

ESTES VALLEY FIRE PROTECTION DISTRICT
Larimer County, Colorado

FINANCIAL STATEMENTS
December 31, 2011

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**Board of Directors
Estes Valley Fire Protection District
Larimer County, Colorado**

Independent Auditors' Report

We have audited the accompanying financial statements of the governmental activities, each major fund, and aggregate remaining fund information of the Estes Valley Fire Protection District (District) as of and for the year ended December 31, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with the 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of December 31, 2011, and the

respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the basic financial statements, the District adopted Governmental Accounting Standards Board Statement No. 54 as of and for the year ended December 31, 2011.

As discussed in Note 13 to the basic financial statements, the District recorded the net pension asset related to the Volunteer Pension Plan.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, on pages IV through IX, be presented to supplement the basic financial statements. Such information, although not 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The budgetary comparison schedules and the summary of assessed valuation, mill levy and property taxes collected are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in

**Board of Directors
Estes Valley Fire Protection District
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the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

RubinBrown LLP

May 15, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Estes Valley Fire Protection District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2011.

Based on the November 3, 2009 election results, the District was established by and in accordance with the Larimer County Court "Declaration of Organization" and "Decree of Formation" dated November 17, 2009. Effective January 1, 2010, the District assumed all responsibility for providing fire protection services, fire suppression and other emergency services to the Town of Estes Park and the surrounding area of unincorporated Larimer County in accordance with the "Intergovernmental Agreement for Continuing Operations Between the Town of Estes Park and the Estes Valley Fire Protection District" dated December 8, 2009.

Financial Highlights

- Assets exceeded liabilities by \$2,625,174 at the close of the fiscal year. Of this amount, \$733,912 is unrestricted and available to meet ongoing and future obligations of the District. \$1,040,708 is restricted for future obligations of the Volunteer Pension Fund. Additionally, a 3% reserve, \$35,135, for emergencies required by Colorado Statute is restricted in the general fund.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$911,141.
- Total net assets increased by \$462,528.
- Total cash and investments increased by \$532,844 as compared to the prior year.
- Property tax revenue increased by \$2,790 as compared to the prior year.
- Sales tax revenue increased by \$29,081 as compared to the prior year.
- General fund expenditures decreased by \$20,639 as compared to the prior year.
- At the end of the current fiscal year, assigned and unassigned fund balances for the general fund totaled \$461,890, or 45% of total general fund expenditures and transfers out.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets 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 this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements identify functions of the District that are principally to be supported by ad valorem taxes (governmental activities). The governmental activities of the District include providing fire protection services.

The government-wide financial statements can be found on pages 1-2 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

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.

The District maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for each of the funds - the general fund and the capital reserve fund - both of which are considered to be major funds.

The District adopts an annual appropriated budget for its general fund and capital reserve fund. Budgetary comparison statements have been provided for these funds in the basic financial statements to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 3-6 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. Fiduciary funds provide the same type of information as the government-wide financial statements.

The basic fiduciary fund financial statements can be found on pages 7-8 of this report.

Notes to 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 financial statements can be found on pages 9-25 of this report.

Supplemental information. In addition to the basic financial statements and accompanying notes, this report also presents certain supplemental information. This supplemental information is located after the basic financial statements on pages 27-29 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The District's assets exceeded liabilities by \$2,625,174 at the close of the most recent fiscal year.

Summary of Net Assets

	<u>2011</u>	<u>2010</u>
ASSETS		
Current and other assets	\$ 1,523,391	\$ 1,003,727
Volunteer Pension	1,040,708	1,003,401
Capital assets	815,419	892,381
Total assets	<u>3,379,518</u>	<u>2,899,509</u>
LIABILITIES		
Current liabilities	626,250	646,603
Noncurrent liabilities	128,094	90,260
Total liabilities	<u>754,344</u>	<u>736,863</u>
NET ASSETS		
Invested in capital assets, net of related obligations	815,419	892,381
Restricted for emergencies	35,135	33,957
Restricted for Volunteer Pension	1,040,708	1,003,401
Unrestricted	733,912	232,907
Total net assets	<u>\$ 2,625,174</u>	<u>\$ 2,162,646</u>

The increase in current and other assets is primarily due to the increase in cash and investments from the receipt of a one time donation.

Summary of Changes in Net Assets

	<u>2011</u>	<u>2010</u>
Revenues		
Program revenues:		
Charges for services	\$ -	\$ 18,573
Operating grants and donations	220,284	55,281
General revenues:		
Sales tax - Town of Estes Park	519,578	490,497
Property taxes	589,965	587,175
Specific ownership taxes	36,963	38,992
Net investment income	4,745	3,785
Contributed capital	-	58,800
Miscellaneous	803	-
Other	4,849	3,521
Total revenues	<u>1,377,187</u>	<u>1,256,624</u>
Expenses		
Fire protection and emergency services	<u>914,659</u>	<u>905,132</u>
Total expenses	<u>914,659</u>	<u>905,132</u>
Change in net assets	462,528	351,492
Net assets - Beginning of year - restated	<u>2,162,646</u>	<u>1,811,154</u>
Net assets - End of year - restated	<u>\$ 2,625,174</u>	<u>\$ 2,162,646</u>

The District's revenue in 2011 increased \$120,563 from the prior year, an increase of 9%. The increase in revenue from the prior year was due to the receipt of a one time donation in the amount of \$216,775.

