



## Evans Fire Protection District

Financial Statements and Supplementary Information  
For the Year Ended December 31, 2013

# Evans Fire Protection District

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## 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 the aggregate remaining fund information of the Evans Fire Protection District (the "District") as of and for the year then ended December 31, 2013, 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*

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.

### *Opinions*

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 the aggregate remaining fund information of the District, as of December 31, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.



## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10, the budgetary comparison information for the General Fund on page 32, and the Volunteer Firefighters' Pension Plan-Analysis of Funding Progress on page 33 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.

### *Other Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The letter of transmittal and budgetary comparison schedules for the Capital Replacement Fund and Volunteer Firefighters' Pension Fund are presented for purposes of additional analysis and is not a required part of the basic financial statements.

The budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such 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 budgetary comparison schedules are 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 28, 2014

April 28, 2014



## **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, 2013. 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 2013 by \$2.5 million (net position). Of this amount, \$842 thousand (unrestricted net position) may be used to meet the District's ongoing obligations to citizens and creditors. Of the remaining balance, \$1.6 million is the District's net investment in capital assets and \$79 thousand is restricted for emergencies.
- The District's total net position increased by \$2.2 million. This increase was due to the transfer of assets from the City of Evans and revenues exceeding expenditures for the year.
- At the end of 2013, the District's governmental funds reported combined ending fund balances of \$1.0 million. Of this total amount, \$638 thousand or 64 percent is available for spending at the District's discretion (unassigned fund balance).
- At the end of 2013, the unassigned fund balance for the general fund was \$638 thousand, which was 24 percent of total general fund 2013 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, a major fund, and the capital replacement fund, nonmajor 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.

***Fiduciary funds*** - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on Pages 17-18 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 19-31 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 32-35 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 \$2.5 million at the close of 2013.

The District's net investment in capital assets (e.g., machinery and equipment) reflects a balance of \$1.6 million. 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 (3 percent) represents resources that are subjected to external and internal restrictions on how they may be used. The remaining balance of unrestricted net position (\$842 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 2013 as compared to 2012.

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

	<b>Governmental Activities</b>	
	<b>2013</b>	<b>2012</b>
<b>Assets:</b>		
Current and other assets	\$ 2,707	\$ 2,848
Capital assets	<u>2,219</u>	<u>55</u>
Total assets	4,926	2,903
<b>Liabilities:</b>		
Current liabilities	114	102
Long-term liabilities	<u>721</u>	<u>807</u>
Total liabilities	835	909
<b>Deferred Inflows of Resources</b>		
Unearned revenue – property taxes	1,600	1,708
<b>Net Position:</b>		
Net investment in capital assets	1,569	55
Restricted	79	64
Unrestricted	<u>843</u>	<u>166</u>
Total net position	<u>\$ 2,491</u>	<u>\$ 285</u>

