

**FOUR MILE FIRE PROTECTION DISTRICT**

**BASIC FINANCIAL STATEMENTS**

**December 31, 2019**

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## **FINANCIAL SECTION**



## JOHN CUTLER & ASSOCIATES

Board of Directors  
Four Mile Fire Protection District  
Boulder, Colorado

### INDEPENDENT AUDITORS' REPORT

#### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Four Mile Fire Protection District, as of and for the year ended December 31, 2019, 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 each major fund of the Four Mile Fire Protection District, as of December 31, 2019, and the respective changes in financial position, and, thereof 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 required supplementary information on pages 16-17 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.

Management has not presented the management's discussion and analysis that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion is not affected by this missing information.

*John Luthr & Associates, LLC*

June 1, 2020

## **BASIC FINANCIAL STATEMENTS**

FOUR MILE FIRE PROTECTION DISTRICT

STATEMENT OF NET POSITION

As of December 31, 2019

	Governmental Activities	
	2019	2018
<b>ASSETS</b>		
Cash and Investments	\$ 626,493	\$ 582,113
Accounts Receivable	91,942	566,316
Receivables		
Property Taxes	415,938	363,383
Prepaid Items	20,183	19,808
Capital Assets, Not Depreciated	59,196	20,816
Capital Assets, Depreciated		
Net of Accumulated Depreciation	1,955,294	2,084,686
<b>TOTAL ASSETS</b>	<b>3,169,046</b>	<b>3,637,122</b>
<b>LIABILITIES</b>		
Accounts Payable	37,309	498,318
Accrued Salaries and Benefits	12,478	7,300
Capital Leases		
Due in One Year	19,798	19,097
Due in More Than One Year	218,956	238,754
<b>TOTAL LIABILITIES</b>	<b>288,541</b>	<b>763,469</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Revenues - Property Taxes	415,938	363,383
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>415,938</b>	<b>363,383</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets	1,716,540	1,845,932
Restricted for Emergencies	16,000	16,000
Restricted for Watershed Project	47,176	12,164
Unrestricted	684,851	636,174
<b>TOTAL NET POSITION</b>	<b>\$ 2,464,567</b>	<b>\$ 2,510,270</b>

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

FOUR MILE FIRE PROTECTION DISTRICT

STATEMENT OF ACTIVITIES  
Year Ended December 31, 2019

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenues and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	
				2019	2018
<b>PRIMARY GOVERNMENT</b>					
<b>Governmental Activities</b>					
General Government	\$ 856,994	\$ -	\$ 306,915	\$ (550,079)	\$ (538,795)
Interest on Long-Term Debt	8,995	-	-	(8,995)	(9,922)
Total Governmental Activities	865,989	-	306,915	(559,074)	(548,717)
<b>GENERAL REVENUES</b>					
Property Taxes				375,022	377,165
Specific Ownership Taxes				31,508	70,189
Mitigation				31,873	62,886
Donations				59,702	17,327
Other				15,266	13,562
TOTAL GENERAL REVENUES				513,371	541,129
CHANGE IN NET POSITION				(45,703)	(7,588)
NET POSITION, Beginning				2,510,270	2,517,858
NET POSITION, Ending				\$ 2,464,567	\$ 2,510,270

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

FOUR MILE FIRE PROTECTION DISTRICT

BALANCE SHEET  
GOVERNMENTAL FUNDS  
As of December 31, 2019

	GENERAL FUND	WATERSHED COALITION FUND	TOTAL GOVERNMENTAL FUNDS	
			2019	2018
<b>ASSETS</b>				
Cash and Investments	\$ 594,065	\$ 32,428	\$ 626,493	\$ 582,113
Property Taxes Receivable	415,938	-	415,938	363,383
Accounts Receivable	-	-	-	59,833
Grant Receivable	36,141	55,801	91,942	506,483
Prepaid Items	20,183	-	20,183	19,808
<b>TOTAL ASSETS</b>	<b>\$ 1,066,327</b>	<b>\$ 88,229</b>	<b>\$ 1,154,556</b>	<b>\$ 1,531,620</b>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 1,646	\$ 35,663	\$ 37,309	\$ 498,318
Accrued Expenses	7,088	5,390	12,478	7,300
<b>TOTAL LIABILITIES</b>	<b>8,734</b>	<b>41,053</b>	<b>49,787</b>	<b>505,618</b>
<b>DEFERRED INFLOWS</b>				
Deferred Revenues - Property Taxes	415,938	-	415,938	363,383
<b>FUND BALANCE</b>				
Fund Balance				
Nonspendable	20,183	-	20,183	19,808
Restricted for Emergencies	16,000	-	16,000	16,000
Restricted for Watershed Project	-	47,176	47,176	12,164
Unassigned	605,472	-	605,472	614,647
<b>TOTAL FUND BALANCE</b>	<b>641,655</b>	<b>47,176</b>	<b>688,831</b>	<b>662,619</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE</b>				
	<b>\$ 1,066,327</b>	<b>\$ 88,229</b>	<b>\$ 1,154,556</b>	<b>\$ 1,531,620</b>