Financial Analysis of the Governmental Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$911,141. \$765,947 constitutes assigned and unassigned fund balances, which are available for spending at the government's discretion within the parameters established for each fund.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, assigned and unassigned fund balances of the general fund totaled \$461,890 out of a total fund balance of \$607,084.

The capital reserve fund has a total fund balance of \$304,057.

Budgetary Highlights

The District's total expenditures and other financing uses for 2011 in the general fund did not exceed appropriations. Actual expenditures were less than the budget by \$114,927. This is primarily attributable to professional services and salaries coming in less than budget, repairs and maintenance coming in less than budget, and a lower amount transferred to the Pension Fund than had been budgeted.

The expenditures in the capital reserve fund were aligned with the budget as no expenditures were budgeted.

Capital Assets

The District had \$815,419 in capital assets (net of accumulated depreciation) as of December 31, 2011. These capital assets include vehicles, furniture, art and equipment. During the year the District invested \$26,449 in capital asset additions.

The major capital assets obtained during the current fiscal year included:

- 2011 Ford F250 truck \$ 26,449

Next Year's Budgets and Rates

The District has not budgeted for any significant changes in 2012.

Requests for Information

This financial report is designed to provide a general overview of Estes Valley Fire Protection District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Office of Estes Valley Fire Protection District, 8390 East Crescent Parkway, Suite 600, Greenwood Village, CO 80111.

BASIC FINANCIAL STATEMENTS

**ESTES VALLEY FIRE PROTECTION DISTRICT
STATEMENT OF NET ASSETS
December 31, 2011**

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 728,404
Cash - Restricted	121,592
Receivable - County Treasurer	3,234
Accounts receivable	6,513
Intergovernmental receivable	54,181
Prepaid expenses	23,602
Due from other fund	6,190
Property taxes receivable	579,675
Prepaid expenses - Volunteer Pension	1,040,708
Capital assets, net	
Equipment, vehicles and furniture	815,419
Total assets	<u>3,379,518</u>
LIABILITIES	
Accounts payable	23,320
Accrued payroll liabilities	8,986
Deferred revenue	269
Deferred property tax revenue	579,675
Long-term liabilities	
Due within one year	14,000
Due in more than one year	128,094
Total liabilities	<u>754,344</u>
NET ASSETS	
Invested in capital assets	815,419
Restricted for:	
Emergency reserves	35,135
Volunteer Pension	1,040,708
Unrestricted	733,912
Total net assets	<u>\$ 2,625,174</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**ESTES VALLEY FIRE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES
Year Ended December 31, 2011**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expenses) Revenue and Changes in Net Assets</u>
			<u>Operating Grants and Donations</u>		<u>Governmental Activities</u>
Governmental activities:					
Fire protection and emergency services	\$ 914,659	\$ -	\$ 220,284	\$ -	\$ (694,375)
	<u>\$ 914,659</u>	<u>\$ -</u>	<u>\$ 220,284</u>	<u>\$ -</u>	<u>\$ (694,375)</u>
General revenues:					
Sales tax - Town of Estes Park					519,578
Property taxes					589,965
Specific ownership taxes					36,963
Net investment income					4,745
Miscellaneous					803
Other					4,849
Total general revenues					<u>1,156,903</u>
Change in net assets					462,528
Net assets - Beginning of year - restated					<u>2,162,646</u>
Net assets - End of year					<u>\$ 2,625,174</u>

These financial statements should be read only in connection with the accompanying notes to financial statements.

**ESTES VALLEY FIRE PROTECTION DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2011**

	General	Capital Reserve	Total Governmental Funds
ASSETS			
Cash	\$ 424,347	\$ 304,057	\$ 728,404
Cash - Restricted	121,592	-	121,592
Receivable - County Treasurer	3,234	-	3,234
Accounts receivable	6,513	-	6,513
Intergovernmental receivable	54,181	-	54,181
Prepaid expenses	23,602	-	23,602
Due from other fund	6,190	-	6,190
Property taxes receivable	579,675	-	579,675
Total assets	\$ 1,219,334	\$ 304,057	\$ 1,523,391
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 23,320	\$ -	\$ 23,320
Accrued payroll liabilities	8,986	-	8,986
Deferred revenue	269	-	269
Deferred property tax revenue	579,675	-	579,675
Total liabilities	612,250	-	612,250
FUND BALANCES			
Nonspendable:			
Prepaid amounts	23,602	-	23,602
Restricted for:			
Emergencies (TABOR)	35,135	-	35,135
Committed to:			
LOSAP	86,457	-	86,457
Assigned to:			
Capital projects	-	304,057	304,057
Operating reserve	252,851	-	252,851
Subsequent year's expenditures	170,891	-	170,891
Unassigned:	38,148	-	38,148
	607,084	304,057	911,141
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,219,334	\$ 304,057	

