

ELLCOTT FIRE PROTECTION DISTRICT  
INDEPENDENT AUDITORS' REPORT AND  
BASIC FINANCIAL STATEMENTS AND  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2016

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## TABLE OF CONTENTS

Independent Auditors' Report	1
Management's Discussion and Analysis	3-7
Government-Wide Financial Statements	9-11
Fund Financial Statements	12-13
Notes to Financial Statements	15-21
Supplementary Information	23-26

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Ellicott Fire Protection District  
Calhan, CO

We have audited the accompanying financial statements of the governmental activities and each major fund of Ellicott Fire Protection District as of and for the year ended December 31, 2016 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.

**Auditors' 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 auditors' 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.

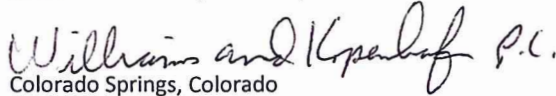
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Ellicott Fire Protection District as of December 31, 2016, 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.

**Other Matters**

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information and other supplementary information. However, we did not audit the information and express no opinion on it.

  
Colorado Springs, Colorado  
July 28, 2017

## MANAGEMENT'S DISCUSSION AND ANALYSIS

## **Ellicott Fire Protection District**

### **Management's Discussion and Analysis**

As of and for the year ended December 31, 2016

As management of the Ellicott Fire Protection District (the District), we offer readers of the District's financial statements this narrative analysis of the financial activities of the District for the year ended December 31, 2016. We encourage readers to consider the information presented here in conjunction with additional information that can be found in the notes to the financial statements.

#### **Financial Highlights**

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$563,153.
- Total expenses exceeded revenues by \$6,917.
- At the end of the current fiscal year, the unassigned fund balance for the District was \$274,764. This represents an increase of \$8,872 from 2015 and the entire unassigned fund balance may be used to meet the District's obligations to citizens and creditors.

#### **Overview of the Financial Statements**

Management's discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

#### **Government-wide Financial Statements**

The government-wide financial statements are designed to provide the reader of the District's financial statements a broad overview of the financial activities in a manner similar to a private sector business. The government-wide financial statements include the statement of net position and the statement of activities.

The *statement of net position* presents information on all of the District's 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 net position of the District changed during the current fiscal year. Changes in net position are recorded in the statement of activities when the underlying event occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement even though the resulting cash flow may be recorded in a future period (e.g., uncollected taxes).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges or grant revenue (*business-type activities*). The governmental activities of the District include only general government and fire protection.

### **Fund Financial Statements**

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. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District uses only two funds both of which are governmental funds: 1) the general fund, to account for all operations and 2) the capital improvement fund to account for all major capital acquisition and construction activity.

*Governmental funds* are used to account for essentially 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 *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources available* at the end of the fiscal year. Such information may be useful in evaluating a government's near-term 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 District'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 *governmental funds* and *governmental activities*.

The District adopts an annual appropriated budget. Budgetary comparison schedules are included in the fund financial statements to demonstrate compliance with the adopted budget.

### **Notes to the Basic Financial Statements**

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

## Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$563,153 at the close of the most recent fiscal year.

A large portion of the District's net position (34%) reflects its investment in capital assets (e.g., land, buildings, equipment). The District uses these assets to provide services to citizens; consequently, these assets are *not* available for future spending.

*Unassigned net position* of \$274,764 may be used to meet the government's ongoing obligations to citizens and creditors.

