accounting different from that used in the government-wide statements, a reconciliation is presented that briefly explains the adjustments necessary to reconcile to ending net position and the change in net position.

In accordance with GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions," ("GASB No. 33") the corresponding assets (receivables) in non-exchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source. Property taxes attach an enforceable lien on property as of January 1. Taxes are levied in December, payable in the following year in full by April 30, or in two equal installments due on the last day of February and June 15.

Governmental funds are used to account for all or most of a government's general activities. The following is the District's major governmental fund:

*General Fund* - The General Fund is the District's primary operating fund. It accounts for all the financial resources of the District, except those required to be accounted for in another fund.

### *Budgets*

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- By October 15, the District staff submits to the Board of Directors, a proposed operating budget for the fiscal year beginning the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- A public hearing is conducted to obtain taxpayer comments.

# Evans Fire Protection District

## Notes to Financial Statements

December 31, 2012

- Prior to December 31, the budget is legally enacted through passage of a resolution.
- Any budget revisions that alter the total expenditures of any fund must be approved by the Board of Directors through passage of a formal resolution.
- The District legally adopts budgets for all of the funds of the District on a basis consistent with GAAP.
- Budgeted amounts in the financial statements are as originally adopted or as amended by the Board of Directors. All appropriations lapse at year end.

The following table summarizes the individual fund budgeted expenditures, as originally adopted, and as revised:

	Original Budget	Total Revisions	Revised Budget
Governmental funds:			
General fund	\$ 2,023,198	\$ 10,057	\$ 2,033,255
Capital replacement fund	-	-	-
<b>Total</b>	<b>\$ 2,023,198</b>	<b>\$ 10,057</b>	<b>\$ 2,033,255</b>

### *Cash and Cash Equivalents*

Cash and cash equivalents include cash on hand and demand deposits. All cash equivalents have an original maturity date of less than three months.

### *Receivables*

In the government-wide financial statements, receivables are reported at their gross value and, when appropriate, are reduced by the estimated portion that is expected to be uncollectible. Property taxes levied on December 31, 2012 are identified as property taxes receivable and deferred inflows of resources.

### *Capital Assets*

Capital assets, which include property and equipment, are reported in the applicable District activities in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the District are depreciated using the straight-line method over the following estimated useful lives.

Description	Estimated Lives
Vehicles	5-10 years
Equipment	5-10 years

# Evans Fire Protection District

## Notes to Financial Statements

December 31, 2012

---

### *Compensated Absences*

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences," ("GASB No. 16"). Personal leave benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services rendered and it is probable that the District will compensate the employees for the benefits earned. Upon termination of employment from the District, an employee will be compensated for all accrued vacation and compensatory time at their current rate of pay.

### *Accrued Liabilities and Long-Term Obligations*

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments and the noncurrent portion of long-term liabilities that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within 60 days after year-end are considered to have been made with current available financial resources. Capital lease obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

### *Fund Balance and Net Position*

In the government-wide financial statements, net position is classified in the following categories:

*Net Investment in Capital Assets* - This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce this category.

*Restricted Net Position* - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments, and restrictions imposed by law through constitutional provisions or enabling legislation.

*Unrestricted Net Position* - This category represents the net position of the District, which is not restricted for any project or other purpose. A deficit will require future funding.

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. In accordance with GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions," fund balances of the governmental funds are classified as follows:

*Nonspendable* - amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

*Restricted* - amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation, or because of constraints that are externally imposed by creditors, grantors, or the laws or regulations of other governments.

*Committed* - amounts that can be used only for specific purposes determined by a formal action of the Board of Directors (the "Board"). The Board is the highest level of decision making authority for the



# Evans Fire Protection District

## Notes to Financial Statements

December 31, 2012

---

District. Commitments may be established, modified, or rescinded only through resolutions approved by the Board.

*Assigned* - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The Board has the authority to assign amounts for specific purposes.

*Unassigned* - all other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted resources are available, the District considers restricted resources to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

### *Revenue Recognition/Property Taxes*

Property taxes attach an enforceable lien on property as of January 1. Taxes are levied in December, payable in the following year in full by April 30, or in two equal installments due on the last day of February and June 15. The county treasurer bills and collects property taxes for all taxing entities within the county. Property tax receipts collected by the county treasurer each month are remitted to the District by the tenth day of the subsequent month. Property tax revenues are recognized in the government-wide financial statements in the year that the property taxes are used to fund the operations of the District.

