

NORTH FORK FIRE PROTECTION DISTRICT

FINANCIAL STATEMENTS
December 31, 2016 and 2015



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INDEPENDENT AUDITOR'S REPORT

Board of Directors
North Fork Fire Protection District
Buffalo Creek, Colorado

We have audited the accompanying financial statements of the governmental activities, and the general fund of the North Fork Fire Protection District as of and for the years ending December 31, 2016 and 2015, 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the North Fork Fire Protection District as of December 31, 2016 and 2015, 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.

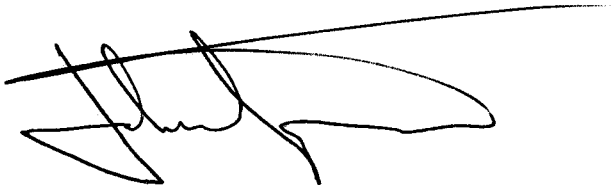
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-8 and 22 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 sufficient evidence to express an opinion or provide any assurance.

Fiduciary Funds

Fiduciary Funds, are presented in the fund financial statements but are not reported in the government-wide financial statements as the resources of the funds are not available to support the District's own activities. The accounting for fiduciary funds is similar to that used by proprietary funds except that assets are reported at market value instead of original cost. The information presented has been prepared by a 3rd party administrator. We have applied certain limited procedures to the Fiduciary Fund 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 sufficient evidence to express an opinion or provide any assurance.



VALENTINE SEEVERS & ASSOCIATES, PC

July 17, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2016

In general, the purpose of financial reporting is to provide external parties that read financial statements with information that will help them to make decisions or draw conclusions about an entity. North Fork Fire Protection District's discussion and analysis is designed to assist the various readers by providing an overview of the District's financial position and activities as of and for the year ended December 31, 2016. Since this discussion is designed to focus on the current year's activities, please read it in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The District's total assets exceeded its liabilities at the end of the year by \$1,526,279 (net position).
- The District's EMS revenue decreased because of fewer calls and reduced collections.
- Funds from Jefferson County PILT increased for 2016 due to back payments for 2015 received in 2016.

OVERVIEW OF THE FINANCIAL STATEMENTS

Basic financial statements are comprised of three components, government-wide financial statements and fund financial statements, which present different views of the District, and notes to the financial statements.

Government-Wide Financial Statements

The government-wide financial statements report information about all of the District's activities in a manner similar to a private-sector business excluding the District's fiduciary funds because resources of these funds cannot be used to finance the District's activities.

The statement of net position presents information on all assets held and liabilities owed by the District, 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 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 cash flows.

The District's government-wide financial statements may be divided into governmental activities and business-type activities. Governmental activities are generally financed through taxes, intergovernmental revenues, and other non-exchange revenues, while business-type activities are financed to some degree by charging outside parties for the goods or services acquired from the District. The only governmental activities of the District are the general government operations that are reported in the general fund. The District does not report any business-type activities.

Fund Financial Statements

Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of the District rather than the District as a whole. Except for the General Fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by outside parties or governmental statutes or regulations. The District's fund financial statements consist of the general fund and the fiduciary fund.

Governmental Funds

These financial statements have a short-term emphasis and focus on how cash and other assets that can easily be converted to cash flow in and out. The difference between a fund's total assets and total liabilities is labeled as the fund balance, and generally indicates the amount that can be used to finance the next fiscal year's activities. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided that reconciles the governmental fund financial statements explaining the relationship (or differences) between them.

Proprietary Funds

The District does not use proprietary funds.

Fiduciary Funds

Fiduciary funds are used to account for assets held on behalf of outside parties. Pension trust funds are a type of fiduciary funds that the District uses to account for the assets of the District's volunteer pension plan.

As noted earlier, fiduciary funds are presented in the fund financial statements but are not reported in the government-wide financial statements as the resources of the funds are not available to support the District's own activities. The accounting for fiduciary funds is similar to that used by proprietary funds except that assets are reported at market value instead of original cost.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position.

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 \$1,526,279 at the close of the most recent fiscal year.

