

ARTESIA FIRE PROTECTION DISTRICT

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FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S REPORT

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DECEMBER 31, 2018

FINANCIAL STATEMENTS - 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Artesia Fire Protection District

We have audited the accompanying financial statements of the governmental activities and the major fund of the Artesia Fire Protection District, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Artesia Fire Protection District, as of December 31, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-6 and 25-26 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

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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.

ColoCPA Services, PC

Rangely, Colorado
July 24, 2019

MANAGEMENT DISCUSSION & ANALYSIS

The discussion and analysis of the Artesia Fire Protection District's (the "District") financial performance provides readers with an overall review of the financial activities of the District for the year ended December 31, 2018. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

- The District's assets exceeded liabilities by \$240,940 at December 31, 2018.
- Total District's cash and investments increased by \$14,716 or 453 percent from 2017.
- The December 31, 2018 General fund balance is \$14,106 more than the previous year. The total fund balance is 53 percent of 2018 General Fund operating expenditures.

USING THIS ANNUAL REPORT

This Annual report consists of a series of financial statements and notes to those statements. These statements are prepared and organized so the reader can understand the District as a financial whole or as an entire operating entity. The statements then proceed to provide an increasingly detailed look at the District's specific financial conditions.

The Statement of Net Position and Statement of Activities provides information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those assets. The Statement of Activities shows a net (expense) revenue and changes to net position related to each department of the District. Fund financial statements tell how services were financed in the short-term as well as what dollars remain for future spending.

OVERVIEW OF THE DISTRICT'S FINANCIAL STATEMENTS

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances. The Statement of Net Position and Statement of Activities include all assets and liabilities using the accrual basis of accounting similar to the accounting method used by the private sector. The basis for this accounting takes into account all of the year's revenues and expenses regardless of when the cash was received or paid.

These two statements report the District's net position and the changes in those positions. This change in position is important because it tells the reader whether, for the District as a whole, the financial position of the District has improved or diminished. However, in evaluating the overall position of the District, non-financial information such as changes in the District's tax base and the condition of District capital assets will also need to be evaluated.

In the Statement of Net Position and Statement of Activities, the District's activities are reported as Governmental Activities.

Fund Financial Statements

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17 through 22 of this report.

Budgetary Comparisons. The District adopts an annual appropriated budget for the General Fund. A budgetary comparison statement has been provided for the General Fund on page 25 through 26.

REPORTING THE DISTRICT AS A WHOLE

Net Position. As noted earlier, net assets may serve over time as a useful indicator of a government's financial position.

The following table provides a summary of the District's net position for 2017 and 2018.

	Governmental Activities	
	2017	2018
Assets		
Current and other assets	\$ 32,921	\$ 48,209
Capital assets	241,553	225,758
Total assets	<u>274,474</u>	<u>273,967</u>
Liabilities		
Current and other liabilities	2,169	2,779
Long-term liabilities	-	-
Total liabilities	<u>2,169</u>	<u>2,779</u>
Deferred Inflows	<u>29,676</u>	<u>30,248</u>
Net Position		
Invested in capital assets	241,553	225,758
Restricted	1,020	1,335
Unrestricted	56	13,847
Total net position	<u>\$ 242,629</u>	<u>240,940</u>

A significant portion of the District's position represents unrestricted net position of \$13,847 which may be used to meet the ongoing obligations to patrons and creditors.

Another significant portion of the District's net position reflects its investment in capital assets. These assets include land, buildings, and equipment. These capital assets are used to provide services to patrons; consequently, they are not available for future spending.

An additional \$1,335 of the District's net position represents resources that are subject to external restrictions on how they may be used. This is the TABOR emergency reserve.

The following table indicates the changes in net position.

	Governmental Activities	
	2017	2018
Revenues:		
Operating grants and contributions	\$ -	\$ 991
General revenues:		
General property taxes	31,110	29,499
Specific ownership tax	2,125	2,744
Investment earnings	11	89
Other	754	12,967
Total revenues	34,000	46,290
Expenses:		
Administration	48,534	8,368
Firefighting & prevention	39,636	39,611
Total expenses	88,170	47,979
Increase (decrease) in net position	\$ (54,170)	\$ (1,689)

Governmental Activities. Governmental activities decreased the District's net position by \$1,689 in 2018. Key elements of this decrease are as follows:

Total expenses were greater than total revenues.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental Funds. Information about the District's governmental funds begins on page 11. These funds are accounted for using the modified accrual basis of accounting.

