

**DONALD WESCOTT FIRE  
PROTECTION DISTRICT**

**FINANCIAL STATEMENTS  
With Independent Auditors' Report**

**Year Ended December 31, 2014**



**DONALD WESCOTT FIRE PROTECTION DISTRICT  
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# Hoelting & Company, Inc.

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Donald Wescott Fire Protection District

We have audited the accompanying financial statements of the governmental activities and each major fund of Donald Wescott Fire Protection District, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 account policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Donald Wescott Fire Protection District, as of December 31, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress, schedule of employer contributions, and required supplementary information as listed in the table of contents 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.

*Hoelting & Company Inc.*

Colorado Springs, Colorado  
June 30, 2015

**DONALD WESCOTT FIRE PROTECTION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED DECEMBER 31, 2014**

As management of Donald Wescott Fire Protection District (the District) we offer readers of the District's annual financial report this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2014. Readers are encouraged to consider the information presented here in conjunction with the annual financial report.

**FINANCIAL HIGHLIGHTS**

- The assets of the district exceeded its liabilities by \$3,351,128 (*net position*). Of this amount, \$901,972 (*unrestricted net position*) may be used to meet the District's ongoing obligations to its citizens and creditors.
- As of the close of the fiscal year, the General Fund reported an ending fund balance of \$1,081,498 a decrease of \$161,297 in comparison with the prior year. \$415,435 is available for spending at the District discretion (*unassigned*).
- At the end of the current fiscal year, unassigned fund balance was 19.2% of total expenditures.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis serves as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements.

**Government-wide Financial Statements**

The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances as a whole, in a manner similar to a private-sector business and include two statements:

The *statement of net position* presents information on all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference 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.

The *statement of activities* presents information reporting how the District'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 this statement for some items that will result in cash flows in future fiscal periods. Accrued interest expense is an example of this type of item.

Both government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District include general and administrative activities and fire and emergency medical services. Currently, the District has no business-type activities.

### **Fund Financial Statements**

A fund is a grouping of related accounts used to maintain control over resources segregated for specific activities or objectives. The fund financial statements provide more detailed information about the District's operations, focusing on its most significant funds, not the District as a whole. The District has one fund: the General fund, which is a governmental fund.

**Governmental Funds:** The District's basic services are included in this governmental fund, which focuses on (1) how money flows into and out of the fund and (2) the balances left at year-end that are available for spending or reserves. Consequently, the governmental fund statements provide a detailed short-term view that helps determine the status of financial resources that can be spent in the near future to finance the District's programs.

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. Thus, readers may better understand the long-term impact of the District's near-term financing decisions. To facilitate this comparison between governmental funds and governmental activities, reconciliations are provided for both the governmental fund balance sheet and the statement of revenues, expenditures, and changes in fund balance.

### **Notes to the Basic Financial Statements**

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

### **Required Supplementary Information**

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the District. The District adopts an annual appropriated budget for the general fund. A budgetary comparison schedule has been provided to demonstrate compliance with the budget.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. In the case of the District, total assets exceeded liabilities by \$3,351,128 as of December 31, 2014.

71.2% of the District's assets are its investment in capital assets, net.

### Condensed Statement of Net Position

	<u>2014</u>	<u>2013</u>
Current and other assets	\$ 1,132,062	\$ 1,306,167
Capital assets, net depreciation	<u>3,735,577</u>	<u>3,918,006</u>
Total assets	<u>4,867,639</u>	<u>5,224,173</u>
Long-term liabilities	1,423,767	1,498,132
Other liabilities	<u>92,744</u>	<u>58,494</u>
Total liabilities	<u>1,516,511</u>	<u>1,556,626</u>
Net position:		
Net investment in capital assets	2,385,806	2,484,493
Restricted	63,350	63,350
Unrestricted	<u>901,972</u>	<u>1,119,704</u>
Total net position	<u>\$ 3,351,128</u>	<u>\$ 3,667,547</u>