### Ellicott Fire Protection District Condensed Statement of Net Assets As of December 31, 2016

	2016
Current assets	\$371,180
Capital assets, net	260,325
Total assets	<u>\$631,505</u>
Accounts payable	\$ --
Capital lease	68,352
Total liabilities	<u>68,352</u>
Non-spendable investment in capital assets net of related debt	191,973
Restricted	96,416
Unassigned	274,764
Total net position	<u>\$563,153</u>

### Statement of Activities

	2016
Revenues:	
Program revenues:	
Grants and donations	\$ 22,980
Other	14,346
General revenues:	
Taxes	281,266
Interest earnings	--
Total revenue	318,592
Expenses:	
General government	117,576
Public safety	207,933
Total expenses	325,509
Decrease in net position	(6,917)
Net position--beginning January 1	570,070
Net position--ending December 31	\$563,153

### Fund Financial Analysis

The focus of the District's governmental fund reporting 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, unrestricted 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 the end of the most recent fiscal year, the District's general fund reported an ending fund balance of \$75,023, a decrease of \$5,664 in comparison with the previous year. Approximately 88% of this total amount, \$65,813, constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is restricted or has been assigned to indicate that it is not available for new spending because it has already been committed to cover the state constitutionally mandated 3% TABOR reserve of \$9,210.

As of the end of the current fiscal year, the District's capital improvements fund reported an ending fund balance of \$40,720, a decrease of \$8,306 in comparison with the prior year. The fund balance is assigned to capital improvements.

## **General Fund Budgetary Highlights**

The District's annual budget is the legally adopted expenditure control document of the District. A budgetary comparison statement is required for the General Fund and may be found on page 23. This statement compares the original adopted budget, the budget if amended throughout the fiscal year, and the actual expenditures prepared on a budgetary basis. The District did not amend its budget during the fiscal year. Budget variances can be summarized as follows:

- Total revenue was over budget due largely to additional taxes collected and fees.
- Total expenditures came in under budget mainly due to lower than expected operating expenditures.

## **Capital Asset and Debt Administration**

**Capital assets.** The District's investment in capital assets as of December 31, 2016 is \$260,325, net of accumulated depreciation. This investment in capital assets includes land, fire station buildings, fire trucks and equipment.

A budgetary comparison statement for the Capital Improvements Fund may be found on page 25.

**Capital lease.** During 2008, the District successfully secured funding to purchase a 2007 fire truck. The total capitalized cost was \$125,000. The lease calls for annual payments of \$11,554 through 2023 and is subject to annual appropriation of funding.

## **Currently Known Facts, Decisions, or Conditions**

Currently known facts, decisions or conditions that are expected to have a significant effect on the financial position (net assets) or results of the District's operations (revenues, expenses and other changes in net assets) include:

- The District's expenditure budget as adopted for 2017 is \$312,180 for the general fund and \$118,657 for the capital improvements fund representing increases of \$16,199 and \$72,883, respectively, over actual 2016 expenditures.

## **Request for Information**

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information may be addressed to Ellicott Fire Protection District, 23650 Highway 94, Ellicott, CO 80808.

## FINANCIAL STATEMENTS

**ELLCOTT FIRE PROTECTION DISTRICT  
STATEMENT OF NET POSITION  
DECEMBER 31, 2016**

<b>Assets</b>	
Cash and equivalents	\$ 113,208
Cash with County Treasurer	2,535
Property tax receivable	255,437
Capital assets--	
Land	27,350
Other capital assets, net of depreciation--	
Fire station buildings	75,568
Fire trucks and equipment	157,407
	<hr/>
Total assets	<u>631,505</u>
 <b>Liabilities</b>	
Accounts payable	-
Capital lease	68,352
	<hr/>
Total liabilities	<u>68,352</u>
 <b>Net position</b>	
Nonspendable - invested in capital assets, net of related debt	191,973
Restricted--TABOR emergency reserve	10,339
Assigned to capital improvements	86,077
Unassigned	274,764
	<hr/>
Total net position	<u><u>\$ 563,153</u></u>