As of December 31, 2018, the total fund balance of the District's governmental fund was \$15,182. Approximately 91 percent of this consists of unassigned fund balance, which is available as working capital and for current spending in accordance with the purposes of the District. The remainder of fund balance is reserved to indicate that it is not available for new spending because it is committed for the following purposes: (1) a state-Constitution mandated emergency reserve (\$1,335). The District had Governmental revenues of \$44,490, expenditures of \$28,412, and other financing uses of \$1,972.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's budget is prepared according to Colorado statutes.

2018 General Fund Budget

	Original Budget	Amend- ments	Final Budget	Actual
Beginning Fund Balance	\$ 3,370	\$ -	\$ 3,370	\$ 1,076
Revenue and other financing sources	29,676	-	29,676	46,290
Expenditures and other financing uses	(29,676)	-	(29,676)	(32,184)
Ending Fund Balance	<u>\$ 3,370</u>	<u>\$ -</u>	<u>\$ 3,370</u>	<u>\$ 15,182</u>

Actual expenditures and other financing uses were over budget by \$2,508. The difference includes transfer to Chief's fund of \$3,772 not being budgeted for.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The District's investment in capital assets for its governmental activities as of December 31, 2018 totaled \$225,758 (net of accumulated depreciation and related debt). This investment includes all land, buildings, and equipment.

The District uses the straight-line depreciation method under GASB 34 for its capital assets, except for land which is not depreciated.

ECONOMIC FACTORS AND OTHER MATTERS

Other Matters. The following factors are expected to have a significant effect on the District's financial position and results of operations and were taken into account in developing the 2019 budget:

- No significant changes from 2018 budget anticipated.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided or for additional financial information should be addressed to the District, 301 Stegosaurus Freeway, PO Box 39, Dinosaur, CO 81610.

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FINANCIAL STATEMENTS

ARTESIA FIRE PROTECTION DISTRICT

STATEMENT OF NET POSITION
December 31, 2018

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 17,961
Property taxes receivable	30,248
Capital assets, nondepreciable	62,451
Capital assets, net	<u>163,307</u>
TOTAL ASSETS	<u>273,967</u>
LIABILITIES	
Accounts payable	<u>2,779</u>
TOTAL LIABILITIES	<u>2,779</u>
DEFERRED INFLOWS	
Unearned revenue - property taxes	<u>30,248</u>
TOTAL DEFERRED INFLOWS	<u>30,248</u>
NET POSITION	
Investment in capital assets	225,758
Restricted for TABOR emergencies	1,335
Unrestricted	<u>13,847</u>
TOTAL NET POSITION	<u>\$ 240,940</u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

ARTESIA FIRE PROTECTION DISTRICT

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2018

		<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental activities				
Administration	\$ 8,368	\$ -	\$ -	\$ (8,368)
Firefighting & prevention	<u>39,611</u>	<u>-</u>	<u>991</u>	<u>(38,620)</u>
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 47,979</u>	<u>\$ -</u>	<u>\$ 991</u>	<u>(46,988)</u>
General revenues:				
Property taxes				29,499
Specific ownership taxes				2,744
Gain on sale of asset				1,800
Investment earnings				89
Other income				<u>11,167</u>
Total General revenues				<u>45,299</u>
Change in net position				(1,689)
Net assets - beginning				<u>242,629</u>
Net assets - ending				<u>\$ 240,940</u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

