

**ELBERT FIRE PROTECTION  
DISTRICT**

**Financial Statements**

*For the Year Ended  
December 31, 2017*

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Office of the State Auditor

July 30, 2018

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## **Independent Auditors' Report**

Board of Directors  
Elbert Fire Protection District

We have audited the accompanying financial statements of the governmental activities and each major fund of Elbert 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 District's basic financial statements as listed in the table of contents.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Elbert Fire Protection District as of December 31, 2017, and the respective changes in financial position thereof

for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

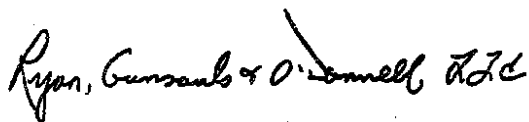
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-7 and 30 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Districts basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



Denver, Colorado  
July 27, 2018

**ELBERT FIRE PROTECTION DISTRICT**  
**Management's Discussion and Analysis**  
**December 31, 2017**

**Introduction**

The following is a discussion and analysis of Elbert Fire Protection District's financial performance for the year ended December 31, 2017. This section is a summary of the District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the government-wide and fund based financial statements. This section is only an introduction and should be read in conjunction with the District's financial statements, which immediately follow this section.

**Financial Highlights**

The Fire District entered into a lease purchase agreement to build two buildings and new equipment in February 2018 in the amount of \$600,000, annual payments will commence December 1, 2018. The District had net income of \$167,824 for the year ended December 31, 2017. The District took full advantage of the 2017 savings credited by paying down the lease purchase agreements, which allowed for costs for an audit, matching money for two grants, and anticipated election expenses.

**District-Wide Financial Statements**

The Statement of Net Position includes all of the District's assets and liabilities. One of the largest portions of the District's assets is the investment in capital assets (land, building, fire apparatus and equipment). These assets are used to provide Fire, EMS First Response, and Rescue services to the residents of the District; therefore, they are not available for future spending. Although the investment in capital assets is reported net of the related debt, the resources necessary to repay this debt must be provided from the general fund budget. These assets are not to be liquidated to pay any of the debt.

**Statement of Net Position:** The District's combined net position was \$669,199 at December 31, 2017. The following table presents a summary of the net position for the year 2017 compared to 2016.

<b>Condensed Statement of Net Position</b>			
	<u>Governmental Activities</u>		
	2017	2016	% Change
Current and other assets	\$ 440,103	\$ 352,222	25%
Capital assets	338,506	322,362	5%
Total assets	778,609	674,584	15%
Deferred pension outflows	13,845	-	100%
Total assets and deferred outflows	\$ <u>792,454</u>	\$ <u>674,584</u>	17%

**ELBERT FIRE PROTECTION DISTRICT**  
**Management's Discussion and Analysis**  
**December 31, 2017**

<b>Condensed Statement of Net Position, continued</b>			
	<u>Governmental Activities</u>		
	<u>2017</u>	<u>2016</u>	<u>% Change</u>
Accounts payable	\$ 10,058	\$ 2,395	320%
Capital lease payable	99,352	168,572	(41)%
Net pension liability	<u>6,485</u>	<u>-</u>	100%
Total liabilities	115,895	170,967	(32)%
Deferred pension inflows	<u>7,360</u>	<u>-</u>	100%
Net position			
Invested in capital assets, net of related debt	338,506	317,725	7%
Restricted	5,000	5,000	0%
Unrestricted	<u>325,693</u>	<u>180,892</u>	80%
Total net position	<u>669,199</u>	<u>503,617</u>	33%
Total liabilities and net position	<u>\$ 792,454</u>	<u>\$ 674,584</u>	17%

A portion of the District's net assets (3%) represents resources that are subject to external restrictions on how they may be used. The restricted net asset amount is reserved for emergencies which represent three (3%) percent or more of its fiscal year spending. The Board restricted \$7,920 for 2017 non-recurring expenses.

The **Change in Net Position** is an increase of \$167,824 for the year ended December 31, 2017, due mainly to the increase in investment earnings and specific ownership taxes.

<b>Changes in Net Position (Statement of Activities)</b>			
	<u>Governmental Activities</u>		
	<u>2017</u>	<u>2016</u>	<u>% Change</u>
<b>Revenues – General Revenues</b>			
Real property taxes	\$ 227,313	\$ 223,168	2%
Specific ownership taxes	35,558	28,492	25%
Charges for services	3,408	614	455%
Interest income	921	241	282%
Contributions	5,480	12,150	(55)%
Investment earnings	30,666	11,945	157%
Other income	<u>15,676</u>	<u>14,180</u>	11%
Total Revenues	<u>\$ 319,022</u>	<u>\$ 290,790</u>	10%

**ELBERT FIRE PROTECTION DISTRICT**  
**Management's Discussion and Analysis**  
**December 31, 2017**

<b>Changes in Net Position (Statement of Activities), continued</b>			
	<u>Governmental Activities</u>		
	<u>2017</u>	<u>2016</u>	<u>% Change</u>
<b>Expenses</b>			
Fire protection	\$ 27,322	\$ 62,087	(56)%
General and administrative	30,229	22,818	32%
Equipment and capital outlay	49,495	47,609	4%
Debt service	44,152	22,602	95%
Total Expenses	<u>151,198</u>	<u>155,116</u>	(3)%
<b>Increase in Net Position</b>	<u>\$ 167,824</u>	<u>\$ 135,674</u>	24%

