

Aspen Fire Protection District

Financial Statements

December 31, 2016



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ASPEN FIRE PROTECTION DISTRICT

**Aspen Fire Protection District
Financial Report
December 31, 2016**

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MCMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

CHAPEL SQUARE, BLDG C
245 CHAPEL PLACE, SUITE 300
P.O. Box 5850, AVON, CO 81620

WEB SITE: WWW.MCMAHANCPA.COM
MAIN OFFICE: (970) 845-8800
FACSIMILE: (970) 845-8108
E-MAIL: MCMAHAN@MCMAHANCPA.COM

INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
Aspen Fire Protection District
Aspen, Colorado**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Aspen Fire Protection District (the "District"), as of and for the year ended December 31, 2016, which collectively comprise the District's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund, and the aggregate remaining fund information of Aspen Fire Protection District as of December 31, 2016, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Member: American Institute of Certified Public Accountants

PAUL J. BACKES, CPA, CGMA
MICHAEL N. JENKINS, CA, CPA, CGMA
DANIEL R. CUDAHY, CPA, CGMA

AVON: (970) 845-8800
ASPEN: (970) 544-3996
FRISCO: (970) 668-3481

INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
Aspen Fire Protection District
Aspen, Colorado**

Other Matters

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis in Section B, the Schedule of Changes in Net Pension Liability/(Asset) and Related Ratios, the Schedule of Employer's Proportionate Share of the Net Pension Liability/(Asset), and the Schedules of District Contributions in Section E 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 Management's Discussion and Analysis in Section B, the Schedules of Changes in Net Pension Liability/(Asset) and Related Ratios, the Schedule of Employer's Proportionate Share of the Net Pension Liability/(Asset), and the Schedules of District Contributions in Section E 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.

The budgetary comparison information in section E is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The individual fund budgetary comparison information found in Section F listed in the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The individual fund budgetary comparison information found in Section F is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

McMahan and Associates, L.L.C.

**McMahan and Associates, LLC
May 19, 2017**

MANAGEMENT'S DISCUSSION AND ANALYSIS



Aspen Fire Protection District

Management's Discussion and Analysis

December 31, 2016

As management of Aspen Fire Protection District, (the "District"), we offer readers of the District's financial statements this narrative summary of the financial activities of the District for the fiscal year ended December 31, 2016.

Financial Highlights

- The District's net position increased by \$499,379.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's financial statements are comprised of two components: 1) financial statements; and 2) notes to the financial statements. These components are discussed below.

Financial statements: The financial statements are designed to provide readers with an overview of the District's finances, from both a short-term fund perspective and a long-term economic perspective.

The Balance Sheet/Statement of Net Position presents information on all the District's assets, deferred outflows of resources, liabilities (both short-term and long-term) and deferred inflows of resources, with the difference as fund balance or net position. The Balance Sheet columns present the financial position focusing on short-term available resources and are reported on a modified accrual basis of accounting. The Statement of Net Position column presents the financial position focusing on long-term economic resources and is reported on a full accrual basis. 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 Revenues, Expenditures and Changes in Fund Balance/Statement of Activities shows how the District's fund balance and net position changed during the most recent fiscal year. Again, the Statement of Revenues, Expenditures and Changes in Fund Balance column focuses on short-term available resources and is reported on a modified accrual basis. The Statement of Activities column focuses on long-term economic resources and is reported on a full accrual basis.

The District's financial statements can be found in section C of this report.

Notes to the Financial Statements: The notes provide a background of the entity, certain required statutes, and accounting policies utilized by the District. They also provide additional information that will aid in the interpretation of the financial statements. The Notes to the Financial Statements can be found in section D of this report.

Financial Analysis of the District

Aspen Fire Protection District's Net Position

Assets and Deferred Outflows:	2016	2015
Current assets	\$ 5,517,034	5,330,752
Capital assets and long-term assets	15,307,586	16,036,964
Deferred outflows of resources	1,300,137	945,446
Total Assets and Deferred Outflows	22,124,757	22,313,162
Liabilities and Deferred Inflows:		
Current liabilities	106,635	81,194
Long-term liabilities:		
Due within one year	907,385	836,151
Due after one year	10,100,662	10,949,004
Deferred inflows of resources	3,257,736	3,193,853
Total Liabilities and Deferred Inflows	14,372,418	15,060,202
Net Position:		
Net, invested in capital assets	6,595,078	6,462,114
Reserved for emergency	84,000	78,000
Restricted for debt service	781,817	670,912
Unrestricted	291,444	41,934
Total Net Position	7,752,339	7,252,960

Approximately 69% of the District's total assets and deferred outflows reflect capital assets, which includes land, fire stations, vehicles, and equipment, less debt outstanding related to capital assets.