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

**ELLCOTT FIRE PROTECTION DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

<b>Expenses</b>	
General government	\$ 117,576
Public safety--fire protection	
Supplies and services	179,125
Depreciation	28,808
Interest	-
Total program expenses	<u>325,509</u>
<b>Program revenues</b>	
Fees	-
Other	37,326
Total program revenue	<u>37,326</u>
Net program revenue	<u>(288,183)</u>
<b>General revenues</b>	
Property tax	252,074
Specific ownership tax	29,192
Investment interest	-
Total general revenues	<u>281,266</u>
<b>Decrease in net position</b>	(6,917)
<b>Net position - beginning of the year</b>	<u>570,070</u>
<b>Net position - end of the year</b>	<u><u>\$ 563,153</u></u>

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

**ELLCOTT FIRE PROTECTION DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2016**

	General	Capital Improvements	Total
<b>Assets</b>			
Cash and equivalents	\$ 72,488	\$ 40,720	\$ 113,208
Cash with county treasurer	2,535	-	2,535
Property tax receivable	210,080	45,357	255,437
<b>Total assets</b>	<b>\$ 285,103</b>	<b>\$ 86,077</b>	<b>\$ 371,180</b>
 <b>Liabilities and fund balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ -	\$ -	\$ -
<b>Total liabilities</b>	-	-	-
Deferred inflow - property taxes	210,080	45,357	255,437
<b>Total liabilities and deferred inflows</b>	210,080	45,357	255,437
<b>Fund balances</b>			
Restricted for emergencies	9,210	1,129	10,339
Assigned to capital improvements	-	39,591	39,591
Unassigned	65,813	-	65,813
<b>Total fund balances</b>	75,023	40,720	115,743
<b>Total liabilities and fund balances</b>	<b>\$ 285,103</b>	<b>\$ 86,077</b>	<b>\$ 371,180</b>

**Reconciliation of Total Governmental Fund Balances  
To Net Assets of Governmental Activities**

Total governmental fund balances	\$ 115,743
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	260,325
Property tax assessment for 2017 not receivable in the current period	255,437
Capital lease payable	(68,352)
<b>Net position of governmental activities</b>	<b>\$ 563,153</b>

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

**ELLIOTT FIRE PROTECTION DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>General</u>	<u>Capital Improvements</u>	<u>Total</u>
<b>Revenues</b>			
Taxes			
Property tax	\$ 205,600	\$ 48,227	\$ 253,827
Specific ownership tax	29,192	-	29,192
Grants and donations	22,980	-	22,980
Investment earnings	-	-	-
Other	14,346	-	14,346
	<u>272,118</u>	<u>48,227</u>	<u>320,345</u>
<b>Expenditures</b>			
Current			
General government	116,856	720	117,576
Public safety	179,125	-	179,125
Capital outlay	-	26,060	26,060
Donation	-	-	-
Debt service			
Principal	-	8,191	8,191
Interest	-	3,363	3,363
	<u>295,981</u>	<u>38,334</u>	<u>334,315</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(23,863)</u>	<u>9,893</u>	<u>(13,970)</u>
<b>Other financing sources (uses)</b>			
Transfers in	18,199	-	18,199
Transfers out	-	(18,199)	(18,199)
	<u>18,199</u>	<u>(18,199)</u>	<u>-</u>
<b>Net change in fund balances</b>	(5,664)	(8,306)	(13,970)
<b>Fund balances, beginning of year</b>	<u>80,687</u>	<u>49,026</u>	<u>129,713</u>
<b>Fund balances, end of year</b>	<u>\$ 75,023</u>	<u>\$ 40,720</u>	<u>\$ 115,743</u>

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

**ELLICOTT FIRE PROTECTION DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Net change in fund balances - governmental funds \$ (13,970)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Expenditures for capital assets	26,060
Less current year depreciation	<u>(28,808)</u>
Excess capital expenditures over (under) depreciation	<u>(2,748)</u>

Property tax revenues are recorded in the statement of activities when the tax is levied; they are not reported in the funds until collected or collectible within 60 days of year end. 1,610

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Capital lease principal paid	<u>8,191</u>
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Change in net assets of governmental activities \$ (6,917)

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

## NOTES TO FINANCIAL STATEMENTS

ELLICOTT FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the Ellicott Fire Protection District (the District) have been prepared in conformity with U.S. generally accepted accounting principles applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB). A summary of the District's more significant accounting policies follows.