<b>Capital Assets</b>			
	<u>Governmental Activities</u>		
	<u>2017</u>	<u>2016</u>	<u>% Change</u>
Land	\$ 10,000	\$ 10,000	0%
Buildings	89,000	89,000	0%
Machinery and equipment	1,079,232	1,008,956	7%
Improvements	62,979	62,979	0%
Less: Accumulated depreciation	<u>(902,705)</u>	<u>(853,210)</u>	6%
Total	<u>\$ 338,506</u>	<u>\$ 317,725</u>	7%

<b>Outstanding Long-Term Debt</b>			
	<u>Governmental Activities</u>		
	<u>2017</u>	<u>2016</u>	<u>% Change</u>
Lease purchase agreement	<u>\$ 99,352</u>	<u>\$ 168,572</u>	(41)%
Total	<u>\$ 99,352</u>	<u>\$ 168,572</u>	(41)%

There was no issuance of debt in 2017.

**ELBERT FIRE PROTECTION DISTRICT**  
**Management's Discussion and Analysis**  
**December 31, 2017**

**Overview Of The Financial Statements**

This annual report consists of three parts: MD&A (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *district-wide* financial statements that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the district-wide statements. The fund financial statements concentrate on the District's most significant funds with all other non-major funds listed in total in one column.
- The *governmental funds statements* tell how basic services were financed in the *short term* as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

**General Fund Budgetary Highlights**

The District's general fund budget is prepared according to Colorado State law.

The General fund actual revenues were more than budgeted by \$37,358. The net increase is the result of an increase in property taxes, contributions, and other income.

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Real property taxes	\$ 226,248	\$ 227,313	\$ 1,065
Specific ownership taxes	13,000	35,558	22,558
Charges for services	10,900	3,408	(7,492)
Interest income	50	921	871
Contributions	-	5,480	5,480
Other income	800	15,676	14,876
Total revenues	<u>\$ 250,998</u>	<u>\$ 288,356</u>	<u>\$ 37,358</u>

**ELBERT FIRE PROTECTION DISTRICT**  
**Management's Discussion and Analysis**  
**December 31, 2017**

**General Fund Budgetary Highlights, continued**

General fund actual expenditures were under budget by \$31,730.

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Fire protection	\$ 127,671	\$ 27,322	\$ 100,349
General and administrative	54,169	18,840	35,329
Capital outlay	53,500	49,495	4,005
Debt service	47,669	44,152	3,517
	<u>\$ 283,009</u>	<u>\$ 139,809</u>	<u>\$ 143,200</u>

**Factors Bearing On The District's Future**

This financial report is designed to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances to demonstrate the accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Elbert Fire Protection District, Board of Fire Directors, P.O. Box 98, Elbert, CO 80106.

**ELBERT FIRE PROTECTION DISTRICT**  
**Statement of Net Position**  
**December 31, 2017**

**ASSETS**

Cash		
Unrestricted	\$	215,610
Restricted		218,220
Prepaid expenses		6,273
Capital assets, net of accumulated depreciation		<u>338,506</u>
<b>Total assets</b>		<b><u>778,609</u></b>

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred outflows related to pensions		<u>13,845</u>
<b>Total deferred outflows of resources</b>		<b><u>13,845</u></b>

**LIABILITIES**

Accounts payable		10,058
Capital lease payable		99,352
Net pension liability		<u>6,485</u>
<b>Total liabilities</b>		<b><u>115,895</u></b>

**DEFERRED INFLOWS OF RESOURCES**

Deferred inflows related to pensions		<u>7,360</u>
<b>Total deferred inflows of resources</b>		<b><u>7,360</u></b>

**NET POSITION**

Investment in capital assets, net of related debt		338,506
Restricted		223,220
Unrestricted		<u>107,473</u>
<b>Total net position</b>	<b>\$</b>	<b><u>669,199</u></b>

*See accompanying independent auditors' report and notes to financial statements.*

**ELBERT FIRE PROTECTION DISTRICT**  
**Statement of Activities**  
**For the Year Ended December 31, 2017**

	<b>Expenses</b>	<b>Charges for services</b>	<b>Net (expense) revenue and changes in net position</b>
<b>Expenses:</b>			
Fire protection	\$ 27,322	\$ -	\$ (27,322)
General and administrative	30,229	-	(30,229)
Equipment and capital outlay	49,495	-	(49,495)
Debt service	44,152	-	(44,152)
<b>Total expenses</b>	<b>\$ 151,198</b>	<b>\$ -</b>	<b>(151,198)</b>
 <b>General revenues:</b>			
Real property taxes			227,313
Specific ownership taxes			35,558
Charges for services			3,408
Interest income			921
Contributions			5,480
Investment earnings			30,666
Other income			15,676
<b>Total general revenues</b>			<b>319,022</b>
Change in net position			167,824
<b>Net position - beginning of year</b>			<b>501,375</b>
<b>Net position - end of year</b>			<b>\$ 669,199</b>

*See accompanying independent auditors' report and notes to financial statements.*