ARTESIA FIRE PROTECTION DISTRICT

BALANCE SHEET
GOVERNMENTAL FUND
December 31, 2018

	<u>General</u>
ASSETS	
Cash and cash equivalents	\$ 17,961
Property tax receivable	<u>30,248</u>
TOTAL ASSETS	<u>\$ 48,209</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND EQUITY	
LIABILITIES	
Accounts payable	<u>\$ 2,779</u>
TOTAL LIABILITIES	<u>2,779</u>
DEFERRED INFLOWS	
Unearned revenue - property taxes	<u>30,248</u>
TOTAL DEFERRED INFLOWS	<u>30,248</u>
FUND EQUITY	
Fund Balance	
Restricted for:	
TABOR emergencies	1,335
Unassigned	<u>13,847</u>
TOTAL FUND EQUITY	<u>15,182</u>
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND EQUITY	<u>\$ 48,209</u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

ARTESIA FIRE PROTECTION DISTRICT

**RECONCILIATION OF BALANCE SHEET TO THE STATEMENT OF NET POSITION
December 31, 2018**

Balance sheet - total fund balances	\$ 15,182
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and therefore are not reported in the funds.	<u>225,758</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 240,940</u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

ARTESIA FIRE PROTECTION DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 GOVERNMENTAL FUND
 For the Year Ended December 31, 2018

	<u>General</u>
REVENUES	
Taxes	\$ 32,243
Interest	89
Other	<u>12,158</u>
TOTAL REVENUES	<u>44,490</u>
EXPENDITURES	
Building	457
Equipment Repair	1,684
Gas & Oil	1,394
Insurance/Bonds	9,132
Miscellaneous	1,006
Office Supplies	163
Operating	2,245
Phone	771
Professional Services	3,344
Supplies	2,686
Travel	2,500
Treasurers Fees	1,476
Utilities	<u>1,554</u>
TOTAL EXPENDITURES	<u>28,412</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>16,078</u>
OTHER FINANCING SOURCES (USES)	
Sale of capital asset	1,800
Transfers to Chief's fund	<u>(3,772)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,972)</u>
EXCESS OF REVENUES OVER (UNDER) EXPEND- ITURES AND OTHER FINANCING USES	14,106
FUND BALANCE, BEGINNING OF YEAR	<u>1,076</u>
FUND BALANCE, END OF YEAR	<u>\$ 15,182</u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

ARTESIA FIRE PROTECTION DISTRICT

**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2018**

Net change in fund balances - total governmental funds	\$ 14,106
Amounts reported for governmental activities in the statement of net activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$15,795) exceeded capital outlay (\$0) in the current period.	<u>(15,795)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (1,689)</u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

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NOTES TO FINANCIAL STATEMENTS

ARTESIA FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS December 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Artesia Fire Protection District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and reporting principles. The more significant of the District's accounting policies are described below.

A. Financial Reporting Entity

The District is governed by an elected five-member Board of Directors. No additional separate government units, agencies, or nonprofit corporations are included in the financial statements of the District as component units. Component units are legally separate entities for which the District is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the organization's governing body and either (1) the District's ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on the District.

The District provides protection of life and property from fire, including fire prevention and fire code enforcement to the Town of Dinosaur, Colorado, and surrounding areas.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately for business-type activities, which rely to a significant extent on fees and charges for support.

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental funds 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 collected 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, debt service expenditures, as well as expenditures related to compensated absences, claims, and judgments are recorded only when payment is due.

ARTESIA FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS December 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Measurement focus, basis of accounting, and financial statement presentation, continued

Property taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the District receives cash.

The District reports the following major governmental funds:

General Fund

The General Fund is the District's general operating fund and is used to account for all financial transactions except those required to be accounted for in another fund. The major revenue sources are local property taxes. Expenditures include all costs associated with the daily operations of the District.

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

D. Budgets and Budgetary Accounting

The District's Board of Directors follow these procedures in establishing the budgetary data reflected in the financial statements:

Prior to October 15, the administrator submits to the District's Board of Directors a proposed operating budget for the year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.

Public hearings are conducted to obtain the taxpayers' comments.

Prior to December 15, the budget is legally enacted through passage of a resolution.

Formal budgetary integration is employed as a management control device during the year.

A budget is adopted for the General Fund. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). Appropriations lapse at the end of each calendar year.

The District may authorize supplemental appropriations during the year. No supplemental appropriations were made during the year.

Actual expenditures exceeded budget amounts by \$2,508, which may be a violation of Colorado State Statutes.