A large portion (77%) of the District's net position reflects its investment in capital assets (land, buildings and equipment) less any related liabilities to acquire or construct those assets that are still outstanding. These assets are used for the citizens' benefits. Consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related liabilities, it should be noted that the funds necessary to repay the liabilities must be provided from other sources, since the assets themselves cannot be used to repay the liabilities.

Restricted net position represents resources subject to external restrictions as to how the assets may be used by the District. Unrestricted net position may be used to meet the District's ongoing obligations to citizens and creditors.

The District's net positions were:

	2016	2015
Current and other assets	\$ 517,875	\$ 474,610
Capital assets	1,177,349	1,371,488
Total Assets	<u>1,695,224</u>	<u>1,846,098</u>
Long-term outstanding debt	-	41,110
Other liabilities	168,945	165,952
Total Liabilities	<u>168,945</u>	<u>207,062</u>
Net Assets		
Invested in capital assets, net of related debt	1,177,349	1,329,279
Restricted	11,237	10,752
Unrestricted	337,693	299,005
Total Net Assets	<u>\$ 1,526,279</u>	<u>\$ 1,639,036</u>

Governmental Activities. Governmental activities decreased the District's net position by \$112,757. Key elements of the decrease are as follows:

The District's changes in net position were:

	2016	2015
Revenues		
Property and Specific Ownership Taxes	\$ 173,475	\$ 149,266
Payment in Lieu of Taxes	102,479	61,528
Charges for Services - EMS	94,013	142,703
Fund Raising, Grants and Donations	76,292	194,543
Interest	2,035	3,381
Misc Revenue	2,570	1,539
Total Revenues	<u>450,864</u>	<u>552,960</u>
Expenses:		
Administration and Fund Raising	244,254	249,541
Fire Fighting	15,435	13,799
Emergency Medical Services	19,621	12,536
Training	2,440	296
Communications	9,252	6,817
Equipment Repairs	20,161	19,502
Stations, Buildings and Grounds Maintenance	27,963	24,782
Interest on Long-term Debt	2,668	3,908
Other	10,306	
Depreciation	211,521	130,771
Total Expenses	<u>563,622</u>	<u>461,952</u>
Increase (Decrease) in Net Position	<u>\$ (112,757)</u>	<u>\$ 91,008</u>

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, North Fork Fire Protection 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 current year revenue, expenditures, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved 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 year, the District's governmental funds reported a fund balance of \$348,929. Of that fund balance, \$326,386 constitutes an unreserved fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is \$22,543, which is comprised of the following: \$11,237 is restricted to indicate that it is not available for new spending because it has already been committed for a state constitution mandated emergency reserve (also referred to as "TABOR" reserves, see disclosure note for Tax, Spending, and Debt Limitations on page 21), and \$11,306 is assigned for pre-paid expenses.

As a measure of the fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. At year end, the unreserved fund balance was 58% of the current year fund expenditures, including debt service payments and excluding capital outlay. If current year capital expenditures (\$17,383 for equipment) plus the \$20,000 savings for future capital expenditures contemplated by the District's Five Year Plan are taken into consideration, the unreserved balance would be 62% of the current year fund expenditures.

The total fund balance of the District's general fund, when applying Generally Accepted Accounting Principles, decreased by \$112,757 during the year ended December 31, 2016. Major factors in this change is as follows:

- A decrease from prior year of Capital Grants received.
- Capital Grant Project expenses of \$10,306.
- An increase in depreciation expense from prior year due to an increase in capital asset purchases.

