

**CORTEZ FIRE PROTECTION DISTRICT**

**BASIC FINANCIAL STATEMENTS  
AND  
AUDITOR'S REPORT**

**For the Year Ended December 31, 2017**

CORTEZ FIRE PROTECTION DISTRICT

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Heidi A. Trainor, CPA, MS Tax

## INDEPENDENT AUDITOR'S REPORT

### Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Cortez Fire Protection District as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Fire 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinions**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregated remaining fund information of the Cortez Fire Protection District as of December 31, 2017, and the 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*

Management has omitted the Management's Discussion and Analysis and the 10 year fiscal historical pension information that governmental accounting principles generally accepted in the United State of America require to be presented to supplement the basic financial statements. Such missing 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 contest. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 31-34 and the Schedule of District's Contributions on page 35 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 contest. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, with 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 statement, and other knowledge I obtained during by audit of the basic financial statements.

I do not express and opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express and opinion or provide any assurance.



Heidi A Trainor, C.P.A., P.C.

November 27, 2018

CORTEZ FIRE PROTECTION DISTRICT

STATEMENT OF NET POSITION  
For the Years Ended December 31

	GOVERNMENTAL ACTIVITIES	
	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
Cash	\$ 323,997	\$ 376,386
Cash Committed for Capital Improvement	1,200,000	1,000,000
Investments	1,372,055	825,159
Prepaid Insurance	12,558	11,520
Cash with County Treasurer	8,064	8,199
Property Taxes Receivable	1,580,713	1,535,079
Grant Receivable	101,620	--
Due from Pension Fund	8,606	9,294
Non-Depreciable Capital Assets	1,849,701	169,758
Depreciable Capital Assets, Net	1,127,750	1,356,083
TOTAL ASSETS	<u>7,585,064</u>	<u>5,291,478</u>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Outflows Related to Pension	<u>70,749</u>	<u>60,000</u>
 <b>LIABILITIES</b>		
Accounts Payable	460,441	5,975
Accrued Vacation and Sick Leave-Due within one year	19,365	6,578
Payroll Liabilities	28,344	22,718
Capital Lease-Due within one year	39,353	17,891
Accrued Interest	19,533	--
Non-Current Liabilities:		
Net Pension Liability	443,278	528,115
Accrued Vacation and Sick Leave-Due in more than one year	11,816	13,224
Capital Lease-Due in more than one year	1,260,014	118,273
TOTAL LIABILITIES	<u>2,282,144</u>	<u>712,774</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Property Tax Revenue	1,580,713	1,535,079
Deferred Inflows Related to Pension	<u>74,034</u>	<u>71,663</u>
 <b>NET POSITION</b>		
Net Investment in Capital Assets	1,678,084	1,389,677
Committed for Capital Improvement	1,200,000	1,000,000
Unrestricted	840,838	642,285
TOTAL NET POSITION	<u>\$ 3,718,922</u>	<u>\$ 3,031,962</u>

See accompanying notes to basic financial statements

CORTEZ FIRE PROTECTION DISTRICT

STATEMENT OF ACTIVITIES  
For the Years Ended December 31

	<u>PROGRAM REVENUES</u>			2017	2016
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Contributions</u>	<u>Net (Expenses) Revenue</u>	<u>Net (Expenses) Revenue</u>
<b><u>Governmental Activities</u></b>					
Administration	\$ 397,808	\$ --	\$ --	\$ (397,943)	\$ (448,398)
Fire Protection	862,640	--	7,795	(854,845)	(813,614)
Training	12,482	--	--	(12,482)	(34,254)
Equipment & Maintenance	285,805	--	--	(285,805)	(291,590)
Station Operation & Maintenance	61,701	--	--	(61,701)	(38,719)
Total District	<u>\$ 1,620,436</u>	<u>\$ --</u>	<u>\$ 7,795</u>	<u>(1,612,776)</u>	<u>(1,626,575)</u>

GENERAL REVENUES

Property taxes	1,518,011	1,478,028
Specific ownership taxes	97,555	101,296
Miscellaneous	4,332	30,612
Investment income	13,348	16,430
Grants	642,340	150
Gain on Sale of Assets	24,150	--
<b>TOTAL GENERAL REVENUES</b>	<u>2,299,736</u>	<u>1,626,516</u>
CHANGE IN NET POSITION	686,960	(59)
NET POSITION, Beginning	<u>3,031,962</u>	<u>3,032,021</u>
NET POSITION, Ending	<u>\$ 3,718,922</u>	<u>\$ 3,031,962</u>

See accompanying notes to basic financial statements

CORTEZ FIRE PROTECTION DISTRICT

BALANCE SHEET  
GOVERNMENTAL FUNDS  
For the Years Ended December 31

	GENERAL FUND	
	2017	2016
<b>ASSETS</b>		
Cash	\$ 323,997	\$ 376,386
Cash Committed for Capital Improvement	1,200,000	1,000,000
Investments	1,372,055	825,159
Prepaid Insurance	12,558	11,520
Cash with County Treasurer	8,064	8,199
Property Taxes Receivable	1,580,713	1,535,079
Grant Receivable	101,620	--
Pension Fund Receivable	8,606	9,294
TOTAL ASSETS	\$ 4,607,613	\$ 3,765,637
<b>LIABILITIES, DEFERRED INFLOWS AND FUND EQUITY</b>		
<b>LIABILITIES</b>		
Accounts Payable	\$ 460,441	\$ 5,974
Accrued Interest	19,533	--
Payroll Liabilities	47,709	29,857
TOTAL LIABILITIES	527,683	35,831
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Property Tax Revenue	1,580,713	1,535,079
<b>FUND EQUITY</b>		
Fund Balance		
Committed	1,739,715	1,574,715
Unassigned	759,502	620,012
TOTAL FUND EQUITY	2,499,217	2,194,727
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND EQUITY</b>	<b>\$ 4,607,613</b>	<b>\$ 3,765,637</b>