### Condensed Statement of Activities

	<u>2014</u>	<u>2013</u>
Revenues:		
Program revenues:		
Charges for services	\$ 113,522	\$ 120,095
General revenues:		
Property taxes	1,693,660	1,656,323
Specific Ownership tax	184,517	167,541
Interest income	225	477
Other income	<u>6,787</u>	<u>55,225</u>
Total revenues	<u>1,998,711</u>	<u>1,999,661</u>
Expenses:		
General and administrative	402,456	414,489
Fire and emergency medical services	1,804,222	1,728,960
Interest on long-term debt	<u>58,777</u>	<u>61,853</u>
Total expenses	<u>2,265,455</u>	<u>2,205,302</u>
Change in net position	<u>(266,744)</u>	<u>(205,641)</u>
Net position, beginning	3,667,547	3,873,187
Prior period adjustment	<u>(49,675)</u>	<u>-</u>
Net position, beginning, as restated	<u>3,617,872</u>	<u>3,873,187</u>
Net position, ending	<u>\$ 3,351,128</u>	<u>\$ 3,667,547</u>



## ANALYSIS OF THE DISTRICT'S FUNDS

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

The general fund is the operating fund of the District. The fund balance for the general fund was \$1,081,498 at the end of the current fiscal year.

## BUDGETARY HIGHLIGHTS

The District deployed firefighters to six (6) fires in California. By participating in these national incident deployments, our firefighters gained valuable experience in fighting wild fires as well as interfacing with agencies from all over the country. The District generated \$39,084 in revenue from these wildland deployments in 2014. All District stations maintained staffing and operational during the deployments.

The District received donations from The High Forest Ranch Homeowners for the sum of \$595, Black Forest Lutheran Church donated \$500 and The Haunted Mines donated \$3,000 for a total of donations received of \$4,095

The District approved a capital improvement project to replace structural firefighter safety equipment to include new SCBA (self - contained breathing apparatus) to include harness, spare bottles and masks. Included in this project is firefighter protective clothing: coats, pants, helmets, hoods and boots. Total cost of the project was \$183,375.

As a benefit to our firefighters, the District established a Health Reimbursement Account (HRA) in 2013 to help defray the health costs incurred by our members. This program allows the District flexibility with providing cost effective health insurance to its members. The District spent \$23,859.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

Capital assets include land, buildings and improvements, vehicles and equipment. The District's investment in capital assets for its governmental activities at the end of the year was \$3,782,290.

	<u>2014</u>	<u>2013</u>
Land & Construction in Progress	\$ 213,361	\$ 213,361
Buildings and improvements	3,485,089	3,485,089
Vehicles	1,945,314	1,950,759
Equipment	802,145	676,248
Accumulated depreciation	<u>(2,710,331)</u>	<u>(2,407,451)</u>
Total capital assets, net	<u>\$ 3,735,577</u>	<u>\$ 3,918,006</u>

**Long-term debt**

At the end of current fiscal year, the District had \$1,349,771 capital lease payable.

	<u>2014</u>	<u>2013</u>
Capital lease payable	<u>\$ 1,349,771</u>	<u>\$ 1,433,513</u>

**ECONOMIC FACTORS**

The District and the City of Colorado Springs provide dual coverage on specific properties located in the southern boundaries of the District. Property owners are paying dual taxes for their fire protection.

Due to development and an increase in the assessment of property in this area, the dual jurisdiction area is now more than 50% of assessed value of the District. The Donald Wescott Fire Protection District Board is aware of this issue and continues to monitor the situation.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide the District's taxpayers 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 Chief Vinny Burns, Donald Wescott Fire Protection District, 15415 Gleneagle Drive, Colorado Springs, CO 80921.

**BASIC FINANCIAL STATEMENTS**

**DONALD WESCOTT FIRE PROTECTION DISTRICT  
STATEMENT OF NET POSITION  
DECEMBER 31, 2014**

**ASSETS**

Cash and cash equivalents	\$ 1,108,048
Cash with county treasurer	16,155
Accounts receivable	300
Prepaid Expenses	7,559
Capital assets not being depreciated	213,361
Capital assets, net of accumulated depreciation	<u>3,522,216</u>
 Total Assets	 <u>\$ 4,867,639</u>

**LIABILITIES**

Accounts payable	\$ 7,223
Accrued salaries	43,341
Accrued interest payable	42,180
Long-term liabilities:	
Due within one year	88,975
Due in more than one year	<u>1,334,792</u>
 Total Liabilities	 <u>1,516,511</u>

**NET POSITION**

Net investment in capital assets	2,385,806
Restricted	63,350
Unrestricted	<u>901,972</u>
 Total Net Position	 <u><u>\$ 3,351,128</u></u>