In the fund financial statements, property taxes are recognized in the year for which levied provided they become available and measurable. Property tax revenues are considered available when they become due or past due and are received by the District within 60 days of the end of the fiscal year.

### *Estimates*

The presentation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

## 2. Cash and Investments

### *Custodial Credit Risk - Deposits*

Colorado state statutes govern the entity's deposits of cash. For deposits in excess of federally insured limits, Colorado Revised Statutes ("CRS") require the depository institution to maintain collateral on deposit with an official custodian (as authorized by the State Banking Board). The Colorado Public Deposit Protection Act ("PDPA") requires state regulators to certify eligible depositories for public deposit. PDPA requires the eligible depositories with public deposits in excess of the amounts insured by the Federal Deposit Insurance Corporation ("FDIC") to create a single institutional collateral pool of obligations of the State of Colorado or local Colorado governments and obligations secured by first lien mortgages on real property located in the State. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the assets in the pool must be at least 102% of the uninsured deposits. At December 31, 2012, all of the District's cash and cash equivalents were either insured by FDIC or collateralized under PDPA.

# Evans Fire Protection District

## Notes to Financial Statements

December 31, 2012

---

### *Investments:*

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which the District may invest, which include:

- Certificates of deposit with an original maturity in excess of three months
- Certain obligations of the United States and U.S. Government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Banker's acceptance of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

The District's policy is to hold investments until maturity.

### *Custodial Credit Risk - Investments*

For investments, custodial credit risk is the risk that in the event of a failure of a counter party, the District would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have a specific policy for custodial credit risk. As of December 31, 2012, the District had no investments exposed to custodial credit risk.

### *Interest Rate Risk*

Colorado Revised Statutes limit investment maturities to five years or less from the date of purchase. This limit on investment maturities is a means of limiting exposure to fair value losses arising from increasing interest rates.

At December 31, 2012 the District had cash and cash equivalent balances, including restricted cash and cash equivalents, as follows:

---

Cash with county treasurer	\$ 3,793
Bank deposits	1,135,543
Total cash and cash equivalents	\$ 1,139,336

---

**Evans Fire Protection District**  
**Notes to Financial Statements**

December 31, 2012

**3. Capital Assets**

Capital asset activity for the year ended December 31, 2012, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Capital asset:</b>				
Vehicles	\$ -	\$ 43,188	\$ -	\$ 43,188
Equipment	-	15,860	-	15,860
<b>Total capital assets</b>	-	59,048	-	59,048
<b>Less accumulated depreciation for:</b>				
Vehicles	-	(2,879)	-	(2,879)
Equipment	-	(1,058)	-	(1,058)
<b>Total accumulated depreciation</b>	-	(3,937)	-	(3,937)
<b>Total capital assets, net</b>	\$ -	\$ 55,111	\$ -	\$ 55,111

**4. Long Term Debt**

*Capital Lease Obligation*

On December 27, 2012, the District entered into a capital lease agreement with a financial institution to finance the acquisition of a fire engine. The District had not purchased the fire engine as of December 31, 2012. The lease requires annual principal payments and bi-annual interest payments at a rate of 3.37% per annum.

The following is a summary of changes in long-term debt of the District for the year ended December 31, 2012:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Capital lease obligation	\$ -	\$ 725,000	\$ -	\$ 725,000	\$ 75,000
Compensated absences	-	102,022	19,718	82,304	-
<b>Total long-term debt</b>	\$ -	\$ 827,022	\$ 19,718	\$ 807,304	\$ 75,000

**Evans Fire Protection District  
Notes to Financial Statements**

**December 31, 2012**

The annual requirements to amortize all debt outstanding as of December 31, 2012, are as follows:

Year Ending December 31,	Principal	Interest	Total
2013	\$ 75,000	\$ 12,491	\$ 87,491
2014	65,000	21,660	86,660
2015	65,000	20,425	85,425
2016	65,000	18,800	83,800
2017	70,000	17,012	87,012
2018-2022	385,000	48,000	433,000
<b>Totals</b>	<b>\$ 725,000</b>	<b>\$ 138,388</b>	<b>\$ 863,388</b>

**5. Purchase Commitment**

The District has a purchase commitment of \$725,000 to purchase a new engine with the proceeds received from the capital lease, as discussed in Note 4. This amount is reflected as restricted cash and assigned fund balance in the District's General Fund.

**6. Interfund Transfers**

The District transferred \$28,000 from its General Fund to its Capital Replacement Fund to fund a self sustaining capital replacement program for apparatus, equipment and facilities.

**7. Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District carries commercial insurance covering specific and general risks of loss, including worker's compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage.

