



# Western Hills Fire Protection District

## Financial Statements and Supplementary Information

For the Year Ended December 31, 2018



# Western Hills Fire Protection District

## Table of Contents

---

Independent Auditor's Report	1 - 2
Management's Discussion and Analysis	3 - 12
<b>Basic Financial Statements</b>	
Government-wide Financial Statements	
Statement of Net Position	13
Statement of Activities	14
Fund Financial Statements	
Balance Sheet - General Fund	15
Statement of Revenues, Expenditures and Changes in Fund Balance - General Fund	16
Notes to Financial Statements	17 - 24
<b>Required Supplementary Information</b>	
Schedule of Revenues, Expenditures and Changes in Fund Balance (Budget and Actual) - General Fund	25



## Independent Auditor's Report

Board of Directors  
Western Hills Fire Protection District  
Greeley, Colorado

We have audited the accompanying financial statements of the governmental activities and the General Fund of the Western Hills Fire Protection District (the "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 basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of the Western Hills Fire Protection District as of December 31, 2018, and the respective changes in financial position for the year then ended in conformity 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 on pages 3 through 12 and the budgetary comparison information for the General Fund on page 25 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.

*ACM LLP*

Greeley, Colorado  
July 23, 2019

## Western Hills Fire Protection District Management's Discussion and Analysis For the Year Ended December 31, 2018

This section of the annual financial report offers readers of the Western Hills Fire Protection District's (the "District") financial statements, management's discussion and analysis of the District's financial performance during the year ended December 31, 2018. We encourage readers to consider the information presented here in conjunction with additional information furnished in the District's financial statements, which immediately follow this section.

### Background Information

The District was created in 1974 by a number of citizens concerned about fire protection for their homes and businesses. The predominant fund approach for the District was comprised of one basic fund, the General Fund.

### Financial Highlights

- The District's financial status improved over the course of the 2018 fiscal year. Total net position increased \$1,723,845 or 39.2 percent.
- General revenues account for \$2,395,258 or 100.0 percent of all revenues. There were no program specific revenues in the form of charges for services or operating grants and contributions during 2018.
- The District had \$671,413 in expenses related to governmental activities; none of these expenses were offset by program specific charges for services or operating grants and contributions. General revenues consisting of property and specific ownership taxes of \$2,274,928 and other revenues were adequate to provide for these programs.
- During 2018, the District did not expend any monies on capital assets. See the Capital Assets section of this management's discussion and analysis for more information on page 11.
- The District has no outstanding long-term debt at December 31, 2018.

### Overview of the Financial Statements

This annual financial report consists of two parts: management's discussion and analysis and the basic financial statements. The basic financial statements include two kinds of statements that present different views of the District.

- The first two statements are government-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 government-wide statements. The governmental fund statements tell how basic services such as fire protection 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.

Western Hills Fire Protection District  
Management's Discussion and Analysis  
For the Year Ended December 31, 2018

Detailed in the following diagram are how the various parts of this annual report are arranged and relate to one another.

Table 1

Organization of the Western Hills Fire Protection District's  
Annual Financial Report

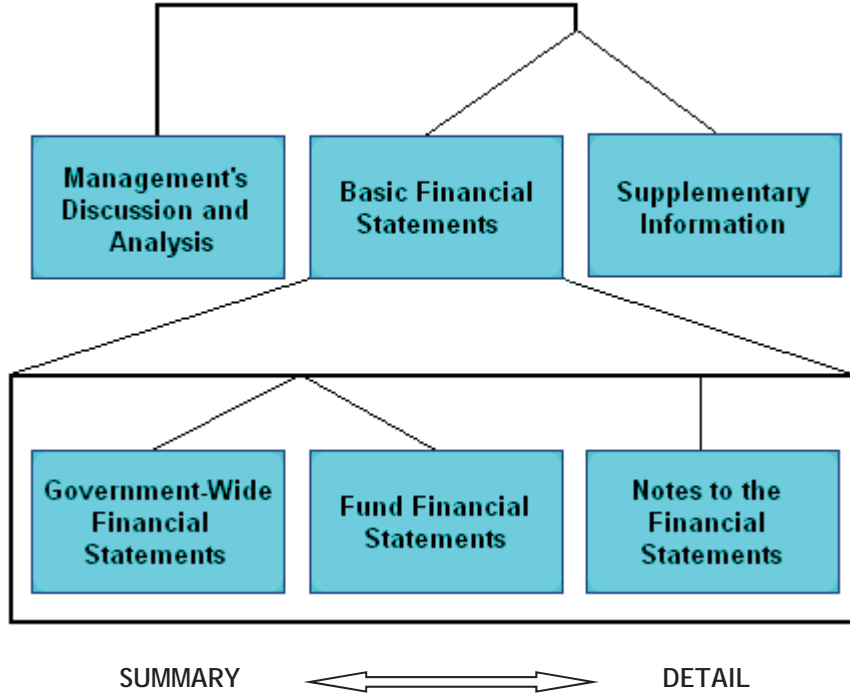


Table 2, displayed on the following page, summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the two types of financial statements, government-wide and fund financial statements, found in the basic financial statements.

