

Foothills Fire Protection District  
FINANCIAL STATEMENTS AND  
REPORT OF INDEPENDENT  
CERTIFIED PUBLIC ACCOUNTANTS

December 31, 2010

*Table of Contents*

	Page
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS	3
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT OF NET ASSETS	5
STATEMENT OF ACTIVITIES	6
FUND FINANCIAL STATEMENTS	
BALANCE SHEET – GENERAL FUND	8
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE – GENERAL FUND	9
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE – GENERAL FUND TO STATEMENT OF ACTIVITIES	10
STATEMENT OF PLAN ASSETS AVAILABLE FOR PENSION BENEFITS – VOLUNTEERS’ PENSION TRUST FUND	11
STATEMENT OF CHANGES IN PLAN ASSETS AVAILABLE FOR PENSION BENEFITS – VOLUNTEERS’ PENSION TRUST FUND	12
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND	13
NOTES TO FINANCIAL STATEMENTS	14
SUPPLEMENTARY INFORMATION	
BUDGETARY TO ACTUAL SCHEDULE – FIDUCIARY FUND	23
SUMMARY OF ASSESSED VALUATION, MILL LEVY AND PROPERTY TAXES COLLECTED	24



REPORT OF INDEPENDENT CERTIFIED  
PUBLIC ACCOUNTANTS

Board of Directors  
Foothills Fire Protection District

We have audited the accompanying financial statements of the governmental activities, the major fund, and aggregate remaining fund information of the Foothills Fire Protection District (the "District"), as of and for the year ended December 31, 2010, 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 and Board of Directors. Our responsibility is to express an opinion 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 as established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform our audits 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 do not express such an 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 opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Foothills Fire Protection District, as of December 31, 2010, and the respective changes in financial position, thereof and the respective budgetary comparison for the General Fund for the year ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted with the purpose of forming an opinion on the basic financial statements of the Foothills Fire Protection District taken as a whole. The supplementary information on pages 23 and 24 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to our auditing procedures applied in the audit of the financial statements, and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

District management has elected to not present the Management's Discussion and Analysis information that the Government Accounting Standards Board has determined is required to supplement, although not required to be part of, the basic financial statements.

*Marc, James and Associates, PC*

Highlands Ranch, Colorado  
May 20, 2011

1745 Shea Center Drive, Suite 400; Highlands Ranch, CO 80129  
(720) 344-4938

*GOVERNMENT – WIDE FINANCIAL STATEMENTS*

Foothills Fire Protection District

STATEMENT OF NET ASSETS

December 31, 2010

(with comparative information for December 31, 2009)

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 737,249	\$ 888,750
Due from Jefferson County	4,146	3,956
Accrued interest receivable	-	510
Property taxes receivable	807,401	813,709
Prepaid expenses	6,026	554
Capital assets, net of accumulated depreciation of \$822,353 and \$803,699		
Capital assets not being depreciated		
Land	138,180	138,180
Capital assets being depreciated		
Buildings and improvements	400,933	163,809
Trucks and accessories	1,178,637	938,205
Equipment	148,639	95,289
	<u>1,866,389</u>	<u>1,335,483</u>
Total capital assets		
	<u>1,866,389</u>	<u>1,335,483</u>
Total assets	3,421,211	3,042,962
<b>LIABILITIES</b>		
Accounts payable	300,806	21,080
Accrued expenses	3,672	4,053
Deferred property taxes	807,401	813,709
Capital leases payable		
Due within one year	21,807	20,935
Due in more than one year	180,353	202,160
	<u>1,314,039</u>	<u>1,061,937</u>
Total liabilities		
	<u>1,314,039</u>	<u>1,061,937</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	1,664,229	1,112,388
Restricted for emergencies	26,700	26,700
Unrestricted		
Designated	240,000	240,000
Undesignated	176,243	601,937
	<u>176,243</u>	<u>601,937</u>
Total net assets	<u>\$ 2,107,172</u>	<u>\$ 1,981,025</u>