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

**DONALD WESCOTT FIRE PROTECTION DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

Functions/Programs	Program Revenues				Net Program Expense
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General and administrative	\$ 402,456	\$ -	\$ -	\$ -	\$ (402,456)
Fire and emergency medical services	1,804,222	113,522	-	-	(1,690,700)
Debt service	58,777	-	-	-	(58,777)
Total governmental activities	\$ 2,265,455	\$ 113,522	\$ -	\$ -	(2,151,933)
General revenues:					
Property taxes					1,693,660
Specific ownership taxes					184,517
Investment earnings					225
Other income					6,787
Total general revenues					1,885,189
Change in net position					(266,744)
Net position - beginning					3,667,547
Prior period adjustment					(49,675)
Net position - beginning, as restated					3,617,872
Net position - ending					\$ 3,351,128

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

**DONALD WESCOTT FIRE PROTECTION DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2014**

Total fund balance, governmental funds	\$ 1,081,498
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	
Capital assets	6,445,908
Accumulated depreciation	(2,710,331)
Accrued interest is not due and payable in the current period, and therefore is not reported as a liability in the funds.	
	(42,180)
Long-term liabilities are not due and payable in the current period and are not included in the fund financial statements, but are included in the governmental activities of the Statement of Net Position. Long-term liabilities at year end consist of:	
Capital lease payable	(1,349,771)
Accrued compensated absences	(73,996)
	(1,423,767)
Net Position of Governmental Activities in the Statement of Net Position	\$ 3,351,128

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

**DONALD WESCOTT FIRE PROTECTION DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

Total net change in fund balance - governmental funds \$ (161,297)

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current resources. In contrast, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Depreciation expense	(307,736)
Capital outlays	125,896

The net effect of various miscellaneous transactions involving capital assets is to decrease net position. (590)

Governmental funds measure compensated absences by the amount of financial resources used, whereas these expenses are reported in the Statement of Activities based on the amounts earned during the year. (9,377)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

Lease payment (principal)	83,742
Change to accrued interest	<u>2,618</u>

Change in net position of governmental activities \$ (266,744)

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

**NOTES TO FINANCIAL STATEMENTS**



**DONALD WESCOTT FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Donald Wescott Fire Protection District (the District) was organized under the laws of the State of Colorado to operate and maintain a special district for the purpose of providing fire and emergency paramedical services to its residents.

The accounting policies of the District conform to generally accepted accounting policies (GAAP) as applicable to governments. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the District are discussed below.

*A. REPORTING ENTITY*

The District is a special district governed by an elected five-member board. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The District has no component units for which either discrete or blended presentation is required.

*B. BASIS OF PRESENTATION—GOVERNMENT-WIDE FINANCIAL STATEMENTS*

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the government. Governmental activities are normally supported by taxes, intergovernmental revenues, and other nonexchange transactions.

**DONALD WESCOTT FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*C. BASIS OF PRESENTATION—FUND FINANCIAL STATEMENTS*

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements.

The District reports the following major governmental fund:

The *General Fund* is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

*D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING*

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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 the related cash flow. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue in the fiscal year in which all eligibility requirements imposed by the provider have been met.

The 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 period or soon enough thereafter to pay liabilities of the current fiscal 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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

**DONALD WESCOTT FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)*

Property taxes, specific ownership taxes, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants recognize revenue when the qualifying expenditures have been incurred and all other grant requirements have been met, and the amount is received during the period or within the availability period of this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

*E. ASSET, LIABILITIES, AND NET POSITION/FUND BALANCE*

*Cash and cash equivalents*

Cash and cash equivalents include cash on hand and in the bank and short-term investments with original maturities of three months or less from the date of acquisition.

*Investments*

Investments are stated at fair value.

*Receivables*

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible

*Capital Assets*

Capital assets, which include land, buildings, vehicles, and equipment, are reported in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

**DONALD WESCOTT FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*E. ASSET, LIABILITIES, AND NET POSITION/FUND BALANCE (CONTINUED)*

*Capital Assets (continued)*

Buildings, vehicles, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

Buildings and land improvements	7 to 40 years
Vehicles	5 to 10 years
Equipment	5 to 15 years

When depreciable property is acquired, depreciation is included in expense for the year of acquisition for the number of months during the year the asset was in service. When depreciable property is retired or otherwise disposed of, depreciation is included in expense for the number of months in service during the year of retirement and the related costs and accumulated depreciation are removed from the accounts with any gain or loss reflected in the statement of revenue, expenses and changes in fund net position.

*Deferred outflows/inflows of resources*

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

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

*Long-term Liabilities*

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the debt using the straight-line method. Bonds payable are reported net of the applicable premium or discount.