**Western Hills Fire Protection District  
Management's Discussion and Analysis  
For the Year Ended December 31, 2018**

Table 2

**Major Features of the Government-wide and Fund Financial Statements**

	Government-wide Statements	Fund Financial Statements Governmental Fund
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary
Required Financial Statements	Statement of Net Position  Statement of Activities	Balance Sheet  Statement of Revenues, Expenditures and Changes in Fund Balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable

***Government-wide Statements***

The government-wide statements are designed to provide readers a broad overview of the District's finances, in a manner similar to a private-sector business. The statement of net position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. These statements provide both short-term and long-term information about the District's overall financial status.

The statement of net position presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between these items reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. To assess the District's overall health, you need to consider additional non-financial factors such as the condition of buildings and equipment.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in these statements for some items that will only result in cash flow in future fiscal periods.

**Western Hills Fire Protection District  
Management's Discussion and Analysis  
For the Year Ended December 31, 2018**

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). Included in governmental activities are most of the District's basic services such as fire protection.

The basic government-wide financial statements can be found on pages 13-14 of this report.

***Fund Financial Statements***

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds, not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

- *Governmental fund:* The District's basic services are included in the governmental fund, generally focusing on (1) inflows and outflows of cash and other financial assets and (2) balances remaining at year-end which are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine financial resources that may be available in the near term to finance the District's programs. Because this information does not encompass the long-term focus of the government-wide statements, a reconciling schedule is included on the governmental fund statements explaining the relationship (or difference) between them.

The District maintains one governmental fund, the General Fund which is considered a major fund. The basic governmental fund financial statements can be found on pages 15-16 of this report.

***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 17-24 of this report.

**Financial Analysis of the District as a Whole**

***Net Position and Changes in Net Position***

The District's net position was larger on December 31, 2018, than it was the year before, increasing 39.2 percent to \$6,118,426. Table 3, displayed on the following page, provides a summary of the District's net position at December 31, 2018 and 2017.



Western Hills Fire Protection District  
Management's Discussion and Analysis  
For the Year Ended December 31, 2018

Table 3  
Condensed Statement of Net Position

	2018	2017
<b>Assets</b>		
Current assets	\$ 8,523,518	\$ 6,321,914
Capital assets, net	171,406	186,090
<b>Total assets</b>	<b>8,694,924</b>	<b>6,508,004</b>
<b>Liabilities</b>		
Current liabilities	346	-
<b>Total liabilities</b>	<b>346</b>	<b>-</b>
<b>Deferred inflows of resources</b>		
Unearned revenue - property taxes	2,576,152	2,113,423
<b>Total deferred inflows of resources</b>	<b>2,576,152</b>	<b>2,113,423</b>
<b>Net position</b>		
Net investment in capital assets	171,406	186,090
Restricted	71,900	37,447
Assigned for capital expenditures	3,712,154	2,750,000
Assigned for human capital	1,282,500	950,000
Unassigned	880,466	471,044
<b>Total net position</b>	<b>\$ 6,118,426</b>	<b>\$ 4,394,581</b>

Table 4, displayed on the following page, provides a summary of the changes in net position. Following Table 4 is specific discussion related to overall revenues and expenses.

Western Hills Fire Protection District  
Management's Discussion and Analysis  
For the Year Ended December 31, 2018

Table 4  
Condensed Statement of Activities

Years Ended December 31,	2018	2017
<b>Revenues</b>		
Program revenues		
Charges for services	\$ -	\$ -
Operating grants & contributions	-	-
General revenues		
Property and specific ownership taxes	2,274,928	1,188,228
Earnings on investments	113,228	46,533
Other	7,102	13,483
<b>Total revenue</b>	<b>2,395,258</b>	<b>1,248,244</b>
<b>Expenses</b>		
Administration	68,717	45,194
Building and grounds	18,092	17,034
Intergovernmental	584,604	541,309
<b>Total expenses</b>	<b>671,413</b>	<b>603,537</b>
<b>Increase in net position</b>	<b>\$ 1,723,845</b>	<b>\$ 644,707</b>