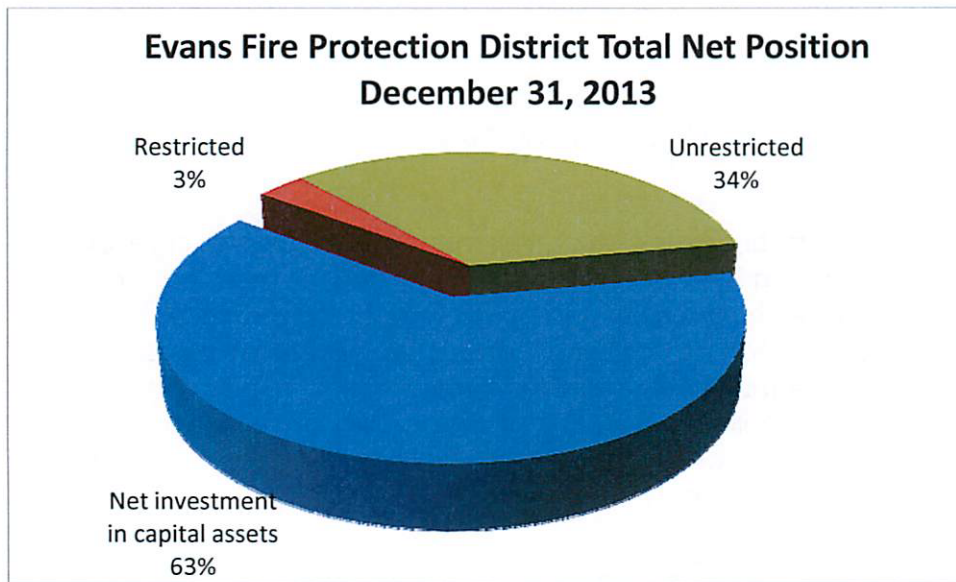




Table 2 shows the condensed Statement of Activities for the fiscal 2013 compared to the fiscal year 2012.

<b>Table 2</b>		
<b>Evans Fire Protection District</b>		
<b>Condensed Statement of Activities (\$000's)</b>		
	<b>Governmental Activities</b>	
	<b>2013</b>	<b>2012</b>
<b>Revenues:</b>		
<i>Program revenues:</i>		
Charges for services	\$ 4	\$ 6
Capital grants and contributions	92	10
<i>General revenues:</i>		
Property taxes	1,711	600
Specific ownership taxes	120	48
Intergovernmental	746	1,459
Other	<u>13</u>	<u>1</u>
Total revenues	2,686	2,124
<b>Expenses:</b>		
Administration	280	315
Operations	1,692	1,513
Interest on long-term debt	<u>21</u>	<u>-</u>
Total expenses	1,993	1,828
Increase in net position	693	296
Net position – beginning	285	(11)
Transfer from City of Evans	1,513	-
Net position – ending	\$ 2,491	\$ 285

Governmental activities increased the District's net position by \$2.2 million.

## **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, 2013, the District's governmental funds reported ending fund balances of \$1.0 million. Approximately 64 percent of this total amount (\$638 thousand) constitutes unassigned fund balance, which is available for spending at the District's

discretion. The remainder of fund balance (\$364 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, 2013, the unassigned fund balance of the general fund was \$638 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 24 percent of total General Fund expenditures.

In 2013, taxes are the General Fund's largest source of revenue at 69 percent, or \$1.83 million. The majority of this category represents property tax revenues.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

The difference between the 2013 original budget and the final revised expenditure budget was \$984 thousand. This change was due to the purchase of a new fire apparatus.

During the year, actual revenues were \$2.64 million, which was slightly higher than original budgetary amounts.

Actual expenditures and other financing uses totaled \$2.92 million which was \$272 thousand above actual revenues and other financing sources. The fund balance as of December 31, 2013 is \$738 thousand. Of this amount, 1) \$1 thousand is nonspendable for prepaid items, 2) \$79 thousand is restricted for emergencies, 3) \$19 thousand is assigned for functions related to designate revenue, and 4) \$638 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, 2013 amounted to \$2.2 million (net of accumulated depreciation). The City transferred \$1.5 million (net of accumulated depreciation) in capital assets during the year. This investment includes land, buildings, machinery, and equipment.

### Evans Fire Protection District Capital Assets (net of depreciation) (\$000's)

	Governmental Activities	
	2013	2012
Buildings	\$ 1,233	\$ -
Vehicles	857	40
Equipment	119	15
Land (not being depreciated)	<u>10</u>	<u>-</u>
Total	<u>\$ 2,219</u>	<u>\$ 55</u>

Additional information on the District's capital assets can be found in the notes to the financial statements on Page 25 of this report.

**Debt** - As of December 31, 2013, the District had a capital lease obligation outstanding of \$650 thousand.

### Evans Fire Protection District Outstanding Debt ((\$000's))

	Governmental Activities	
	2013	2012
Capital Lease	\$ 650	\$ 725
Accrued Interest Payable	10	-
Compensated Absences	<u>71</u>	<u>82</u>
Total	<u>\$ 731</u>	<u>\$ 807</u>

Additional information on the District's long-term debt can be found in the notes to the financial statements on Pages 25-26 of this report.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The District's property tax revenue is projected to decrease by four percent for 2014 as compared to 2013. This is due to a drop in assessed valuation, primarily in the oil and gas wells within the District.
- The District continues to focus on capital replacement of fire apparatus and will seek grant funding options in 2014 to replace one additional apparatus.