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

Prepaid pension costs and capital assets used in governmental activities and joint ventures are not financial resources and, therefore, are not reported in the fund balance sheet:

Prepaid Volunteer Pension expense	1,040,708
Capital assets	1,023,101
Accumulated depreciation	(207,682)

Long-term liabilities, including compensated absences and LOSAP reserves, are not due and payable in the current period and, therefore, are not reported in the funds:

Compensated absences	(55,637)
LOSAP	(86,457)
Net assets of governmental activities	\$ 2,625,174

These financial statements should be read only in connection with
the accompanying notes to financial statements.

ESTES VALLEY FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2011

	<u>General</u>	<u>Capital Reserve</u>	<u>Total Governmental Funds</u>
REVENUES			
Sales tax - Town of Estes Park	\$ 519,578	\$ -	\$ 519,578
Property taxes	589,965	-	589,965
Specific ownership taxes	36,963	-	36,963
Federal grants	3,509	-	3,509
Contributions and donations	216,775	-	216,775
Net investment income	2,991	1,754	4,745
Miscellaneous	803	-	803
Other	4,849	-	4,849
Total revenues	<u>1,375,433</u>	<u>1,754</u>	<u>1,377,187</u>
EXPENDITURES			
Public safety			
Professional services/salaries	244,127	-	244,127
Employee benefits	97,575	-	97,575
Insurance premiums	13,424	-	13,424
Professional services/fees	98,695	-	98,695
Publication fees	573	-	573
Repair and maintenance	88,261	-	88,261
Materials and supplies	30,465	-	30,465
Job performance expenses	51,130	-	51,130
Utilities	15,374	-	15,374
Fuels mitigation	2,400	-	2,400
Firefighter recruitment	1,297	-	1,297
LOSAP awards	5,550	-	5,550
Volunteer fire department expense	50,000	-	50,000
Pension expense	78,000	-	78,000
District overhead contingencies	3,104	-	3,104
Capital outlay	43,195	-	43,195
Total expenditures	<u>823,170</u>	<u>-</u>	<u>823,170</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>552,263</u>	<u>1,754</u>	<u>554,017</u>
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	<u>(201,969)</u>	<u>201,969</u>	<u>-</u>
Total other financing sources (uses)	<u>(201,969)</u>	<u>201,969</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	350,294	203,723	554,017
FUND BALANCES - BEGINNING OF YEAR	256,790	100,334	357,124
FUND BALANCES - END OF YEAR	<u>\$ 607,084</u>	<u>\$ 304,057</u>	<u>\$ 911,141</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**ESTES VALLEY FIRE PROTECTION DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2011**

Net changes in fund balances - Total governmental funds	\$	554,017
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Amounts reported for governmental activities in the statement of 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.

Capital outlay		26,449
Depreciation		(103,411)

Governmental funds report contributions to the pension fund as expenditures. However, in the statement of activities, the annual pension expense is based upon actuarial valuation data and not the amount contributed to the plan.

Change in net pension obligation		37,307
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences		(7,370)
LOSAP		(44,464)

Change in net assets of governmental activities	\$	<u>462,528</u>
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These financial statements should be read only in connection with
the accompanying notes to financial statements.

**ESTES VALLEY FIRE PROTECTION DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2011**

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Sales tax - Town of Estes Park	\$ 493,500	\$ 519,578	\$ 26,078
Property taxes	591,916	589,965	(1,951)
Specific ownership taxes	38,000	36,963	(1,037)
Federal grants	12,000	3,509	(8,491)
Contributions and donations	50	216,775	216,725
Net investment income	2,700	2,991	291
Miscellaneous	400	803	403
Other	1,500	4,849	3,349
Total revenues	<u>1,140,066</u>	<u>1,375,433</u>	<u>235,367</u>
EXPENDITURES			
Public safety			
Professional services/salaries	293,965	244,127	49,838
Employee benefits	122,562	97,575	24,987
Insurance premiums	15,800	13,424	2,376
Professional services/fees	112,220	98,695	13,525
Publication fees	300	573	(273)
Repair and maintenance	101,215	88,261	12,954
Materials and supplies	16,984	30,465	(13,481)
Job performance expenses	55,535	51,130	4,405
Utilities	18,102	15,374	2,728
Fuels mitigation	-	2,400	(2,400)
Firefighter recruitment	5,000	1,297	3,703
LOSAP awards	-	5,550	(5,550)
Volunteer fire department expense	50,000	50,000	-
Pension expense	104,248	78,000	26,248
District overhead contingencies	10,000	3,104	6,896
Capital outlay	15,000	43,195	(28,195)
Total expenditures	<u>920,931</u>	<u>823,170</u>	<u>97,761</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>219,135</u>	<u>552,263</u>	<u>333,128</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	(219,135)	(201,969)	17,166
Total other financing sources (uses)	<u>(219,135)</u>	<u>(201,969)</u>	<u>17,166</u>
NET CHANGE IN FUND BALANCES	-	350,294	350,294
FUND BALANCES - BEGINNING OF YEAR	253,785	256,790	3,005
FUND BALANCES - END OF YEAR	<u>\$ 253,785</u>	<u>\$ 607,084</u>	<u>\$ 353,299</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**ESTES VALLEY FIRE PROTECTION DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
VOLUNTEER PENSION FUND
December 31, 2011**