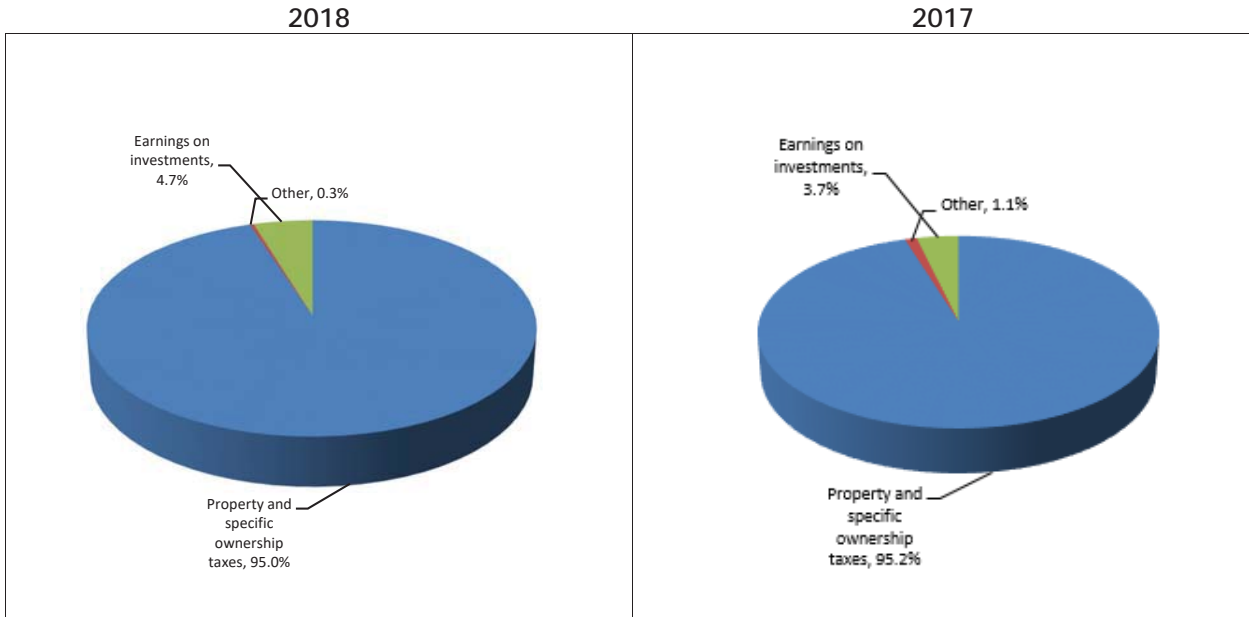
Property and specific ownership taxes account for most of the District's revenue, contributing 95.0 cents for every dollar raised (see Table 5) and the remaining 5.0 cents came from earnings on investments and from other sources.

The District expenses predominantly relate to payment for fire protection to the City of Greeley for 2018 and 2017.

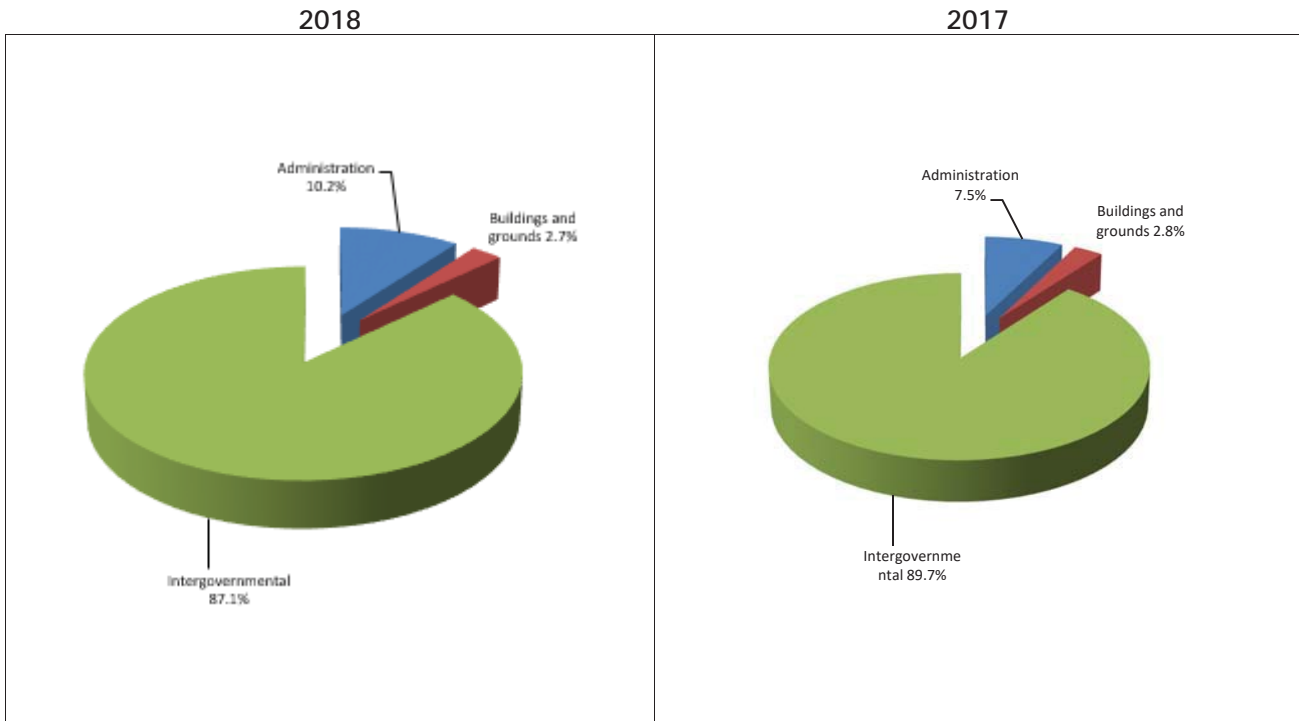
**Western Hills Fire Protection District  
Management's Discussion and Analysis  
For the Year Ended December 31, 2018**