In the fund financial statements, governmental fund types recognize premiums and discounts during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**DONALD WESCOTT FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*E. ASSET, LIABILITIES, AND NET POSITION/FUND BALANCE (CONTINUED)*

*Net position flow assumption*

The District may fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted—net position and unrestricted—net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted—net position to have been depleted before unrestricted—net position is applied.

*Fund Balance Classification*

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

**Nonspendable** – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

**Restricted** – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

**Committed** – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action that was used when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

**Assigned** – This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Directors or through the Board of Directors delegating this responsibility to management through the budgetary process. This classification also includes the remaining positive fund balance for any governmental funds except for the General Fund.

**DONALD WESCOTT FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*E. ASSET, LIABILITIES, AND NET POSITION/FUND BALANCE (CONTINUED)*

*Net position flow assumption (continued)*

Unassigned – This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The District would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

*F. REVENUES AND EXPENDITURES/EXPENSES*

*Program revenues*

Amounts reported as *program revenues* include 1) fees and 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. Revenues that are not classified as program revenues, including all taxes, are reported as general revenues.

*Property taxes*

Property taxes attach as an enforceable lien on real property and are levied as of January 1. The tax levy is payable in two installments due February 28 and June 15, or in one installment due April 30. The El Paso County Treasurer bills and collects the District's property tax. District property tax revenues are recognized when levied to the extent they result in current receivables. The tax rate for the year ended December 31, 2014 was 7.00 mills. The District's assessed valuation for 2014 was \$244,723,530.

*Compensated Absences*

It is the District's policy to permit employees to accumulate earned by unused paid time off. All paid time off is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the general fund only if they have matured, for example, as a result of employee resignations and retirements.

*G. ESTIMATES*

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**DONALD WESCOTT FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

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

*BUDGET INFORMATION*

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

- 1) In the fall, a proposed operation budget is submitted to the Board for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- 2) Public hearings are conducted by the District to obtain taxpayer comments.
- 3) Prior to December 31, the budget is legally enacted through passage of a resolution. This authorizes a lump-sum expenditure budget by fund for the District. This aggregate expenditure budget, by fund, then becomes the level of control upon which expenditures cannot legally exceed appropriations. An appropriation ordinance is also adopted which allocates the total budget by fund.
- 4) Any revisions that alter the budget of any fund must be approved by the Board by passage of a resolution.
- 5) Formal budgetary integration is employed as a management control device during the year for the general and pension funds.
- 6) Budgets for the general and pension funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as amended by the Board.
- 7) All annual appropriations lapse at the end of the year.

**NOTE 3 – DEPOSITS AND INVESTMENTS**

*Cash deposits with financial institutions*

*Custodial credit risk—deposits.* Colorado State Statutes govern the entity's deposit of cash. The Public Deposit Protection Acts for banks and savings and loans require the state regulators to certify eligible depositories for public deposits. The acts require the eligible depositories with public deposits in excess of the federal insurance levels to create a single institution collateral pool of defined eligible assets. Eligible collateral includes obligations of the United States, 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 the uninsured public deposits as a group. The market value of the assets in the pool must be at least equal to 102% of the uninsured deposits.

At December 31, 2014, the carrying amount of the District's deposits was \$668,644 and the bank balances were \$643,248. Of the total bank balance, \$467,510 was covered by FDIC insurance and \$175,738 falls under the provision of the Colorado Public Deposit Protection Act which is collateralized in single institution pools.

**DONALD WESCOTT FIRE PROTECTION DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2014**

**NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)**

*Investments*

The District is authorized by Colorado State Statutes to invest in the following:

- Bonds and other interest-bearing obligations of the United States government.
- Bonds and other interest-bearing obligations which are guaranteed by the United States government.
- Bonds which are a direct obligation of the State of Colorado, or of any city, county, or school district therein.
- Notes or bonds issued pursuant to the “National Housing Act”.
- Repurchase agreements.
- Local government investment pools.

At December 31, 2014 the District’s investment balances were as follows:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
General Fund:		
COLOTRUST	Less than 60 days	\$ <u>439,404</u>
Total		\$ <u>439,404</u>

*Interest Rate Risk:* The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses from increasing interest rates.

*Credit Risk:* State law limits investments as described above. The District does not have an investment policy that would further limit its investment choices. As of December 31, 2014, the District’s investments in COLOTRUST were rated AAA by Standard & Poor’s.