BUDGETARY HIGHLIGHTS

The District adopts a budget annually. During the current fiscal year the District made no revisions to the adopted budget. Comparisons between actual and budget are detailed in the supplementary information section of these statements and are briefly summarized as follows:

- The District received less EMS income than budgeted.
- Jefferson County PILT funds were higher than anticipated.
- The District was able to fund a greater amount to the Pension Fund than budgeted.
- The District's repairs and maintenance expenses were lower than anticipated.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The District's investment in capital assets for its governmental activities as of December 31, 2016 amounts to \$1,177,349 (net of depreciation). This investment in capital assets includes land, buildings and equipment. The District's capital assets by activity at December 31 were as follows:

	<u>2016</u>	<u>2015</u>
Land	\$ 40,024	\$ 40,024
Buildings	851,347	851,347
Equipment	2,118,268	2,100,886
Less Accumulated Depreciation	<u>(1,832,291)</u>	<u>(1,620,770)</u>
Total	<u>\$ 1,177,349</u>	<u>\$ 1,371,488</u>

Long-term Debt

At the end of the current year, the District had made the last payment on long-term debt from capital leases related to governmental activities of \$41,110. Additional information on the District's long-term debt can be found in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

- As is its annual practice, the District has revised and adopted a Five Year Plan for 2013-2017 in an effort to appropriately plan for the immediate future. However, whether the 2017 operations, and those in subsequent years, will be similar to 2016, will primarily depend on whether catastrophic fires occur again in 2017 and on whether medical and rescue calls remain at a similar level.
- The District believes that capital improvements both as to equipment and to buildings will be less. Nevertheless, the need to save for replacement of aging equipment and building maintenance is ongoing.
- Due to the contract renegotiated in 2012 with Denver Water and the existing agreements with Jefferson and Douglas Counties, the District expects to again receive approximately \$80,000 in nontax contributions.
- Of continuing concern to the District are the declining reimbursements for medical, emergency and rescue services. Regardless of the District's invoices, reimbursement is set by law for the emergency and medical transportation services incurred by beneficiaries of government programs such as Medicare and Medicaid. Further, underinsured and uninsured individuals receiving such services pay only a portion of our invoices. While District policies are formulated to collect as much as possible for these services, it is rarely possible to collect the total billed and the percentage of write-offs and adjustments continues to climb.
- Changes in emergency communication protocols in Jefferson County had been proposed late in 2013 that made budgeting for the District's anticipated needs problematic. Subsequently, those protocols have been adopted and implemented in 2015, but costs to the individual districts may change.
- Late in 2013, Douglas County sought applications for additional PILT fund grants from fire districts serving Federal properties within that county. In 2015, such grants were awarded on the basis of percentage of calls made on Federal properties in Douglas County, relative to the other fire districts. At this time, all future allocations for Douglas County PILT funds to the District will depend upon the District's participation in Douglas County on Federal lands, relative to the participation of other districts.
- For 2015, received in 2016, Jeffco increased the amount it granted to the District from Jeffco's PILT funds by approximately \$18,000. Thus, the District would receive for both 2015 and 2016, a total of \$30,000 a year. However, late 2016, finalized and commencing in early 2017, Jeffco entered into a one year MOU to pay the District the greater of \$30,000 or 30% of the combined PILT and FML moneys paid by the federal government to Jeffco for national forest and BLM lands within Jeffco. That MOU is renewable annually for four subsequent calendar years.
- The US Forest Service has informed the District that there may be further decreases in the number of permits it issues for holiday tree cutting which will continue to be determined on a year to year basis. This may significantly affect the District's largest fund raising event: ChiliFest/Santa Shop/Santa Photographs.

All of these factors were considered in preparing the District's budget for the 2016 fiscal year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the North Fork Fire Protection District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to North Fork Fire Protection District, PO Box 183, Buffalo Creek, CO 80425.

NORTH FORK FIRE PROTECTION DISTRICT
Statements of Net Position

	December 31,	
	2016	2015
Assets		
Cash and Cash Equivalents	\$ 315,612	\$ 275,995
Accounts Receivable - Net	28,772	24,387
Property Taxes Receivable	161,635	160,623
Prepaid Expenses	11,306	11,306
Undeposited Funds	550	300
Prepaid Lease Costs	0	1,999
Capital Assets (Net)	1,177,349	1,371,488
 Total Assets	 1,695,224	 1,846,098
Liabilities		
Accounts Payable	5,047	2,151
Accrued Liabilities	2,263	2,079
Accrued Interest	-	1,099
Capital Leases Payable		
Due Within One Year	-	41,110
Due Beyond One Year	-	-
 Total Liabilities	 7,310	 46,439
Deferred Inflows of Resources		
Unavailable Revenue - Property Taxes	161,635	160,623
 Total Deferred Inflows of Resources	 161,635	 160,623
Net Position		
Invested in Capital Assets, Net of Related Debt	1,177,349	1,329,279
Restricted	11,237	10,752
Unrestricted	337,693	299,005
 Total Net Position	 \$ 1,526,279	 \$ 1,639,036