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

Fund Balance, Governmental Funds	688,831	662,619
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	2,014,490	2,105,502
Long-term liabilities and related assets are not due and payable in the current period and are not reported in the funds. This includes capital leases payable.	(238,754)	(257,851)
<b>Net position of governmental activities</b>	<b>\$ 2,464,567</b>	<b>\$ 2,510,270</b>

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

FOUR MILE FIRE PROTECTION DISTRICT

STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
Year Ended December 31, 2019

	GENERAL FUND	WATERSHED COALITION FUND	TOTAL GOVERNMENTAL FUNDS	
			2019	2018
REVENUES				
Property Taxes	\$ 375,022	\$ -	\$ 375,022	\$ 377,165
Specific Ownership Taxes	31,508	-	31,508	70,189
Mitigation Revenue	31,873	-	31,873	62,886
Grants	64,421	242,494	306,915	1,360,802
Donations	33,161	26,541	59,702	17,327
Miscellaneous	15,266	-	15,266	13,562
TOTAL REVENUES	<u>551,251</u>	<u>269,035</u>	<u>820,286</u>	<u>1,901,931</u>
EXPENDITURES				
Salaries and Benefits	221,830	69,093	290,923	312,257
Firefighting and Prevention	77,934	-	77,934	57,461
General and Administrative	232,195	-	232,195	148,280
Project Planning and Implementation	-	127,096	127,096	1,221,038
Miscellaneous	-	37,834	37,834	1,696
Debt Service				
Principal	19,097	-	19,097	37,698
Interest and Fiscal Charges	8,995	-	8,995	9,922
TOTAL EXPENDITURES	<u>560,051</u>	<u>234,023</u>	<u>794,074</u>	<u>1,788,352</u>
NET CHANGE IN FUND BALANCES	(8,800)	35,012	26,212	113,579
FUND BALANCES, Beginning	<u>650,455</u>	<u>12,164</u>	<u>662,619</u>	<u>549,040</u>
FUND BALANCES, Ending	<u>\$ 641,655</u>	<u>\$ 47,176</u>	<u>\$ 688,831</u>	<u>\$ 662,619</u>

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

FOUR MILE FIRE PROTECTION DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
Year Ended December 31, 2019

Amounts Reported for Governmental Activities in the Statement of Activities  
are Different Because:

Net Changes in Fund Balances - Total Governmental Funds	\$ 26,212
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 expense (\$129,392), exceeds capital outlay \$38,380, for the year.	(91,012)
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. These are the capital lease payments.	<u>19,097</u>
Change in Net Position of Governmental Activities	<u><u>\$ (45,703)</u></u>

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

# FOUR MILE FIRE PROTECTION DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

### NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Four Mile Fire Protection District (the “District”) was formed in 1962 to provide fire, medical response, search and rescue and fire mitigation services to the mountain communities and historic townships in their district. They serve an area consisting of approximately 900 residents, covering over 13 square miles, including a portion of Boulder and extending west. The District provides emergency services for fires, medical emergencies, rescues, hazardous materials releases, and man-made disasters within the District. The District is governed by a five-member Board of Directors elected by the residents.

The accounting policies of the District conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

#### **Reporting Entity**

In accordance with governmental accounting standards, the District has considered the possibility of inclusion of additional entities in its financial statements.

The definition of the reporting entity is based primarily on financial accountability. The District is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if District officials appoint a voting majority of the organization’s governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the District. The District may also be financially accountable for organizations that are fiscally dependent upon it.

Based on the application of these criteria, the District does not include additional organizations in its reporting entity.

#### **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 nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *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 the given function or segment are 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 or applicants 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.