Detailed below in Tables 5 and 6 are charts displaying revenues by sources and expenses by program for the total District.

**Table 5  
Sources of Revenues for Fiscal Year**



**Table 6  
Expenses for Fiscal Year**



**Western Hills Fire Protection District  
Management's Discussion and Analysis  
For the Year Ended December 31, 2018**

The statement of activities shows the cost of program services and the related charges for services and grants offsetting those costs. Table 7 reflects each program's total cost and net cost of services. That is, it identifies the cost of these services supported by unrestricted property taxes.

**Table 7  
Net Cost of Governmental Activities**

	Total Cost	Net Cost of Services
Administrative	\$ 68,717	\$ 68,717
Building and grounds	18,092	18,092
Intergovernmental	584,604	584,604
Total	\$ 671,413	\$ 671,413

**Financial Analysis of District's Funds**

***Governmental Activities***

The increase in net position for governmental activities was \$1,723,845 in the 2018 fiscal year.

The governmental funds monitor cash resources and expenditures. Capital outlay expenditures are not considered an expense on the government-wide statement of activities. Rather, these costs are written off over time as depreciation expense. There was no capital outlay during 2018.

As reflected on the reconciliation of governmental funds revenues and expenditures to the government-wide statement of activities (page 16) the depreciation expense was \$14,684 for 2018.

***General Fund***

The General Fund was established and is continually funded to provide for the daily activities, salaries, expenses, and operating costs of the District. This fund provides for functional areas of the organization - administration, buildings and grounds, and intergovernmental payments. The primary funding source for the General Fund is taxation of real property. Other sources of income for the General Fund include earnings on investments and other sources. The primary projects or program efforts for establishing needed funding during 2018 were:

1. Administration of the District.
2. Building and Grounds.
3. Payments to the City of Greeley.

**Western Hills Fire Protection District  
Management's Discussion and Analysis  
For the Year Ended December 31, 2018**

*General Fund Budgetary Highlights*

The District's budget is prepared according to Colorado law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. The District's budget for the General Fund anticipated that revenues would exceed expenditures by \$1,516,015. The actual results for the year show a \$1,783,815 excess of revenues over expenditures in the General Fund for 2018.

It should be noted that the District's budget format is designed to establish and monitor divisional functions of the District's operations to more closely align expenses with the areas of responsibility. These divisions are set up as cost centers for accountability in each of the following areas:

- Administration
- Building and Grounds
- Authority Payments
- Capital Outlay

The District must maintain a 3% emergency reserve as a part of the TABOR Amendment (Taxpayer Bill of Rights). At December 31, 2018, the District's TABOR reserve amounted to \$71,900.

**Capital Assets and Debt Administration**

*Capital Assets*

By the end of 2018, the District had invested \$171,406, net of accumulated depreciation, in a broad range of capital assets, including buildings, vehicles and other equipment (See Table 8). This amount represents a net decrease of \$14,684 or 7.9 percent from last year. Additional information on the District's capital assets can be found in Note 3 to the financial statements. Total depreciation expense for the year was \$14,684 while there were no additions to capital assets during 2018.

**Table 8  
Capital Assets (Net of Depreciation)**

	Governmental Activities		% of Change 2018-2017
	2018	2017	
Land	\$ 20,000	\$ 20,000	-
Buildings and improvements	151,406	166,090	-8.8%
<b>Total</b>	<b>\$ 171,406</b>	<b>\$ 186,090</b>	<b>-7.9%</b>

*Long-Term Debt*

During 2018, the District did not issue new debt. Colorado Revised Statute 32-1-1101(6) states that a fire district shall have a limit of bonded indebtedness determined by a specific formula. The District had no outstanding debt at year end.