At the end of the 2016, the District is able to report positive balances in all categories of net position. Overall, the District's total assets and deferred outflows decreased \$188,405 during the most recent fiscal year. Governmental Accounting Standards Board Statement No. 34 requires asset acquisitions to be capitalized and depreciated over their respective estimated useful lives. For 2016, the District capitalized assets and reported depreciation expense in the amount of \$49,294 and \$615,366, respectively.

Additionally, principal payments are removed from the Statement of Activities, and reported on the Statement of Net Position. Debt principal payments totaled \$750,000 for the year ended December 31, 2016.

Financial Analysis of the District (continued)

Aspen Fire Protection District's Change in Net Position

	2016	2015
Revenues:		
Property and S.O. taxes	\$ 3,266,003	2,966,224
Service income	170,525	125,554
Investment income	11,844	2,778
Miscellaneous	76,123	11,597
Total Revenues	<u>3,524,495</u>	<u>3,106,153</u>
Expenses:		
Public safety	2,669,786	2,612,255
Debt service:		
Interest	355,330	385,130
Total Expenditures/Expenses	<u>3,025,116</u>	<u>2,997,385</u>
Change in Net Position	499,379	108,768
Net Position - January 1	7,252,960	7,144,192
Net Position - December 31	<u>\$ 7,752,339</u>	<u>7,252,960</u>

Property taxes were the most significant sources of revenues, accounting for 90% of total revenues. Specific ownership tax revenue of \$105,199 accounted for 3% of the total revenues.

When compared to 2015, overall revenues increased by \$418,342 in 2016.

Personnel – paid and volunteer expenses in 2016 totaled \$959,104, or expressed as a percentage, represented 32% of total expenses incurred by the District in 2016, and include wages as well as employee benefits provided by the District.

The District currently has General Obligation Bonds outstanding, from which the proceeds were used to acquire land, construct and equip a fire substation as well as replace the existing downtown fire station. Additional information regarding the District's bonds can be found in the footnotes.

Budget Variances in the General Fund

Total revenues were favorable compared to budget largely due to unbudgeted cooperator incident reimbursements and lease revenue, and more plan check fees than budgeted. In total, the General Fund expenditure variance was favorable; however, there was an overall increase in the General Fund net change in fund balance.

Capital Asset and Debt Administration

Capital assets: In 2016, the District spent \$49,294 on capital assets. Additional information as well as a detailed classification of the District's net capital assets can be found in the Notes to the Financial Statements in section D.

Financial Analysis of the District (continued)

Capital Asset and Debt Administration (continued)

Long-term debts: The District is required to report its net pension liabilities or assets. In addition, the District currently has compensated absences and general obligation bonds outstanding, for which annual appropriations will be required until 2026. As of December 31, 2016, the District had outstanding debt of \$10,532,441 consisting of the District's net pension liability, compensated absences, and general obligation bonds. Additional information can be found in the Notes to the Financial Statements in section D.

Request for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the District's Administrative Offices, 420 E Hopkins Ave, Aspen Colorado 81611.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS



Aspen Fire Protection District
Balance Sheet/Statement of Net Position
December 31, 2016