See accompanying notes to basic financial statements

CORTEZ FIRE PROTECTION DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION

For the Years Ended December 31

	<u>2017</u>	
FUND EQUITY - Governmental Funds	\$	2,499,217
Amounts reported for Governmental Activities in the Statement of Net Position are different because:		
Accrued Vacation		(11,816)
Capital Assets used in Governmental Activities are not financial resources and therefore are not reported in the Governmental Funds.		
Assets	\$	6,548,754
Accumulated Depreciation	<u>(3,571,303)</u>	2,977,451
Net Pension Liability related to pensions are not available to pay for current period expenditures or due and payable in the current period and, therefore are not reported in funds		
Net Pension Liability		(443,278)
Deferred outflows/inflows and deferred amortization related to the pension plan		(3,285)
Long-term liabilities of governmental funds, including capital leases is not due and payable in the current period and, therefore, are not reported in the funds.		<u>(1,299,367)</u>
NET POSITION of Governmental Activities	<u>\$</u>	<u>3,718,922</u>

	<u>2016</u>	
FUND EQUITY - Governmental Funds	\$	2,194,727
Amounts reported for Governmental Activities in the Statement of Net Position are different because:		
Accrued Vacation		(12,663)
Capital Assets used in Governmental Activities are not financial resources and therefore are not reported in the Governmental Funds.		
Assets	\$	4,854,019
Accumulated depreciation	<u>(3,328,179)</u>	1,525,840
Net Pension Liability		(528,115)
Deferred outflows/inflows and deferred amortization related to the pension plan		(11,663)
Long-term liabilities of governmental funds, including capital leases is not due and payable in the current period and, therefore, are not reported in the funds.		<u>(136,164)</u>
NET POSITION of Governmental Activities	<u>\$</u>	<u>3,031,962</u>

See accompanying notes to basic financial statements

CORTEZ FIRE PROTECTION DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND EQUITY  
GOVERNMENTAL FUND  
For the Years Ended December 31

	GENERAL FUND	
	<u>2017</u>	<u>2016</u>
REVENUES		
Property Tax	\$ 1,518,011	\$ 1,478,028
Specific Ownership Tax	97,555	101,296
Grants	642,340	150
Other	12,127	30,611
Gain on Sale of Assets	24,150	--
Investment Income	13,348	16,430
Capital Lease Proceeds	<u>1,200,000</u>	<u>--</u>
 TOTAL REVENUES	 <u>3,507,531</u>	 <u>1,626,515</u>
EXPENDITURES		
Current		
Administration	300,273	348,703
Fire protection	1,064,520	921,114
Debt Service	111,303	--
Capital Outlay	<u>1,679,945</u>	<u>237,556</u>
 TOTAL EXPENDITURES	 <u>3,156,041</u>	 <u>1,507,373</u>
 EXCESS OF REVENUES OVER EXPENDITURES	 351,490	 119,142
OTHER FINANCING SOURCES (USES)		
Transfers out	<u>(47,000)</u>	<u>(60,000)</u>
 TOTAL OTHER FINANCING SOURCES (USES)	 <u>(47,000)</u>	 <u>(60,000)</u>
 NET CHANGE IN FUND EQUITY	 304,490	 59,142
 FUND EQUITY, Beginning	 <u>2,194,727</u>	 <u>2,135,585</u>
FUND EQUITY, Ending	<u>\$ 2,499,217</u>	<u>\$ 2,194,727</u>

See accompanying notes to basic financial statements

CORTEZ FIRE PROTECTION DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND EQUITY OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
For the years ended December 31

	2017	
Net change in Fund Equity - Governmental Funds	\$	304,490
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Accrued Vacation		11,816
Government funds do not record the changes in the net pension liability, deferred outflows related to pension, and the deferred inflows related to pension as an adjustment to current year expenditures. However in the Statement of Activities this change is shown as an adjustment to pension expense.		70,112
Capital lease proceeds are reported as income on the Statement of Revenue for the Governmental Fund but a long term liability for the Statement of Net Position		(1,200,000)
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, assets with an initial individual cost of at least \$5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital Outlays	\$ 1,679,944	
Depreciation Expense	(243,685)	1,436,259
Repayment of capital lease principle is an expenditure in the governmental funds, but repayment reduces the obligation in the statement of net position		
Principal payments on capital leases		64,283
Change in Net Position of Governmental Activities	\$	686,960
	2016	
Net change in Fund Equity - Governmental Funds	\$	59,142
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Accrued Vacation		8,789
Government funds do not record the changes in the net pension liability, deferred outflows related to pension, and the deferred inflows related to pension as an adjustment to current year expenditures. However in the Statement of Activities this change is shown as an adjustment to pension expense.		(78,304)
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, assets with an initial individual cost of at least \$5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital Outlays	\$ 237,556	
Depreciation Expense	(\$244,649)	(7,093)
Repayment of capital lease principle is an expenditure in the governmental funds, but repayment reduces the obligation in the statement of net position		
Principal payments on capital leases		17,407
Change in Net Position of Governmental Activities	\$	(59)

See accompanying notes to basic financial statements

CORTEZ FIRE PROTECTION DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION -  
FIDUCIARY FUND  
For the Years Ended December 31

	PENSION TRUST FUND	
	2017	2016
<b>ASSETS</b>		
Cash	\$ 63,739	\$ 114,549
Investments, at fair market value	2,228,699	2,192,556
Grant Receivable	41,791	--
<b>TOTAL ASSETS</b>	<b>\$ 2,334,229</b>	<b>\$ 2,307,105</b>
 <b>NET POSITION</b>		
Due to General Fund	\$ 8,606	\$ 9,294
Payroll Liabilities	--	600
Held in trust for pension benefits	2,325,623	2,297,211
<b>TOTAL NET POSITION</b>	<b>\$ 2,334,229</b>	<b>\$ 2,307,105</b>