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

NORTH FORK FIRE PROTECTION DISTRICT

Statements of Activities

Functions/Programs	Expenses	Program Revenue Charges for Services	Capital Grants & Contributions	Net (Expense) Revenue and Changes in Net Position	
				Primary Government Governmental Activities	
				Year Ended December 31,	
				2016	2015
Primary Government					
Governmental Activities:					
General government	\$ 349,433	\$ 94,013	\$ 76,292	\$ (179,127)	\$ 9,972
Interest on long-term debt	2,668	-	-	(2,668)	(3,908)
Depreciation	211,521	-	-	(211,521)	(130,771)
Total Governmental Activities	<u>563,622</u>	<u>94,013</u>	<u>76,292</u>	<u>(393,316)</u>	<u>(124,707)</u>
Total Primary Government	<u>\$ 563,622</u>	<u>\$ 94,013</u>	<u>\$ 76,292</u>	<u>(393,316)</u>	<u>(124,707)</u>
General revenues					
Taxes:					
Property taxes, levied for general purposes				161,307	137,383
Specific ownership taxes				12,168	11,883
Intergovernmental					
Payment in Lieu of Taxes - Counties				72,479	31,528
Payment in Lieu of Taxes - Denver Water Board				30,000	30,000
Reimbursement for fire fighting expenses				0	0
Interest				2,035	3,381
Misc Revenue				2,570	1,539
Total general revenues, special items and transfers				<u>280,559</u>	<u>215,714</u>
Change in net position				(112,757)	91,007
Net position - January 1,				<u>1,639,036</u>	<u>1,548,029</u>
Net position - December 31,				<u>\$ 1,526,279</u>	<u>\$ 1,639,036</u>

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

**NORTH FORK FIRE PROTECTION DISTRICT
Balance Sheets**

	December 31,	
	2016	2015
Assets		
Cash and Cash Equivalents	\$ 315,612	\$ 275,995
Accounts Receivable - Net	28,772	24,387
Property Taxes Receivable	161,635	160,623
Prepaid Expenses	11,306	11,306
	\$ 517,325	\$ 472,311
Liabilities		
Accounts Payable	\$ 5,047	\$ 2,151
Accrued Liabilities	2,263	2,079
	7,310	4,230
Deferred Inflows of Resources		
Unavailable Revenue - Property Taxes	161,635	160,623
	161,635	160,623
Fund Balance/Net Position		
Fund Balance		
Nonspendable	11,306	11,306
Restricted	11,237	10,752
Unassigned	326,386	285,700
	348,929	307,758
Total Liabilities and Fund Balance	\$ 517,874	\$ 472,611
Amounts reported for governmental activities in the statement of net position are different because:		
Fund balance from above	\$ 348,929	\$ 307,758
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	1,177,349	1,371,488
Prepaid lease costs are considered current period expenditures and therefore are not reported as assets in governmental funds.	0	1,999
Long-term leases payable are not due and payable in the current period and therefore are not reported in governmental funds.	-	(42,209)
Net Position of Governmental Activities	\$ 1,526,278	\$ 1,639,036

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

NORTH FORK FIRE PROTECTION DISTRICT
Statements of Revenues, Expenses, and Changes in Fund Balance