Primary Government						
	General Fund	Debt Service	Capital Acquisition	Total	Adjustments	Statement of Net Position
Assets:						
Cash, cash equivalents, and investments	687,904	-	738,421	1,426,325	-	1,426,325
Restricted cash and cash equivalents	19,002	779,509	-	798,511	-	798,511
Due from other governments	46,734	-	-	46,734	-	46,734
Property taxes receivable	1,987,585	1,227,987	-	3,215,572	-	3,215,572
Other receivable	14,531	-	-	14,531	-	14,531
Prepaid expenses	15,361	-	-	15,361	-	15,361
Net pension asset - statewide defined benefit plan	-	-	-	-	558	558
Land held for resale	-	-	-	-	42,300	42,300
Capital assets, net of accumulated depreciation	-	-	-	-	15,264,728	15,264,728
Total Assets	2,771,117	2,007,496	738,421	5,517,034	15,307,586	20,824,620
Deferred Outflows of Resources:						
Deferred charge on refunding	-	-	-	-	791,876	791,876
Pension related deferred outflows	-	-	-	-	508,261	508,261
Total Deferred Outflows of Resources	-	-	-	-	1,300,137	1,300,137
Total Assets and Deferred Outflows	2,771,117	2,007,496	738,421	5,517,034		
Liabilities:						
Accounts payable	35,432	-	9,728	45,160	-	45,160
Accrued expenses	61,475	-	-	61,475	-	61,475
Accrued interest payable	-	-	-	-	24,080	24,080
Compensated absences	-	-	-	-	103,305	103,305
Long term debt:						
Premium on long-term debt	-	-	-	-	451,526	451,526
Due within one year	-	-	-	-	780,000	780,000
Due in more than one year	-	-	-	-	8,230,000	8,230,000
Net pension liability - volunteer pension fund	-	-	-	-	1,419,136	1,419,136
Total Liabilities	96,907	-	9,728	106,635	11,008,047	11,114,682
Deferred Inflow of Resources:						
Unavailable property tax revenue	1,983,785	1,225,679	-	3,209,464	-	3,209,464
Pension related deferred inflows	-	-	-	-	48,272	48,272
Total Deferred Inflows of Resources	1,983,785	1,225,679	-	3,209,464	48,272	3,257,736
Fund Balances / Net Position:						
Fund Balances:						
Non-spendable	15,361	-	-	15,361	(15,361)	-
Restricted	84,000	781,817	-	865,817	(865,817)	-
Assigned	-	-	728,693	728,693	(728,693)	-
Unassigned	591,064	-	-	591,064	(591,064)	-
Total Fund Balances	690,425	781,817	728,693	2,200,935	(2,200,935)	-
Total Liabilities, Deferred Inflows and Fund Balances	2,771,117	2,007,496	738,421	5,517,034		
Net Position:						
Net, invested in capital assets					6,595,078	6,595,078
Restricted for emergencies					84,000	84,000
Restricted for debt service					781,817	781,817
Unrestricted					291,444	291,444
Total Net Position					7,752,339	7,752,339

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

Aspen Fire Protection District
Statement of Revenues, Expenditures and
Changes in Fund Balances/Statement of Activities
For the Year Ended December 31, 2016

	Primary Government					
	General Fund	Debt Service	Capital Acquisition	Total	Adjustments	Statement of Activities
Revenues:						
Property taxes	1,964,181	1,193,458	-	3,157,639	-	3,157,639
Specific ownership taxes	65,438	39,761	-	105,199	-	105,199
Interest on delinquent taxes	1,969	1,196	-	3,165	-	3,165
Charges for services	170,525	-	-	170,525	-	170,525
Investment income	845	5,774	5,225	11,844	-	11,844
Miscellaneous	76,123	-	-	76,123	-	76,123
Total Revenues	2,279,081	1,240,189	5,225	3,524,495	-	3,524,495
Expenditures/Expenses:						
Fire Fighting	105,102	-	-	105,102	615,366	720,468
Administrative	311,829	60,259	-	372,088	-	372,088
Personnel - paid and volunteer	959,104	-	-	959,104	28,191	987,295
FF Cooperative Agreement	40,622	-	-	40,622	-	40,622
Fire Prevention	39,771	-	-	39,771	-	39,771
Training	37,548	-	-	37,548	-	37,548
Communications	60,531	-	56,562	117,093	-	117,093
Repair Services	87,191	-	13,410	100,601	-	100,601
Stations, Buildings and Grounds	176,299	-	-	176,299	-	176,299
Volunteer Pension Fund	353,500	-	-	353,500	(256,480)	97,020
Capital outlay	6,850	-	42,444	49,294	(49,294)	-
Debt service:						
Principal	-	750,000	-	750,000	(750,000)	-
Interest	-	319,025	-	319,025	36,305	355,330
Total Expenditures/Expenses	2,178,347	1,129,284	112,416	3,420,047	(375,912)	3,044,135
Excess (Deficiency) of Revenues Over Expenditures	100,734	110,905	(107,191)	104,448	375,912	480,360
Other Financing Sources (Uses):						
Sale of assets	-	-	31,173	31,173	(12,154)	19,019
Total Other Financing Sources (Uses)	-	-	31,173	31,173	(12,154)	19,019
Changes in Fund Balance / Net Position	100,734	110,905	(76,018)	135,621	363,758	499,379
Fund Balances / Net Position:						
Beginning of Year	589,691	670,912	804,711	2,065,314		7,252,960
End of Year	690,425	781,817	728,693	2,200,935		7,752,339