**Western Hills Fire Protection District  
Management's Discussion and Analysis  
For the Year Ended December 31, 2018**

**Factors Bearing on the District's Future**

At the time these financial statements were prepared and audited, the District was aware of the following circumstances that could significantly affect its financial health in the future:

The District's budget for 2019 budgets general property tax revenue of \$2,576,152 (based on an assessed valuation for the District of \$255,443,900) and a mill levy of 10.085.

On June 10, 2010 the City of Greeley and the District entered into a new intergovernmental service agreement beginning January 1, 2011 and will expire on December 31, 2020. In the event of early contract termination, the Board of Directors has determined to set aside contingency funds to provide fire protection services. This contingency is reviewed annually.

**Contacting the District's Financial Management**

This financial report is designed to provide the District's citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Western Hills Fire Protection District c/o the City of Greeley, 1155 10<sup>th</sup> Avenue, Greeley, Colorado 80631.

## Basic Financial Statements

---

# Western Hills Fire Protection District

## Statement of Net Position

Year Ended December 31, 2018

---

	Governmental Activities
<b>Assets</b>	
Cash and cash equivalents	\$ 5,947,366
Property taxes receivable	2,576,152
Capital assets:	
Nondepreciable	20,000
Depreciable, net of accumulated depreciation	151,406
<b>Total assets</b>	<b>8,694,924</b>
<b>Liabilities</b>	
Accounts payable	346
<b>Total liabilities</b>	<b>346</b>
<b>Deferred inflows of resources</b>	
Unearned revenue - property taxes	2,576,152
<b>Total deferred inflows of resources</b>	<b>2,576,152</b>
<b>Net position</b>	
Net investment in capital assets	171,406
Restricted for:	
Emergencies	71,900
Unrestricted	5,875,120
<b>Total net position</b>	<b>\$ 6,118,426</b>

---

*The accompanying notes are an integral part of these financial statements.*



# Western Hills Fire Protection District

## Statement of Activities

Year Ended December 31, 2018

	Program Revenues		Net Revenue (Expense) and Change in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions
			Governmental Activities
<b>Governmental Activities</b>			
Administration	\$ 68,717	\$ -	\$ -
Building and grounds	18,092	-	-
Intergovernmental	584,604	-	-
Total governmental activities and primary government	\$ 671,413	\$ -	\$ -
<b>General revenues</b>			
Property taxes			2,112,168
Specific ownership taxes			162,760
Earnings on investments			113,228
Other			7,102
Total general revenues			2,395,258
Change in net position			1,723,845
Net position at beginning of year			4,394,581
Net position at end of year			\$ 6,118,426

*The accompanying notes are an integral part of these financial statements.*

# Western Hills Fire Protection District

## Balance Sheet

### General Fund

Year Ended December 31, 2018

---

<b>Assets</b>	
Cash and cash equivalents	\$ 5,947,366
Property taxes receivable	2,576,152
<b>Total assets</b>	<b>\$ 8,523,518</b>

---

<b>Liabilities, deferred inflows of resources and fund balance</b>	
<b>Liabilities</b>	
Accounts payable	\$ 346
<b>Total liabilities</b>	<b>346</b>
<b>Deferred inflows of resources</b>	
Unearned revenue - property taxes	2,576,152
<b>Total deferred inflows of resources</b>	<b>2,576,152</b>
<b>Fund balance</b>	
Restricted for emergencies	71,900
Assigned for capital expenditures	3,712,154
Assigned for human capital	1,282,500
Unassigned	880,466
<b>Total fund balance</b>	<b>5,947,020</b>
<b>Total deferred inflows of resources and fund balance</b>	<b>\$ 8,523,518</b>

---

#### Reconciliation of the General Fund Balance Sheet with the Government-wide Statement of Net Position

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

Total fund balance - General Fund \$ 5,947,020

Capital assets used in governmental activities are not current financial resources, and therefore, are not reported as assets on the fund financial statements.