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

Foothills Fire Protection District

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2010  
 (with comparative information for the year ended December 31, 2009)

	<u>2010</u>	<u>2009</u>
Program expenses		
Public safety		
Administration	\$ 386,900	\$ 340,133
Emergency medical services	7,917	2,716
Structural and vehicle rescue	2,339	150
Wildland	13,972	8,001
Vehicles and fleet	44,826	55,028
Fuel	9,453	9,999
Communications	8,465	12,397
Equipment repairs	11,442	14,656
Stations, buildings and grounds	11,788	19,887
Equipment	23,156	16,335
Pension contribution	120,000	60,000
Interest	8,852	11,355
Other	5,952	-
Depreciation	<u>100,590</u>	<u>100,213</u>
Total program expenses	755,652	650,870
Program revenues		
Response and permit fees	31,151	30,083
Grants and donations	168	4,880
Other	<u>-</u>	<u>6,466</u>
Total program revenue	<u>31,319</u>	<u>41,429</u>
Net program expenses	724,333	609,441
General revenue		
Property taxes	791,542	777,508
Specific ownership taxes	53,941	55,408
Investment income	<u>4,997</u>	<u>5,132</u>
Total general revenue	<u>850,480</u>	<u>838,048</u>
CHANGE IN NET ASSETS	126,147	228,607
NET ASSETS - beginning of the year	<u>1,981,025</u>	<u>1,752,418</u>
NET ASSETS - end of the year	<u><u>\$ 2,107,172</u></u>	<u><u>\$ 1,981,025</u></u>

*FUND FINANCIAL STATEMENTS*

Foothills Fire Protection District  
BALANCE SHEET - GENERAL FUND

December 31, 2010  
(with comparative information for December 31, 2009)

	2010	2009
<b>ASSETS</b>		
Cash and cash equivalents	\$ 737,249	\$ 888,750
Due from Jefferson County	4,146	3,956
Accrued interest receivable	-	510
Property taxes receivable	807,401	813,709
Prepaid expenses	6,026	554
Total assets	\$ 1,554,822	\$ 1,707,479
<b>LIABILITIES AND FUND BALANCE</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 300,806	\$ 21,080
Accrued liabilities	-	-
Deferred property taxes	807,401	813,709
Total liabilities	1,108,207	834,789
<b>FUND BALANCE</b>		
Reserved for emergencies	26,700	26,700
Unreserved		
Designated	240,000	240,000
Undesignated	179,915	605,990
Total fund balance	446,615	872,690
Total liabilities and fund balance	\$ 1,554,822	\$ 1,707,479
<b>RECONCILIATION TO STATEMENT OF NET ASSETS</b>		
Total fund balance	\$ 446,615	\$ 872,690
Amounts reported for governmental activities in the Statement of Net Assets are different due to:		
Capital assets used in governmental funds are not financial resources and therefore are not reported in the fund, net of accumulated depreciation of \$882,353 and \$803,669.	1,866,389	1,335,483
Long-term liabilities, including capitalized leases and accrued interest payable, are not due and payable in the current period and therefore are not reported in the governmental fund	(205,832)	(227,148)
Total net assets	\$ 2,107,172	\$ 1,981,025

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

Foothills Fire Protection District

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - GENERAL FUND

For the Year Ended December 31, 2010

(with comparative information for the year ended December 31, 2009)