ASSETS

Cash and investments	\$ 1,392,481
Interest receivable	5,412
Total assets	<u>1,397,893</u>

LIABILITIES

Due to other fund	<u>6,190</u>
Total liabilities	<u>6,190</u>

NET ASSETS

Held in trust for pension benefits	<u>1,391,703</u>
Total net assets	<u><u>\$ 1,391,703</u></u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**ESTES VALLEY FIRE PROTECTION DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
VOLUNTEER PENSION FUND
Year Ended December 31, 2011**

ADDITIONS

Net investment income	\$ 29,847
EVFPD contribution	78,000
State participation contribution	52,298
Total additions	160,145

DEDUCTIONS

Retiree benefit payments	125,578
Investment fees	11,395
Retiree death benefit	800
Actuarial study	6,190
Total deductions	143,963

CHANGE IN PLAN NET ASSETS

16,182

PLAN NET ASSETS - BEGINNING

1,375,521

PLAN NET ASSETS - ENDING

\$ 1,391,703

These financial statements should be read only in connection with
the accompanying notes to financial statements.

ESTES VALLEY FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 1 - DEFINITION OF REPORTING ENTITY

The Estes Valley Fire Protection District (District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by order and decree of the District Court for Larimer County on November 17, 2009 and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District was established to provide fire protection services, fire suppression, and rescue services in the Town of Estes Park (Town) and surrounding areas of unincorporated Larimer County. Prior to the organization of the District, fire protection services were provided by the Town.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The District is not financially accountable for any other organization, including a volunteer organization, Estes Park Volunteer Fire Department, which provides services for the District, but is not under the control of the District's Board of Directors. The District is not a component unit of any other primary governmental entity, including the Town of Estes Park.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the District are described as follows:

Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. These financial statements include all of the activities of the District except for the fiduciary activities. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of net assets reports all financial and capital resources of the District. The difference between the assets and liabilities of the District is reported as net assets.

ESTES VALLEY FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The statement of activities demonstrates the degree to which the direct and indirect 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 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. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. 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, as is the fiduciary 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. Depreciation is computed and shown as an operating expense. Expenditures for capital assets are shown as increases in assets. Employer and plan member contributions are recognized in the period that contributions are due.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes, sales taxes, and payment for fire services. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures, other than interest on long-term obligations are recorded when the liability is incurred or the long-term obligation is due.

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 general government, except those required to be accounted for in another fund. Within the General Fund, the Board has assigned funds for an operating reserve.

ESTES VALLEY FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The *Capital Reserve Fund* is a capital projects fund established by the Board of Directors to account for reserves transferred from the General Fund for specific purchases of major capital assets.

Additionally, the government reports the following fiduciary fund type using the accrual basis of accounting:

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

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

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

Pooled Cash and Investments

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust, other agreements or the Board of Directors, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in total cash.

Investments are carried at fair value.

ESTES VALLEY FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes

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

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred revenue in the year they are levied and measurable. The deferred property tax revenues are recorded as revenue in the year they are available or collected.

Capital Assets

Capital assets, which include equipment, are reported in the 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 economic useful life equal to or greater than three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair 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 the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Depreciation expense has been computed using the straight-line method over the estimated economic useful lives:

Assets	Years
Vehicles	5 - 20
Fine art	7
Furniture and fixtures	7 - 20
General and office equipment	20

ESTES VALLEY FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

The District has a policy that allows employees to accumulate unused vacation, sick pay and compensatory time benefits up to certain maximum hours. Compensated absences are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The District's General Fund is used to liquidate compensated absences of the governmental activities.

Fund Equity

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

- *Nonspendable fund balance* – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.
- *Restricted fund balance* – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.
- *Committed fund balance* – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.
- *Assigned fund balance* – The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.
- *Unassigned fund balance* – The residual portion of fund balance that does not meet any of the criteria described above.

**ESTES VALLEY FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2011**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District's policy to use the most restrictive classification first.