E. Property Taxes

Property taxes are levied on December 22 of each year and attach as an enforceable lien on property as of January 1. Taxes are due as of January 1 of the following year and are payable in full by June 15 if paid in installments, or April 30 with a single payment. Taxes are delinquent as of June 16. If the taxes are not paid within subsequent statutory periods, the property will be sold at public auction. The County bills and collects the property taxes and remits collections to the District on a monthly basis. No provision has been made for uncollected taxes, in that the District's experience indicates that all material amounts will be collected and paid to the District.

ARTESIA FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

F. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, trails, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Infrastructure assets have been capitalized on a prospective basis, from 2004. Infrastructure prior to 2004 will not be capitalized. Capital assets are defined by the District as assets with an initial, individual cost of \$500 or more and an estimated useful life in excess of four years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Property, plant, and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building improvements	7-10
Fire vehicles	10-20
Equipment	5-20

G. Encumbrances

The District does not use encumbrance accounting. Accordingly, no encumbrances have been recorded in the financial statements.

H. Use of Estimates

The presentation 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 amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - CASH AND INVESTMENTS

The District's bank accounts and certificates of deposit at year-end were entirely covered by federal depository insurance or by collateral held by the Authority's custodial banks under provisions of the Colorado Public Deposit Protection Act.

The Colorado Public Deposit Protection Act requires financial institutions to pledge collateral having a market value of at least 102% of the aggregate public deposits not insured by federal depository insurance. Eligible collateral included municipal bonds, U.S. government securities, mortgages, and deeds of trust.

State statutes authorized the District to invest in obligation of the U.S. Treasury and U.S. agencies, obligations of the State of Colorado or of any county, school, authority, and certain towns and cities therein, notes or bonds secured by insured mortgages or trust deeds, obligations of national mortgage associations, and certain repurchase agreements.

ARTESIA FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 2 - CASH AND INVESTMENTS, Continued

The District's investment policy is not more restrictive than State statutes. The District's investments are concentrated in bank CDs.

Colorado Revised Statutes limit investment maturities to five years or less from the date of purchase. This limit on investment maturities is a means of limiting exposure to fair value arising from increasing interest rates.

Summary of Cash

Cash and Cash Equivalents	
Cash deposits in bank – General Fund	\$ 17,301
Cash with County	<u>660</u>
Total cash and investments	<u>\$ 17,961</u>

NOTE 3 - PROPERTY TAXES

Revenue Recognized in 2018

Local property taxes levied in 2017 and collected in 2018 are recognized as revenue in these financial statements as shown below:

	<u>Assessed Valuation</u>	<u>Mill Levy</u>	<u>Amount of Taxes Levied</u>	<u>Collected</u>	<u>Percent Collected</u>
General Fund	\$ 3,214,080	9.233	\$ 29,676	\$ 29,493	99.4%

Property Taxes Receivable and Deferred Revenue

Local property taxes levied in 2018 but not collectible until 2019 are shown as property taxes receivable and unearned revenue on the balance sheet in the amount of the assessed taxes less estimated uncollectible amounts.

	<u>Assessed Valuation</u>	<u>Mill Levy</u>	<u>Estimated Percent Collectible</u>	<u>Taxes Receivable</u>	<u>Unearned Revenue</u>
General Fund	\$ 3,260,927	9.233	100.0%	\$ 30,248	\$ 30,248

NOTE 4 - CAPITAL ASSETS

A. Governmental Activities

A summary of changes in capital assets during and for the year ended December 31, 2018 is as follows:

	<u>Balance 1/1/2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2018</u>
Capital assets not being depreciated:				
Land	\$ 62,451	\$ -	\$ -	\$ 62,451
Total assets not being depreciated	<u>62,451</u>	<u>-</u>	<u>-</u>	<u>62,451</u>

ARTESIA FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 4 - CAPITAL ASSETS, Continued