## **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**

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# Evans Fire Protection District

## Statement of Net Position

December 31, 2013

	Governmental Activities
<b>Assets</b>	
Cash and cash equivalents	\$ 1,099,606
Property taxes receivable	1,600,845
Other accounts receivable	6,123
Prepaid items	600
Capital assets, not being depreciated	10,000
Capital assets, being depreciated, net	2,209,014
<b>Total assets</b>	<b>4,926,188</b>
<b>Liabilities</b>	
Accounts payable	64,222
Accrued wages payable	39,474
Accrued interest payable	10,142
Non-current liabilities:	
Accrued compensated absences	70,828
Due within one year	65,000
Due in more than one year	585,000
<b>Total liabilities</b>	<b>834,666</b>
<b>Deferred inflows of resources</b>	
Unearned revenue - property taxes	1,600,845
<b>Total deferred inflows of resources</b>	<b>1,600,845</b>
<b>Net position</b>	
Net investment in capital assets	1,569,014
Restricted for emergencies	79,334
Unrestricted	842,329
<b>Total net position</b>	<b>\$ 2,490,677</b>

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

**Evans Fire Protection District**  
**Statement of Activities**  
**Year Ended December 31, 2013**

	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	\$ 84,148	\$ -	\$ -	\$ (84,148)
Operations	1,887,850	4,121	92,378	(1,791,351)
Interest on long-term debt	21,368	-	-	(21,368)
<b>Total governmental activities/primary government</b>	<b>\$ 1,993,366</b>	<b>\$ 4,121</b>	<b>\$ 92,378</b>	<b>(1,896,867)</b>
<b>General revenues</b>				
Property taxes				1,711,382
Specific ownership taxes				119,998
Intergovernmental				746,106
Earnings on investments				49
Other				<u>12,253</u>
<b>Total general revenues</b>				<b>2,589,788</b>
<b>Special Item</b>				
Transfer of operations from City of Evans				<u>1,512,674</u>
<b>Change in net position</b>				<b>2,205,595</b>
<b>Net position at beginning of year</b>				<u>285,082</u>
<b>Net position at end of year</b>				<b>\$ 2,490,677</b>

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

**Evans Fire Protection District**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2013**

	General	Capital Replacement (Non Major)	Total Governmental Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 834,492	\$ 265,114	\$ 1,099,606
Property taxes receivable	1,600,845	-	1,600,845
Other accounts receivable	6,123	-	6,123
Prepaid items	600	-	600
<b>Total assets</b>	<b>\$ 2,442,060</b>	<b>\$ 265,114</b>	<b>\$ 2,707,174</b>
<b>Liabilities, deferred inflows of resources and fund balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 64,222	\$ -	\$ 64,222
Accrued wages payable	39,474	-	39,474
<b>Total liabilities</b>	<b>103,696</b>	<b>-</b>	<b>103,696</b>
<b>Deferred inflows of resources</b>			
Unearned revenue - property taxes	1,600,845	-	1,600,845
<b>Total deferred inflows of resources</b>	<b>1,600,845</b>	<b>-</b>	<b>1,600,845</b>
<b>Fund balances</b>			
Nonspendable	600	-	600
Restricted for emergencies	79,334	-	79,334
Assigned for capital acquisition	210,000	-	210,000
Assigned for training facility	19,167	-	19,167
Assigned for capital replacement	-	265,114	265,114
Unassigned	428,418	-	428,418
<b>Total fund balances</b>	<b>737,519</b>	<b>265,114</b>	<b>1,002,633</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 2,442,060</b>	<b>\$ 265,114</b>	<b>\$ 2,707,174</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, 2013**

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

Total fund balance - governmental funds		\$ 1,002,633
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Capital assets used in governmental activities are not financial resources, and therefore, are not reported as assets in the governmental funds.