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of December 31, 2011 consist of the following:

Statement of net assets	
Cash and investments	\$ 728,404
Cash and investments - Restricted - Held for LOSAP and emergency reserves	121,592
Cash and investments - Fiduciary Fund	<u>1,392,481</u>
Total cash and investments	<u>\$ 2,242,477</u>
Petty cash	\$ 179
Deposits with financial institutions	545,760
Certificates of deposit	304,057
Deposits with financial institutions in Fiduciary Fund (Pension Plan assets)	150,971
Investments in Fiduciary Fund (Pension Plan assets)	<u>1,241,510</u>
Total cash and investments	<u>\$ 2,242,477</u>

Deposits with Financial Institutions

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 regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2011, the District's cash deposits had a bank balance of \$703,705 and a carrying balance of \$696,731. The District also had two certificates of deposit with the Bank of Colorado in the amounts of \$194,053 and \$110,004 which mature on September 1, 2012 and September 30, 2013, respectively.

ESTES VALLEY FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Investments

The District has not adopted a formal investment policy, however, the District follows state statutes regarding investments.

The District generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk disclosure requirements or subject to investment custodial credit risk for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

Revenue bonds of local government securities, corporate and bank securities and guaranteed investment contracts not purchased with bond proceeds are limited to maturities of three years or less.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- . Obligations of the United States, certain U.S. government agency securities and securities of the World Bank
- . General obligation and revenue bonds of U.S. local government entities
- . Certain certificates of participation
- . Certain securities lending agreements
- . Bankers' acceptances of certain banks
- . Commercial paper
- . Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- . Local government investment pools

As of December 31, 2011, the District had no investments.

Pension Plan assets are discussed separately under Note 7.

**ESTES VALLEY FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2011**

NOTE 4 - CAPITAL ASSETS

An analysis of the changes in capital assets property and equipment for the year ended December 31, 2011 follows:

	Balance December 31, 2010	Additions	Retirements/ Reclassifications	Balance December 31, 2011
Governmental Activities:				
Capital assets, being depreciated				
Vehicles	\$ 774,968	\$ 26,449	\$ -	\$ 801,417
General equipment	196,270	-	-	196,270
Fine art	21,079	-	-	21,079
Office equipment	4,335	-	-	4,335
Total capital assets, being depreciated	<u>996,652</u>	<u>26,449</u>	<u>-</u>	<u>1,023,101</u>
Less accumulated depreciation for:				
Vehicles	82,490	70,072	-	152,562
General equipment	16,014	27,572	-	43,586
Fine art	4,684	4,684	-	9,368
Office equipment	1,083	1,083	-	2,166
Total accumulated depreciation	<u>104,271</u>	<u>103,411</u>	<u>-</u>	<u>207,682</u>
Total capital assets, being depreciated, net	<u>892,381</u>	<u>(76,962)</u>	<u>-</u>	<u>815,419</u>
Governmental activities				
Capital assets, net	<u>\$ 892,381</u>	<u>\$ (76,962)</u>	<u>\$ -</u>	<u>\$ 815,419</u>

Upon organization of the District, all assets previously held by the Town were transferred to the District at net book value.

All depreciation expense was charged to the fire protection and emergency services program.

The Town has granted the use of the Dannels Fire Station to the District as part of the Special Use Permit between the Town and the United States Department of the Interior. In exchange for providing fire protection services, no fees or rent are charged to the District for the use of the Dannels Fire Station.

**ESTES VALLEY FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2011**

NOTE 5 - LONG-TERM OBLIGATIONS

The following is an analysis of the changes in the District's long-term obligations for the year ended December 31, 2011:

	<u>Balance at December 31, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at December 31, 2011</u>	<u>Due Within One Year</u>
Compensated absences	\$ 48,267	\$ 7,370	\$ -	\$ 55,637	\$ -
LOSAP	41,993	44,464	-	86,457	14,000
	<u>\$ 90,260</u>	<u>\$ 51,834</u>	<u>\$ -</u>	<u>\$ 142,094</u>	<u>\$ 14,000</u>

Compensated Absences

Accrued compensated absences of the governmental activities are expected to be liquidated with revenues of the General Fund.

Length of Service Award Program

Accrued awards earned under the Length of Service Awards Program (LOSAP) are expected to be liquidated with revenues of the General Fund.

NOTE 6 - NET ASSETS

The District has net assets consisting of three components – invested in capital assets, restricted, and unrestricted.

Invested in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of obligations that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2011, the District had invested in capital assets, net of related debt calculated as follows:

Invested in capital assets	<u>\$ 815,419</u>
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ESTES VALLEY FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 6 - NET ASSETS (CONTINUED)

Restricted assets include net assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net assets as of December 31, 2011 as follows:

Restricted net assets:	
Emergencies (see Note 12)	\$ 35,135
Volunteer Pension (see Note 7)	1,040,708

The District's unrestricted net assets as of December 31, 2011 are \$733,912.

NOTE 7 - VOLUNTEERS' FIRE PENSION FUND

The District administers a single employer pension plan (the Plan) for the benefit of its volunteers as authorized by State statute. The Plan is defined as a defined benefit plan and provides retirement benefits for members and beneficiaries according to the Plan provisions as enacted and governed by the Pension Fund Board of Trustees. The Plan's assets may be used only for the payment of benefits to the members of the Plan, in accordance with the terms of the Plan.