**ELBERT FIRE PROTECTION DISTRICT**  
**Balance Sheet - All Funds**  
**December 31, 2017**

	<b>General fund</b>	<b>Pension fund</b>	<b>Total Governmental funds</b>
<b>ASSETS</b>			
Cash:			
Unrestricted cash	\$ 215,610	\$ -	\$ 215,610
Restricted cash	-	218,220	218,220
Prepaid expenses	6,273	-	6,273
<b>Total assets</b>	<b>221,883</b>	<b>218,220</b>	<b>440,103</b>
<b>LIABILITIES</b>			
Accounts payable	10,058	-	10,058
<b>Total liabilities</b>	<b>10,058</b>	<b>-</b>	<b>10,058</b>
<b>FUND BALANCES</b>			
Restricted for emergencies	5,000	-	5,000
Restricted for retirement benefits	-	218,220	218,220
Unassigned	445,979	-	445,979
<b>Total fund balance</b>	<b>\$ 450,979</b>	<b>\$ 218,220</b>	<b>\$ 669,199</b>

*See accompanying independent auditors' report and notes to financial statements.*

**ELBERT FIRE PROTECTION DISTRICT**  
**Reconciliation of All Funds Balance Sheet to the Statement of Net Position**  
**December 31, 2017**

	<u>Total Governmental Funds</u>	<u>Total Fiduciary Funds</u>	<u>Reclassifications and Eliminations</u>	<u>Statement of Net Position Totals</u>
<b>ASSETS</b>				
Cash	\$ 215,610	218,220	\$ -	\$ 433,830
Prepaid expenses	6,273	-	-	6,273
Fixed assets, net	<u>338,506</u>	<u>-</u>	<u>-</u>	<u>338,506</u>
Total assets	<u>560,389</u>	<u>218,220</u>	<u>-</u>	<u>778,609</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred pension outflows	<u>-</u>	<u>13,845</u>	<u>-</u>	<u>13,845</u>
<b>Total assets and deferred outflows of resources</b>	<b><u>560,389</u></b>	<b><u>232,065</u></b>	<b><u>-</u></b>	<b><u>792,454</u></b>
<b>LIABILITIES</b>				
Accounts payable	10,058	-	-	10,058
Capital lease payable	99,352	-	-	99,352
Net pension liability	<u>-</u>	<u>6,485</u>	<u>-</u>	<u>6,485</u>
Total liabilities	<u>109,410</u>	<u>6,485</u>	<u>-</u>	<u>115,895</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred pension inflows	<u>-</u>	<u>7,360</u>	<u>-</u>	<u>7,360</u>
<b>Total liabilities and deferred inflows of resources</b>	<b><u>109,410</u></b>	<b><u>13,845</u></b>	<b><u>-</u></b>	<b><u>123,255</u></b>
<b>FUND BALANCE/NET POSITION</b>				
Total fund balance/net position	<u>450,979</u>	<u>218,220</u>	<u>-</u>	<u>669,199</u>
<b>Total liabilities and fund balance/net position</b>	<b><u>\$ 560,389</u></b>	<b><u>\$ 232,065</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 792,454</u></b>

*See accompanying independent auditors' report and notes to financial statements.*

**ELBERT FIRE PROTECTION DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance - All Funds**  
**For the Year Ended December 31, 2017**

	<u>Governmental Fund Types</u> <u>General</u>	<u>Fiduciary Fund Types</u> <u>Pension</u>	<u>Total all funds</u>
<b>REVENUES</b>			
Real property taxes	\$ 227,313	\$ -	\$ 227,313
Specific ownership taxes	35,558	-	35,558
Charges for services	3,408	-	3,408
Interest income	921	-	921
Contributions	5,480	-	5,480
Investment earnings	-	30,666	30,666
Other income	15,676	-	15,676
<b>Total revenues</b>	<b><u>288,356</u></b>	<b><u>30,666</u></b>	<b><u>319,022</u></b>
<b>EXPENDITURES</b>			
Fire protection	27,322	-	27,322
General and administrative	18,840	11,389	30,229
Capital outlay	49,495	-	49,495
Debt service	44,152	-	44,152
<b>Total expenditures</b>	<b><u>139,809</u></b>	<b><u>11,389</u></b>	<b><u>151,198</u></b>
<b>Excess of revenues over expenditures</b>	<b><u>148,547</u></b>	<b><u>19,277</u></b>	<b><u>167,824</u></b>
<b>Fund balance, beginning of year</b>	<b><u>302,432</u></b>	<b><u>198,943</u></b>	<b><u>501,375</u></b>
<b>Fund balance, end of year</b>	<b><u>\$ 450,979</u></b>	<b><u>\$ 218,220</u></b>	<b><u>\$ 669,199</u></b>

*See accompanying independent auditors' report and notes to financial statements.*

**ELBERT FIRE PROTECTION DISTRICT**

**Reconciliation of All Funds Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities  
For the Year Ended December 31, 2017**