	<u>2010</u>	<u>2009</u>
Revenue		
Property taxes	\$ 791,542	\$ 777,508
Specific ownership taxes	53,941	55,408
Response services	30,601	29,083
Permit fees and other	550	1,000
Interest income	4,997	5,132
Grants and donations	168	4,880
Other	<u>(1,093)</u>	<u>6,466</u>
Total revenue	880,706	879,477
Expenditures		
Current		
Administration	386,900	340,133
Emergency medical services	7,917	2,716
Structural and vehicle rescue	2,339	150
Vehicles and fleet	44,826	55,027
Wildland	13,972	8,001
Fuel	9,454	9,999
Communications	8,440	44,629
Equipment repairs	11,442	14,655
Durable equipment	57,783	10,862
Stations, buildings and grounds	11,788	26,887
Pension contribution	120,000	60,000
Capital outlay - equipment	30,902	1,470
Capital outlay - vehicles	324,975	12,677
Capital outlay - buildings	245,875	70,985
Debt service		
Principal - capital lease	20,934	91,110
Interest - capital lease	<u>9,232</u>	<u>12,985</u>
Total expenditures	<u>1,306,779</u>	<u>762,286</u>
NET CHANGE IN FUND BALANCE	(426,073)	117,191
FUND BALANCE - beginning of the year	<u>872,688</u>	<u>755,497</u>
FUND BALANCE - end of the year	<u><u>\$ 446,615</u></u>	<u><u>\$ 872,688</u></u>

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

Foothills Fire Protection District

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - GENERAL FUND TO THE  
STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2010  
(with comparative information for the year ended December 31, 2009)

	<u>2010</u>	<u>2009</u>
Net change in fund balance - general fund	\$ (426,073)	\$ 117,191
Amounts reported for governmental activities in the Statement of Activities are different due to:		
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 as depreciation expense. This was the amount of capital assets recorded in the current year.	636,354	118,891
Depreciation expense on capital assets is reported in the Statement of Activities. However, it does not use current financial resources, as such depreciation expense is not reported as an expenditure in the governmental funds.	(100,590)	(100,213)
Interest expense on the capital leases is accrued in the Statement of Activities but not in the governmental funds.	379	1,628
Payments of capital lease principal is an expenditure in the governmental funds, but in the principal payment is a reduction in the capital lease payable in the Statement of Net Assets.	20,934	91,110
As the governmental fund reports capital outlays as expenditures, the loss on the disposal of capital assets is not reported as an expense in the governmental funds.	<u>(4,860)</u>	<u>-</u>
Change in net assets - government-wide financial statements	<u>\$ 126,144</u>	<u>\$ 228,607</u>

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

Foothills Fire Protection District

EXPENDABLE TRUST FUND

STATEMENT OF PLAN ASSETS AVAILABLE FOR  
PENSION BENEFITS - VOLUNTEERS' PENSION TRUST FUND

December 31, 2010

(with comparative information for December 31, 2009)

	<u>2010</u>	<u>2009</u>
ASSETS		
Investments - at fair value	<u>\$ 1,085,094</u>	<u>\$ 962,779</u>
PLAN ASSETS AVAILABLE FOR PENSION BENEFITS		
Held in trust for pension benefits	<u>\$ 1,085,094</u>	<u>\$ 962,779</u>

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

Foothills Fire Protection District

EXPENDABLE TRUST FUND

STATEMENT OF CHANGES IN PLAN ASSETS AVAILABLE FOR  
PENSION BENEFITS - VOLUNTEERS' PENSION TRUST FUND

For the Year Ended December 31, 2010  
(with comparative information for the year ended December 31, 2009)

	<u>2010</u>	<u>2009</u>
Additions		
District contribution	\$ 120,000	\$ 60,000
State of Colorado contribution	37,035	37,035
Net investment income	<u>132,790</u>	<u>155,822</u>
Total additions	289,825	252,857
Deductions		
Pension benefits payments	160,067	126,280
Administrative expenses	<u>7,443</u>	<u>6,530</u>
Total deductions	<u>167,510</u>	<u>132,810</u>
CHANGE IN PLAN ASSETS AVAILABLE FOR PENSION BENEFITS	122,315	120,047
NET ASSETS - beginning of the year	<u>962,779</u>	<u>842,732</u>
NET ASSETS - end of the year	<u>\$ 1,085,094</u>	<u>\$ 962,779</u>

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

Foothills Fire Protection District

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE  
BUDGET TO ACTUAL - GENERAL FUND