See accompanying notes to basic financial statements

CORTEZ FIRE PROTECTION DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -  
FIDUCIARY FUND  
For the Years Ended December 31

	PENSION TRUST FUND	
	2017	2016
<b>ADDITIONS</b>		
Contributions		
State Contribution	\$ 41,791	\$ 36,000
District Contribution	47,000	60,000
Total Contributions	88,791	96,000
Net increase (decrease) in fair value of investments	34,998	65,468
Earnings on investments	76,537	91,338
TOTAL ADDITIONS	200,326	252,806
<b>DEDUCTIONS</b>		
Actuarial Report	2,100	2,800
Office Expenses	250	2,668
Pension payments	169,564	172,307
TOTAL DEDUCTIONS	171,914	177,775
CHANGE IN NET POSITION	28,412	75,031
<b>NET POSITION HELD IN TRUST FOR PENSION BENEFITS:</b>		
Beginning of year	2,297,211	2,222,180
End of year	\$ 2,325,623	\$ 2,297,211

See accompanying notes to basic financial statements

CORTEZ FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Cortez Fire Protection District (the District) conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant accounting policies:

**Reporting Entity**

The Cortez Fire Protection District is an independent governmental entity organized on June 25, 1986, under provisions of the Colorado Revised Statutes. The District was established to provide fire protection services to Cortez, Colorado and the surrounding rural area in Montezuma County, Colorado.

In accordance with the requirements of Statement No. 14, *The Financial Reporting Entity, of the Governmental Accounting Standards Board (GASB)*, the financial statements must present the District (the primary government) and its component units. Pursuant to this criterion, no component units were identified for inclusion in the accompanying financial statements.

**Government-Wide and Fund Financial Statements**

Government-wide 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 non-fiduciary activities of the District. The effect of inter fund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues. The District does not operate any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or activities are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or activity. *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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Other items not properly included among program revenues are reported instead as general revenues.

Fund financial statements - Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

CORTEZ FIRE PROTECTION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2017

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**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 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.

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. However, expenditures related to compensated absences are recorded only when payment is due.

Interest income associated with the current fiscal period is considered to be susceptible to accrual and has been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the district.

The district reports the following governmental fund:

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

Additionally, the district reports the following fiduciary fund:

The *pension trust fund* is used to account for transactions relating to assets held by the District in the capacity of trustee for its volunteer firefighters' pension plan.

The effect of inter fund activity has been eliminated from the district-wide financial statements.

CORTEZ FIRE PROTECTION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2017

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Budgets**

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

- On or before October 15, the District Director submits to the Board of Directors a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Prior to December 15, a public hearing is held and the budget is legally adopted through passage of adoption and appropriation resolutions.
- Prior to December 15, the mill levies are certified to the Board of County Commissioners.
- The level of control (level at which expenditures may not exceed the budget) is maintained at the fund level.

Budgets for the general fund are adopted on a basis consistent with GAAP. Appropriations lapse at the end of the year.

**Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. In the governmental funds statements, capital assets are charged to expenditures when purchased. Capital assets, with an individual cost of \$5,000 or more and an estimated useful life of more than one year, are recorded at historical cost or estimated historical cost if historical cost is not available. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. Donated capital assets are valued at the estimated fair value of the item at the date of donation.

CORTEZ FIRE PROTECTION DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 December 31, 2017

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Capital Assets** (Continued)

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

<u>Asset</u>	<u>Years</u>
Buildings	50
Equipment and vehicles	8-15
Software	5

**Deferred Revenue**

Deferred revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for deferred revenue is removed and revenue is recognized.

**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.

**Comparative Data**

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. However, complete comparative data in accordance with generally accepted accounting principles has not been presented since its inclusion would make the financial statements unduly complex and difficult to read.

Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

CORTEZ FIRE PROTECTION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2017

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Net Position**

The government-wide financial statements utilize a net position presentation. Net position is categorized as investment in capital assets, restricted, and unrestricted. Investment in capital assets is intended to reflect the portion of net position which are associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost. Restricted net position are liquid assets, which have third party limitations on their use. Unrestricted net position represents assets that do not have any third party limitations on their use.

**Fund Equity**

The governmental fund financial statements present fund equity based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purpose amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Restricted – This classification includes amounts for which constraints have been place on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District committed \$1,200,000 in resources as of December 31, 2017.
- Unassigned – This classification includes the residual fund equity for the General Fund. The Unassigned classification also includes negative residual fund equity of any other governmental fund that cannot be eliminated by offsetting of Assigned fund equity amounts. The District would typically use restricted fund equity first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources.

CORTEZ FIRE PROTECTION DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 December 31, 2017

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position and balance sheets will sometimes report a separate section for deferred outflows or resources. This separate financial statement element, *deferred outflow of resource*, represents a consumption of net position and fund equity that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position and balance sheets will sometimes report a separate section for deferred inflows or resources. This separate financial statement element, *deferred inflow of resources*, represents an acquisition of net position and fund equity that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

**Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Cortez Fire Protection District Pension Plan (CFPDPP) and additions to/deductions from CFPDPP's fiduciary net position have been determined on the same basis as they are reported by CFPDPP. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**NOTE 2. CASH AND INVESTMENTS**

**Deposits**

Following is a reconciliation of the District's cash as shown in the basic financial statements:

	2017	2016
General fund checking	\$ 323,997	\$ 592,626
General fund CD's	834,387	825,159
General fund Money Markets	537,668	783,760
General fund cash		
held in escrow	1,200,000	--
General fund cash with		
County Treasurer	8,064	8,199
Total Cash	\$ 2,904,116	\$ 2,209,744

CORTEZ FIRE PROTECTION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2017

**NOTE 2. CASH AND INVESTMENTS (Continued)**

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local governments deposit cash only in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels must be collateralized by the financial institution.