	<b>Total governmental funds</b>	<b>Total fiduciary funds</b>	<b>Reclassifications and eliminations</b>	<b>Statement of activities totals</b>
<b>REVENUES</b>				
Real property taxes	\$ 227,313	\$ -	\$ -	\$ 227,313
Specific ownership taxes	35,558			35,558
Charges for services	3,408			3,408
Interest income	921	-	-	921
Contributions	5,480			5,480
Investment earnings	-	30,666		30,666
Other income	15,676	-	-	15,676
<b>Total revenues</b>	<b><u>288,356</u></b>	<b><u>30,666</u></b>	<b><u>-</u></b>	<b><u>319,022</u></b>
<b>EXPENDITURES/EXPENSES</b>				
Fire protection	27,322	-	-	27,322
General and administrative	18,840	11,389		30,229
Capital outlay	49,495	-	-	49,495
Debt service	44,152	-	-	44,152
<b>Total expenditures</b>	<b><u>139,809</u></b>	<b><u>11,389</u></b>	<b><u>-</u></b>	<b><u>151,198</u></b>
<b>Excess of revenues over expenditures</b>	<b><u>148,547</u></b>	<b><u>19,277</u></b>	<b><u>-</u></b>	<b><u>167,824</u></b>
<b>Net change for the year</b>	<b><u>\$ 148,547</u></b>	<b><u>\$ 19,277</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 167,824</u></b>

*See accompanying independent auditors' report and notes to financial statements.*

**ELBERT FIRE PROTECTION DISTRICT**  
**Notes to Financial Statements**  
**December 31, 2017**

**Note 1: Summary of Significant Accounting Policies**

**Basis of Accounting**

The financial statements of Elbert Fire Protection District (the “District”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies used by the District are described below:

**Reporting Entity**

Elbert Fire Protection District is a political entity of the State of Colorado. The District was organized by a court order on December 27, 1978, and is governed by a five member elected Board of Directors. The District service area is located in Elbert County and El Paso County, Colorado. The District was established to provide fire protection service including emergency medical services. All firefighters are volunteers and all other services are contracted.

The District follows the Governmental Accounting Standards Board (“GASB”) accounting pronouncements which provide guidance for determining which governmental activities, organization 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. Based upon the application of these criteria, no additional organizations are included within the District’s reporting entity.

**Basis of Presentation**

**District-Wide Statements**

The Statement of Net Position and the Statement of Activities present financial information about the District’s governmental activities. These statements include the financial activities of the overall government in its entirety. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes and other exchange and non-exchange transactions.

**ELBERT FIRE PROTECTION DISTRICT**  
**Notes to Financial Statements**  
**December 31, 2017**

**Note 1: Summary of Significant Accounting Policies, continued**

**Basis of Presentation, continued**

District-Wide Statements, continued

The Statement of Activities presents a comparison between program expenses and revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**Fund Categories**

Governmental Fund Types

Governmental funds are those through which most governmental functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through the governmental funds. The measurement focus of the governmental funds is upon determination of financial position and changes in financial position. The following are the District's governmental fund types:

**General Fund:** This is the District's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund. The general fund includes the truck reserve and building reserve funds.

Fiduciary Fund Type: This is the District's pension fund, held by the Fire and Police Pension Association (FPPA) in a trustee or custodial capacity.

**Measurement Focus and Basis of Accounting**

The District-wide financial statements are reported using the economic resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

**ELBERT FIRE PROTECTION DISTRICT**  
**Notes to Financial Statements**  
**December 31, 2017**

**Note 1: Summary of Significant Accounting Policies, continued**

**Measurement Focus and Basis of Accounting, continued**

The fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Available means collectible within the current period or soon thereafter to be used to pay liabilities of the current period. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred.

**Cash and Cash Equivalents**

Cash equivalents are defined as short-term investments with original maturities of three months or less.

**Receivables**

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received.

**Long-term Obligations**

In the government-wide financial statements, long-term obligations are reported as liabilities in the governmental activities statement of net assets.

**Property Taxes**

Real property taxes are levied annually by the District's Board of Directors. The levy is based on assessed valuation determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of December 31 of each year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or if equal installments, at the taxpayer's election, in February and June. Tax liens and sales of delinquent properties are held in November. The County Treasurer remits the taxes collected monthly to the District.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, and

**ELBERT FIRE PROTECTION DISTRICT**  
**Notes to Financial Statements**  
**December 31, 2017**

**Note 1: Summary of Significant Accounting Policies, continued**

**Estimates, continued**

disclosure of contingent assets and liabilities at the date of the financial statements, and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities and useful lives of long-lived assets.

**Encumbrances**

The District does not utilize encumbrance accounting.

**Capital Assets**

Capital asset acquisitions are reported at actual cost. Donated assets are reported at estimated fair market value at the time received.

Depreciation methods and estimated useful lives of capital assets reported in the District-wide statements are as follows:

	<b>Depreciation Method</b>	<b>Estimated Useful Life</b>
Buildings	SL	40 Years
Improvements	SL	10-20 Years
Vehicles and equipment	SL	10-15 Years

**Equity Classifications**

**District-wide Statements**

In the district-wide statements there are three classes of net position:

Net investment in capital assets – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvements of those assets.

Restricted net position – reports net position when constraints placed on the assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

**ELBERT FIRE PROTECTION DISTRICT**  
**Notes to Financial Statements**  
**December 31, 2017**

**Note 1: Summary of Significant Accounting Policies, continued**

**Equity Classifications, continued**

Unrestricted net position – reports the balance of net position that does not meet the definition of the above two classifications and is deemed to be available for general use by the District.