**8. TABOR Compliance**

In November 1992, Colorado voters passed an amendment (the "Amendment" or "TABOR") to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. The limits on property taxes, revenue, and "fiscal year spending" include allowable annual increases tied to inflation and local growth in construction valuation. Fiscal year spending, as defined by the Amendment, excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves (balances). The Amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue earned in excess of the "spending limit" must be refunded or approved to be retained by the District under specified voting requirements by the entire electorate.

The Amendment also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies as defined by the Amendment, exclude economic conditions, revenue

# Evans Fire Protection District

## Notes to Financial Statements

December 31, 2012

---

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 restricted \$63,725 for this purpose.

In November 2011, registered electors of the District passed an issue allowing Evans Fire Protection District in the year 2012 and each subsequent year thereafter to collect, retain, and expend the full proceeds of the District's fees, taxes, non-federal grants, and other revenues and to spend such revenue for debt service, District operations, capital projects, and any other lawful District purpose, not withstanding any State of Colorado restrictions on revenues or spending including the restrictions of Article X, Section 20, of the Colorado Constitution, the revenue limitations in Section 29-1-301 of the Colorado Revised Statutes or any other law (such approval to constitute a permanent exclusion from the 105.5% limitation.)

The District believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions will require judicial interpretation.

### 9. Related Party Transactions

The District has entered into an intergovernmental agreement ("IGA") with the City of Evans, Colorado (the "City") to provide financial support to the District until the District received sufficient revenue to support its operations. During the transition period, all District personnel will remain employees or volunteers of the City and the City will continue to own all capital assets purchased by the City. The City contributed \$1,437,916 to the District in 2012. In addition, the District paid \$102,107 to the City for administrative services provided, including human resources, risk management, payroll, finance, and insurance.

### 10. Subsequent Events

Management of the District has evaluated subsequent events through April 22, 2013, the date that the financial statements were available to be issued. Effective January 1, 2013 all capital assets owned by the City relating to fire services were transferred to the District. In addition, all personnel became employees of the District. No other transactions or events that would require adjustment to or disclosures in the financial statements were identified.

## Required Supplementary Information

---

**Evans Fire Protection District**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance (Budget and Actual) - General Fund**  
**Year Ended December 31, 2012**

	Budgeted Amounts		Actual Amounts Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 647,475	\$ 647,475	\$ 648,582	\$ 1,107
Charges for services	5,000	5,000	6,450	1,450
Grants and contributions	1,440,916	1,465,283	1,468,723	3,440
Earnings on investments	2,068	2,068	-	(2,068)
Other	-	-	420	420
<b>Total revenues</b>	<b>2,095,459</b>	<b>2,119,826</b>	<b>2,124,175</b>	<b>4,349</b>
<b>Expenditures</b>				
Current				
Administration	102,717	102,717	314,618	(211,901)
Operations	1,740,230	1,740,230	1,426,731	313,499
Capital outlay	62,251	72,308	59,048	13,260
Debt Service	90,000	90,000	-	90,000
<b>Total expenditures</b>	<b>1,995,198</b>	<b>2,005,255</b>	<b>1,800,397</b>	<b>204,858</b>
<b>Other financing sources (uses)</b>				
Proceeds from capital lease	-	-	725,000	725,000
Transfer out	(28,000)	(28,000)	(28,000)	-
<b>Total financing sources (uses)</b>	<b>(28,000)</b>	<b>(28,000)</b>	<b>697,000</b>	<b>697,000</b>
<b>Net change in fund balance</b>	<b>\$ 72,261</b>	<b>\$ 86,571</b>	<b>1,020,778</b>	<b>\$ 934,207</b>
<b>Fund balance at beginning of year</b>			<b>(11,235)</b>	
<b>Fund balance at end of year</b>			<b>\$ 1,009,543</b>	

*See accompanying Independent Auditor's Report.*

## Other Supplementary Information

---



**Evans Fire Protection District**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance (Budget and Actual) - Capital Replacement Fund**  
**Year Ended December 31, 2012**

	<u>Budgeted Amounts</u>		Actual Amounts Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Other financing sources</b>				
Transfer in	\$ 28,000	\$ 28,000	\$ 28,000	\$ -
Total other financing sources	28,000	28,000	28,000	-
<b>Net change in fund balance</b>	<b>\$ 28,000</b>	<b>\$ 28,000</b>	28,000	<b>\$ -</b>
Fund balance at beginning of year			-	
Fund balance at end of year			<u>\$ 28,000</u>	

*See accompanying Independent Auditor's Report.*