Capital assets - Cost	587,439
Accumulated depreciation	(416,033)
<b>Total net position - governmental activities</b>	<b>\$ 6,118,426</b>

---

*The accompanying notes are an integral part of these financial statements.*

**Western Hills Fire Protection District**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**General Fund**  
**Year Ended December 31, 2018**

---

<b>Revenues</b>	
Taxes	\$ 2,274,928
Earnings on investments	113,228
Other income	7,102
<hr/>	
Total revenues	2,395,258
<hr/>	
<b>Expenditures</b>	
Current	
Administration	68,431
Building and grounds	3,408
Intergovernmental	584,604
<hr/>	
Total expenditures	656,443
<hr/>	
Change in fund balance	1,738,815
Fund balance at beginning of year	4,208,205
<hr/>	
Fund balance at end of year	\$ 5,947,020

**Reconciliation of the General Fund Statement of Revenues, Expenditures and Changes in Fund Balance with the Government-wide Statement of Activities**

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

Net change in fund balance - General Fund	\$ 1,738,815
Reduction in prepaid items not included in the General Fund statements.	(286)

For governmental activities, costs for capital assets are shown on the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount of depreciation expense reported during the year.

Change in net position of governmental activities	\$ 1,723,845
---	--------------

*The accompanying notes are an integral part of these financial statements.*

# Western Hills Fire Protection District

## Notes to Financial Statements

---

### 1. Summary of Significant Accounting Policies

#### *Form of Organization*

The Western Hills Fire Protection District (the "District") is organized under the provisions of Section 32-1-305 (6) of the Colorado Revised Statutes ("CRS"). It is a quasi-municipal corporation and a political subdivision of the State of Colorado with all powers thereof which includes the power to levy taxes against property within the District.

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

#### *Reporting Entity*

In conformity with GASB financial reporting standards, the District is the reporting entity for financial reporting purposes. The District is the primary government financially accountable for all activities of the District. The District meets the criteria of a primary government: its Board of Directors is the publicly elected governing body; it is a legally separate entity; and it is fiscally independent. The District is not included in any other governmental reporting entity.

As defined by GAAP established by the GASB, the financial reporting entity consists of the primary government, as well as component units, which are legally separate organizations for which elected officials of the primary government are financially accountable. Financial accountability is defined as:

- 1) Appointment of a voting majority of the component unit's governing board, and either, a) the ability to impose its will by the primary government, or b) there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on, the primary government; or
- 2) Fiscal dependency on the primary government and there is a potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointment by a higher level of government, or (3) a jointly appointed board.

Based on the above criteria, there are no other organizations that would be considered component units of the District. The District meets the criteria of an "other stand alone government".

#### *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 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, charges for services and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on user charges for support. The District does not have any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a 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 those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2)

# Western Hills Fire Protection District

## Notes to Financial Statements

---

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.

The fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on the District's major fund rather than reporting funds by type. The District only has one governmental fund, the General Fund, which is a major fund.

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

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

The governmental fund financial statements are accounted for using the current financial resources measurement focus, whereby only current assets, deferred outflows of resources, liabilities, and deferred inflows of resources generally are included in the balance sheet, and the statement of revenues, expenditures and changes in fund balance present increases and decreases in those components. These funds use the modified accrual basis of accounting whereby revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recognized when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recognized only when payment is due.

Property taxes, intergovernmental grants and earnings on investments 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.

Because governmental fund statements are presented using a measurement focus and basis of accounting different from that used in the government-wide statements, a reconciliation is presented that briefly explains the adjustments necessary to reconcile to ending net position and the change in net position.

In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, ("GASB No. 33") the corresponding assets (receivables) in non-exchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source. Property taxes attach an enforceable lien on property as of January 1. Taxes are levied in December, payable in the following year in full by April 30, or in two equal installments due on the last day of February and June 15.

Governmental funds are used to account for all or most of a government's general activities. The following is the District's only governmental fund:

*General Fund* - The General Fund is the District's primary operating fund. It accounts for all the financial resources of the District.

# Western Hills Fire Protection District

## Notes to Financial Statements

---

### *Budgets*

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

- By October 15, the District staff submits to the Board of Directors, a proposed operating budget for the fiscal year beginning the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- A public hearing is conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally enacted through passage of a resolution.
- Any budget revisions that alter the total expenditures of any fund must be approved by the Board of Directors through passage of a formal resolution.
- The District legally adopts budgets for all of the funds of the District on a basis consistent with 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.

The original budgeted 2018 expenditures for the General Fund was \$683,943 and there were no revisions to the budget during the year.

### *Cash and Cash Equivalents*

Cash and cash equivalents include cash on hand, demand deposits and participation in local government investment pools. All cash equivalents have an original maturity date of less than three months.

### *Investments*

Investments are reported at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*.

### *Receivables*

In the government-wide financial statements, receivables are reported at their gross value and, when appropriate, are reduced by the estimated portion that is expected to be uncollectible. No amounts were determined to be uncollectible at December 31, 2018. Property taxes levied on December 31, 2018 are identified as property taxes receivable and deferred inflows of resources.

### *Prepaid Items*

Payments made to vendors for services that will benefit periods beyond year end are recorded as prepaid items in the government-wide financial statements, and will be reported as expenses in the following year. These amounts are reflected as expenditures in the year paid in the governmental fund financial statements.