Funds Statements

In the fund basis statements there are three classifications of fund balance:

Restricted – includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

Restricted fund balance includes the following at December 31, 2017:

<u>General fund:</u>	
Reserved for emergencies	\$ 5,000
<u>Fiduciary fund:</u>	
Reserved for retirement benefits	<u>218,200</u>
Total restricted funds	\$ <u>223,220</u>

Assigned - Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the General Fund are classified as Assigned Fund Balance in the General Fund. The purchasing agent is authorized to assign encumbrances while the Board of Directors is authorized to appropriate fund balance. The District has \$338,506 in assigned fund balances as of December 31, 2017.

Unassigned – Includes all other General Fund net assets that do not meet the definition of the above three classifications that are deemed to be available for general use by the District.

Order of Use of Fund Balance

The District's policy is to apply expenditures against restricted fund balance, assigned fund balance and unassigned fund balance at the end of the calendar year. For all funds, restricted fund balances for specific purposes are determined first. Any remaining fund balance amounts for funds other than the General Fund are classified as restricted fund balance. In the general fund, assigned fund balance is determined next. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

**ELBERT FIRE PROTECTION DISTRICT**  
**Notes to Financial Statements**  
**December 31, 2017**

**Note 2: Explanation of Certain Differences Between Fund Statements and District-Wide Statements**

Due to the differences in the measurement focus and basis of accounting used in the funds statements and the District-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the District-wide statements, compared with the current financial resources focus of the governmental funds.

**Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities:**

Total fund balances of the District's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets.

**Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities:**

Differences between the funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of two broad categories. The amounts shown below represent:

1. Long-Term Revenue Differences:

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

2. Capital Related Differences:

Capital related differences include the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the Statement of Activities.

The costs of building and acquiring capital assets (land, buildings and equipment) financed from governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes those capital assets among the assets of the District as a whole, and their original costs are expensed annually over their useful lives.

**ELBERT FIRE PROTECTION DISTRICT**  
**Notes to Financial Statements**  
**December 31, 2017**

**Note 2: Explanation of Certain Differences Between Fund Statements and District-Wide Statements, continued**

**Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities:**

2. Capital Related Differences, continued:

Original Cost of Capital Assets	<u>\$ 1,241,211</u>
Accumulated Depreciation	<u>\$ 902,705</u>

When the purchase or construction of capital assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the years they are incurred. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Capital expenditures of \$70,275 were more than depreciation of \$49,495 in the current year.

**Note 3: Stewardship, Compliance and Accountability**

**Budgets**

The District's policy relating to budgetary information as shown in the accompanying financial statements is as follows:

The District adopts an annual budget for the General Fund and the Fireman's Pension Fund, which are all prepared on the cash basis of accounting. The District may authorize supplemental appropriations during the budget year. The District adopted one supplemental budget during 2017. All budgetary appropriations lapse at year-end.

Colorado statutes provide the following timetable which is followed in the adoption of the budgets:

- 1) Submission of the proposed budget to the local governing body by October 15 of each year.
- 2) Certification of mill levies to the Board of County Commissioners by December 15.
- 3) Final adoption of budget and appropriations by December 31 of each year.
- 4) Property taxes are due by April 30 of each year if paid in full, or in two installments due February 28 and June 15 of each year.
- 5) Liens are placed on property for which taxes are delinquent in November of each year.

Budgets are adopted annually on a basis consistent with GAAP.

**ELBERT FIRE PROTECTION DISTRICT**  
**Notes to Financial Statements**  
**December 31, 2017**

**Note 4: Cash and Investments**

State statutes govern the District's investment policies. In addition, the District has its own written investment policy. District monies must be deposited in FDIC insured commercial banks or trust companies located within the state. The Board is authorized to use demand accounts, certificates of deposits and permissible investments. Permissible investments include obligations of the U.S. Government and its agencies, repurchase agreements, and obligations of the State of Colorado, obligations issued by any municipality, school district or corporation other than the District and obligations of public authorities, public housing authorities, urban renewal agencies and industrial development agencies where the State authorizes such investments.

During the year ended December 31, 2017, the District limited its investments to demand and savings accounts.

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. While the District does not have a specific policy for custodial credit risk, Colorado statutes govern the District's investment policies, as discussed above. The District does not typically purchase investments and is not exposed to material interest rate risk.

Collateral is required for demand and savings deposits and certificates of deposit for all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies, obligations of the State, its municipalities and school districts, treasury strips and other obligations as outlined in the District's investment policy.

Deposits - Governmental Accounting Standards Board Statement No. 40 directs that deposits be disclosed as to custodial risk if they are not covered by depository insurance, and the deposits are either:

- a) Insured by Federal Deposit Insurance Corporation (FDIC) or by collateral held by the District or by the District's agent in the District's name; or
- b) Collateralized with securities held by the pledging financial institution's trust department or agency in the entity's name; or
- c) Uncollateralized. (This includes any bank balance that is collateralized with securities held by the pledging financial institution, its trust department, or agent but not in the entity's name.)