Cash and investments as of December 31, 2011 consist of the following:

Deposits with financial institutions	\$ 150,971
Investments	<u>1,241,510</u>
Total cash and investments	<u>\$ 1,392,481</u>

Investments

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments in that the District has entered into a Trust Agreement with the WIN Advisor Group, Inc. to oversee the pension fund investments. Therefore, the pension investments are not limited to those described in Note 3 applicable to local governments. A majority of the Plan's investments are invested in mutual funds and exchange trade funds. The investment funds and exchange trade funds are unrated as each fund is comprised of many different types of investments.

**ESTES VALLEY FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2011**

NOTE 7 - VOLUNTEERS' FIRE PENSION FUND (CONTINUED)

	Maturity	Fair Value
Mutual funds	No stated maturity	<u>\$ 472,317</u>
Certificates of deposit	2012-2016	<u>201,178</u>
Notes	2012-2016	<u>62,211</u>
Build America Bonds	2012-2016	110,002
(the ratings of these securities are Aa2 by Moody's)	2017-2021	<u>119,873</u>
		<u>229,875</u>
U.S. Treasury	2012-2016	-
	2017-2021	<u>275,929</u>
		<u>275,929</u>
		<u><u>\$ 1,241,510</u></u>

Volunteer firefighters who attain both the age of fifty and completed twenty years of active service shall be eligible for a monthly pension, currently \$400. Volunteers who retire with ten years of credited service are entitled to a partial benefit. Based on the Board's discretion, surviving spouses are eligible for benefits up to an amount of 100%. The Plan does not publish a separate stand-alone report, but is included in these financial statements as a Pension Trust Fund.

The District makes contributions based upon District established benefits and funding requirements based upon an actuarial study. Plan members do not make contributions. The State of Colorado also contributes to the Plan in an amount set by statute. The contribution requirements of the District are not actuarially determined. An actuary is used to determine the adequacy of contributions. The actuarial study as of January 1, 2011 indicated that the current level of contributions to the Plan are adequate to support on an actuarially sound basis the prospective benefits, including administrative costs, for the present Plan. Actuarial assumptions included the following:

- Actuarial Cost Method - Entry age
- Interest Rate - 5.5% compounded annually
- Retirement - Age 50 and 20 years of service
- Disability - None

**ESTES VALLEY FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2011**

NOTE 7 - VOLUNTEERS' FIRE PENSION FUND (CONTINUED)

Mortality - RP-2000 Combined Table for Healthy Pensioners
 Marital Status - 90% married
 Age Difference - Males assumed to be 3 years older
 Asset Valuation - Market value

Based on an amortization period of twenty-eight years using the level dollar method on an open basis, the Plan's expected contributions exceed the amount recommended to eliminate the unfunded actuarial accrued liability. During the years ended December 31, 2011 and 2010, the District contributed \$78,000 and \$93,835, and the State contributed \$52,298 and \$52,298, respectively, to the Plan. This represents all years that the District contributed to the Plan.

At January 1, 2011, the most recent actuarial valuation date, the Plan was 69.9% funded. The actuarial accrued liability for benefits was \$1,968,510 and the actuarial value of assets was \$1,375,521, resulting in an unfunded actuarial accrued liability of \$592,989. The next actuarial study is scheduled to occur in 2013.

The Plan's net pension obligation for the year ended December 31, 2011 was as follows:

Annual required contribution	\$ 78,565
Interest on net pension obligation	(55,187)
Adjustment to net pension obligation	<u>69,613</u>
Annual pension cost (APC)	92,991
Contributions made	<u>130,298</u>
Change in net pension obligation	(37,307)
Net pension obligation, beginning	<u>(1,003,401)</u>
Net pension obligation, ending	<u>\$ (1,040,708)</u>

Trend information of the Plan follows:

Year Ended December 31,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2011	\$ 92,991	140%	\$ (1,040,708)
2010	126,645	115%	(1,003,401)
2009	125,489	106%	(983,913)

**ESTES VALLEY FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2011**

NOTE 7 - VOLUNTEERS' FIRE PENSION FUND (CONTINUED)

A schedule of funding progress is presented below and presents multiyear trend information about whether the actuarial value of Plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
1/1/99	\$ 758,599	\$ 845,446	\$ 86,847	89.7%	NA	NA
1/1/01	832,559	1,139,599	307,040	73.1%	NA	NA
1/1/03	933,823	1,588,888	655,065	58.8%	NA	NA
1/1/05	996,027	1,617,178	621,151	61.6%	NA	NA
1/1/07	1,112,086	1,496,221	384,135	74.3%	NA	NA
1/1/09	1,043,201	1,908,202	865,001	54.7%	NA	NA
1/1/11	1,375,521	1,968,510	592,989	69.9%	NA	NA

NOTE 8 - EMPLOYEE RETIREMENT PLANS

State Fire and Police Pension Plan (FPPA)