**DONALD WESCOTT FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

**NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)**

The District has invested in the Colorado Government Liquid Asset Trust (COLOTRUST). COLOTRUST is an investment vehicle established for local government entities in Colorado pursuant to Part 7 of Article 75 of Title 24 of the Colorado Revised Statutes, to pool surplus funds for investment purposes. This investment vehicle operates similarly to money market funds and each share is equal in value to \$1.00. The fair value of the position in the pool is the same as the value of the pool shares.

The designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal function of COLOTRUST. Substantially all securities owned by COLOTRUST are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by COLOTRUST. Investments of COLOTRUST consist of U.S. Treasury bills, notes and note strips, and repurchase agreements collateralized by U.S. Treasury Notes. However, the District does not categorize investments with COLOTRUST because they are not evidenced by securities that exist in physical or book entry form.

Reconciliation of total deposits and investments to the government-wide financial statements at December 31, 2014:

	<u>Unrestricted</u>
Governmental Activities	
Deposits	\$ 668,644
ColoTrust	<u>439,404</u>
Total	<u>\$ 1,108,048</u>

**DONALD WESCOTT FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 4 - CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets, not being depreciated				
Land	\$ 213,361	\$ -	\$ -	\$ 213,361
Total capital assets, not being depreciated	<u>213,361</u>	<u>-</u>	<u>-</u>	<u>213,361</u>
Capital assets, being depreciated:				
Buildings	3,439,704	-	-	3,439,704
Land improvements	45,385	-	-	45,385
Vehicles	1,950,759	-	(5,445)	1,945,314
Equipment	<u>676,248</u>	<u>125,896</u>	<u>-</u>	<u>802,145</u>
Total capital assets, being depreciated	6,112,096	-	-	6,232,548
Less accumulated depreciation	<u>(2,407,451)</u>	<u>(307,736)</u>	<u>4,856</u>	<u>(2,710,331)</u>
Capital assets, being depreciated, net	<u>3,704,645</u>	<u>(181,840)</u>	<u>(590)</u>	<u>3,522,216</u>
Total capital assets, net	<u>\$ 3,918,006</u>	<u>\$ (181,840)</u>	<u>\$ (590)</u>	<u>\$ 3,735,577</u>

*Depreciation expense was charged to functions/programs of as follows:*

General and administrative	\$ 3,606
Fire and emergency medical services	<u>304,130</u>
Total	<u>\$ 307,736</u>

**DONALD WESCOTT FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 5 – LONG-TERM LIABILITIES**

*Capital lease – fire station*

The District entered into a lease purchase agreement on October 8, 2010 to construct a new fire station. The lease qualifies as a capital lease. The lease agreement provides for a fixed interest rate of 4.0625% and requires 15 annual payments of \$173,336 beginning July 1, 2011. Upon full satisfaction of the lease, the District will have the option to purchase the fire station for \$1.

The assets acquired through capital leases are as follows:

Asset:	
Buildings	\$ 2,297,326
Less: Accumulated depreciation	<u>(229,733)</u>
Total	<u>\$ 2,067,593</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2014, were as follows :

<u>Year Ending</u> <u>December 31</u>	<u>Total</u>
2015	\$ 173,337
2016	173,336
2017	173,337
2018	173,336
2019	173,337
2020 – 2024	866,682
2025	<u>173,336</u>
Total minimum lease payments	1,906,701
Less: amount representing interest	<u>556,930</u>
Present value of minimum lease payments	<u>\$ 1,349,771</u>

**DONALD WESCOTT FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 5 – LONG-TERM LIABILITIES (CONTINUED)**

Changes in long-term liabilities for the year ended December 31, 2014 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Capital leases	\$ 1,433,513	\$ -	\$ 83,742	\$ 1,349,771	\$ 88,975
Compensated absences	<u>64,619</u>	<u>9,377</u>	<u>-</u>	<u>73,996</u>	<u>-</u>
	<u>\$ 1,498,132</u>	<u>\$ 9,377</u>	<u>\$ 83,742</u>	<u>\$ 1,423,767</u>	<u>\$ 88,975</u>

**NOTE 6 – NET POSITION**

Net position is reported in three separate categories—net investment in capital assets; net position-restricted; and net position-unrestricted.

Net investment in capital assets consists of capital assets net of accumulated depreciation and capital-related deferred outflows of resources; reduced by borrowings and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2014, net investment of capital assets was as follows:

Net investment in Capital Assets:	
Capital assets, net of depreciation	\$ 3,735,577
Less: capital lease obligations	<u>(1,349,771)</u>
Total	<u>\$ 2,385,806</u>

Net position-restricted is the difference between non-capital assets whose use is 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, and related liabilities and deferred inflows of resources (excluding capital-related borrowings). The District has established an Emergency Reserve in the amount of \$63,350 for the year ended December 31, 2014, as per Article X, Section 20 of the Colorado Constitution. This Emergency Reserve balance represents at least 3% of the governmental fiscal year spending as required.