	Year Ended December 31,	
	2016	2015
Revenues		
Taxes		
General Property Taxes	\$ 161,307	137,383
Specific Ownership Taxes	12,168	11,883
Intergovernmental		
Payment in Lieu of Taxes - Counties	72,479	31,528
Payment in Lieu of Taxes - Denver Water Board	30,000	30,000
Fire Fighting Reimbursements	-	-
Charges for Services - EMS	94,013	142,703
Fund Raising, Grants and Donations	76,292	194,543
Interest	2,035	3,381
Misc Revenue	2,570	1,539
Total Revenues	<u>450,864</u>	<u>552,960</u>
Expenditures		
Administration and Fund Raising	244,254	249,541
Fire Fighting	15,435	13,799
Emergency Medical Services	19,621	12,536
Training	2,440	296
Communications	9,252	6,817
Equipment Repairs & Maintenance	20,161	19,502
Stations, Buildings and Grounds Maintenance	27,963	24,782
Other	10,306	-
Capital Outlay	17,383	205,098
Debt Service Payments		
Principal	41,110	39,416
Interest	1,768	3,462
Total Expenditures	<u>409,693</u>	<u>575,249</u>
Net Changes in Fund Balance	41,171	(22,290)
Fund Balance - January 1,	<u>307,758</u>	<u>330,048</u>
Fund Balance - December 31,	<u>\$ 348,929</u>	<u>\$ 307,758</u>

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

NORTH FORK FIRE PROTECTION DISTRICT

**Statements of Revenues, Expenses, and Changes in Fund Balance
(Continued)**

	Year Ended December 31,	
	2016	2015
Reconciliation to statement of activities, changes in net position:		
Net Change in Fund Balances - Previous Page	\$ 41,171	\$ (22,290)
Governmental funds report capital outlays as expenditures, whereas in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which the capital outlay exceeded depreciation.	(194,138)	74,327
Governmental funds report interest paid on debt as an expenditure when paid while the statement of activities reports the expense when incurred. This is the amount the interest incurred exceeded the amount of interest paid.	(900)	(446)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt uses current financial resources of governmental funds. Neither transaction has any effect on the statement of activities. This is the amount by which repayments exceed proceeds.	41,110	39,416
Change in Net Positions of Governmental Activities	\$ (112,757)	\$ 91,007

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

NORTH FORK FIRE PROTECTION DISTRICT
Notes to the Financial Statements
December 31, 2016 and 2015

Summary of Significant Accounting Policies

The financial statements of North Fork Fire Protection District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The more significant of the District's accounting policies are described below.

Organization

North Fork Fire Protection District (District), a quasi-municipal corporation, is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in parts of Jefferson County and of Douglas County, Colorado. The District was established to provide fire protection, rescue operations, and emergency medical services within the District. The District is governed by an elected Board of Directors.

Reporting Entity

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements that provide guidance for determining which governmental activities, organizations, and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

Government-wide Accounting

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report both the governmental and business-type activities on a consolidated basis by column. The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function. Taxes and other items not included among program revenues are reported as general revenues.

The District's fiduciary funds are not presented in the government-wide financial statements since, by definition, these assets are being held for the benefit of a third party (pension participants) and cannot be used to address activities or obligations of the government.

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 proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

NORTH FORK FIRE PROTECTION DISTRICT
Notes to the Financial Statements
December 31, 2016 and 2015

Summary of Significant Accounting Policies – Continued

Budget and Budgetary Accounting

An annual budget, an appropriation resolution, and a mill levy resolution are adopted by the Board of Directors in accordance with the Colorado State Statutes. All funds are budgeted using a non-GAAP basis by recognizing capital acquisitions, such as buildings and equipment, and debt service payments as expenditures and non-cash expenses, such as depreciation, are not budgeted.

Annually, the Board of Directors prepares proposed operating budgets for the fiscal year commencing the following January 1. The operating budgets include proposed expenditures and the means of financing them. Public hearings are conducted to obtain taxpayer comments. Prior to December 31, the budget is legally adopted by the Board of Directors. The District appropriates by total expenditures. The District takes the position that appropriations should include all current income and unrestricted funds so that should circumstances require drawing against such funds, no further appropriation need be sought. All appropriations lapse at year-end per State statutes. The budget for the year was not amended.