For the Year Ended December 31, 2010

	Original and Final Budget	Actual	Variance
<b>Revenue</b>			
Property taxes	\$ 810,455	\$ 791,542	\$ (18,913)
Specific ownership taxes	50,000	53,941	3,941
Response services	40,000	30,601	(9,399)
Grants and donations	5,000	168	(4,832)
Permit fees and other	800	550	(250)
Interest income	5,000	4,997	(3)
Other	-	(1,093)	(1,093)
	<u>911,255</u>	<u>880,706</u>	<u>(30,549)</u>
<b>Total revenue</b>			
<b>Expenditures</b>			
<b>Current</b>			
Administration	411,375	386,900	(24,475)
Emergency medical services	5,000	7,917	2,917
Structural and vehicle rescue	4,500	2,339	(2,161)
Vehicles and fleet	67,400	44,826	(22,574)
Wildland and structural	15,000	13,972	(1,028)
Fuel	12,000	9,454	(2,546)
Communications	12,000	8,440	(3,560)
Equipment repairs	13,500	11,442	(2,058)
Durable equipment	61,000	57,783	(3,217)
Stations, buildings and grounds	41,000	11,788	(29,212)
Pension contribution	120,000	120,000	-
Capital outlay - equipment	-	30,902	30,902
Capital outlay - vehicles	-	324,975	324,975
Capital outlay - buildings	-	245,875	245,875
<b>Debt services</b>			
Principal - capital leases	20,934	20,934	-
Interest - capital leases	9,232	9,232	-
	<u>792,941</u>	<u>1,306,779</u>	<u>513,838</u>
<b>Total expenditures</b>			
<b>NET CHANGE IN FUND BALANCE</b>	<u><u>\$ 118,314</u></u>	<u><u>(426,073)</u></u>	<u><u>\$ (544,387)</u></u>
<b>FUND BALANCE - beginning of the year</b>		<u>872,688</u>	
<b>FUND BALANCE - end of the year</b>		<u><u>\$ 446,615</u></u>	

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

Foothills Fire Protection District

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Foothills Fire Protection District (the “District”) conform to the accounting principles generally accepted in the United States of America (“US GAAP”) as applicable to governmental entities. The following is a summary of the more significant policies consistently applied in the preparation of the basic financial statements of the District.

*1. Reporting Entity*

The District was established in 1997, resulting from the consolidation of the Idledale, Lookout Mountain and Mt. Vernon Fire Protection Districts, under State of Colorado statutes as a quasi-municipal corporation and is governed by a five-member elected Board of Directors pursuant to the provisions of the Colorado Special District Act. The District’s service area is located in Jefferson County, Colorado and the District provides firefighting, rescue and emergency medical services (“EMS”) to the residents and visitors of the District. As required by US GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local government entities. The District has no component units as defined by Governmental Accounting Standards Board (“GASB”), Statement No. 14, *The Reporting Entity* and GASB No. 39, *Determining Whether Certain Organizations are Component Units*.

*2. Basis of Presentation*

The government-wide financial statements, the Statement of Net Assets and the Statement of Activities, report information on the *governmental-type activities* of the District, which rely to a significant extent on property taxes, charges for services, grants and donations for support. The Statement of Activities demonstrates the degree to which expenses of the *governmental-type activities* are supported by property taxes, charges for services, grants and donations.

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

The governmental fund financial statements are prepared using the current financial 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 if the revenues are collectible within the current period or soon thereafter to pay liabilities of the current period. For that purpose, the District considers revenues to be available if they are expected to be collected within 60 days of the end of the current fiscal period.

*Governmental Funds*

For 2010, the District has one Governmental Fund, the *General Fund*, which accounts for all of the financial resources of the District.

Foothills Fire Protection District  
NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

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

*Fiduciary Funds*

Fiduciary funds account for the assets held by the District in a Trustee capacity or as an agent on behalf of others. The District has one Fiduciary Fund, the Volunteer Firefighters' Pension Trust Fund.

*Expendable Trust Fund* – These funds are accounted for in essentially the same manner as the Governmental Funds, using the same measurement focus and basis of accounting. Expendable Trust Funds account for assets where both the principal and interest may be spent.