The eligible collateral is determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution and held in trust for all the uninsured public deposits as a group. Colorado State Statutes require the market value of the collateral to be at least 102% of the aggregate uninsured deposits.

**Investments**

Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Colorado statutes specify in which financial instruments local governmental units may invest. These include:

- Obligations of the United States and certain United States government agency securities
- Certain international agency securities
- General obligation and revenue bonds of United States local governmental entities
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market mutual funds
- Guaranteed investment contracts
- Local government investment pools

The above investments are authorized for all funds and fund types used by Colorado municipalities.

In 2017 and 2016, the District had invested \$2,228,699 and \$2,192,556, respectively, in federal government backed mortgages and mutual funds.

Investments consist of medium term notes with the Federal Home Loan Mortgage Corporation and mutual funds with terms as follows:

**CORTEZ FIRE PROTECTION DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2017**

<b>Mutual Funds</b>	<b>Fair Value</b>
Invesco HY Fund CI A	257,149.43
Invesco Qual Income CI A	241,754.45
Invesco Corp Bond Fd A	254,312.91
Franklin Rising Dividends	121,726.99
Franklin Co Tax-Free Inc	486,056.25
Franklin US Govn Secs	192,832.13
Franklin Mut Shares Fund	56,115.88
Franklin Balanced Fund CI	54,870.16
Franklin Total Return Fund	196,356.18
Franklin High Income Fd CI	105,045.38
Invesco Core Plus Bond	249,511.00
	<u>2,215,730.76</u>

<b>Bank</b>	<b>Current Value</b>	<b>Maturity Date</b>	<b>Interest Rate</b>
1st Southwest Bank CD	264,442.15	2/14/2020	1.24%
Community Banks of Colorado CD	309,270.15	4/13/2020	1.15%
1st Southwest Bank Money Market	260,276.80	2/14/2019	0.98%
State Farm Bank Money Market	287,869.98	N/A	0.45%

Total Government and agency securities	2,215,730.76
Cash	12,968.15
Cetificates of Deposit	833,989.10
Money Market Accounts	287,869.98
<b>Total Investments</b>	<u><b>3,350,557.99</b></u>

**CORTEZ FIRE PROTECTION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2016**

<b>Mutual Funds</b>	<b>Fair Value</b>
Invesco HY Fund CI A	249,248.65
Invesco Qual Income CI A	244,368.95
Invesco Corp Bond Fd A	244,307.45
Franklin Rising Dividends	104,095.61
Franklin Co Tax-Free Inc	487,405.46
Franklin US Govn Secs	197,403.77
Franklin Mut Shares Fund	53,427.45
Franklin Balanced Fund CI	51,627.96
Franklin Total Return Fund	195,401.06
Franklin High Income Fd CI	101,457.13
Invesco Core Plus Bond	244,764.18
	<u>2,173,507.67</u>

<b>Bank</b>	<b>Current Value</b>	<b>Maturity Date</b>	<b>Interest Rate</b>
<b>1st Southwest Bank CD</b>	<b>259,926.72</b>	<b>2/14/2017</b>	<b>0.60%</b>
<b>Community Banks of Colorado CD</b>	<b>298,761.78</b>	<b>4/13/2020</b>	<b>1.15%</b>
<b>1st Southwest Bank Money Market</b>	<b>129,993.80</b>	<b>N/A</b>	<b>0.25%</b>
<b>State Farm Bank Money Market</b>	<b>548,606.02</b>	<b>N/A</b>	<b>0.45%</b>

<b>Total Government and agency securities</b>	<b>2,173,507.67</b>
<b>Cash</b>	<b>19,047.96</b>
<b>Publicly traded mutual funds</b>	<b>2,173,507.67</b>
<b>Cetificates of Deposit</b>	<b>558,688.50</b>
<b>Money Market Accounts</b>	<b>678,599.82</b>
<b>Total Investments</b>	<u><b>5,603,351.62</b></u>

CORTEZ FIRE PROTECTION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2017

**NOTE 3. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2017 was as follows:

	<u>12/31/16</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/17</u>
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Construction In Process	\$ 131,318	\$ 1,679,944	--	1,811,262
Land	38,439	\$ --	\$ --	\$ 38,439
Total capital assets not being depreciated	<u>169,757</u>	<u>1,679,944</u>	<u>--</u>	<u>1,849,701</u>
Capital assets being depreciated:				
Buildings	591,501	--	--	591,501
Equipment and vehicles	4,065,210	--	--	4,065,210
Improvements	23,671	--	--	23,671
Improvements	3,880	--	--	3,880
Total capital assets being depreciated	<u>4,684,262</u>	<u>--</u>	<u>--</u>	<u>4,684,262</u>
Less accumulated depreciation for:				
Buildings	(231,662)	(17,194)	--	(248,856)
Equipment and vehicles	(3,087,180)	(224,669)	--	(3,311,849)
Improvements	(5,457)	(1,822)	--	(7,279)
Software	(3,880)	--	--	(3,880)
Total accumulated depreciation	<u>(3,328,179)</u>	<u>(243,685)</u>	<u>--</u>	<u>(3,571,864)</u>
Total capital assets being depreciated, net	<u>1,356,083</u>	<u>(243,685)</u>	<u>--</u>	<u>1,112,398</u>
Governmental activities capital assets, net	<u>\$ 1,525,840</u>	<u>\$ 1,436,259</u>	<u>\$ --</u>	<u>\$ 2,962,099</u>

Depreciation expense totaling \$243,685 was charged to the fire protection function of the District in 2017.