Total financial institution (bank) balances at December 31, 2017 per the banks were \$433,830. These deposits are categorized as follows:

	(a)	(b)	(c)
\$	433,830	\$ -	\$ -

**ELBERT FIRE PROTECTION DISTRICT**  
**Notes to Financial Statements**  
**December 31, 2017**

**Note 4: Cash and Investments, continued**

Restricted cash represents the monies held in the pension trust fund where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$218,220 in the fiduciary funds.

**Note 5: Capital Assets**

Capital asset balances and activity for the year ended December 31, 2017 were as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Retirements / Reclassifications</b>	<b>Ending Balance</b>
Governmental Activities				
Capital Assets Not Depreciated				
Land	\$ 10,000	\$ -	\$ -	\$ 10,000
Tender supplies	-	33,998	-	33,998
Total non-depreciable Historical Cost	<u>10,000</u>	<u>38,998</u>	<u>-</u>	<u>43,998</u>
Capital Assets Depreciated				
Building	89,000	-	-	89,000
Improvements	62,979	-	-	62,979
Vehicles and equipment	1,008,956	36,278	-	1,045,234
Total depreciable historical cost	<u>1,160,935</u>	<u>36,278</u>	<u>-</u>	<u>1,197,213</u>
Less: Accumulated Depreciation				
Building	(60,286)	(2,225)	-	(62,511)
Improvements	(42,748)	(2,366)	-	(45,114)
Vehicles and equipment	(750,176)	(44,904)	-	(795,080)
Total accumulated depreciation	<u>(853,210)</u>	<u>(49,495)</u>	<u>-</u>	<u>(902,705)</u>
Capital assets, net	<u>\$ 317,725</u>	<u>\$ 20,781</u>	<u>\$ -</u>	<u>\$ 338,506</u>

Depreciation expense was charged to governmental functions as follows:

Capital outlay	<u>\$ 49,495</u>
Total	<u>\$ 49,495</u>

**ELBERT FIRE PROTECTION DISTRICT**  
**Notes to Financial Statements**  
**December 31, 2017**

**Note 6: Capital Lease Payable**

Long-term obligation activity for the year ended December 31, 2017 was as follows:

	<b>Beginning Balance</b>	<b>Issued</b>	<b>Redeemed</b>	<b>Ending Balance</b>
	<u>\$ 168,572</u>	<u>\$ -</u>	<u>\$ 69,220</u>	<u>\$ 99,352</u>
Capital Lease Payable	<u>\$ 168,572</u>	<u>\$ -</u>	<u>\$ 69,220</u>	<u>\$ 99,352</u>

The District has a capital lease agreement to purchase equipment with a cost of \$189,148. Payments are semi-annual in the amount of \$25,067, and the lease expires in 2022.

The following is a schedule of obligations under capital lease:

2018	\$ 21,702
2019	22,499
2020	23,324
2021	24,871
2022	<u>6,956</u>
<b>Total lease payments</b>	<b><u>\$ 99,352</u></b>

**Note 7: Fireman's Pension Fund-FPPA Administered**

Plan Description

The Fire and Police Pension Association (FPPA) administers a single-employer public employee retirement system (PERS) established for the Elbert Fire Protection District Volunteer Firefighters. The Public Employee Retirement System (PERS) provides retirement benefits as well as death and disability benefits. In 2017, the regular benefit was \$75 per month. A participant becomes fully vested after 20 years of active service and reaching age 50. Pre-retirement death and disability benefits are only available if incurred in the line of duty. The plan also provides for a lump-sum burial benefit upon the death of an active or retired firefighter. FPPA issues Independent annual reports that may be obtained by calling FPPA at (303) 770-3772 in the Denver metro area and 1-800-332-FPPA (3772) from outside the metro area.

**ELBERT FIRE PROTECTION DISTRICT**  
**Notes to Financial Statements**  
**December 31, 2017**

**Note 7: Fireman's Pension Fund-FPPA Administered, continued**

Plan Description, continued

Funding Policy

The Volunteer Firefighter's Pension Plan receives contributions from the District in the form of a direct contribution. As established by the legislature, the State of Colorado contributes up to ninety percent of the District's contribution, if there is a stated mill levy dedicated to the Funding. The contributions are not actuarially determined. Actuarially determined contribution rates are calculated as of January 1 of odd numbered years. The contribution rates have a one-year lag, so the actuarial valuation as of January 1, 2015 determines the contribution amounts for 2016 and 2017.

Assumption Changes

The assumptions shown above pertain to the actuarial valuation as of January 1, 2015 and the associated Actuarially Determined Contribution for the year ending December 31, 2016. Following a regularly scheduled experience study in 2015, the Board adopted a new assumption set for first use in the January 1, 2016 valuations. Due to the biennial valuation process, the new assumptions will first apply to the January 1, 2017 Volunteer valuations.

The primary changes, which can be observed in the January 1, 2017 valuation, as compared to the assumptions shown are as follows:

Inflation	2.50%
Mortality	<b>Pre-retirement:</b> RP-2014 Mortality Tables for Blue Collar Employees, projected with Scale BB, 55% multiplier for off-duty mortality. Increased by 0.00020 for on-duty related Fire and Police experience.  <b>Post-retirement:</b> For ages less than 55, RP-2014 Mortality Tables for Blue Collar Employees. For ages 65 and older, RP-2014 Mortality Tables for Blue Collar Healthy Annuitants. For ages 55 through 64, a blend of the previous tables. All tables are projected  <b>Disabled:</b> RP-2014 Disabled Generational Mortality Table generationally projected with Scale BB with a minimum 3% rate for males and 2% rate for females.