FOUR MILE FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

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

**Government-Wide and Fund Financial Statements** (Continued)

Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Major individual governmental funds are reported as separate columns in the fund financial statements.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

Governmental fund financial statements are reported using the current *financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are 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.

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

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

In the fund financial statements, the District reports the following major governmental funds:

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

The *Watershed Coalition Fund* accounts for grant revenue related to watershed related disaster recovery work.

FOUR MILE FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

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

**Investments**

Investments are recorded at fair value.

**Capital Assets**

Capital assets, which include property and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. 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 assets' lives are not capitalized.

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

Buildings	15 - 40 years
Machinery and Equipment	5 - 20 years
Vehicles	5 - 15 years

**Long-Term Obligations**

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the governmental activities fund type statement of net positions.

The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Deferred Outflows/Inflows of Resources**

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

FOUR MILE FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

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

**Deferred Outflows/Inflows of Resources** (Continued)

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

**Property Taxes**

The District certifies its property taxes expressed as a mill levy, on or before December 15. Property taxes attach as an enforceable lien on property on January 1. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The County Treasurer's office collects property taxes and remits to the District on a monthly basis.

Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred revenue are recorded at December 31. As the tax is collected in the succeeding year, the deferred revenue is recognized as revenue and the receivable is reduced.

**Net Position**

The government-wide and business-type fund financial statements utilize a net position presentation. Net position is categorized as investment in capital assets, restricted, and unrestricted.

Investment in Capital Assets is intended to reflect the portion of net position which are associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost.

Restricted Net Position are liquid assets, which have third party limitations on their use.

Unrestricted Net Position represent assets that do not have any third-party limitation on their use. While District management may have categorized and segmented portions for various purposes, the Board of Directors has the unrestricted authority to revisit or alter these managerial decisions

**Fund Balance Classification**

In the government-wide financial statements, net positions are restricted when constraints placed on the net positions are externally imposed.

## FOUR MILE FIRE PROTECTION DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

#### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

- Nonspendable – This classification includes amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact. At December 31, 2019, the District reports prepaid expenses as nonspendable.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District has classified Emergency Reserves as being restricted because their use is restricted by the State Constitution for declared emergencies. The District has also reported unspent grant funds related to the watershed project as restricted.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (motion or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District did not report any Fund Balance as committed as of December 31, 2019.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The District would typically use restricted fund balances first, followed by committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned.

FOUR MILE FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

**NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgets and Budgetary Accounting**

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

- Before October 15, the Board of Directors appoints District Management as the District's Budget Officer.
- On or before October 15, District Management, acting as the Budget Officer submits to the Board of Directors a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- At least one public hearing is conducted to obtain taxpayer comments.
- Prior to December 15, the budget is legally enacted through passage of a resolution.
- District Management is authorized to transfer budgeted amounts between one or more line items within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the Board of Directors.
- Budgets are legally adopted for all funds of the District on a basis consistent with generally accepted accounting principles (GAAP).
- Budgeted amounts in the financial statements are as originally adopted or as amended by the Board of Directors. All appropriations lapse at year end.

**NOTE 3: CASH DEPOSITS**

A summary of deposits as of December 31, 2019 follows:

Cash Deposits \$ 626,493

**Deposits**

Custodial Credit Risk -Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations.

FOUR MILE FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

**NOTE 3: CASH DEPOSITS** (Continued)

At December 31, 2019, State regulatory commissioners have indicated that all financial institutions holding deposits for the District are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

The District has no policy regarding custodial credit risk for deposits.

At December 31, 2019, the District had deposits with financial institutions with a carrying amount of \$626,493. The bank balances with the financial institutions were \$639,948, of these balances, \$250,000 was covered by federal depository insurance and \$389,948 was covered by collateral held by authorized escrow agents in the financial institutions name (PDPA).

**Investments**

Interest Rate Risk

The District has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Colorado statutes specify in which instruments the units of local government may invest which includes:

- Obligations of the United States and certain U.S. government agency securities
- General obligation and revenue bonds of U.S. local government entities
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

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

As of December 31, 2019, the District did not hold any investments and is not subject to credit risk.