CORTEZ FIRE PROTECTION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2017

**NOTE 3. CAPITAL ASSETS (Continued)**

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

	<u>12/31/15</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/16</u>
Governmental Activities				
Capital assets not being depreciated:				
Construction In Progress	--	131,318		131,318
Land	\$ 38,439	\$ 1	\$ --	\$ 38,440
Total capital assets not being depreciated	<u>38,439</u>	<u>131,319</u>	<u>--</u>	<u>169,758</u>
Capital assets being depreciated:				
Buildings	640,169	--	\$ (48,668)	591,501
Equipment and vehicles	3,910,305	154,905	--	4,065,210
Improvements	23,671	--	--	23,671
Software	3,880	--	--	3,880
Total capital assets being depreciated	<u>4,578,025</u>	<u>154,905</u>	<u>(48,668)</u>	<u>4,684,262</u>
Less accumulated depreciation for:				
Buildings	(214,469)	(17,193)	--	(231,662)
Equipment and vehicles	(2,861,748)	(225,432)	--	(3,087,180)
Improvements	(3,433)	(2,024)	--	(5,457)
Software	(3,880)	--	--	(3,880)
Total accumulated depreciation	<u>(3,083,530)</u>	<u>(244,649)</u>	<u>--</u>	<u>(3,328,179)</u>
Total capital assets being depreciated, net	<u>1,494,495</u>	<u>(89,744)</u>	<u>(48,668)</u>	<u>1,356,083</u>
Governmental activities capital assets, net	<u>\$ 1,532,934</u>	<u>\$ 41,575</u>	<u>\$ (48,668)</u>	<u>\$ 1,525,841</u>

Depreciation expense totaling \$244,649 was charged to the fire protection function of the District in 2016.

CORTEZ FIRE PROTECTION DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 December 31, 2017

**NOTE 4. ACCRUED VACATION and SICK LEAVE**

The District’s vacation and sick leave policy allows full-time employees to accrue vacation based on years of service. Sick leave is accrued at 3.69 hours bi-weekly for full-time employees. The maximum accrual of vacation is 296 hours and 1,050 for sick leave. All accrued vacation hours will be paid to the employee at the employee’s current rate of pay upon termination. Sick leave will be paid to the employee at \$1.00 for each hour for employees who have worked for the District five through ten years, \$2.00 for employees who have worked for the District ten years through fifteen years, and \$3.00 for employees who have worked for the District over fifteen years.

**NOTE 5. SINGLE-EMPLOYER RETIREMENT PLAN**

**General Information about the Pension Plan**

Plan description - The District’s defined benefit pension plan, Cortez Fire Protection District Pension Plan, provides pensions for all volunteer fireman with 10 years of service. The plan is a single-employer defined benefit pension plan administered by a Board of Trustees composed of District Board members and firefighters selected in accordance with Colorado State Statutes. Article 15 of the Regulations of the State grants the authority to establish and amend the benefit terms to the Board of Trustees.

Benefits provided - The Cortez Fire Protection District Pension Plan provides retirement and death benefits. Retirement benefits for volunteer fireman with ten years of volunteer service are calculated as \$25.99 per month per year of volunteer service for a maximum of 20 years. Volunteer fireman with 10 years of service are eligible to retire at age 50. Volunteer fireman with 10 years of service are eligible for death benefits. Death benefits are a lump sum payment of \$600 if death occurs before retirement or 50% of the retiree’s benefit if the member is married commencing on the date the deceased member would have turned age 50 for retired members.

Firefighters covered by benefit terms - At December 31, 2017, the following firefighters were covered by the benefit terms:

Active Firefighters	4
Retirees and Beneficiaries	39
Inactive, Non Retired Members	<u>7</u>
Total Number of Members	<u>50</u>

CORTEZ FIRE PROTECTION DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 December 31, 2017

**NOTE 5. SINGLE-EMPLOYER RETIREMENT PLAN (Continued)**

Contributions - Article 15 of the Regulations of the State grants the authority to establish and amend the contribution requirements of the District. The board establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined contribution for the District is ½ mill of the assessed valuation of the District. The State of Colorado’s contribution has been established by the legislature and is based upon the amounts contributed by the district. The State currently matches 90% of the District’s contributions up to a maximum of ½ mill on the assessed valuation. The firefighters do not contribute to the plan.

**Net Pension Liability**

The District’s net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions - The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Closed
Remaining Amortization Period	20 Years
Asset Valuation Method	Market Value
Investment Rate Return	3.5% (reduced from 4.5%)
Projected Salary Increases	N/A
Inflation	N/A
Cost of Living Adjustments	None

Mortality rates for Actives were based on the RP 2000 Table.

The actuarial assumptions used in the December 31, 2017 valuation were based on the Entry Age Cost Method for actuarial valuations as of June 15, 2007 or later.

Discount rate - The discount rate used to measure the total pension liability was 4.50 percent. The projection of cash flows used to determine the discount rate assumed that the State contributions will be made at the current contribution rate and that the District contributions will be made at rates equal to the difference between actuarially determined contribution rates and the State rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive volunteer firemen. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CORTEZ FIRE PROTECTION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2017

**NOTE 5. SINGLE-EMPLOYER RETIREMENT PLAN (Continued)**

**Changes in the Net Pension Liability**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 12/31/2016	\$ 2,821,400	\$ 2,293,285	\$ 528,115
Changes for the year:			
Interest	123,319	--	123,319
Other	--	12,531	(12,531)
Differences Between Expected and Actual Experience	(5,259)	--	(5,259)
Service Costs	7,610	--	7,610
Contributions - State	--	(41,791)	(41,791)
Contributions - District	--	(47,000)	(47,000)
Net Investment Income	--	(111,535)	(111,535)
Benefit Payments	(169,563)	169,563	--
Administrative Expenses	--	2,350	2,350
Net Changes	(43,893)	(15,882)	(84,837)
Balances at 12/31/2017	\$ 2,777,507	\$ 2,277,403	\$ 443,278

Sensitivity of the net pension liability to changes in the discount rate – The following presents the net pension liability of the District, using the discount rate of 4.50 percent, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.50%) or 1-percentage-point higher (5.50%) than the current rate:

	1% Decrease (3.50%)	Discount Rate (4.50%)	1% Increase (5.50%)
District's Net Pension Liability	\$ 820,144	\$ 455,809	\$ 139,631

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued CERS financial report.