4. *Cash and Cash Equivalents*

The District considers cash and cash equivalents to include cash on hand, demand deposits, money market accounts and certificates of deposit.

5. *Fair Value of Financial Instruments*

The District's financial instruments include cash and cash equivalents, accounts receivable, accounts payable, and deferred revenue. The District estimates that the fair value of these financial instruments as of December 31, 2010 do not differ materially from the aggregate carrying values used in the accompanying financial statements. The carrying amount of these financial instruments approximates the fair value due to the short maturity of these financial instruments.

6. *Use of Estimates*

The preparation of financial statements in conformity with US GAAP involves the use of management's estimates that affect the reported amounts of assets and liabilities as of the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. These estimates are based upon management's best judgment, after considering past events and assumptions about future events. Actual results could differ from those estimates.

7. *Property Taxes Receivable*

Property taxes are levied on December 15 of each year, and attach as an enforceable lien on subject property as of January 1 of the following year. The property taxes are payable in full on April 30 or if paid in two installments, due on February 28 and June 15. Property taxes are considered to be delinquent as of August 1. Jefferson County bills and collects the property taxes on behalf of the District and remits the collections, less the Treasurer's fees, to the District on a monthly basis. As the property taxes result in an enforceable lien on the subject property, in the event the property taxes are not paid, the subject property will be sold at public auction to collect the delinquent property taxes. Accordingly, no provision is deemed necessary for uncollected property taxes.

As of December 31, the District has recorded the levied property taxes and the related deferred revenue.

Foothills Fire Protection District

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued*

8. *Emergency Medical Services (“EMS”) and Response Fees*

The District grants credit to residents, visitors and third party medical payers for EMS and response services provided by the District. Due to uncertainty related to the collection of the EMS and response fees, the District recognizes the revenue when the payment for services is received.

9. *Restricted Net Assets*

The restriction of net assets represents amounts that may not be appropriated or are legally segregated for a specific purpose.

10. *Capital Assets*

The District’s capital assets are recorded at cost if purchased or constructed. Donated capital assets are valued at the estimated fair value at the time of donation. The District’s capital assets consist of land, buildings, trucks and other equipment. The District has a capitalization policy of \$5,000. Depreciation is provided in amounts sufficient to relate the cost of depreciable capital assets to operations over the estimated useful lives of the assets. Depreciation is provided under the straight-line method, with estimated service lives of five years to fifty years.

The cost of normal maintenance and repairs that do not add to the value of, or materially extend the life of, the related capital asset, are charged to expense as incurred.

NOTE B – BUDGET INFORMATION

The District’s annual budget is prepared on a Non-GAAP basis for the District’s General Fund and Fiduciary Fund. An annual appropriated budget is adopted for the Funds. All annual appropriations lapse at the end of the District’s fiscal year.

The District conforms to the following procedures, in accordance with the State of Colorado revised Statutes, in the establishment of the budgetary information reflected in the accompanying financial statements.

Prior to October 15, the District’s Treasurer submits a proposed operating budget for the subsequent fiscal year to the District’s Board of Directors. The Board of Directors may change the proposed budget prior to the publication of the notice of budget. Within ten days of the submission, a notice of the proposed budget is published. The operating budget includes proposed expenditures and the means of financing the expenditures.

Public hearings are held at the regular District Board of Director’s meetings to obtain taxpayer input on the proposed operating budget.

On or before December 15, the operating budget is legally adopted through passage of a budget resolution. Upon adoption, the District’s Treasurer is authorized to transfer the budgeted amounts within the function and objects of the Fund(s). The District’s Board of Directors must approve revisions that change the total expenditures of the Fund(s). Appropriations are controlled and the budget can be only amended in accordance with the State of Colorado Revised Statutes that allows the District to amend the budget and adopt a supplemental appropriation, if funds for a specific purpose, other than ad valorem taxes, become available.

Foothills Fire Protection District

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE B – BUDGET INFORMATION – *continued*

State of Colorado Statutes requires a balanced budget. For 2010, the District’s final budgeted revenues exceeded budgeted expenditures. The excess of revenues over expenditures will be used to fund any future deficits.