The District contributes to the Statewide Defined Benefits Plan, a cost-sharing multiple-employer defined benefit pension plan administered by the Colorado Fire and Police Pension Association (FPPA). The Statewide Defined Benefit Plan provides retirement benefits for members and beneficiaries. Death and disability coverage is provided for members hired prior to January 1, 1997 through the Statewide Death and Disability Plan which is also administered by the Colorado Fire and Police Pension Association. The District pays premiums for death and disability participation to FPPA for employees hired after January 1, 1997. The Death and Disability Plan is a noncontributory plan. All full-time, paid firefighters of the District are members of the Statewide Defined Benefit Plan. Colorado statutes assign the authority to establish benefit provisions to the state legislature. FPPA issues a publicly available annual financial report that includes financial statements and required supplementary information for both the Statewide Defined Benefit Plan and the Statewide Death and Disability Plan. That report may be obtained by calling FPPA at 303-770-3772 in the Denver Metro area and 1-800-332-FPPA (3772) from outside the metro area.

ESTES VALLEY FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 8 - EMPLOYEE RETIREMENT PLANS (CONTINUED)

The financial statements of the Statewide Defined Benefit Plan are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The Statewide Defined Benefit Plan investments are presented at fair value except for short-term investments which are recorded at cost, which approximates fair value.

The contribution requirements of plan members and the District are established by state statute. The contribution rate for plan members is 8.0% of covered salary and for the District is 8.0% of covered salary. The District contributions to the Statewide Defined Benefit Plan for the years ending December 31, 2011 and 2010 were \$14,954 and \$12,889, respectively, equal to the District's required contributions for each year. The District's contributions to the Statewide Death and Disability Plan for the years ending December 31, 2011 and 2010 were \$4,860 and \$4,189, respectively.

Deferred Compensation Plan

The District has a deferred compensation plan created in accordance with Internal Revenue Code Section 457. This plan is administered by the FPPA. Participation in the plan is optional for all District employees. The plan allows the employees to defer a portion of their salary until future years. The District's contributions to the FPPA administered 457 plan for the years ending December 31, 2011 and 2010 were \$14,497 and \$12,594, respectively.

Public Employees' Retirement Association of Colorado (PERA)

The District contributes to the Municipal Division Trust Fund (Trust), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The Trust provides retirement and disability, annual increases, and death benefits for members or their beneficiaries. All administrative employees of the District are members of the Trust.

Title 24, Article 51 of the Colorado Revised Statutes (CRS), as amended, assigns the authority to establish benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the Trust and the Health Fund. That report may be obtained by writing to PERA at 1301 Pennsylvania Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

ESTES VALLEY FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 8 - EMPLOYEE RETIREMENT PLANS (CONTINUED)

Plan members and the District are required to contribute to the Trust at rates set by Colorado Statutes. The contribution rate for members is 8.0% and the District rate is 10.00% of covered salary. A portion of the District's contribution (1.02% of covered salary) is allocated to the Health Care Trust Fund. The District is also required to pay an amortization equalization disbursement (AED) equal to 2.20% of the total payroll. Additionally, the District is required to pay a supplemental amortization equalization disbursement (SAED) equal to 1.50% of the total payroll. For the calendar years ended December 31, 2011 and 2010, the District's employer contributions to the Trust, AED, and SAED were \$5,149, \$1,133 and \$773, and \$4,609, \$1,014 and \$691, respectively, equal to its required contribution for each year.

NOTE 9 - INTERGOVERNMENTAL AGREEMENTS

The District has entered into intergovernmental agreements with the Town as a result of the District's organization and the continuation of fire protection services for the Town. Specifically, the Town has agreed to remit to the District 7% of sales tax revenue it receives. These taxes are remitted to the District monthly. During 2011 and 2010, the District received \$519,578 and \$490,497, respectively, in sales taxes from the Town.

The Town provides dispatching and communication services to the District for an appropriate annual amount to be agreed upon by the parties during September of each calendar year for the subsequent year. Further, the Town agrees to allow the District to occupy and use the Dannels Fire Station. The District shall comply with all terms and conditions of the Special Use Permit between the United States Department of the Interior and the Town dated April 29, 1996 with the exception of certain landscaping responsibilities to be maintained by the District. During 2011, the District paid the Town \$16,800 for dispatching services.

During 2011, the Town continued to provide essential support services such as human resources, certain accounting functions, information technology support, and fleet maintenance at an agreed upon amount which is set annually. The total amount paid to the Town for these services in 2011 was \$75,103.

ESTES VALLEY FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 10 - INTERFUND TRANSFERS

The District transferred \$201,969 in 2011 from the General Fund to the Capital Reserve Fund. A transfer is made annually, as determined by the District's Board of Directors, to accumulate adequate funds in the Capital Reserve Fund to make specific major capital asset purchases. As of December 31, 2011, the Pension Fund owes the General Fund \$6,190 for the actuarial study which the General Fund had paid for.