Capital assets	\$ 3,628,193	
Less: accumulated depreciation	<u>(1,409,179)</u>	2,219,014

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	\$ (650,000)	
Accrued interest payable	(10,142)	
Accrued compensated absences	<u>(70,828)</u>	<u>(730,970)</u>
<b>Total net position - governmental activities</b>		<b>\$ 2,490,677</b>

*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, 2013**

	General	Capital Replacement (Non Major)	Total Governmental Funds
<b>Revenues</b>			
Taxes	\$ 1,831,380	\$ -	\$ 1,831,380
Intergovernmental	746,106	-	746,106
Grants and contributions	50,569	-	50,569
Charges for services	4,121	-	4,121
Earnings on investments	49	-	49
Other	12,253	-	12,253
<b>Total revenues</b>	<b>2,644,478</b>	<b>-</b>	<b>2,644,478</b>
<b>Expenditures</b>			
Current			
Administration	84,148	-	84,148
Operations	1,763,417	-	1,763,417
Capital outlay	745,329	-	745,329
Debt service			
Principal	75,000	-	75,000
Interest	11,494	-	11,494
<b>Total expenditures</b>	<b>2,679,388</b>	<b>-</b>	<b>2,679,388</b>
<b>Deficiency of revenues over expenditures</b>	<b>(34,910)</b>	<b>-</b>	<b>(34,910)</b>
<b>Other financing sources (uses)</b>			
Transfers in	-	237,114	237,114
Transfers out	(237,114)	-	(237,114)
<b>Total other financing sources (uses)</b>	<b>(237,114)</b>	<b>237,114</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>(272,024)</b>	<b>237,114</b>	<b>(34,910)</b>
<b>Fund balance at beginning of year</b>	<b>1,009,543</b>	<b>28,000</b>	<b>1,037,543</b>
<b>Fund balance at end of year</b>	<b>\$ 737,519</b>	<b>\$ 265,114</b>	<b>\$ 1,002,633</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, 2013**

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

Change in fund balance - governmental funds \$ (34,910)

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	\$ 745,329	
Donated assets	41,809	
Depreciation expense	<u>(135,909)</u>	651,229

Transfer of assets from the City of Evans comprising its fire service operations is reported as a special item on the Statement of Activities and is not reflected on the Statement of Revenues, Expenditures and Changes in Fund Balances.

Transferred capital assets	\$ 2,782,007	
Transferred accumulated depreciation	<u>(1,269,333)</u>	1,512,674

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. (9,874)

Repayment of principal on capital lease debt consumes current financial resources of government funds. 75,000

Decrease 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. 11,476

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Change in net position - Governmental Activities \$ 2,205,595

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

**Evans Fire Protection District  
Statement of Fiduciary Net Position  
Volunteer Firefighters' Pension Fund  
December 31, 2013**

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<b>Assets</b>	
Cash and cash equivalents	\$ 601,250
<b>Total assets</b>	<b>601,250</b>
<b>Net position</b>	
Held in trust for pension benefits	601,250
<b>Total net position</b>	<b>\$ 601,250</b>

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

**Evans Fire Protection District**  
**Statement of Changes in Fiduciary Net Position**  
**Volunteer Firefighters' Pension Fund**  
**Year Ended December 31, 2013**

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<b>Additions</b>	
State shared revenue	\$ 22,123
Earnings on investments	74,017
Contributions	88,000
<b>Total additions</b>	<b>184,140</b>
<b>Deductions</b>	
Fees and expenses	3,005
Pension distributions	103,705
<b>Total deductions</b>	<b>106,710</b>
<b>Net change in net position</b>	<b>77,430</b>
<b>Net position at beginning of year</b>	<b>523,820</b>
<b>Net position at end of year</b>	<b>\$ 601,250</b>

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

# Evans Fire Protection District

## Notes to Financial Statements

December 31, 2013

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### 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 governing board, and either, a) the ability to impose its will by the primary government, or b) there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on, the primary government; or
- 2) Fiscal dependency on the primary government and there is a potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government or (3) a jointly appointed board.

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.

# Evans Fire Protection District

## Notes to Financial Statements

December 31, 2013

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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.