Restricted/Unrestricted Asset Usage

The District receives both restricted and unrestricted revenue during the year. It is the District's policy to use restricted assets first and unrestricted net assets if necessary.

Cash and Cash Equivalents

It is the District's policy to consider all investments with an initial maturity of three months or less to be cash equivalents.

Capital Assets

Capital assets, which include buildings and equipment, are reported in the government-wide financial statements and in the governmental fund type statement of net position. It is the District's policy to capitalize acquisitions in excess of \$1,500 that have an estimated useful life in excess of one year. All purchased assets are recorded at cost where historical records are available and at estimated historical cost where no historical records exist. Donated assets that meet the capitalization criteria are recorded at fair market value at the date of donation.

Repairs are expensed and replacements are capitalized at the time the expenditure is incurred or the acquisition is placed in service.

Depreciation of capital assets is computed using the straight-line method over the estimated useful lives of the assets.

Revenue Recognition - Property Taxes

Property taxes attach to the property as of January 1. Taxes are levied in December and are payable in the following year.

Property taxes are payable in full by April 30, or in two equal installments due February 28, and June 15. The County Treasurer bills and collects property taxes for all taxing entities within the County. For a small fee, the property tax receipts collected by the County Treasurer each month are remitted to the District in the subsequent month.

NORTH FORK FIRE PROTECTION DISTRICT
Notes to the Financial Statements
December 31, 2016 and 2015

Summary of Significant Accounting Policies – Continued

Property tax revenues are recognized when collected by the County Treasurer each month. Property tax revenue held by the County Treasurer on December 31 is treated as revenue of the current year. Delinquent taxes of prior years are recognized as revenue when collected by the County Treasurer.

Property tax revenues are accrued and recorded as deferred revenue in the year the mill levy is adopted.

Payment in Lieu of Taxes – Counties

The District receives PILT funds from several counties. Jefferson County has traditionally granted an average of \$30,000 per year to the District. The 2015 receipts were less than budgeted by approximately \$18,000. Jefferson County has paid this difference in 2016 to make up for the shortfall.

Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements.

Property Taxes Receivable

Property tax for the current year is calculated using the prior year assessed valuation. On the first day of the year the property tax is levied on the property. Since the property tax is calculated using prior years assessed valuation, it is included in the prior year financial statements as a receivable and deferred inflows as the taxes are not due until the following year.

Cash, Cash Equivalents, and Investments

The District follows state statutes regarding investments.

The Public Deposit Protection Acts (PDPA) of the State of Colorado controls the collateralization of public funds on deposit in state and national banks, and savings and loans. Under the PDPA the District is required to make deposits only in "eligible public depositories" as defined in the statute. Under this statute, an eligible public depository is required to pledge collateral with a market value in excess of the non-federally insured portion of its aggregate public deposits, but is not required to register such collateral in the name of its individual public depositors. The institution is required to maintain subsidiary records that identify public deposits secured by a pool.

The District limits its concentration of investments to those covered by the PDPA which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk disclosure requirements.

Deposits

At December 31, 2016 the District's had bank deposits with a book value \$70,620 and a bank balance of \$74,624. They also had cash on hand of \$200. All bank funds were covered by federal depository insurance. Any differences in carrying balance and bank balance represent items in transit (ie uncashed checks or deposits not yet processed by the bank).

NORTH FORK FIRE PROTECTION DISTRICT
Notes to the Financial Statements
December 31, 2016 and 2015

Summary of Significant Accounting Policies – Continued

At December 31, 2016 the District had \$244,792 deposited in the Colorado Local Government Liquid Asset Trust (ColoTrust), an investment vehicle established for local government entities in Colorado. The pool operates similarly to a money market fund. ColoTrust is rated AAA by Standard and Pools.

Accounts Receivable

At December 31, 2016 and 2015, accounts receivable of \$85,820 and \$69,440, respectively, arose from the provision of emergency and medical transportation services and are stated net of an allowance for doubtful accounts of \$51,492 and \$41,664, respectively. The District recognizes the revenue based on the services provided at the time of service. Contractual write-offs and statutory adjustments are recorded when the District receives notice from third-party payers.