A. Reporting entity

Ellicott Fire Protection District is a fire district encompassing most of Ellicott, Colorado. The District provides rural fire protection to the area staffed by volunteers from Ellicott. Revenues are predominantly provided by property tax receipts and grants into the general funds and capital reserve funds. The accompanying financial statements consist only of Ellicott Fire Protection District since the District has no component units and is not a component unit of any other governmental entity as defined by generally accepted accounting principles.

B. Government-wide and fund financial statements

The statement of net assets and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or identifiable activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. The District does not allocate indirect expenses to functions in the Statement of Activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or identifiable activity, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or identifiable activity. Taxes and other items not included among program revenues are reported as general revenues.

C. 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. Revenues are recorded when

ELLICOTT FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016

C. Measurement focus, basis of accounting, and financial statement presentation  
(Continued)

earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. 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 recorded when a liability is incurred, as under accrual accounting, except expenditures related to claims and judgments, which are recorded only when payment is due.

Property taxes, intergovernmental grants and aid, and interest 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 government.

The District reports the following major governmental funds:

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

The *Capital Improvements Fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Amounts reported as program revenues include 1) operating grants and contributions, and 2) capital grants and contributions. General revenues include all taxes and investment earnings.

When both restricted and unrestricted resources are available for use, for governmental activities, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

ELLCOTT FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016

D. Assets, liabilities, and net position or equity

1. Cash and cash equivalents

The District's cash and cash equivalents are considered to be cash on hand and demand deposits.

2. Receivables

No allowance for doubtful accounts is considered necessary.

3. Capital assets

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of one year.

Property, plant and equipment purchased or acquired is carried at historical cost or estimated historical cost. Contributed assets are recorded at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on a straight-line basis over the following estimated useful lives:

Buildings and improvements	40 years
Fire fighting vehicles	15 years
Fire fighting equipment	10 years
Communication and computer equipment	5 years

4. Net position

In the government-wide financial statement, net position is reported in four categories: non-spendable, restricted, assigned and unassigned. Amounts not in spendable form, such as capital assets net of related debt, is separately reported as non-spendable. Assigned amounts are constrained by the District's intent to use for a specific purpose. Unassigned amounts are the District's remaining amounts not included in the previous two categories.

ELLCOTT FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016

5. Fund equity

In the fund financial statements, governmental funds report reservation of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

E. Property taxes

Property taxes are levied, assessed, become due and attach as an enforceable lien on property as of January 1<sup>st</sup>. Taxpayers have the option of paying their taxes in full on or before April 30<sup>th</sup>, or paying in two installments of one half due by February 28<sup>th</sup> with the remaining payment due by June 15<sup>th</sup>. Unpaid taxes become delinquent as of August 1<sup>st</sup> and are subject to collection procedures on or after October 1<sup>st</sup>. The dollar amount of property taxes receivable is included as a receivable and as current revenue in the government-wide financial statements but is included as a receivable and deferred revenue on the balance sheet for the governmental funds.

F. Use of estimates

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

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Tax spending and debt limitations

In November 1992, the voters of Colorado approved Amendment 1, commonly known as the Taxpayer's Bill of Rights (TABOR), which added Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of fiscal year spending for all years after and including 1995. Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. The District has restricted net assets in the amount of \$10,339 in order to comply with the 3% reserve requirement for 2016 fiscal year expenditures.

ELLCOTT FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016

A. Tax spending and debt limitations (continued)

TABOR requires, with certain exceptions, voter approval prior to imposing new taxes, increasing a tax rate, increasing a mill levy above that for the prior year, extending an expiring tax, or implementing a tax policy change directly causing a net tax revenue gain to any local government.