Any portion of net position not already classified as either net investment in capital assets or net position-restricted, is automatically classified as net position-unrestricted.

**DONALD WESCOTT FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

**NOTE 7 - DEFINED BENEFIT PENSION PLAN**

*Plan Description.* Donald Wescott Fire Protection District contributes to the Statewide Defined Benefit Plan, a cost-sharing multiple-employer defined benefit pension plan administered by the Colorado Fire and Police Pension Association. The Statewide Defined Benefit Plan provides retirement benefits for members and beneficiaries. Death and disability coverage is provided for members through the Statewide Death and Disability Plan which is also administered by the Colorado Fire and Police Pension Association. This is a non-contributory plan. All full-time, paid police officers/firefighters of the Donald Wescott Fire Protection District are members of the Statewide Defined Benefit Plan and the Statewide Death and Disability Plan. Title 31, Article 30 of the Colorado Revised Statutes (CRS), as amended, assigns 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 writing to FPPA of Colorado, 5290 DTC Parkway, Suite 100, Englewood, Colorado 80111 or by calling FPPA at 770-3772 in the Denver metro area, or 1-800-332-FPPA (3772) from outside the metro area.

*Basis of accounting for the Statewide Defined Benefit Plan.* 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 are 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.

*Funding Policy.* Plan members and the Donald Wescott Fire Protection District are required to contribute at a rate set by statute. The contribution requirements of plan members and the Donald Wescott Fire Protection District are established under Title 31, Article 30, Part 10 of the CRS, as amended. The contribution rate for members is 8.0% of covered salary and for Donald Wescott Fire Protection District it is 8.0% of covered salary. The Donald Wescott Fire Protection District contributions to the Statewide Defined Benefit Plan for the years ending December 31, 2014, 2013 and 2012 were \$75,301, \$69,125, and \$70,078, respectively, equal to their required contributions for each year.

**DONALD WESCOTT FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 8 - VOLUNTEER FIREFIGHTER PENSION PLAN**

*Plan Description.* Effective January 1, 2002, the District affiliated with the Fire and Police Pension Association of Colorado (FPPA) to administer its Volunteer Firefighter Pension Plan and to manage the plan's assets and activities. The Volunteer Firefighter Pension Plan is included in an agent multiple employer Public Employee Retirement System (PERS) maintained in trust by FPPA. It is accounted for in the Pension Fund and operates under rules consistent with the enabling legislation in Title 31, Article 30, Part 11 of the Colorado Revised Statutes. While the District's plan is pooled with other plans by FPPA, it is a separate plan and is administered by a board of trustees composed of District board members and volunteer firefighters, selected in accordance with Colorado state statutes. FPPA issues an annual financial report. That report also includes the District's Volunteer Firefighter Pension Plan.

A volunteer firefighter electing to retire on or after the normal retirement date (the date on which he/she has attained fifty years of age and completed twenty years of active service) is eligible for a monthly pension approved by the board, in accordance with state statute. The monthly pension benefit for volunteer retirees is \$400. The plan also provides benefits for short and long term disability, survivors, and a one-time death benefit.

*Funding Policy and Basis of Accounting.* The funding policy provides for periodic employer contributions, based on actuarially determined amounts that are adequate to accumulate sufficient assets to pay pension benefits when due, subject to an increase limitation. Actuarial analysis is performed every two years.

The pension fund for the Volunteer Firefighter Pension Plan uses the accrual basis of accounting. Plan contributions are recognized when they are received. Benefits and expenses are recognized when they are incurred in accordance with the terms of the plan.