A. Governmental Activities, continued

	Balance 1/1/2018	Additions	Deletions	Balance 12/31/2018
Capital assets being depreciated:				
Buildings	270,958	-	-	270,958
Equipment	199,403	-	(105,101)	94,302
Total assets being depreciated	470,361	-	(105,101)	365,260
Less accumulated depreciation:				
Buildings	(109,430)	(7,624)	-	(117,054)
Equipment	(181,829)	(8,171)	105,101	(84,899)
Total accumulated depreciation	(291,259)	(15,795)	105,101	(201,953)
Total assets being depreciated, net	179,102	(15,795)	-	163,307
Governmental activities capital assets, net	<u>\$ 241,553</u>	<u>\$ (15,795)</u>	<u>\$ -</u>	<u>\$ 225,758</u>

Depreciation expense was charged to function/programs of the primary government as follows:

Governmental activities:	
Firefighting & prevention	<u>\$ 15,795</u>
Total depreciation expense – governmental activities	<u>\$ 15,795</u>

NOTE 5 - CONTINGENCIES

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR contains revenue, spending, tax and debt limitations which apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue in excess of the fiscal year spending limit must be refunded in the next fiscal year unless voters approve retention of such revenue. The amendment also requires that reserves be established for declared emergencies, with 3 percent of fiscal year budgeted revenues required.

The District has no authorized but unissued debt subject to the amendment's limitations. Based on fiscal year budgeted revenues for 2018, \$1,335 of the year-end fund balance in the General Fund will be reserved for emergencies.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

NOTE 6 - RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. Claims made against the District and losses incurred by the District are covered by commercial insurance for all major areas. There have been no significant reductions in insurance coverage in the current year and settlement amounts, if any, have not exceeded insurance coverage for any of the three preceding years.

ARTESIA FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS December 31, 2018

NOTE 7 – COMMITTED FUND BALANCE

Beginning with the fiscal year 2010, the District implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions". This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a governments' fund balances more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provision or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

The board establishes (and modifies or rescinds) fund balance commitments as action items in board meetings. A fund balance commitment is further indicated in the budget document as a designation or commitment on the fund. Assigned fund balance is established by the board through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

NOTE 8 – SUBSEQUENT EVENTS

The District has evaluated subsequent events through July 24, 2019, the date at which the financial statements were available to be issued, and determined that an event has occurred that requires disclosure. The District believes funds were embezzled and is moving forward on an investigation.

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REQUIRED SUPPLEMENTARY INFORMATION

ARTESIA FIRE PROTECTION DISTRICT

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

For the Year Ended December 31, 2018

	Budget		Actual Amounts
	Original	Final	
REVENUES			
Taxes	\$ 29,676	\$ 29,676	\$ 32,243
Interest	-	-	89
Other	-	-	13,958
TOTAL REVENUES	<u>29,676</u>	<u>29,676</u>	<u>46,290</u>
EXPENDITURES			
Building	-	-	457
Equipment Repair	3,500	3,500	1,684
Gas & Oil	600	600	1,394
Insurance/Bonds	8,500	8,500	9,132
Miscellaneous	126	126	1,006
Office Supplies	100	100	163
Operating	1,500	1,500	2,245
Phone	800	800	771
Professional Services	6,900	6,900	3,344
Salaries	900	900	-
Supplies	3,000	3,000	2,686
Training	500	500	-
Travel	100	100	2,500
Treasurers Fees	150	150	1,476
Utilities	3,000	3,000	1,554
Transfers to Chief's Fund	-	-	3,772
TOTAL EXPENDITURES	<u>29,676</u>	<u>29,676</u>	<u>32,184</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	-	-	14,106
FUND BALANCE, BEGINNING OF YEAR	<u>3,370</u>	<u>3,370</u>	<u>1,076</u>
FUND BALANCE, END OF YEAR	<u>\$ 3,370</u>	<u>\$ 3,370</u>	<u>\$ 15,182</u>

Variance from
final budget

\$	2,567
	89
	<u>13,958</u>
	<u>16,614</u>
	(457)
	1,816
	(794)
	(632)
	(880)
	(63)
	(745)
	29
	3,556
	900
	314
	500
	(2,400)
	(1,326)
	1,446
	<u>(3,772)</u>
	<u>(2,508)</u>
	14,106
	<u>2,294</u>
\$	<u><u>16,400</u></u>

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