The District's Directors believe that the District is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretations. Ultimate implementation and impact upon the District's financial activity may depend upon litigation and legislative guidance.

NOTE 3 – DETAILED NOTES ON ALL FUNDS

A. Assets

1. Deposits

The deposits at December 31, 2016 consisted of \$113,208 cash in bank and \$2,535 cash held by the County Treasurer.

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The District's cash in bank is deposited in a PDPA eligible public depository.

2. Receivables

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current year, deferred revenue reported in the governmental funds consisted of property taxes not yet available in the amount of \$255,437.

ELLCOTT FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016

3. Capital assets

Capital asset activity for the year ended December 31, 2016 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital assets not being depreciated:				
Land	<u>\$27,350</u>	<u>\$ --</u>	<u>--</u>	<u>\$27,350</u>
Capital assets being depreciated:				
Station buildings	116,255	--	--	116,255
Trucks and equipment	<u>445,388</u>	<u>26,060</u>	<u>--</u>	<u>471,448</u>
Total capital assets being depreciated	<u>561,643</u>	<u>26,060</u>	<u>--</u>	<u>587,703</u>
Less accum. depreciation for:				
Station buildings	(37,781)	(2,906)	--	(40,687)
Trucks and equipment	<u>(288,139)</u>	<u>(25,902)</u>	<u>--</u>	<u>(314,041)</u>
Total accum. depreciation	<u>(325,920)</u>	<u>(28,808)</u>	<u>--</u>	<u>(354,728)</u>
Total capital assets being depreciated, net	<u>235,723</u>	<u>(2,748)</u>	<u>--</u>	<u>232,975</u>
Total capital assets, net	<u>\$263,073</u>	<u>\$ (2,748)</u>	<u>\$ --</u>	<u>\$260,325</u>

B. Liabilities/contract obligations

During 2008, Ellicott County Fire Protection District successfully secured funding to purchase a 2007 Ford fire truck. The cost was \$125,000. The capital lease calls for annual payments of \$11,554 including interest at 4.25% and is subject to annual appropriation of funds. The principal balance on the capital lease as of December 31, 2016 was \$68,352.

ELLCOTT FIRE PROTECTION DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 DECEMBER 31, 2016

B. Liabilities/contract obligations (continued)

Long-term debt activity for the year ended December 31, 2016 was as follows:

Beginning capital lease balance	\$76,543
Principal payment	<u>8,191</u>
Ending capital lease balance	<u>\$68,352</u>

Future payments on the capital lease are as follows:

	<u>Principal</u>	<u>Interest</u>
2017	\$ 8,551	\$ 3,003
2018	8,927	2,628
2019	9,319	2,235
2020	9,729	1,826
2021	10,156	1,398
2022	10,602	952
2023	<u>11,068</u>	<u>486</u>
	<u>\$ 68,352</u>	<u>\$12,528</u>

NOTE 4 – 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 directors and subcontractors; and natural disasters. The District purchases commercial insurance for most risks of loss. There have been no significant claims in the past three years.

NOTE 5 – SUBSEQUENT EVENTS

Events subsequent to December 31, 2016, have been evaluated through July 28, 2017, the date these statements were available to be issued, to determine whether they should be disclosed to keep the financial statements from being misleading. Management found no subsequent events to be disclosed.