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

NOTES TO THE FINANCIAL STATEMENTS



Aspen Fire Protection District
Notes to the Financial Statements
December 31, 2016

I. Summary of Significant Accounting Policies

The Aspen Fire Protection District (the "District") is a quasi-municipal corporation organized and operated pursuant to provisions set forth in the Colorado Special District Act. The District was established to provide emergency and non-emergency services for the protection of life and property in Aspen, Colorado and the surrounding areas.

The financial statements of the District have been prepared in conformity with U.S. generally accepted accounting principles ("GAAP") as applied to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies established by GAAP used by the District are discussed below.

A. Reporting Entity

The reporting entity consists of (a) the primary government; i.e., the District, and (b) organizations for which the District is financially accountable. The District is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the District. Consideration is also given to other organizations which are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the District. Organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

The District has no component units, and it is not a component unit of any other entity.

B. Government-wide and Fund Financial Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. However, the District does not have any business-type activities, only governmental activities.

1. Government-wide Financial Statements

In the Governmental Funds Balance Sheet/Statement of Net Position, the Statement of Net Position column is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The fund focus is on current available resources and budget compliance. Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects.

Aspen Fire Protection District
Notes to the Financial Statements
December 31, 2016
(Continued)

I. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements (continued)

1. Government-wide Financial Statements (continued)

The government-wide focus is on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities. The effect of interfund activity has been eliminated from the government-wide financial statements.

2. Fund Financial Statements

The *General Fund* is the District's primary operating fund. It accounts for all financial resources not required to be accounted for in another fund. Resources restricted within this fund relate to TABOR reserve requirements (see Note III.B).

Debt Service Fund – Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should be used to report resources if legally mandated. Financial resources that are being accumulated for principal and interest maturing in future years also should be reported in debt service funds. The District's Debt Service Fund accounts for property taxes levied for debt and interest payments on general obligation bonds.

The *Capital Acquisition Fund* is a capital projects fund used to account for construction and acquisition of capital projects. Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures or expenses are recognized in the accounts and reported in the financial statements. Financial statement presentation refers to classification of revenues by source and expenses by function.

1. Long-term Economic Focus and Accrual Basis

Governmental activities in the government-wide financial statements and fiduciary fund financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

Aspen Fire Protection District
Notes to the Financial Statements
December 31, 2016
(Continued)

I. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

2. Current Financial Focus and Modified Accrual Basis

The governmental funds financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter (60 days) to be used to pay liabilities of the current period. Expenditures are generally recognized when the related liability is incurred. The exceptions to this general rule are that principal and interest on general long-term debt and expenditures related to accrued compensated absences are recognized when due.

D. Financial Statement Accounts

1. Cash, Cash Equivalents, and Investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within 3 months of the date acquired by the District.

Investments are stated at fair value. The change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

The District follows Colorado statutes specifying specific investment instruments meeting defined rating criteria in which local governments may invest, which include:

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Banker's acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market mutual funds
- Guaranteed investment contract
- Local government investment pools

2. Restricted Cash and Cash Equivalents

Certain deposits held by the District are classified as restricted assets on the balance sheet because their use is limited to the District's station-keeper program.

3. Receivables

Receivables are reported net of any allowance for uncollectible accounts.

**Aspen Fire Protection District
Notes to the Financial Statements
December 31, 2016
(Continued)**

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

4. Property Taxes

Property taxes are assessed in one year as a lien on the property, but not collected by the governmental entities until the subsequent year. In accordance with GAAP, the assessed but uncollected property taxes have been recorded as a receivable and as unearned revenue.