*Actuarial Information.* The required contributions for the plan were determined as part of the January 1, 2013 actuarial valuations. The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The projection of benefits does not explicitly incorporate the potential effects of legal or contractual funding limitations. The actuarial methods and assumptions used are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Amounts determined for the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

**DONALD WESCOTT FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 8 - VOLUNTEER FIREFIGHTER PENSION PLAN (CONTINUED)**

Actuarial assumptions used in the study to compute both the contribution requirements and pension benefit obligation were as follows:

Valuation interest rate:	7.5% per annum (net of operating expenses), compounded annually
Experience—Active members:	Retirement—Age 50 and 20 years of service; Disability—Graduated rate for all disabilities; Pre-retirement mortality—RP-2000 Combined Mortality Table; Withdrawal—Graduated rates for all withdrawals
Post-retirement mortality:	Healthy retirees—RP-2000 Combined Mortality Table With Blue Collar Adjustment; Disabled retirees—RP-2000 Disabled Mortality Table
Marital status:	Percent married—90% male and female; Age difference—males are considered to be 3 years older than females
Changes in actuarial assumptions:	Reduce inflation rate from 3.5% to 3%. Reduce investment return from 8% to 7.5%. Update post-retirement mortality to RP-2000 generational mortality, with a blue collar adjustment for healthy retirees. Mortality assumptions include margin for future improvements using Scale AA.
Changes in actuarial methods:	The asset method has been changed to a new five-year smoothing methodology of fair value.
Actuarial cost method:	Entry age method
Amortization method:	Level dollar—open
Remaining amortization period:	20 years
Asset valuation method:	5-year smoothed fair market value
Investment rate of return:	7.5%
Projected salary increases:	N/A
Inflation:	3.0%
Cost of living adjustment:	None

**DONALD WESCOTT FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 8 - VOLUNTEER FIREFIGHTER PENSION PLAN (CONTINUED)**

*Annual Pension Cost and Net Pension Obligation.* The District's annual pension cost and net pension obligation for the year ended December 31, 2014 were as follows:

Annual required contribution	\$	-
Contribution for the plan year	\$	-
Estimated net pension obligation, January 1, 2013	\$	-
Estimated net pension obligation, December 31, 2014	\$	-

Three year trend information is as follows:

<u>Fiscal Year</u> <u>Ending</u>	<u>Contribution</u> <u>Made</u>	<u>Annual Required</u> <u>Contribution (ARC)</u>	<u>Percentage of ARC</u> <u>Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
12/31/12	-	-	0%	-
12/31/13	-	-	0%	-
12/31/14	-	-	0%	-

The District made no contributions to the plan during any of the last three fiscal years, and the State of Colorado provided no annual statutory matching contributions during that time. The value of the plan assets at December 31, 2014 was \$974,934.

*Funded Status.* A schedule of funding progress as of the most recent actuarial valuation is as follows:

Valuation date	January 1, 2013
Actuarial value of plan assets	\$ 910,325
Actuarial accrued liability	\$ 760,200
Unfunded liability (Surplus)	\$ (150,125)
Funded ratio	120%

This pension plan is affiliated with FPPA and is included in FPPA's financial reporting entity. During the year, the State Auditor notified the District that because this pension plan is included in FPPA's reporting entity, the District should not report this plan as a fiduciary fund in its financial statements. Accordingly, a pension fund was not reported in the December 31, 2014 financial statements.



**DONALD WESCOTT FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

**NOTE 9 - RISK MANAGEMENT**

The District is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District carries commercial insurance for these 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 during any of the last three fiscal years.

**NOTE 10 - CONTINGENCIES**

*TAX BOUNDARIES*

The tax boundaries of the District include certain areas that have been annexed into the City of Colorado Springs (the City) over time. The District and the City have entered into a plan to transfer this property from the District. The District and the City have not set a specific date as to when this will occur. The dual jurisdiction area encompasses more than 50% of the assessed value of the District.

**NOTE 11 - AMENDMENT TO COLORADO CONSTITUTION**

Colorado voters passed an amendment to the *State Constitution*, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments.

The entity's activity provides the basis for calculation of limitations adjusted for allowable increases tied to inflation and local growth.

Fiscal year spending and revenue limits are determined based on the prior year's spending adjusted for inflation and local growth. Revenue in excess of the limit must be refunded unless the voters approve retention of such revenue.

Fiscal year spending is generally defined as expenditures plus reserve increases, with certain exceptions. In effect, it has been generally interpreted that fiscal year spending approximates nonexempt revenue or receipts. Spending excludes spending from certain revenue and financial sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves.

The Amendment requires, with certain exceptions, voter approval prior to imposing new taxes, increasing tax rates, increasing a mill levy above that for the prior year, extending an expiring tax, or implementing a tax policy change directly causing a net tax revenue gain to any local government.

**DONALD WESCOTT FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 11 - AMENDMENT TO COLORADO CONSTITUTION (CONTINUED)**

On November 4, 1997, District voters approved an increase in the mill levy and authorized the District to collect, retain and spend for fire protection purposes all revenue from such tax levy and all other District revenue as a voter approved revenue change and an exception to the limits which otherwise apply, effective January 1, 1998 and continuing thereafter. This vote effectively removed the District from some provisions of TABOR.