CORTEZ FIRE PROTECTION DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 December 31, 2017

**NOTE 5. SINGLE-EMPLOYER RETIREMENT PLAN (Continued)**

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended December 31, 2017, the District recognized pension expense of \$64,425. \$47,929 for the year ended 2016. At December 31, 2017 and 2016 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>2016</u>	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual results	\$ --	\$ 71,663
District contributions subsequent to the measurement date	60,000	--
	\$ 60,000	\$ 71,663
	<u>2017</u>	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual results	\$ 28,958	\$ 74,034
District contributions subsequent to the measurement date	41,791	--
	\$ 70,749	\$ 74,034

CORTEZ FIRE PROTECTION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2017

**NOTE 5. SINGLE-EMPLOYER RETIREMENT PLAN** (Continued)

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (Continued)

The \$41,791 of deferred outflows of resources resulting from the State of Colorado's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

	<u>Year Ending December 31,</u>
2018	\$ (36,512)
2019	3,950
2020	(10,529)
2021	--

**Payable to the Pension Plan**

At December 31, 2017, the District had no amount to report as a payable of contributions to the pension plan required for the year ended December 31, 2017. All required contributions to the pension plan were paid in full in the fiscal year ended December 31, 2017.

CORTEZ FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 5. SINGLE-EMPLOYER RETIREMENT PLAN (Continued)

Payable to the Pension Plan (Continued)

Schedule of District Contributions

<u>Year</u>	<u>District Contributions</u>
2005	\$97,614
2006	\$79,118
2007	\$135,795
2008	\$127,494
2009	\$127,557
2010	\$149,383
2011	\$146,754
2012	\$72,622
2013	\$70,000
2014	\$40,000
2015	\$40,000
2016	\$60,000
2017	\$47,000

Schedule of Funding Progress  
Based upon Actuarial Information

	<u>Net Assets Available for Benefits</u>	<u>Pension Benefit Obligation</u>	<u>Percent Funded</u>	<u>Unfunded Pension Benefit Obligation</u>
2000	\$ 782,928	\$ 834,502	94%	\$ 51,574
2002	891,526	934,926	95%	43,400
2004	1,096,453	1,601,740	68%	505,287
2006	1,267,403	1,466,815	86%	199,412
2008	1,563,873	2,353,882	66%	790,009
2009	1,621,664	2,678,370	61%	1,056,706
2012	1,980,511	2,693,715	74%	713,204
2014	2,057,550	2,738,220	75%	680,670
2016	2,293,285	2,821,400	81%	528,115
2017	2,334,229	2,777,507	84%	443,278

CORTEZ FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

**NOTE 6. 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; and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year, and settlements have not exceeded coverage in the past four years.

**NOTE 7. CONTINGENCIES**

In the normal course of operations, the District receives funds from various agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

**NOTE 8. COUNTY TAX LEVY**

Property taxes are collected on behalf of the District by Montezuma County and then remitted to the District. The property tax is levied and certified in December of the year prior to the year the taxes are collected. Property taxes become an enforceable lien on January 1 of each year. Taxes are payable either in two installments due on February 28 and June 15, or in full on April 30. The full amount of taxes levied on January 1, 2018 is recorded as taxes receivable and deferred revenue as of December 31, 2017 since the amount is measurable but not available until the following year. An allowance for uncollectible taxes is not provided as the uncollectible amounts were determined to be negligible based upon an analysis of historical trends.

**NOTE 9. 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 a new Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue and debt limitations that apply to the State of Colorado and all local governments.

The District passed a ballot question in 2013 authorizing the District to collect, retain and spend for any lawful purpose the revenues generated from all sources in each fiscal year thereafter.

The Amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the Amendment.

CORTEZ FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

**NOTE 10. LEASE PURCHASE AGREEMENT**

The District entered into a new lease on February 6, 2017 for \$1,200,000 for the purpose of constructing and equipping a new fire station. The District will lease the land and building in Cortez to the lessor, HSE Leasing, LLC. The lease is renewed annually on January 1. The interest rate on the lease balance is 3.67% per annum.

Future Lease payments:

	Principal	Interest
2018	\$ 42,315	\$ 42,900
2019	43,882	41,333
2020	45,508	39,707
2021-2037	1,047,708	358,339
TOTAL	\$ 1,179,413	\$ 482,279

**NOTE 11. SUBSEQUENT EVENTS**

The District built a new fire station beginning in 2017. Planning fees, such as architectural and surveying, were incurred in 2015 and 2016. The District received a grant in 2016 for \$2,000,000 and will match \$1,000,000 from reserve funds. The remaining cost will be paid with a lease-purchase agreement.

The 2017 financial statement audit was not timely filed with the State of Colorado and the District's October, November, December 2018 and January 2019 property tax revenues were withheld by the State.

The 2019 Budget was presented to the board of directors in October as required by Colorado statute but not documented in the October board meeting minutes. The second reading of the budget was conducted and reported at the November board meeting.

**REQUIRED SUPPLEMENTAL INFORMATION**

CORTEZ FIRE PROTECTION DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
December 31, 2017

**Budgetary Data**

The Budgetary Comparison Schedule, included in the required supplementary information presents a comparison of budgetary data to actual results of operations for the General Fund, for which an annual operating budget is legally adopted. This fund utilizes the same basis of accounting for both budgetary purposes and actual results.