**ELBERT FIRE PROTECTION DISTRICT**  
**Notes to Financial Statements**  
**December 31, 2017**

**Note 7: Fireman’s Pension Fund-FPPA Administered, continued**

Plan Description, continued

Annual Pension Costs

For the years ended December 31, 2017 and 2016, the District did not contribute since there was adequate money in the fund, and they were not required to contribute.

The Annual Required Contribution (ARC) for the current year was determined by the FPPA actuary, using the “entry age actuarial” cost method and is as of January 1, 2017. The significant actuarial assumptions used in valuation as of January 1, 2017 were: (a) life expectancy of participants obtained from RP-2000 generational mortality tables with blue collar adjustment; (b) retirement age assumption of 50 and 20 years of service; and (c) investment return of 7.50% per annum, compounded annually, net of operating expenses.

For the purposes of this actuarial study, plan assets were valued using a five-year smoothing methodology of fair value. Securities transactions are recorded on a trade dated basis. The study utilized a level dollar amortization over a closed period of 20 years.

Long-term expected return on plan assets

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return which eliminates the 2.5% inflation assumption, for each major asset class included in the Fund’s target asset allocation as of December 31, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	36.00 %	6.75 %
Equity	10.00 %	4.85 %
Illiquid	23.00 %	8.25 %
Fixed Income	15.00 %	0.50 %
Absolute Return	10.00 %	4.05 %
Managed Futures	4.00 %	3.00 %
Cash	<u>2.00%</u>	0.00 % *
<b>Total</b>	<b>100.00 %</b>	

**ELBERT FIRE PROTECTION DISTRICT**  
**Notes to Financial Statements**  
**December 31, 2017**

**Note 7: Fireman’s Pension Fund-FPPA Administered, continued**

Plan Description, continued

Long-term expected return on plan assets, continued

\*While expected inflation exceeds the expected rate of return for cash, a 0.0% real rate of return is utilized.

Regarding the sensitivity of the net pension liability/(asset) to changes in the Single Discount Rate, the following presents the plan’s net pension liability/(asset), calculated using a Single Discount Rate of 7.50%, as well as what the plan’s net pension liability/(asset) would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

<b>1% Decrease</b>	<b>Current Single Discount Rate Assumption</b>	<b>1% Increase</b>
<b>6.50%</b>	<b>7.50%</b>	<b>8.50%</b>
\$ (105,986)	\$ (115,350)	\$ (123,140)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$1,259	\$7,360
Assumption changes	2,384	-
Net differences between projected and actual earnings On pension plan investments	<u>10,202</u>	<u>-</u>
Total	<u>\$13,845</u>	<u>\$7,360</u>

**ELBERT FIRE PROTECTION DISTRICT**  
**Notes to Financial Statements**  
**December 31, 2017**

**Note 7: Fireman's Pension Fund-FPPA Administered, continued**

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued

Deferred outflows and deferred inflows of resources by year to be recognized in future pension expense/(income) are as follows:

<u>Fiscal Year Ending</u> <u>December 31</u>	<u>Deferred Outflows/</u> <u>(Inflows) of Resources</u>
2018	\$ 2,579
2019	2,577
2020	2,355
2021	(254)
2022	(772)
Thereafter	<u>-</u>
<b>Total</b>	<b><u>\$ 6,485</u></b>

**Note 8: Risk Management**

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. The district maintains commercial insurance for all risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

**Note 9: State Compliance**

In November 1992, the voters of Colorado approved Amendment 1, referred to as the Taxpayer's Bill of Rights (TABOR), which adds a new Section 20 to Article X of the Colorado Constitution. TABOR consists of tax, spending, revenue and debt limitation which apply to the State of Colorado and all local governments.

The District's financial activity for 1992 and subsequent years provides the basis for calculation of future limitations adjusted for allowable increases tied to inflation and local growth. Subsequent to 1992, revenue in excess of the District's "spending limit" must be refunded unless voters approve the retention of such excess revenue. TABOR generally requires voter approval for any new tax increase or new debt.

**ELBERT FIRE PROTECTION DISTRICT**  
**Notes to Financial Statements**  
**December 31, 2017**

**Note 9: State Compliance, continued**

On May 5, 1998 a ballot issue was adopted by the electors of the District authorizing the District to collect and retain the full amount of the revenues generated during 1997, as well as the full amount of revenues generated for each subsequent year by the present property tax levy and all other sources. This ballot issue authorizes the spending of such revenues in each year without limitation under Article X, Section 20 of the Colorado Constitution. This ballot issue prohibits increases in the District's present mill levy without approval of the electors of the District.

Reserved Fund Balance The Article requires an emergency reserve be set aside for 2017 in the amount of three (3) percent or more of its fiscal year spending. At December 31, 2017, the District has reserved the following for emergencies:

General Fund	\$ 5,000
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**Note 10: Subsequent Events**

Subsequent events have been evaluated through July 27, 2018 which is the date the financial statements were available to be issued.