On November 5, 2002, District voters approved a mill levy increase to 7 mills, effective January 1, 2003, in order to provide for District operations after the exclusion of various properties from the District.

The Amendment requires that Emergency Reserves be established. These reserves must be at least 3 percent of Fiscal Year Spending (excluding bonded debt service) in 2014. Emergency reserves as of December 31, 2014 totaling \$63,350 have been presented as a reservation of fund balance. The entity is not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

The Amendment is complex and subject to judicial interpretation. The entity believes it is in compliance with the requirements of the amendment. However, the entity has made certain interpretations in the amendment's language in order to determine its compliance.

**NOTE 12 – PRIOR PERIOD ADJUSTMENT**

During the current year, it was determined that prior year accrued salaries totaling \$49,675 were understated. To correct this understatement, the January 1, 2014 beginning net position of \$1,292,470, as originally reported, has been reduced to \$1,242,795.

**REQUIRED SUPPLEMENTARY INFORMATION**

**DONALD WESCOTT FIRE PROTECTION DISTRICT  
 SCHEDULE OF FUNDING PROGRESS  
 FOR VOLUNTEER FIREMEN PENSION PLAN  
 DECEMBER 31, 2014**

Actuarial Valuation <u>Date</u>	Actuarial Value of <u>Assets</u>	Actuarial Accrued <u>Liability – (AAL)</u>	Unfunded <u>Liability (Surplus)</u>	Funded <u>Ratio</u>
1/1/09	537,671	499,196	(38,475)	108%
1/1/11	856,419	510,702	(345,717)	168%
1/1/13	910,325	760,200	(150,125)	120%

See the accompanying independent auditors' report.

**DONALD WESCOTT FIRE PROTECTION DISTRICT  
 SCHEDULE OF EMPLOYER CONTRIBUTIONS  
 FOR VOLUNTEER FIREMEN PENSION PLAN  
 DECEMBER 31, 2014**

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Annual Required Contribution (ARC)	\$ -	\$ -	\$ -
Actual Contributions	\$ -	\$ -	\$ -
Actual Contributions as Percentage of ARC	0%	0%	0%

Valuation Date: 1/1/2013

Actuarial cost method: Entry age method

Amortization method: Level dollar—open

Remaining amortization period: 20 years

Asset valuation method: 5-year smoothed fair market value

Investment rate of return: 7.5%

Projected salary increases: N/A

Inflation: 3.0%

Cost of living adjustment: None

See the accompanying independent auditors' report.

**DONALD WESCOTT FIRE PROTECTION DISTRICT  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget -
	<u>Original</u>	<u>Final</u>		Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 1,713,065	\$ 1,713,065	\$ 1,693,659	\$ (19,406)
Specific ownership tax	150,000	150,000	184,517	34,517
Investment earnings	600	600	225	(375)
Other income	79,108	79,108	120,309	41,201
<b>Total revenues</b>	<u>1,942,773</u>	<u>1,942,773</u>	<u>1,998,710</u>	<u>55,937</u>
<b>EXPENDITURES</b>				
General and administrative	398,871	398,871	398,849	22
Fire and emergency medical services	1,506,461	1,506,461	1,490,325	16,136
Debt service	146,440	146,440	145,136	1,304
Capital outlays	126,000	126,000	125,897	103
Contingency	921,743	921,743	-	921,743
<b>Total expenditures</b>	<u>3,099,515</u>	<u>3,099,515</u>	<u>2,160,207</u>	<u>939,308</u>
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	(1,156,742)	(1,156,742)	(161,497)	995,245
<b>OTHER FINANCING SOURCES</b>				
Proceeds from sale of capital assets	-	-	200	200
<b>Net change in fund balance</b>	<u>(1,156,742)</u>	<u>(1,156,742)</u>	<u>(161,297)</u>	<u>995,445</u>
Fund balance, beginning	1,156,742	1,156,742	1,292,470	135,728
Adjustment to beginning fund balance	-	-	(49,675)	(49,675)
<b>Fund balances - beginning, as restated</b>	<u>1,156,742</u>	<u>1,156,742</u>	<u>1,242,795</u>	<u>86,053</u>
<b>Fund balance, ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,081,498</u>	<u>\$ 1,081,498</u>

See the accompanying independent auditors' report.