The variance between budgeted and actual property tax revenue was due to assessed property valuations in the district being overstated and challenged by the owners of the property in court as well as individually.

**Schedule of Funding Progress**

The aggregate actuarial cost method is used. Actuarial information is available for 2017.

CORTEZ FIRE PROTECTION DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND EQUITY - BUDGET AND ACTUAL  
GENERAL FUND

For the Year Ended December 31, 2017

	Budget Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<b>Revenues</b>				
Property tax	\$ 1,542,079	\$ 1,542,079	\$ 1,518,011	\$ (24,068)
Specific ownership tax	80,000	80,000	97,555	17,555
Grants	2,050,000	2,050,000	1,842,340	(207,660)
Other	45,000	45,000	36,277	(8,723)
Investment income	5,000	5,000	13,348	8,348
<b>Total Revenues</b>	<b>3,722,079</b>	<b>3,722,079</b>	<b>3,507,531</b>	<b>(214,548)</b>
<b>Expenditures</b>				
<b>Administration:</b>				
Professional	20,000	20,000	8,996	11,004
Employee wage & benefits	170,000	170,000	178,981	(8,981)
Insurance	90,000	90,000	59,000	31,000
Postage	1,000	1,000	610	390
Dues and subscriptions	3,500	3,500	3,356	144
Travel and training	2,000	2,000	603	1,397
Collection fees - County Treasurer	31,500	31,500	30,362	1,138
Other	21,500	21,500	18,365	3,135
<b>Total Administration</b>	<b>339,500</b>	<b>339,500</b>	<b>300,273</b>	<b>39,227</b>
<b>Fire protection:</b>				
Contract wages	865,300	865,300	826,941	38,359
Supplies and repairs	117,500	117,500	104,439	13,061
Training	48,000	48,000	26,961	21,039
Station operation	54,000	54,000	14,418	39,582
Dispatch services	40,000	40,000	37,363	2,637
Repairs & maintenance	55,000	55,000	49,215	5,785
Other	4,000	4,000	5,183	(1,183)
<b>Total Fire Protection</b>	<b>1,183,800</b>	<b>1,183,800</b>	<b>1,064,520</b>	<b>119,280</b>
Debt Service	125,000	125,000	111,303	13,697
Capital Outlay	3,375,000	3,375,000	1,679,945	1,695,055
<b>Total Expenditures</b>	<b>5,023,300</b>	<b>5,023,300</b>	<b>3,156,041</b>	<b>1,867,259</b>
<b>Excess revenues over expenditures</b>	<b>(1,301,221)</b>	<b>(1,301,221)</b>	<b>351,490</b>	<b>1,652,711</b>

(See accompanying notes to required supplementary information)

CORTEZ FIRE PROTECTION DISTRICT  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND EQUITY - BUDGET AND ACTUAL  
 GENERAL FUND  
 For the Year Ended December 31, 2017

(Continued)

	Budget Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Other financing sources (uses)				
Transfers out	(47,000)	(47,000)	(47,000)	--
Total Other Financing Sources (Uses)	(47,000)	(47,000)	(47,000)	--
Net change in fund balance	(1,348,221)	(1,348,221)	304,490	1,652,711
Fund balance - beginning	2,081,507	2,081,507	2,194,127	112,620
Fund balance - ending	<u>\$ 733,286</u>	<u>\$ 733,286</u>	<u>\$ 2,498,617</u>	<u>\$ 1,765,331</u>

(Continued)

CORTEZ FIRE PROTECTION DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND EQUITY - BUDGET AND ACTUAL  
GENERAL FUND

For the Year Ended December 31, 2016

	Budget Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<b>Revenues</b>				
Property tax	\$ 1,483,483	\$ 1,455,588	\$ 1,478,028	\$ 22,440
Specific ownership tax	80,000	93,350	101,296	7,946
Grants	50,000	150	150	--
Other	335,000	10,300	30,611	20,311
Investment income	17,000	22,062	16,430	(5,632)
<b>Total Revenues</b>	<b>1,965,483</b>	<b>1,581,450</b>	<b>1,626,515</b>	<b>45,065</b>
<b>Expenditures</b>				
<b>Administration:</b>				
Professional	20,000	12,000	11,439	561
Employee wage & benefits	215,000	192,880	183,083	9,797
Insurance	90,000	60,000	64,038	(4,038)
Postage	1,500	575	586	(11)
Dues and subscriptions	3,500	3,787	4,032	(245)
Collection fees - County Treasurer	30,000	30,000	29,561	439
Other	83,500	52,055	55,963	(3,908)
<b>Total Administration</b>	<b>443,500</b>	<b>351,297</b>	<b>348,702</b>	<b>2,595</b>
<b>Fire protection:</b>				
Contract wages	829,000	685,480	688,130	(2,650)
Supplies and repairs	140,500	102,500	62,929	39,571
Training	59,500	35,150	34,254	896
Station operation	71,000	36,100	37,819	(1,719)
Communications	40,000	34,000	34,909	(909)
Repairs & maintenance	70,000	49,125	37,282	11,843
Grant Expense	350,000	--	--	--
Other	110,500	24,876	25,791	(915)
<b>Total Fire Protection</b>	<b>1,670,500</b>	<b>967,231</b>	<b>921,114</b>	<b>46,117</b>
<b>Capital Outlay</b>	<b>250,000</b>	<b>197,000</b>	<b>237,556</b>	<b>(40,556)</b>
<b>Total Expenditures</b>	<b>2,364,000</b>	<b>1,515,528</b>	<b>1,507,372</b>	<b>8,156</b>
<b>Excess revenues over expenditures</b>	<b>(398,517)</b>	<b>65,922</b>	<b>119,143</b>	<b>53,221</b>