# Western Hills Fire Protection District

## Notes to Financial Statements

---

### *Capital Assets*

Capital assets, which include property and equipment, are reported in the applicable governmental activities 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 asset lives are not capitalized.

Capital assets of the District are depreciated using the straight-line method over the following estimated useful lives.

Description	Estimated Lives
Building and improvements	30 years
Vehicles and equipment	10 years

### *Compensated Absences*

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*, ("GASB No. 16"). Personal leave benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services rendered and it is probable that the District will compensate the employees for the benefits earned. Upon termination of employment from the District, an employee will be compensated for all unused personal leave. The District has no liability for compensated absences at December 31, 2018.

### *Accrued Liabilities and Long-Term Obligations*

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments and the noncurrent portion of long-term liabilities that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within 60 days after year-end are considered to have been made with current available financial resources. Capital lease obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

### *Fund Balance and Net Position*

In the government-wide financial statements, net position is classified in the following categories:

***Net Investment in Capital Assets*** - This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

***Restricted Net Position*** - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

***Unrestricted Net Position*** - This category represents the net position of the District, which is not restricted for any project or other purpose. A deficit will require future funding.

# Western Hills Fire Protection District

## Notes to Financial Statements

---

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, fund balances of the governmental funds are classified as follows:

*Nonspendable* - amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

*Restricted* - amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation, or because of constraints that are externally imposed by creditors, grantors, or the laws or regulations of other governments.

*Committed* - amounts that can be used only for specific purposes determined by a formal action of the Board of Directors (the "Board"). The Board is the highest level of decision making authority for the District. Commitments may be established, modified, or rescinded only through resolutions approved by the Board.

*Assigned* - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The Board has the authority to assign amounts for specific purposes.

*Unassigned* - all other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted resources are available, the District considers restricted resources to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

### *Revenue Recognition/Property Taxes*

Property taxes attach an enforceable lien on property as of January 1. Taxes are levied in December, payable in the following year in full by April 30, or in two equal installments due on the last day of February and June 15. The county treasurer bills and collects property taxes for all taxing entities within the county. Property tax receipts collected by the county treasurer each month are remitted to the District by the tenth day of the subsequent month. Property tax revenues are recognized in the government-wide financial statements in the year that the property taxes are used to fund the operations of the District.

In the fund financial statements, property taxes are recognized in the year for which they are levied provided they become available and measurable. Property tax revenues are considered available when they become due or past due and are received by the District within 60 days of the end of the fiscal year.

### *Estimates*

The presentation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.



# Western Hills Fire Protection District

## Notes to Financial Statements

---

### 2. Cash and Investments

#### *Custodial Credit Risk - Deposits*

Colorado state statutes govern the entity's deposits of cash. For deposits in excess of federally insured limits, Colorado Revised Statutes require the depository institution to maintain collateral on deposit with an official custodian (as authorized by the State Banking Board). The Colorado Public Deposit Protection Act ("PDPA") requires state regulators to certify eligible depositories for public deposit. PDPA requires the eligible depositories with public deposits in excess of the amounts insured by the Federal Deposit Insurance Corporation ("FDIC") to create a single institutional collateral pool of obligations of the State of Colorado or local Colorado governments and obligations secured by first lien mortgages on real property located in the state. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the assets in the pool must be at least 102% of the uninsured deposits. At December 31, 2018, the District had deposits with financial institutions with a carrying amount of \$57,933. The bank balances with the financial institutions was \$58,643, all of which was covered by federal depository insurance.

#### *Investments*

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which the District may invest, which include:

- Certificates of deposit with an original maturity in excess of three months
- Certain obligations of the United States and U.S. Government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Banker's acceptance of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

The District's policy is to hold investments until maturity.

#### *Custodial Credit Risk - Investments*

For investments, custodial credit risk is the risk that in the event of a failure of a counter party, the District would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have a specific policy for custodial credit risk. As of December 31, 2018, the District had no investments exposed to custodial credit risk outside of its investment in the Colorado Local Government Liquid Asset Trust (the "Trust"), discussed below.

#### *Interest Rate Risk*

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 losses arising from increasing interest rates.