FOUR MILE FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2019

**NOTE 4: CAPITAL ASSETS**

Capital assets activity for the year ended December 31, 2019, is summarized below:

	Balances <u>12/31/2018</u>	<u>Additions</u>	<u>Deletions</u>	Balances <u>12/31/2019</u>
<b>Governmental Activities</b>				
Capital Assets, not depreciated				
Land	\$ 14,816	\$ -	\$ -	\$ 14,816
Water Rights	-	44,380	-	44,380
Construction in Progress	<u>6,000</u>	<u>-</u>	<u>6,000</u>	<u>-</u>
Total Capital Assets, not depreciated	<u>20,816</u>	<u>44,380</u>	<u>6,000</u>	<u>59,196</u>
Capital Assets, depreciated				
Buildings and Improvements	2,256,882	-	-	2,256,882
Machinery and Equipment	421,848	-	-	421,848
Vehicles	<u>1,051,897</u>	<u>-</u>	<u>-</u>	<u>1,051,897</u>
Total Capital Assets, depreciated	<u>3,730,627</u>	<u>-</u>	<u>-</u>	<u>3,730,627</u>
Less Accumulated Depreciation				
Buildings and Improvements	337,696	76,380	-	414,076
Machinery and Equipment	374,863	11,663	-	386,526
Vehicles	<u>933,382</u>	<u>41,349</u>	<u>-</u>	<u>974,731</u>
Total Accumulated Depreciation	<u>1,645,941</u>	<u>129,392</u>	<u>-</u>	<u>1,775,333</u>
Total Capital Assets, depreciated, Net	<u>2,084,686</u>	<u>(129,392)</u>	<u>-</u>	<u>1,955,294</u>
Governmental Activities, Capital Assets, Net	<u>\$ 2,105,502</u>	<u>\$ (85,012)</u>	<u>\$ 6,000</u>	<u>\$ 2,014,490</u>

Depreciation expense was charged to general government program of the District.

**NOTE 5: LONG-TERM DEBT**

Following is a summary of long-term debt transactions for the governmental activities for the year ended December 31, 2019.

	Balance <u>12/31/18</u>	<u>Additions</u>	<u>Payments</u>	Balance <u>12/31/19</u>	Due In <u>One Year</u>
Capital Lease	<u>\$ 257,851</u>	<u>\$ -</u>	<u>\$ 19,097</u>	<u>\$ 238,754</u>	<u>\$ 19,798</u>

Assets with a gross value of \$1,937,626 were acquired and capitalized with this lease. These assets are categorized as Building and Improvements.

FOUR MILE FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2019

**NOTE 5: LONG-TERM DEBT** (Continued)

**Capital Leases**

On February 1, 2015, the District entered into a capital lease agreement to finance the Poorman Station. The lease requires monthly payments of principal and interest, accruing at a rate of 3.61% through February 2030.

**Future Debt Service Requirements**

Annual debt service requirements for the capital leases at December 31, 2019, are as follows.

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 19,798	\$ 8,294	\$ 28,092
2021	20,525	7,567	28,092
2022	21,278	6,814	28,092
2023	22,059	6,033	28,092
2024	22,868	5,223	28,091
2025-2030	<u>132,226</u>	<u>12,913</u>	<u>145,139</u>
Total Debt Service Requirements	<u>\$ 238,754</u>	<u>\$ 46,844</u>	<u>\$ 285,598</u>

**NOTE 6: RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains insurance through a commercial carrier for these risks of loss. Settled claims have not exceeded insurance coverage in the last three years.

**NOTE 7: COMMITMENTS AND CONTINGENCIES**

TABOR Amendment - Colorado voters passed the Taxpayer's Bill of Rights (TABOR), which amended the State Constitution to add Article X, Section 20, which imposes several limitations and requirements, including revenue raising, spending abilities, and other specific requirements of state and local government. In 2010 the District's voters authorized a mill levy increase in excess of that which would have been permitted by the TABOR amendment, authorized all revenue from the taxes generate buy that mill levy increase, and the investment income therefrom, to constitute voter-approved revenue changes, and further authorized the District to collect and spend those taxes and that income without regard to any spending or revenue restrictions or other limitations contained within the TABOR Amendment or any other law, and without limiting, in any year, the amount of other revenue that may be collected and spent by the District.

FOUR MILE FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

**NOTE 7: COMMITMENTS AND CONTINGENCIES** (Continued)

In 2017 the District's voters authorized an additional mill levy increase in excess of that which would have been permitted by the TABOR Amendment and the annual limits imposed by statute in language identical to that which was approved in 2010.