(See accompanying notes to required supplementary information)

CORTEZ FIRE PROTECTION DISTRICT  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND EQUITY - BUDGET AND ACTUAL  
 GENERAL FUND  
 For the Year Ended December 31, 2016

(Continued)

	Budget Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Other financing sources (uses)				
Transfers out	(60,000)	(60,000)	(60,000)	--
Total Other Financing Sources(Uses)	(60,000)	(60,000)	(60,000)	--
Net change in Fund Equity	(458,517)	5,922	59,143	53,221
Fund Equity - Beginning	2,008,224	2,135,585	2,135,585	--
Fund Equity - Ending	<u>\$ 1,549,707</u>	<u>\$ 2,141,507</u>	<u>\$ 2,194,728</u>	<u>\$ 53,221</u>

(Continued)

CORTEZ FIRE PROTECTION DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS

	Last 7 Fiscal Years						
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Actuarially Determined Contribution	\$ 88,791	\$ 88,791	\$ 72,006	\$ 70,309	\$ 90,021	\$ 85,734	\$ 128,845
Contributions in Relation to the Actuarially Determined Contribution	<u>86,626</u>	<u>96,000</u>	<u>76,000</u>	<u>81,791</u>	<u>113,616</u>	<u>114,413</u>	<u>188,545</u>
Contribution Deficiency (Excess)	<u>\$ 2,165</u>	<u>\$ (7,209)</u>	<u>\$ (3,994)</u>	<u>\$ (11,482)</u>	<u>\$ (23,595)</u>	<u>\$ (28,679)</u>	<u>\$ (59,700)</u>
District Contribution	\$ 47,000	\$ 60,000	\$ 40,000	\$ 40,000	\$ 70,000	\$ 72,622	\$ 146,754
District Contributions as a Percentage of Total Contribution	54.26%	62.50%	52.63%	48.91%	61.61%	63.47%	77.83%

**NOTES TO SCHEDULE**

Valuation Date:

Actuarially determined contribution rates are calculated as of January 1, 2018.

Methods and Assumptions used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Closed
Remaining Amortization Period	20 years
Asset Valuation Method	Market Value
Inflation	N/A
Salary Increases	N/A
Investment Rate of Return	3.5% (reduced from 4.5%)
Retirement Age	All fire fighters are assumed to retire upon attainment of age 50 and completion of 20 years of service but not later than age 60 with 10 years service.
Mortality	RP 2000 Table

CORTEZ FIRE PROTECTION DISTRICT  
OTHER SUPPLEMENTARY INFORMATION  
December 31, 2017

Other supplementary information includes financial statements and schedules not required by the GASB, or a part of the basic financial statements, but are presented for purposes of additional analysis.

These statements and schedules include:

Budgetary Comparison Schedule – Fiduciary Fund – Pension Trust Fund

CORTEZ FIRE PROTECTION DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND EQUITY - BUDGET AND ACTUAL  
FIDUCIARY FUND  
PENSION TRUST FUND  
For the Year Ended December 31, 2017

	BUDGET AMOUNTS		Actual	Variance
	Original	Final		Favorable (Unfavorable)
REVENUES				
State contribution	\$ 25,000	\$ 36,000	\$ 41,791	\$ --
Interest and dividends	60,075	65,075	69,312	4,237
TOTAL REVENUES	85,075	101,075	111,103	4,237
EXPENDITURES				
Pension payments	160,677	160,677	169,563	(8,886)
Other expenditures	5,900	2,348	2,350	(2)
TOTAL EXPENDITURES	166,577	163,025	171,913	(8,888)
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	(81,502)	(61,950)	(60,810)	1,140
OTHER FINANCING SOURCES				
Transfers in	40,000	40,000	47,000	--
TOTAL OTHER FINANCING SOURCES	40,000	40,000	47,000	--
EXCESS (DEFICIT) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(41,502)	(21,950)	(13,810)	8,140
FUND EQUITY, Beginning	2,055,058	2,055,058	2,297,210	242,152
FUND EQUITY, Ending	\$ 2,013,556	\$ 2,033,108	\$ 2,283,400	\$ 250,292
NET (DECREASE) IN FAIR VALUE			(42,223)	
FUND EQUITY, Ending (GAAP basis)			\$ 2,241,177	

See accompanying notes to basic financial statements

CORTEZ FIRE PROTECTION DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND EQUITY -- BUDGET AND ACTUAL  
FIDUCIARY FUND  
PENSION TRUST FUND  
For the Year Ended December 31, 2016

	BUDGET AMOUNTS		Actual	Variance
	Original	Final		Favorable (Unfavorable)
REVENUES				
State contribution	\$ 36,000	\$ 36,000	\$ 36,000	\$ --
Interest and dividends	65,075	65,075	91,337	26,262
TOTAL REVENUES	101,075	101,075	127,337	26,262
EXPENDITURES				
Pension payments	163,677	166,565	172,307	(5,742)
Other expenditures	6,350	5,940	5,468	--
TOTAL EXPENDITURES	170,027	172,505	177,775	(5,270)
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	(68,952)	(71,430)	(50,438)	20,992
OTHER FINANCING SOURCES				
Transfers in	60,000	60,000	60,000	--
TOTAL OTHER FINANCING SOURCES	60,000	60,000	60,000	--
EXCESS (DEFICIT) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(8,952)	(11,430)	9,562	20,992
FUND EQUITY, Beginning	2,258,858	2,222,180	2,222,180	--
FUND EQUITY, Ending	\$ 2,249,906	\$ 2,210,750	\$ 2,231,742	\$ 20,992
NET INCREASE IN FAIR VALUE			65,468	
FUND EQUITY, Ending (GAAP basis)			\$ 2,297,210	

See accompanying notes to basic financial statements