5. Interfund Receivables and Payables

Balances at year-end between funds are reported as “due (to) / from other fund” in the fund financial statements and are eliminated in the government-wide financial statements.

6. Capital Assets

Capital assets, which include land, fire stations and improvements, equipment, and vehicles, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of five years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

Capital expenditures for projects are capitalized as projects are constructed. Interest incurred during the construction phase is capitalized as part of the value of the asset.

Capital assets are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings and Improvements	40
Mobile Equipment	5 - 25
Other Fire Fighting / Training Equipment	7 - 15
Administrative Assets	5 - 7

7. Compensated Absences

Earned but unused personal time off benefits are accrued when incurred on the Statement of Net Position.

8. Long-term Debt

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position column. Long-term debt premiums and discounts, as well as losses on refinancing, are deferred and amortized over the life of the related debt using the bonds outstanding method.

Aspen Fire Protection District
Notes to the Financial Statements
December 31, 2016
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

9. Pensions

The District participates in the Statewide Defined Benefit Plan (“SDBP”) administered by the Fire and Police Pension Association of Colorado (“FPPA”). The SDBP is a cost-sharing multiple-employer defined benefit plan. The District also sponsors a single employer defined benefit plan for its volunteer firefighters. The net pension asset (liability), deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the plans have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

10. Deferred Outflows and 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. The District has two items that qualify for reporting in this category. One item is deferred charge on refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded debt or refunding debt. Another item is the collective deferred outflows related to the District’s net pension obligations, the details of which can be are in Note IV.E.

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. The District has two items that qualify for reporting in this category. Unavailable revenue from property taxes, reported in the governmental balance sheet are deferred and recognized as an inflow from resources in the period that the amounts become available. Another item is the collective deferred inflows related to the District’s net pension obligations, the details of which can be are in Note IV.E.

Aspen Fire Protection District
Notes to the Financial Statements
December 31, 2016
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

11. Categories and Classification of Fund Balance

Government accounting standards establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, include Non-spendable, Restricted, Committed, Assigned and Unassigned. These classifications reflect not only the nature of the funds, but also provide clarity to the level of restriction place upon fund balance. Fund balance can have different levels of restraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification with the General Fund. The General Fund should be the only fund balance that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance

The District classified governmental fund balances as follows:

Non-spendable – includes fund balance amounts inherently non-spendable since they represent inventories, prepaid items, etc.

Spendable Fund Balance:

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation. The General Fund had \$84,000 restricted by law for emergencies. The entire balance in the Debt Service fund was restricted for debt service payments.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority, which is the Board of the District.

Assigned – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Board of the District or its management designees. The Capital Acquisition Fund's entire balance was restricted for future capital projects and equipment acquisition.

Unassigned – includes residual positive fund balance within the General Fund, which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The District uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents or contracts that prohibit this, such as grant agreements that require dollar for dollar spending. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts when expenditures are made. The District does not have an adopted minimum fund balance policy, however, the District's budget includes calculations of targeted reserve positions, which is reported annually to the Board of the District.

Aspen Fire Protection District
Notes to the Financial Statements
December 31, 2016
(Continued)

I. Summary of Significant Accounting Policies (continued)

E. Significant Accounting Policies

1. Use of Estimates

The preparation of financial statements to conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

II. Reconciliation of Government-wide and Fund Financial Statements

A. Explanation of Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The Governmental Funds Balance Sheet and the government-wide Statement of Net Position includes a reconciling column. One element of the reconciling column accounts for capital assets used in governmental activities that are not financial resources and, therefore, are not reported in the funds. \$15,264,728 and \$42,300 represents the book value and realizable value of capital assets and land held for resale, respectively, at December 31, 2016. Also, a deferred charge on refunding of \$791,876, pension related deferred outflows of \$508,261, and a net pension asset of \$558 are also shown as reconciling items. These adjustments are required because the items are not available for current period expenditures and therefore are not reported in the funds.

Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the fund financial statements. Additionally, original issue premium and discounts are deferred and amortized over the life of debt in the government-wide financial statements. At December 31, 2016, the District had bonds payable of \$9,010,000, net pension liability and related deferred inflows of \$1,419,136 and \$48,272, respectively, compensated absences of \$103,305, original issue premium of \$1,100,512, net of accumulated amortization of \$648,986, and accrued interest payable of \$24,079.

B. Explanation of Difference Between the Government Fund Statement of Revenue, Expenditures and Changes in Fund Balance and the Government-wide Statement of Activities

The governmental fund Statement of Revenue, Expenditures and Changes in Fund Balance and the government-wide Statement of Activities includes a reconciling column. One element of the reconciliation column accounts for governmental funds reporting capital outlay as expenditures. However, in the Statement of Net Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Depreciation expense totaled \$615,366.

Another element of the reconciling column accounts for the repayment of principal debt. The repayment of principal debt is expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. The District's principal repayments totaled \$750,000 for 2016.

Aspen Fire Protection District
Notes to the Financial Statements
December 31, 2016
(Continued)

II. Reconciliation of Government-wide and Fund Financial Statements (continued)

B. Explanation of Difference Between the Government Fund Statement of Revenue, Expenditures and Changes in Fund Balance and the Government-wide Statement of Activities (continued)

Additionally, the current year changes in accrued interest and amortization for the year totaled \$36,305. The current year change in compensated absences was \$43,739 and net pension asset and liability and related deferred inflows and outflows of \$272,028. Finally, the disposal of capital assets' book value was \$12,154.

III. Stewardship, Compliance, and Accountability

A. Budgets and Budgetary Accounting

In the fall of each year, the District's Board of Directors formally adopts a budget with appropriations by fund for the ensuing year pursuant to the Colorado Local Budget Law. The budget for the governmental funds and the fiduciary fund are adopted on a basis consistent with U.S. generally accepted accounting principles (GAAP).

- (1) For the 2016 budget, prior to October 15, 2015, the budget office submits to the board a proposed budget for the fiscal year commencing the following January 1. Upon receiving the proposed budget, the District will publish a "Notice of Budget". The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted by the board to obtain taxpayer comments.
- (2) On or before December 15, 2015, the District submits a certification of mill levy to the county commissioners; the budget is approved through passage of a formal resolution prior to the submission of the certification.
- (3) For the 2016 budget, prior to December 15, 2015, the District computed and certified to the County Commissioners a rate of a levy that derived the necessary property taxes as computed in the proposed budget.
- (4) After adoption of the budget resolution, the District may make the following changes: (a) it may transfer appropriated monies between funds or between spending agencies within a fund, as determined by the original appropriation level; (b) it may approve supplemental appropriations to the extent of revenues in excess of the estimated in the budget; (c) it may approve emergency appropriations; and (d) it may approve the reduction of appropriations for which originally estimated revenues are insufficient.
- (5) All appropriations lapse at a year-end.

Taxes levied in one year are collected in the succeeding year. Thus taxes certified in 2015 were collected in 2016 and taxes certified in 2016 will be collected in 2017. Taxes are due on January 1st in the year of collection; however, they may be paid in either one installment (no later than April 30th) or two equal installments (not later than February 28th and June 15th) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 15th.

Aspen Fire Protection District
Notes to the Financial Statements
December 31, 2016
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment - Revenue and Spending Limitation Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending (excluding bonded debt service) for the fiscal year ended December 31, 2016. The District has reserved a portion of its December 31, 2016 year-end fund balance in the General Fund for emergencies as required under TABOR in the amount of \$84,000 which is the approximate required reserve at December 31, 2016.

The initial base for local government spending and revenue limits is December 31, 1992, fiscal year spending. Future spending and revenue limits are determined based on the prior year's fiscal year spending adjusted for inflation in the prior calendar year plus annual local growth. Fiscal year spending is generally defined as expenditures and reserve increases with certain exceptions. Revenue, if any, in excess of the fiscal year spending limit must be refunded in the next fiscal year unless voters approve retention of such revenue.