### ***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*, 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.

**Fiduciary Funds** - Trust and agency funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The District's trust fund is the Volunteer Firefighters' Pension Fund.

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

**December 31, 2013**

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***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.
- 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
<b>Governmental funds:</b>			
General fund	\$ 2,149,499	\$ 983,678	\$ 3,133,177
Capital replacement fund	-	-	-
<b>Fiduciary fund:</b>			
Volunteer firefighters' pension fund	162,581	-	162,581
<b>Total</b>	<b>\$ 2,312,080</b>	<b>\$ 983,678</b>	<b>\$ 3,295,758</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, 2013 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



# Evans Fire Protection District

## Notes to Financial Statements

December 31, 2013

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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
Buildings	50 years
Vehicles	5-10 years
Equipment	5-15 years

### ***Compensated Absences***

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. 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*

# Evans Fire Protection District

## Notes to Financial Statements

December 31, 2013

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*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 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.

# Evans Fire Protection District

## Notes to Financial Statements

December 31, 2013

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### 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, 2013, all of the District's cash and cash equivalents were either insured by FDIC or collateralized under PDPA.

#### *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, 2013, 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.

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

**December 31, 2013**

At December 31, 2013 the District had cash and cash equivalent balances, including restricted cash and cash equivalents, as follows:

Cash with county treasurer	\$ 10,584
Bank deposits	1,089,022
<b>Total cash and cash equivalents</b>	<b>\$ 1,099,606</b>

**3. Capital Assets**

Capital asset activity for the year ended December 31, 2013, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Capital assets, not being depreciated:</b>				
Land	\$ -	\$ 10,000	\$ -	\$ 10,000
<b>Total capital assets, not being depreciated</b>	<b>-</b>	<b>10,000</b>	<b>-</b>	<b>10,000</b>
<b>Capital assets, being depreciated:</b>				
Buildings	-	1,605,257	-	1,605,257
Vehicles	43,188	1,577,064	-	1,620,252
Equipment	15,860	376,824	-	392,684
<b>Total capital assets, being depreciated</b>	<b>59,048</b>	<b>3,559,145</b>	<b>-</b>	<b>3,618,193</b>
<b>Less accumulated depreciation for:</b>				
Buildings	-	(372,006)	-	(372,006)
Vehicles	(2,879)	(760,738)	-	(763,617)
Equipment	(1,058)	(272,498)	-	(273,556)
<b>Total accumulated depreciation</b>	<b>(3,937)</b>	<b>(1,405,242)</b>	<b>-</b>	<b>(1,409,179)</b>
<b>Total capital assets, being depreciated, net</b>	<b>55,111</b>	<b>2,153,903</b>	<b>-</b>	<b>2,209,014</b>
<b>Total capital assets, net</b>	<b>\$ 55,111</b>	<b>\$ 2,163,903</b>	<b>\$ -</b>	<b>\$ 2,219,014</b>

Depreciation expense for capital assets totaling \$135,909 has been allocated to operations on the Statement of Activities.

**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 lease requires annual principal payments and bi-annual interest payments at a rate of 3.37% per annum, through July 15, 2022.

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

**December 31, 2013**

The following is a summary of changes in long-term debt of the District for the year ended December 31, 2013:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Capital lease obligation	\$ 725,000	\$ -	\$ 75,000	\$ 650,000	\$ 65,000
Compensated absences	82,304	64,304	75,780	70,828	-
<b>Total long-term debt</b>	<b>\$ 807,304</b>	<b>\$ 64,304</b>	<b>\$ 150,780</b>	<b>\$ 720,828</b>	<b>\$ 65,000</b>

The annual requirements to amortize all debt outstanding as of December 31, 2013, are as follows:

Year Ending December 31,	Principal	Interest	Total
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	70,000	14,913	84,913
2019-2022	315,000	33,088	348,088
<b>Totals</b>	<b>\$ 650,000</b>	<b>\$ 125,898</b>	<b>\$ 775,898</b>

**5. Transfer of Operations**

The District entered into an intergovernmental agreement (“IGA”) with the City of Evans, Colorado (the “City”) to provide financial support to the District until the District receives sufficient revenue to support its operations. As of January 1, 2013, the City and the District determined that the District had received sufficient revenues to be financially capable of providing the emergency services directly to the citizens and property within its jurisdiction. On January 1, 2013, the City transferred the assets and liabilities comprising its fire service operations to the District. In addition, all employees providing fire emergency services became employees of the District.