Fund Balance

As of these financial statements, the District has adopted GASB Statement 54, which redefined how fund balances of the governmental funds are presented in the financial statements. Fund balances are classified as follows:

Nonspendable - Amounts that cannot be spent either because they are not in a spendable form (such as inventories and prepaid amounts) or because they are legally or contractually required to be maintained intact.

Restricted - Amounts that can be spent only for specific purposes because of state laws or externally imposed conditions by grantors or creditors.

Committed - Amounts that can be used only for specific purposes determined by a formal action by Board resolution.

Assigned - Amounts that the District intends to use for a specific purpose but are neither restricted nor committed.

Unassigned - All amounts not included in other spendable classifications.

Changes in Capital Assets

An analysis of the changes in fixed assets for the year ended December 31 follows:

As of December 31, 2016 the district had acquired new equipment totaling \$205,098.

By Classification	Balance at December 31, 2015	Additions	Retirements	Balance at December 31, 2016
Land	\$ 40,024	\$ -	\$ -	\$ 40,024
Buildings	851,347	-	-	851,347
Equipment	2,100,886	17,383	-	2,118,268
Total Assets	2,992,257	17,383	-	3,009,640
Less - Accumulated Depreciation	1,620,770	211,521	-	1,832,291
Net Assets	<u>\$ 1,371,488</u>	<u>\$ (194,138)</u>	<u>\$ -</u>	<u>\$ 1,177,349</u>

NORTH FORK FIRE PROTECTION DISTRICT
Notes to the Financial Statements
December 31, 2016 and 2015

Capital Leases

During 2006 the District refinanced the leases into a single master lease with additional proceeds to fund the acquisition of a new fire fighting truck. The lease requires principal and interest payments annually on May 18th through 2016. The lease carries an interest rate of 4.3%.

The following is a summary of the capital lease transactions for the year ending December 31:

	2016	2015
Balance Outstanding January 1	\$41,110	\$80,526
Additional Proceeds	-	-
Principal Payments	(41,110)	(39,416)
Balance Outstanding December 31	\$0	\$41,110

There are no future minimum payments under the capital lease after 2016.

Pension Plan

The District provides pension benefits to volunteer firefighters through the Fire and Police Pension Association ("FPPA"). All active volunteer firefighters who have a minimum of 36 hours of fire fighter/EMS training and responses to 10% of the Department's calls per year are members of the FPPA's Statewide Defined Benefit Plan (the "Plan") and Statewide Death and Disability Plan. Plan benefit amounts are determined by the Pension Board and are limited to a maximum of \$160 per month. The Pension Board has also established benefits to a surviving spouse in an amount limited to one-half of the deceased member's benefit.

The District's annual contribution is established under Title 31, Article 30, Part 12 of the State of Colorado Revised Statutes, as amended. The District's contributions for the years ended December 31, 2016 and 2015 were \$30,500 and \$18,000, respectively. The District has totally funded its contribution in each of the last seven years as follows:

2016	\$	30,500
2015	\$	18,000
2014	\$	18,000
2013	\$	13,000
2012	\$	13,000
2011	\$	13,000
2010	\$	13,000

NORTH FORK FIRE PROTECTION DISTRICT

Notes to the Financial Statements December 31, 2016 and 2015

Pension Plan – Continued

The FPPA contracts every two years for an actuarial valuation of the Plan. The January 1, 2015 actuarial information was prepared using assumptions and methods adopted as a result of the 2011 Experience Study. The actuarial assumptions include an 7.5% investment rate of return, net of administrative expenses, compounded annually, and used the 1994 group annuity mortality table. The assumptions did not include future benefit increases that are approved at the sole discretion of the Pension Board.