NOTE C – CASH AND INVESTMENTS

The Colorado Public Deposit Protection Act (“PDPA”) requires that all units of local government deposit cash in eligible public depositories. State regulators determine the eligibility. Amounts on deposit in excess of the Federal Deposit Insurance Corporation (“FDIC”) insurance levels must be collateralized. The eligible collateral is determined by the PDPA. The PDPA allows institutions to create a single collateral pool for all public funds. The pool is to be maintained by another institution, or held in trust for all uninsured public deposits. The market value of the collateral must be equal to 102% of the aggregate uninsured public deposits.

As of December 31, 2010, all of the District’s deposits were either insured by the FDIC or held in eligible depositories.

In addition, State of Colorado Statute specifies investments that meet defined rating and risk criteria in which local governments may hold. The allowed investments include participation in state regulated investment pools. The District participates in the Colorado Local Government Liquid Asset Trust (“COLOTRUST”). As of December 31, 2010, the District had \$484,721 on deposit with COLOTRUST. The carrying value and market value of the COLOTRUST are equal. The COLOTRUST is rated AAA by all three credit rating agencies.

NOTE D – CAPITAL ASSETS

The changes in the District’s capital assets for the year ended December 31, 2010 are as follows:

	Balance December 31, 2009	Additions	Disposals	Balance December 31, 2010
Capital assets				
Land	\$ 138,180	\$ -	\$ -	\$ 138,180
Buildings	201,968	245,875	(17,887)	429,956
Vehicles	1,660,295	324,975	-	1,985,270
Equipment	138,709	65,504	(8,877)	195,336
Total	2,139,152	636,354	(26,764)	2,748,742
Accumulated depreciation				
Buildings	(38,159)	(3,892)	13,029	(29,022)
Vehicles	(722,090)	(84,544)	-	(806,634)
Equipment	(43,420)	(12,154)	8,877	(46,697)
Total	(803,669)	(100,590)	21,906	(882,353)
Net capital assets	\$ 1,335,483	\$ 535,764	\$ (4,858)	\$ 1,866,389

Foothills Fire Protection District

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE D – CAPITAL ASSETS – *continued*

The District considers all depreciation expense to be associated with the District’s firefighting operations.

As of December 31, 2010, the District had capital assets acquired under the existing capital lease with a net book value totaling \$354,832.

NOTE E – CAPITAL LEASES

In 2008, the District entered into a Master Lease-Purchase Agreement (“Lease-Purchase”) in the amount of \$243,191 for the acquisition of a Pierce Fire Rescue Truck. The Lease-Purchase requires annual payments, due July 25, of \$30,237 including interest at 4.17% beginning July 25, 2009 with the final payment due July 25, 2018.

The following is an analysis of the changes in the capital leases for the year ended December 31, 2009:

	December 31, 2009	Additions	Payments	December 31, 2010	Due within One Year
2008 Truck Lease	223,095	-	(20,934)	202,160	21,807

The lease purchases do not constitute general obligation debt of the District as defined by Colorado Revised Statutes as there is an annual appropriation clause in the lease agreement.

The future minimum payments under the capital leases as of December 31, 2010 are as follows:

Year Ended December 31	Principal	Interest	Total
2011	21,807	8,430	30,237
2012	22,717	7,520	30,237
2013	23,664	6,573	30,237
2014	24,650	5,587	30,237
2015	25,679	4,558	30,237
2015 through 2018	83,643	7,070	90,713
	\$ 202,160	\$ 39,738	241,898

NOTE F – PENSION PLANS

*Volunteer Firefighters’ Plan*

The District, on behalf of its volunteer firefighters, contributes to a defined benefit plan which is affiliated with the Colorado Fire and Police Pension Association (“FPPA”). Assets of the plan are commingled for investment purposes in the Fire and Police Members’ Benefit Fund, an agent multiple-employer defined benefit pension plan administered by FPPA. The plan provides retirement benefits for members and beneficiaries according to the plan provisions as enacted and governed by the Pension Fund Board of Trustees. Colorado Revised Statutes (“CRS”), as amended, establishes basic benefit provisions under the plan. FPPA issues a publically available annual financial report that includes the assets of the volunteer plan. That report may be obtained through the FPPA website at [www.fppa.org](http://www.fppa.org).