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

**December 31, 2013**

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As a result of the transfer, the District recognized the following assets and net position:

	Carrying Value
<b>Transferred assets (net)</b>	
Land	\$ 10,000
Buildings	1,271,128
Vehicles	112,810
Equipment	118,736
<b>Total capital assets</b>	<b>1,512,674</b>
<b>Net position of transferred fire protection operations</b>	
Net investment in capital assets	\$ 1,512,674

In addition, the financial statements and activities relating to the Volunteer Firefighters' Pension Fund are now reported in the District financial statements instead of the City of Evans' statements since the pension benefits are for the volunteer firefighters.

## **6. Interfund Transfers**

During 2013, the District transferred \$237,114 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. There have not been any claims resulting from these risks since the District's inception in 2011. There have been no significant reductions in insurance coverage.

The District has a self-funded dental insurance arrangement. The insurance coverage is substantially the same as in prior fiscal years. The District is self-insured for its dental benefits through its General Fund for employees which range from \$0 to \$543 per employee per year depending on the level of coverage selected. The maximum claim liability for 2013 was \$41,000. Expenditures are charged to the General Fund as this is the fund in which the employees' payroll expenditure is charged at the maximum amount per level of coverage.

Claims processing and payments for the dental claims are made through a third-party administrator. The District uses the information provided by the third-party administrator to aid in the determination of self-insurance liabilities. Amounts due in the future year on claims as of December 31, 2013 are recognized as a current liability in the statement of net position.

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

**December 31, 2013**

Changes in the incurred but not reported amount during the year ended December 31, 2013 were as follows:

	Claims Premium Liability at Beginning of Year	Current Year Claims and Changes in Estimates	Claim Payments	Claims and Premium Liability at End of Year
Fiscal Year 2013	\$ -	\$ 11,083	\$ 7,449	\$ 3,634

**8. Retirement Commitments**

***Volunteer Firefighters' Pension Plan***

The District has established the Volunteer Firefighters' Pension Plan (the "Plan") an agent multiple-employer defined benefit pension plan for volunteer firefighters as authorized by State of Colorado statute. Any firefighter who has both attained the age of 50 and completed 20 years of active service shall be eligible for a monthly pension. A firefighter, who is disabled in the line of duty and whose disability is of such character and magnitude as to deprive the firefighter of earning capacity and extends beyond one year, shall be compensated in an amount determined by the pension Board. The annual financial report of FPPA may be obtained by calling FPPA at 303-770-3772 in Denver Metro area and 1-800-332-FPPA (3772) from outside the metro area.

Prior to 2013, this plan was reported in the City of Evans' financial statements and the City made the required contributions. Effective January 1, 2013, the plan was transferred to the District and the District makes the required contributions for the plan. The Plan is administered by the FPPA. The Plan currently pays a monthly pension benefit of \$550 to a volunteer who has provided 20 years of volunteer service and has attained 50 years of age. An actuary is used to determine the annual required contribution ("ARC") necessary to maintain the actuarial soundness of the Plan. Colorado law requires the State to make an annual contribution to the Plan. Because the monthly benefit amount is over \$300, the State's annual contribution is calculated as the greater of either: (a) the contribution amount that would have been actuarially required if the District's monthly pension benefit was \$300; or (b) the highest State contribution made between 1998 and 2001. In addition, the State's annual contribution is capped at ½ mill regardless of what the foregoing formula determines. The actuarial study as of January 1, 2013, indicated that the current level of contributions to the fund is adequate to support on an actuarially sound basis the prospective benefits for the present Plan.