REQUIRED SUPPLEMENTARY INFORMATION

**ELLCOTT FIRE PROTECTION DISTRICT  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>			
Taxes			
Property tax	\$ 182,233	\$ 205,600	\$ 23,367
Specific ownership tax	-	29,192	29,192
Grants and donations	-	22,980	22,980
Investment earnings	1,100	-	(1,100)
Other	5,000	14,346	9,346
	<u>188,333</u>	<u>272,118</u>	<u>83,785</u>
Total revenues	188,333	272,118	83,785
<b>Expenditures</b>			
Current			
General government			
Administration	72,389	116,856	(44,467)
Public safety			
Fire fighting expenses	7,980	13,485	(5,505)
Wages	117,903	84,417	33,486
Training expenses	2,000	250	1,750
Communications expenses	12,000	16,909	(4,909)
Equipment repairs	3,000	15,772	(12,772)
Stations & buildings maintenance	-	42,398	(42,398)
Other	4,800	5,894	(1,094)
Debt service	-	-	-
Principal	-	-	-
Interest	-	-	-
Contingency	128,235	-	128,235
	<u>348,307</u>	<u>295,981</u>	<u>52,326</u>
Total expenditures	348,307	295,981	52,326
Excess (deficiency) of revenues over (under) expenditures	<u>(159,974)</u>	<u>(23,863)</u>	<u>136,111</u>
<b>Other financing sources</b>			
Transfers in	-	18,199	18,199
	<u>-</u>	<u>18,199</u>	<u>18,199</u>
Total other financing sources	-	18,199	18,199
<b>Net change in fund balances</b>	<u>\$ (159,974)</u>	<u>(5,664)</u>	<u>\$ 154,310</u>
<b>Fund balances, beginning of year</b>		<u>80,687</u>	
<b>Fund balances, end of year</b>		<u>\$ 75,023</u>	

See notes to required supplementary information.

## SUPPLEMENTARY INFORMATION

**ELLCOTT FIRE PROTECTION DISTRICT  
CAPITAL IMPROVEMENTS FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND  
ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>			
Taxes			
Property tax	\$ 45,488	\$ 48,227	\$ 2,739
Specific ownership tax	-	-	-
Grants and donations	35,000	-	(35,000)
Investment earnings	300	-	(300)
Other revenue	20,000	-	(20,000)
Contingency	-	-	-
	<hr/>	<hr/>	<hr/>
Total revenues	100,788	48,227	(52,561)
<b>Expenditures</b>			
General government	700	720	(20)
Capital outlay	90,030	26,060	63,970
Debt service			
Principal	6,300	8,191	(1,891)
Interest	5,200	3,363	1,837
Contingency	-	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	102,230	38,334	63,896
Excess (deficiency) of revenues over (under) expenditures	<hr/> (1,442)	<hr/> 9,893	<hr/> 11,335
<b>Other financing sources/(uses)</b>			
Capital lease	-	-	-
Transfers out	-	(18,199)	(18,199)
	<hr/>	<hr/>	<hr/>
Total other financing sources	-	(18,199)	(18,199)
<b>Net change in fund balances</b>	<hr/> <u>\$ (1,442)</u>	<hr/> (8,306)	<hr/> <u>\$ (6,864)</u>
<b>Fund balances, beginning of year</b>		<hr/> 49,026	
<b>Fund balances, end of year</b>		<hr/> <u>\$ 40,720</u>	

See notes to required supplementary information.

ELLICOTT FIRE PROTECTION DISTRICT  
NOTES TO SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2016

NOTE 1 – BUDGETARY INFORMATION

Revenues and expenditures are controlled by budgetary accounting systems in accordance with various legal requirements. The budgeted revenues and expenditures represent the original adopted budget as subsequently adjusted by the Board of the Ellicott Fire Protection District in accordance with Colorado Budget Laws. Budgets are prepared on the same basis as that used for accounting purposes. Budget appropriations lapse at the end of each year.

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

1. Prior to September 20<sup>th</sup>, the Ellicott Fire Protection District directors begin preparing an operation budget for the fiscal year commencing the following January 1<sup>st</sup>. The operating budget includes proposed expenditures.
2. A public hearing is conducted at the Fire Hall to obtain taxpayers comments.
3. Prior to January 1<sup>st</sup>, the budget is legally enacted through passage of a resolution.
4. Budgets for the General and Capital Improvements Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).