Foothills Fire Protection District

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE F – PENSION PLANS - *continued*

*Volunteer Firefighters' Plan - continued*

Volunteer firefighters who complete the minimum training requirements and respond to calls as required by the District are eligible to participate in the plan for that year. Volunteers' rights to benefits fully vest after 10 years of service. Volunteers, who retire with 20 years of credit service, are entitled to a benefit of \$400 per month at or after the age of 50. Volunteers, who retire with ten years of credited service, are entitled to a reduced benefit ranging between \$200 and \$400 per month. In addition, the plan provides death and disability benefits funded by insurance policies.

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 makes contributions to the plan in an amount established by statute.

The Annual Required Contribution for the current year was determined by the FPPA actuary, using the "entry age actual cost method" and is as of January 1, 2009. The significant actuarial assumptions used in the valuation as of January 1, 2009, were (a) life expectancy of participants obtained from the 1994 Group Annuity Mortality Table loaded for fire and police experience (b) retirement age assumption of age 50 and 20 years of service; and (c) investment return of 8.0% per annum net of operating expenses.

For the purposes of the actuarial study, plan assets were valued at fair value using quoted market prices except for real estate which is recorded at estimated fair value based upon periodic appraisals, investments in limited partnerships which are recorded at estimated fair value as derived from the financial statements of the partnerships, and guaranteed investment contracts which are recorded at contract value.

Securities transactions are recorded on a trade dated basis. The study utilized a level dollar amortization over a closed period of twenty years.

A summary of funding progress based upon actuarial studies is as follows.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Excess (Deficit) Actuarial Assets (a)-(b)	Funded Ratio (a)/(b)
1/1/2009	\$ 1,011,278	1,606,666	(595,388)	63%
1/1/2007	\$ 1,115,269	\$ 1,492,007	\$ (376,738)	75%
1/1/2005	\$ 945,686	\$ 1,408,524	\$ (462,838)	67%
		<u>2009</u>	<u>2007</u>	<u>2005</u>
Annual required contribution	\$	87,251	\$ 68,515	\$ 63,666
Net pension obligation		-	-	-
Number of participants		92	94	75
Annual contributions	\$	88,666	\$ 93,120	\$ 72,250
Percentage of required contributions		101%	136%	113%

Foothills Fire Protection District

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE F – PENSION PLANS - *continued*

*Deferred Compensation Pension Plan*

The District established a deferred compensation pension plan with Internal Revenue Code Section 457, which is being administered by the FPPA. The District has no administration or fiduciary responsibilities for this plan. Neither the assets nor corresponding liabilities of this plan are reflected in these financial statements.

NOTE G – 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 and debt limitations which apply to the State of Colorado and all local governments.

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 calculation of the fiscal year spending limits will require judicial interpretation.

In 1996, the electors within the consolidating districts approved that the consolidated District impose a general tax levy of 8 mills, which may be adjusted in the event there is a change in the statutory methodology or percentage used in calculating the assessed valuation of real or personal property and may be reduced below 8 mills in 2008 and thereafter, against all taxable property within the boundaries of the consolidated district annually for collection commencing in 1997 and continuing thereafter; and on an annual basis that the revenue from such levy be applied as follows: (a) first, to operations and maintenance expenses of the consolidated district up to \$240,000 in any one year, which shall be adjusted upward to reflect changes in the United States Bureau of Labor Statistics Consumer Price Index for the Denver-Boulder area, (b) second to the annual debt service requirements of the former Idledale Fire Protection District's general obligation bonds that were assumed by the consolidated District; (c) last, to any lawful purpose of the consolidated District; and that the revenue from such mill levies be spent as a voter-approved revenue change and an exception to the limits which would otherwise apply, including without limitation, Article X, Section 20, of the Colorado Constitution and Section 29-1-301, C.R.S., without limiting or affecting the collection or spending of other revenue.