#### *Local Government Investment Pools*

At December 31, 2018, the District had invested \$5,875,977 in the Colorado Local Government Liquid Asset Trust (the "Trust"), an investment vehicle established for local government entities in Colorado to

# Western Hills Fire Protection District

## Notes to Financial Statements

pool surplus funds. The State Securities Commission administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. COLOTRUST PRIME invests only in U.S. Treasury and government agencies. COLOTRUST PLUS+ can invest in U.S. Treasury, government agencies, and in the highest-rate commercial paper. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as a safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. The Trust is rated AAAm by Standard and Poor's and is measured at net asset value. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

At December 31, 2018, the District had cash and cash equivalent and investment balances as follows:

Petty cash	\$	1,000
Cash with county treasurer		12,456
Bank deposits		57,933
Local government investment pool		5,875,977
	\$	5,947,366

### 3. Capital Assets

Capital asset activity for the year ended December 31, 2018 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Capital assets, not being depreciated:</b>				
Land	\$ 20,000	\$ -	\$ -	\$ 20,000
Total capital assets, not being depreciated	20,000	-	-	20,000
<b>Capital assets, being depreciated:</b>				
Building and improvements	412,680	-	-	412,680
Vehicles and equipment	154,759	-	-	154,759
Total capital assets, being depreciated	567,439	-	-	567,439
<b>Less accumulated depreciation for:</b>				
Building and improvements	(246,590)	(14,684)	-	(261,274)
Vehicles and equipment	(154,759)	-	-	(154,759)
Total accumulated depreciation	(401,349)	(14,684)	-	(416,033)
Total capital assets, being depreciated, net	166,090	(14,684)	-	151,406
Total capital assets, net	\$ 186,090	\$ (14,684)	\$ -	\$ 171,406

Depreciation for governmental activities capital assets have been allocated to the building and grounds activity in the statement of activities.

### 4. 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 carries commercial

# Western Hills Fire Protection District

## Notes to Financial Statements

---

insurance covering specific and general risks of loss, including worker's compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage.

### 5. TABOR Compliance

In November 1992, Colorado voters passed an amendment (the "Amendment" or "TABOR") to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local districts. The limits on property taxes, revenue, and "fiscal year spending" include allowable annual increases tied to inflation and local growth in construction valuation. Fiscal year spending, as defined by the Amendment, excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves (balances). The Amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue earned in excess of the "spending limit" must be refunded or approved to be retained by the District under specified voting requirements by the entire electorate.

The Amendment also requires local districts to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by the Amendment, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending (excluding bonded debt service). The District has restricted \$71,900 for this purpose.

On November 5, 1998, the voting electors voted to allow the Western Hills Fire Protection District to retain all revenues from all sources in 1998 and subsequent years, without imposing any new taxes or increases in tax rates, and to spend the same as voter-approved revenue change for each year without regard to and an exception to expenditure, revenue-raising or other limitations contained within Article X, Section 20 of the Colorado Constitution, Section 29-1-301, CRS, or any other law. This effectively removed all revenue and expenditure limitations imposed by TABOR.

The District believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions will require judicial interpretation.

### 6. Service Agreement

On June 10, 2010, the District entered into a new service agreement to provide fire protection and emergency services with the City of Greeley, Colorado (the "City") based on the number of calls in the District and property values. The contract term is for 10 years, beginning January 1, 2011 through December 31, 2020, unless terminated earlier. The contract may be renewable upon mutually agreeable terms negotiated and agreed upon prior to the annual budget meetings of both parties no later than the ninth year of the contract. The District paid \$584,604 during 2018 to the City under the terms of this agreement.

### 7. Subsequent Events

Management of the District has evaluated subsequent events through July 23, 2019, the date that the financial statements were available to be issued. No transactions or events that would require adjustment to or disclosure in the financial statements were identified.

## Required Supplementary Information

---

**Western Hills Fire Protection District**  
**Schedule of Revenues, Expenditure and Changes in**  
**Fund Balance (Budget and Actual) - General Fund**  
**Year Ended December 31, 2018**

	Budgeted Amounts		Actual Amounts Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 2,174,138	\$ 2,174,138	\$ 2,274,928	\$ 100,790
Earnings on investments	21,070	21,070	113,228	92,158
Other income	4,750	4,750	7,102	2,352
<b>Total revenues</b>	<b>2,199,958</b>	<b>2,199,958</b>	<b>2,395,258</b>	<b>195,300</b>
<b>Expenditures</b>				
Current				
Administration	89,139	89,139	68,431	20,708
Buildings and grounds	10,200	10,200	3,408	6,792
Intergovernmental	584,604	584,604	584,604	-
<b>Total expenditures</b>	<b>683,943</b>	<b>683,943</b>	<b>656,443</b>	<b>27,500</b>
<b>Change in fund balance</b>	<b>\$ 1,516,015</b>	<b>\$ 1,516,015</b>	<b>1,738,815</b>	<b>\$ 222,800</b>
Fund balance at beginning of year			4,208,205	
Fund balance at end of year			<u>\$ 5,947,020</u>	

*See accompanying Independent Auditor's Report.*