For the year ended December 31, 2013, the District and State actual contributions were \$88,000 and \$22,123, respectively. The required contribution was determined as part of the January 1, 2013 actuarial valuation using the entry age actuarial cost method. Actuarial assumptions included the following:

1. Interest Rate - 7.5% per annum, compounded annually
2. Inflation - 3.0% per annum
3. Retirement - Age 50 and 20 years of service
4. Disability - Graduated rates for all disabilities
5. Mortality - RP-2000 Combined Mortality Table with Blue Collar Adjustment
6. Separation - Graduated rates for all withdrawals
7. Marital Status - 90% married
8. Age Difference - Males assumed to be 3 years older
9. Asset Valuation - Actuarial value

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

**December 31, 2013**

At December 31, 2013, the net pension obligation, a disclosure of the difference between the cumulative annual pension costs and contributions made to the pension plan, is as follows:

Fiscal Year funding	Annual Required Contributions ("ARC")	Percentage of ARC Contribution	Net Pension Obligation
12/31/2011	\$ 121,994	100%	\$ -
12/31/2012	\$ 110,123	100%	\$ -
12/31/2013	\$ 110,123	100%	\$ -

***State of Colorado Fire and Police Pension Association - Defined Benefit Plan***

The District contributes to the Statewide Defined Benefit Plan ("SWDB"), a cost sharing multiple-employer defined benefit pension plan administered by the Colorado Fire and Police Pension Association ("FPPA"). The SWDB plan provides retirement benefits for members and beneficiaries. Death and disability coverage is provided for plan members hired prior to January 1, 1997 through the Statewide Death and Disability Plan, which is also administered by the Colorado Fire and Police Pension Association.

Colorado Statutes assign the authority to establish benefit provisions to the state legislature. FPPA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the SWDB and the Statewide Death and Disability Plan. That report may be obtained by calling FPPA at 303-770-3772 in Denver Metro area and 1-800-332-FPPA (3772) from outside the metro area.

The contribution requirements of plan members and the District are established by State statute. The contribution rate is 8% of covered salary for all plan members and 8% for the District. The District contributions to the SWDB for the year ending December 31, 2013 were \$57,421.

***Deferred Compensation Plan***

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is administered by Great-Western Retirement Services. The plan allows its participants to defer a portion of their current salary to all future years. Participation in the plan is optional. The deferred compensation is not available to the participants until termination, retirement, death, or an unforeseeable emergency occurs. The plan assets are held in trust for the benefit of the employee and therefore not reflected on the financial statements of the District. The District contributes 3% profit sharing and up to 4% match of the employee's contributions which are deposited into the District's 401a plan. The District's contributions to the plan for the year ending December 31, 2013 were \$47,814.

**9. Purchase Commitment**

The District has a purchase commitment of approximately \$370,000 to purchase a new pumper truck. The District is expected to receive a grant in 2014 to cover approximately \$160,000 to offset the cost of the new truck. The District's estimated cost of the purchase, less the expected grant proceeds, or \$210,000, is reflected within the assigned fund balance in the District's Capital Replacement Fund.



# Evans Fire Protection District

## Notes to Financial Statements

December 31, 2013

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### 10. 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 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 \$79,334 for this purpose.

In November 2011, registered electors of the District passed an issue allowing Evans Fire Protection District in the year 2013 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, notwithstanding 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.

### 11. Related Party Transactions

As described in Note 5, the District has entered into an intergovernmental agreement with the City of Evans, Colorado to provide financial support to the District until the District received sufficient revenue to support its operations. The District paid \$102,107 to the City for administrative services provided, including human resources, risk management, payroll, finance, and insurance. The District also received a one time \$300,000 payment from the City for the year ended December 31, 2013 City to help fund the District reserves, per the intergovernmental agreement.

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

**December 31, 2013**

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**12. Subsequent Events**

Management of the District has evaluated subsequent events through April 28, 2014, the date that the financial statements were available to be issued. No transactions or events that would require adjustment to or disclosures in the financial statements were identified.