Additionally, the District believes that election questions approved by the former Idledale Fire Protection District, and Lookout Mountain Fire Protection District voters in 1994 authorized the consolidated District to collect, retain, and spend all other non-property tax revenue legally available to the District for the purposing of providing additional fire protection and EMS, are applicable to the District.

Foothills Fire Protection District

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE H – DESIGNATION OF NET ASSETS/FUND BALANCE

As part of the consolidation of the Idledale, Lookout Mountain and Mt. Vernon Fire Protection Districts, the District is required to maintain a \$240,000 designation within the District's Net Assets/Fund Balance.

NOTE I – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft, damage to, or destruction of assets; errors or omissions; injuries to volunteers; or acts of God for which the District carries commercial insurance. The District's claims have not exceeded its coverage.

NOTE J – MANAGEMENT'S EVALUATION OF SUBSEQUENT EVENTS

The preparation of the District's financial statements and accompanying footnotes in conformity with US GAAP requires management of the District to evaluate transactions and events subsequent to the balance sheet date involving the District. Management has evaluated the subsequent transactions and events of the District through May 20, 2011, which is the date the financial statements and accompanying footnotes were available for issuance.

*Completion of the Rainbow Hills Station Expansion*

During 2011, the District completed the Rainbow Hills Expansion project which included the construction of a 4-bay equipment building. During 2011, the District incurred additional costs related to the project of approximately \$55,000 for total of approximately \$300,000.

*SUPPLEMENTARY INFORMATION*

Foothills Fire Protection District  
 BUDGET TO ACTUAL SCHEDULE - FIDUCIARY FUND

For the Year Ended December 31, 2010

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Additions			
District contribution	\$ 120,000	\$ 120,000	\$ -
State of Colorado contribution	33,120	37,035	3,915
Net investment income	<u>10,000</u>	<u>132,790</u>	<u>122,790</u>
Total additions	163,120	289,825	126,705
Deductions			
Pension benefits payments	132,000	160,067	28,067
Administrative expenses	<u>8,000</u>	<u>7,443</u>	<u>(557)</u>
Total deductions	<u>140,000</u>	<u>167,510</u>	<u>27,510</u>
CHANGE IN NET ASSETS	23,120	122,315	99,195
NET ASSETS - beginning of the year	<u>711,189</u>	<u>962,779</u>	<u>251,590</u>
NET ASSETS - end of the year	<u><u>\$ 734,309</u></u>	<u><u>\$ 1,085,094</u></u>	<u><u>\$ 350,785</u></u>

Foothills Fire Protection District

SUMMARY OF ASSESSED VALUATION, MILL LEVY, AND  
PROPERTY TAXES COLLECTED

December 31, 2010

<u>Year Ended December 31,</u>	<u>Prior Year Assessed Valuation for Current Year Property Tax Levy</u>	<u>Mill Levy</u>	<u>Property Taxes Levied</u>	<u>Collected</u>	<u>Percent Collected to Levied</u>
2001	57,332,760	8.000	458,662	457,408	99.73%
2002	65,554,680	8.000	524,437	519,093	98.98%
2003	65,488,700	8.000	519,138	516,066	99.41%
2004	68,842,830	9.196	633,079	630,295	99.56%
2005	68,858,930	9.196	633,227	632,342	99.86%
2006	73,365,210	9.196	667,900	671,538	100.54%
2007	73,589,460	9.196	674,666	675,519	100.13%
2008	82,180,000	9.196	689,320	756,079	109.68%
2009	84,720,500	9.196	779,090	777,508	99.80%
2010	88,485,140	9.196	813,709	791,542	97.28%
Estimated for the year ended December 31, 2011	\$ 87,799,160	9.196	\$ 807,401		

**NOTE:** Property taxes collected in any one year may include collection of delinquent property taxes levied in prior years. Information received from the County Treasurer does not permit identification of the specific year of the levy for receipts.