The District approved a capital lease agreement of approximately \$600,000 to build two new fire stations and for equipment purchases in February 2018. The lease will be repaid in graduated annual payments beginning in December 2018 and continuing through 2027.

**SUPPLEMENTARY INFORMATION**  
(See Independent Auditors' Report)

**ELBERT FIRE PROTECTION DISTRICT**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual - General Fund**  
**For the Year Ended December 31, 2017**

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual (budgetary basis)</u>	<u>Year-End encumbrances</u>	<u>Final budget variance with budgetary actual and encumbrances</u>
<b>REVENUES</b>					
Real property taxes	\$ 226,248	\$ 226,248	\$ 227,313	\$ -	\$ 1,065
Specific ownership taxes	13,000	13,000	35,558	-	22,558
Charges for services	10,900	10,900	3,408	-	(7,492)
Interest Income	50	50	921	-	871
Contributions	-	-	5,480	-	5,480
Other income	800	800	15,676	-	14,876
Total local sources	<u>250,998</u>	<u>250,998</u>	<u>288,356</u>	<u>-</u>	<u>37,358</u>
Total revenues	<u>250,998</u>	<u>250,998</u>	<u>288,356</u>	<u>-</u>	<u>37,358</u>
<b>EXPENDITURES</b>					
Fire protection	127,671	127,671	27,322	-	100,349
General and administrative	54,169	54,169	18,840	-	35,329
Capital outlay	53,500	53,500	49,495	-	4,005
Debt service	47,669	47,669	44,152	-	3,517
Total expenditures	<u>\$ 283,009</u>	<u>\$ 283,009</u>	<u>139,809</u>	<u>\$ -</u>	<u>\$ 143,200</u>
Net change in fund balance			148,547		
Fund balance, beginning			<u>302,432</u>		
Fund balance, ending			<u>\$ 450,979</u>		

*See notes to financial statements.*

**ELBERT FIRE PROTECTION DISTRICT**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
**For the Year Ended December 31, 2017**

**TOTAL PENSION LIABILITY (TPL)**

Service Cost	\$	707
Interest on the TPL		6,387
Benefit changes		-
Difference between expected and actual experience of the TPL		(8,914)
Changes of assumptions		2,887
Benefit payments		(4,500)
Net change in total pension liability		(3,433)
Total pension liability, beginning		<u>87,026</u>
Total pension liability, ending	\$	<u><u>83,593</u></u>

**PLAN FIDUCIARY NET POSITION**

Contributions - employer	\$	-
Net investment income		10,353
Benefit payments		(4,500)
Pension plan administrative expense		(584)
State of Colorado supplemental discretionary payment		-
Net change in plan fiduciary net position		<u>5,269</u>
Plan fiduciary net position, beginning (market value of assets as beginning of year)		<u>193,674</u>
Plan fiduciary net position, ending (market value of assets at end of year)	\$	<u><u>198,943</u></u>

**NET PENSION LIABILITY/(ASSET) \$ (115,350)**

**Plan fiduciary net position as a percentage of the total pension liability 237.99%**

**Covered employee payroll N/A**

**Net pension liability/(asset) as a percentage of covered employee payroll N/A**

\* The amounts presented for each fiscal year were determined as of 12/31.

\* Complete 10-year information to be presented in future years.

*See notes to financial statements.*

**ELBERT FIRE PROTECTION DISTRICT**  
**Schedule of Contributions**  
**December 31, 2017**

	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ -	\$ -
* Actual contribution	-	-
Contribution deficiency (excess)	\$ -	\$ -
 <b>Covered employee payroll</b>	 <b>N/A</b>	 <b>N/A</b>
<b>Actual contribution as a % of covered payroll</b>	<b>N/A</b>	<b>N/A</b>

\* Includes both employer and State of Colorado supplemental discretionary payment.

\* Complete 10-year information to be presented in future years.

*See notes to financial statements.*

**ELBERT FIRE PROTECTION DISTRICT**  
**Schedule of Annual Update Document Fire District Questionnaire**  
**For the Year Ended December 31, 2017**

1) Has your District adopted a written procurement policy and is it complied with?	<u>Y</u>
2) Has your District contracted to have an independent audit of its financial statements?	<u>Y</u>
3) Does your District have a written travel policy and is it complied with?	<u>Y</u>
4) Are monthly bank reconciliations performed?	<u>Y</u>
5) What is your statutory spending limitation margin (amount) for the next fiscal year?	<u>\$ -</u>
6) Does your District have a Length of Service Award Program (LOSAP) for volunteer firefighters?	<u>N</u>
7) Has your Fire District adopted an investment policy as required by General Municipal Law, Section 39?	<u>Y</u>

*See notes to financial statements.*



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors  
Elbert Fire Protection District  
Elbert, Colorado

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Elbert Fire Protection District (the District), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated July 27, 2018.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

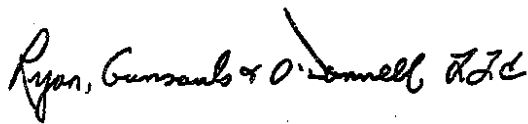
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Ryan, Gunsauls, & O'Donnell, LLC  
Denver, Colorado

July 27, 2018