The District has established an emergency reserve, representing 3% of fiscal year spending (excluding debt service), as required by TABOR. At December 31, 2019, the emergency reserve of \$16,000 was recorded in the General Fund. TABOR is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of TABOR.

**NOTE 8: WATER LEASE AGREEMENT**

In July 24, 2017, the District entered into a water lease agreement with Pine Brook Water District to lease up to 2.5 acre feet of Augmentation Water with an option to purchase up to the same amount. Under this agreement, the District was to pay \$6,000 per year for a period of 3 years up to 10 years. In April 2019, the District obtained a decree for water storage rights and approval for the augmentation plan and paid \$38,380 in 2019 to Pine Brook Water District in order to exercise the purchase option available under this lease agreement for these water rights. The annual lease payments are no longer required and water rights in the amount of \$44,280 have been capitalized by the District.

**NOTE 9: RELATED PARTIES**

The Fire Chief's stepdaughter is the Watershed Coordinator for the Watershed Coalition Fund. During the year ended December 31, 2019, the District paid a salary of \$61,912 to the Watershed Coordinator.

**REQUIRED SUPPLEMENTAL INFORMATION**

FOUR MILE FIRE PROTECTION DISTRICT

GENERAL FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended December 31, 2019

	2019		VARIANCE Positive (Negative)	2018 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Property Taxes	\$ 363,383	\$ 375,022	\$ 11,639	\$ 377,165
Firefighting Revenue	50,000	31,508	(18,492)	70,189
Mitigation Revenue	30,000	31,873	1,873	62,886
Grants	275,000	64,421	(210,579)	39,644
Donations	25,000	33,161	8,161	17,300
Miscellaneous	150	15,266	15,116	12,838
<b>TOTAL REVENUES</b>	<b>743,533</b>	<b>551,251</b>	<b>(192,282)</b>	<b>580,022</b>
EXPENDITURES				
Current				
Salaries and Benefits	227,000	221,830	5,170	212,796
Operations	49,000	77,934	(28,934)	57,461
Supplies	23,000	36,497	(13,497)	19,686
Training	8,000	9,363	(1,363)	4,936
Administration	71,000	60,899	10,101	63,864
Equipment Maintenance	27,000	13,505	13,495	24,191
Capital Outlay	261,500	99,395	162,105	22,962
Debt Service	28,092	28,092	-	47,620
Other	-	12,536	(12,536)	12,641
Emergency Reserves	63,538	-	63,538	-
<b>TOTAL EXPENDITURES</b>	<b>758,130</b>	<b>560,051</b>	<b>198,079</b>	<b>466,157</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(14,597)</b>	<b>(8,800)</b>	<b>5,797</b>	<b>113,865</b>
FUND BALANCE, Beginning	140,031	650,455	510,424	536,590
FUND BALANCE, Ending	\$ 125,434	\$ 641,655	\$ 516,221	\$ 650,455

See the accompanying independent auditors' report.

FOUR MILE FIRE PROTECTION DISTRICT

WATERSHED COALITION FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended December 31, 2019

	2019		VARIANCE Positive (Negative)	2018 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Grants	\$ 1,527,753	\$ 242,494	\$ (1,285,259)	\$ 1,321,158
Donations	-	26,541	26,541	27
Other	-	-	-	724
TOTAL REVENUES	<u>1,527,753</u>	<u>269,035</u>	<u>(1,258,718)</u>	<u>1,321,909</u>
EXPENDITURES				
Current				
Salaries and Benefits	-	69,093	(69,093)	99,461
Project Planning	-	-	-	-
Project Implementation	-	127,096	(127,096)	1,221,038
Miscellaneous	1,423,325	37,834	1,385,491	1,696
TOTAL EXPENDITURES	<u>1,423,325</u>	<u>234,023</u>	<u>1,189,302</u>	<u>1,322,195</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>104,428</u>	<u>35,012</u>	<u>(69,416)</u>	<u>(286)</u>
CHANGE IN FUND BALANCE	104,428	35,012	(69,416)	(286)
FUND BALANCE, Beginning	<u>12,164</u>	<u>12,164</u>	<u>-</u>	<u>12,450</u>
FUND BALANCE, Ending	<u>\$ 116,592</u>	<u>\$ 47,176</u>	<u>\$ (69,416)</u>	<u>\$ 12,164</u>

See the accompanying independent auditors' report.