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Accrued Liability- Entry Age</u>	<u>Accrued (Liability) Surplus</u>	<u>Funded Ratio</u>
1/1/2009	152,447.00	253,853.00	(101,406.00)	60%
1/1/2011	183,532.00	301,169.00	(117,637.00)	61%
1/1/2013	209,498.00	337,952.00	(128,454.00)	61%
1/1/2015	251,858.00	356,668.00	(104,810.00)	71%

The FPPA issues a publicly available annual financial report that includes financial statements and required supplementary information for both the Plan and the Statewide Death and Disability Plan. The report may be obtained by contacting the FPPA of Colorado, 5290 DTC Parkway, Suite 100, Englewood, CO 80111.

Risk Management

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets, errors or omission, injuries to employees, or acts of God. The District is one of approximately 1,160 members participating in the Colorado Special Districts Property and Liability Pool (Pool) and Workers Compensation programs created by intergovernmental agreement to provide insurance coverage. The District pays premiums to the Pool for liability, property and comprehensive crime coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds that the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

NORTH FORK FIRE PROTECTION DISTRICT

Notes to the Financial Statements December 31, 2016 and 2015

Fund Raising, Grants and Donation

In 2016, the District raised \$76,292 from grants (\$9,230), donations (\$26,506) and fund raising events (\$40,556). The fund raising events had directly associated costs. A summary of the fund raising events revenues and expenses is as follows:

	2016	2015
Tree Cutting Revenues	\$28,103	\$21,777
Tree Cutting Expenses	8,440	8,009
Net Revenues from Tree Cutting	<u>\$19,663</u>	<u>\$13,768</u>
Big Chilli Evergreen Revenues	<u>\$6,600</u>	<u>\$3,142</u>
Other Fund Raising Revenue	\$5,853	\$7,217
Other Fund Raising Expenses	1,905	859
Net Revenues from Other Fund Raising	<u>\$3,948</u>	<u>\$6,358</u>
Total Fund Raising Net Revenues	<u><u>\$30,211</u></u>	<u><u>\$23,268</u></u>

Tax, Spending and Debt Limitations

In November 1992, Colorado voters passed an amendment (Amendment One, commonly known as the TABOR Amendment) to the State Constitution (Article X, Section 20) that 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 that reserves be established for declared emergencies with 3% of fiscal year spending required in 1995 and thereafter. In 2016, this amount was \$11,237.

Amendment One is complex and subject to interpretation. Many of its provisions will require judicial interpretation. However, the District's management believes it is in compliance with the provisions of Amendment One.

Subsequent Events

Subsequent events were evaluated through the date of the report. No material events occurred.

Required Supplementary Information

NORTH FORK FIRE PROTECTION DISTRICT
Schedule of Revenues and Expenditures –
Budget and Actual (Budgetary Basis) - General Fund
For the Year Ended December 31, 2016

	Budget	Actual	Variance Positive (Negative)
Revenues			
Taxes			
General property taxes	\$ 160,623	\$ 161,307	\$ 684
Specific ownership taxes	12,000	12,168	168
Intergovernmental	60,000	102,479	42,479
Charges for Services - EMS	120,000	94,013	(25,987)
Fund Raising, Grants and Donations	40,000	76,292	36,292
Interest	1,000	2,035	1,035
Misc Revenue	-	2,570	
Total Revenues	393,623	450,864	54,671
Expenditures			
Administration and Fund Raising	240,000	244,254	(4,254)
Fire Fighting	20,000	15,435	4,565
Emergency Medical Services	18,000	19,621	(1,621)
Training	2,000	2,440	(440)
Communications	10,000	9,252	748
Equipment Repairs and Maintenance	27,000	20,161	6,839
Stations, Buildings and Grounds	30,000	27,963	2,037
Capital Outlay	-	17,383	(17,383)
Other	10,000	10,306	
Debt Service Payments			
Principal	41,110	41,110	0
Interest	1,768	1,768	-
Total Expenditures	399,878	409,693	(9,509)
Net Changes in Fund Balance	\$ (6,255)	41,171	\$ 45,162
Adjustments from budget to GAAP			
Plus: Debt Principal Payments		41,110	
Acquisition of Capital Assets		17,383	
Change in Accrued Interest Payable		(900)	
Less: Depreciation		(211,521)	
Change in Net Position		\$ (112,757)	