NOTE 11 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2011. The Pool is an organization created by intergovernmental agreement to provide public officials liability and workers compensation coverage to its members. Settled claims have not exceeded this coverage during 2011 or 2010.

The District pays annual premiums to the Pool for public officials liability and workers compensation coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

The District continues to carry commercial insurance for all other risks of loss. The District did not have any claim settlements in excess of coverage during 2011 or 2010.

NOTE 12 - TAX, SPENDING AND DEBT LIMITATIONS

Article X, Section 20, of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

ESTES VALLEY FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 12 - TAX, SPENDING AND DEBT LIMITATIONS (CONTINUED)

TABOR requires local governments to establish emergency reserves. These reserves must be at least 3% of fiscal year spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

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

On November 3, 2009, a majority of the District's electors authorized the District to collect, retain and spend all revenues and other funds from any revenue source, provided that the District's 1.95 mill levy tax rate shall not be increased without further voter approval and the revenues from all such sources be spent as voter approved revenue changes and as an exception to the limits which would otherwise apply, including without limitation to TABOR.

NOTE 13 - RESTATEMENT OF NET ASSETS

The December 31, 2010 balance of net assets has been restated by \$1,003,401 to be in compliance with Governmental Accounting Standards Board Statement No. 27, Accounting for Pensions by State and Local Governmental Employers. The net pension obligation is defined as the accounting difference between the annual pension cost and the contributions to the Plan. Net pension obligations should be recognized as liabilities or assets. This restatement impacts the Statement of Net Assets and the Statement of Activities.

This information is an integral part of the accompanying financial statements.

SUPPLEMENTAL INFORMATION

**ESTES VALLEY FIRE PROTECTION DISTRICT
CAPITAL RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2011**

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Net investment income	\$ -	\$ 1,754	\$ 1,754
Total revenues	<u>-</u>	<u>1,754</u>	<u>1,754</u>
EXPENDITURES			
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>1,754</u>	<u>1,754</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>219,135</u>	<u>201,969</u>	<u>(17,166)</u>
Total other financing sources (uses)	<u>219,135</u>	<u>201,969</u>	<u>(17,166)</u>
NET CHANGE IN FUND BALANCES	219,135	203,723	(15,412)
FUND BALANCES - BEGINNING OF YEAR	<u>-</u>	<u>100,334</u>	<u>100,334</u>
FUND BALANCES - END OF YEAR	<u>\$ 219,135</u>	<u>\$ 304,057</u>	<u>\$ 84,922</u>

**ESTES VALLEY FIRE PROTECTION DISTRICT
VOLUNTEER PENSION FUND
SCHEDULE OF CHANGES IN FIDUCIARY NET ASSETS
BUDGET AND ACTUAL
Year Ended December 31, 2011**

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
ADDITIONS			
Net investment income	\$ 106,255	\$ 29,847	\$ (76,408)
EVFPD contribution	104,248	78,000	(26,248)
State participation contribution	52,298	52,298	-
Total additions	<u>262,801</u>	<u>160,145</u>	<u>(102,656)</u>
DEDUCTIONS			
Retiree benefit payments	127,579	125,578	2,001
Accounting	2,600	-	2,600
Audit	1,000	-	1,000
HR services	700	-	700
Investment fees	14,000	11,395	2,605
Legal fees	500	-	500
Miscellaneous	50	-	50
Office supplies	300	-	300
Postage	300	-	300
Regular staff	500	-	500
Retiree death benefit	800	800	-
Actuarial study	4,500	6,190	(1,690)
Total deductions	<u>152,829</u>	<u>143,963</u>	<u>8,866</u>
CHANGE IN PLAN NET ASSETS	109,972	16,182	(93,790)
PLAN NET ASSETS - BEGINNING	<u>-</u>	<u>1,375,521</u>	<u>1,375,521</u>
PLAN NET ASSETS - ENDING	<u>\$ 109,972</u>	<u>\$ 1,391,703</u>	<u>\$ 1,281,731</u>

**ESTES VALLEY FIRE PROTECTION DISTRICT
SUMMARY OF ASSESSED VALUATION, MILL LEVY
AND PROPERTY TAXES COLLECTED
December 31, 2011**

<u>Year Ended December 31,</u>	<u>Prior Year Assessed Valuation for Current Year Property Tax Levy</u>	<u>Mills Levied General</u>	<u>Total Property Taxes</u>		<u>Percentage Collected to Levied</u>
			<u>Levied</u>	<u>Collected</u>	
2010	\$ 302,843,120	1.950	\$ 590,741	\$ 587,175	99.4%
2011	\$ 303,546,950	1.950	\$ 591,916	\$ 589,965	99.7%
Estimated for the year ending December 31, 2012	\$ 297,268,990	1.950	\$ 579,675		

NOTE:

Property taxes collected in any one year include collection of delinquent property taxes assessed in prior years. Information received from the County Treasurer does not permit identification of specific year of assessment.