## **Required Supplementary Information**

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**Evans Fire Protection District**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance (Budget and Actual) - General Fund**  
**Year Ended December 31, 2013**

	<u>Budgeted Amounts</u>		Actual Amounts Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 1,825,528	\$ 1,825,528	\$ 1,831,380	\$ 5,852
Intergovernmental	746,375	746,375	746,106	(269)
Grants and contributions	-	61,050	50,569	(10,481)
Charges for services	6,500	6,500	4,121	(2,379)
Earnings on investments	1,682	1,682	49	(1,633)
Other	-	-	12,253	12,253
<b>Total revenues</b>	<b>2,580,085</b>	<b>2,641,135</b>	<b>2,644,478</b>	<b>3,343</b>
<b>Expenditures</b>				
Current				
Administration	91,387	103,381	84,148	19,233
Operations	1,822,517	1,927,600	1,763,417	164,183
Capital outlay	62,506	779,107	745,329	33,778
Debt Service	85,975	85,975	86,494	(519)
<b>Total expenditures</b>	<b>2,062,385</b>	<b>2,896,063</b>	<b>2,679,388</b>	<b>216,675</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>517,700</b>	<b>(254,928)</b>	<b>(34,910)</b>	<b>220,018</b>
<b>Other financing uses</b>				
Transfers out	(87,114)	(237,114)	(237,114)	-
<b>Total other financing uses</b>	<b>(87,114)</b>	<b>(237,114)</b>	<b>(237,114)</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>\$ 430,586</b>	<b>\$ (492,042)</b>	<b>(272,024)</b>	<b>\$ 220,018</b>
<b>Fund balance at beginning of year</b>			<b>1,009,543</b>	
<b>Fund balance at end of year</b>			<b>\$ 737,519</b>	

*See accompanying Independent Auditor's Report.*

**Evans Fire Protection District**  
**Volunteer Firefighters' Pension Plan - Analysis of Funding Progress**  
**Year Ended December 31, 2013**

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Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded UAAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c)
1/1/2009	\$ 398,188	\$ 1,303,694	\$ 905,506	30.54%	N/A	N/A
1/1/2011	\$ 468,341	\$ 1,217,113	\$ 748,772	38.48%	N/A	N/A
1/1/2013 *	\$ 544,027	\$ 1,307,060	\$ 763,033	41.62%	N/A	N/A

*See accompanying Independent Auditor's Report.*

\* Date of the most current actuarial report available.

## **Other Supplementary Information**

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**Evans Fire Protection District**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance (Budget and Actual) - Capital Replacement Fund**  
**Year Ended December 31, 2013**

	<u>Budgeted Amounts</u>		Actual Amounts Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Other financing sources</b>				
Transfers in	\$ 87,114	\$ 237,114	\$ 237,114	\$ -
<b>Total other financing sources</b>	<b>87,114</b>	<b>237,114</b>	<b>237,114</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>\$ 87,114</b>	<b>\$ 237,114</b>	<b>237,114</b>	<b>\$ -</b>
<b>Fund balance at beginning of year</b>			<u>28,000</u>	
<b>Fund balance at end of year</b>			<u>\$ 265,114</u>	

*See accompanying Independent Auditor's Report.*

**Evans Fire Protection District  
Budgetary Comparison Schedule  
Volunteer Firefighters' Pension Fund  
Year Ended December 31, 2013**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental				
State shared revenue	\$ 33,994	\$ 33,994	\$ 22,123	\$ (11,871)
Earnings on investments	40,000	40,000	74,017	34,017
Contributions	88,000	88,000	88,000	-
<b>Total revenues</b>	<b>161,994</b>	<b>161,994</b>	<b>184,140</b>	<b>22,146</b>
<b>Expenses</b>				
Public safety				
Fees and expenses	-	-	3,005	(3,005)
Pension distributions	162,581	162,581	103,705	58,876
<b>Total expenses</b>	<b>162,581</b>	<b>162,581</b>	<b>106,710</b>	<b>55,871</b>
<b>Net change in net position</b>	<b>\$ (587)</b>	<b>\$ (587)</b>	<b>77,430</b>	<b>\$ 78,017</b>
<b>Net position at beginning of year</b>			<b>523,820</b>	
<b>Net position at end of year</b>			<b>\$ 601,250</b>	

*See accompanying Independent Auditor's Report.*