On November 2, 1999 the District's electorate approved exemption from certain aspects of TABOR. The electorate approved the following ballot question: *Shall Aspen Fire Protection District be authorized to collect, retain and spend all revenue and other funds received from any source, including without limitation the Districts current property tax rate of 0.874 Mills, which rate shall not be increased without subsequent voter approval, commencing as of January 1, 1998, and continuing annually thereafter until repealed, as a voter approved revenue change, offset and exception to the limits which would otherwise apply under, and without regard to any spending, revenue-raising or other limitation contained within Article X, Section 20 of the Colorado Constitution or any other law, and as a permanent waiver of the 5.5% Limitation under section 29-1-301, C.R.S.*

The District's management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

C. Excess of Expenditures over Appropriations

The District's General Fund and Debt Service Fund had expenditures in excess of appropriations of \$181,326 and \$759, respectively.

**Aspen Fire Protection District
Notes to the Financial Statements
December 31, 2016
(Continued)**

IV. Detailed Notes on All Funds

A. Deposits and Investments

The District's deposits are entirely covered by federal depository insurance ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first \$250,000 of the District's deposits at each financial institution. Deposit balances over \$250,000 are collateralized as required by PDPA. The carrying amount of the District's demand deposits was \$1,213,049 at year end.

Fair Value of Investments

The District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than quoted market prices; and,
- *Level 3:* Unobservable inputs.

At December 31, 2016, the District had the following recurring fair value measurements.

Investments Measured at Fair Value	Total	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Certificates of deposit	\$ 1,011,787	1,011,787	-	-
Total	<u>\$ 1,011,787</u>	<u>1,011,787</u>	<u>-</u>	<u>-</u>

Investments classified in Level 1 are valued using prices quoted in active markets for those securities. Investments classified in Level 2 are valued using the following approaches.

- Negotiable Certificates of Deposit: matrix pricing based on the securities' relationship to benchmark quoted prices

The District had the following deposits and investments with the following maturities as of December 31, 2016:

	Standard & Poors Rating	Carrying Amounts	Maturities	
			Less than one year	Less than five years
<i>Deposits:</i>				
Checking	Not rated	\$ 1,213,049	1,213,049	-
<i>Investments:</i>				
Certificates of deposit	Not rated	1,011,787	1,011,787	-
		<u>\$ 2,224,836</u>	<u>2,224,836</u>	<u>-</u>

Aspen Fire Protection District
Notes to the Financial Statements
December 31, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

Interest Rate Risk. As a means of limiting its exposure to interest rate risk, the District diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer. The District coordinates its investment maturities to closely match cash flow needs and restricts the maximum investment term to less than five years from the purchase date. As a result of the limited length on maturities, the District has limited its interest rate risk.

Credit Risk. State law and District policy limit investments to those authorized by State statutes as listed in Note I.D. The District's general investment policy is to apply the prudent-person rule: investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

Concentration of Credit Risk. The District diversifies its investments by security type and institution. Investments may only be made in those financial institutions which are insured by the Federal Deposit Insurance Corporation, the Federal Home Mortgage Association, the Federal Savings and Loan Insurance Corporation, Congressionally authorized mortgage lenders and investments that are federally guaranteed. Financial institutions holding District funds must provide the District with a statement of collateral in the form of a listing of securities pledged, and a copy of the certificate from the Banking Authority that states that the institution is an eligible depository.

B. Receivables

The District has the following receivables, net of applicable uncollectible accounts:

	General Fund	Debt Service	Total
Intergovernmental	\$ 46,734	-	46,734
Property taxes, net	1,987,585	1,227,987	3,215,572
Other	14,531	-	14,531
Gross receivables on fund	<u>2,048,850</u>	<u>1,227,987</u>	<u>3,276,837</u>
Less: Allowance for uncollectible	-	-	-
Total per Government-wide Financial Statements	<u>\$ 2,048,850</u>	<u>1,227,987</u>	<u>3,276,837</u>

Aspen Fire Protection District
Notes to the Financial Statements
December 31, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

C. Capital Assets

Capital asset activity for the year ended December 31, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 1,700,000	-	-	1,700,000
Total capital assets, not being depreciated	<u>1,700,000</u>	<u>-</u>	<u>-</u>	<u>1,700,000</u>
Capital assets, being depreciated:				
Buildings and improvements	14,514,098	-	-	14,514,098
Mobile equipment	3,755,825	42,444	(187,259)	3,611,010
Firefighting and training equipment	367,514	6,850	-	374,364
Administrative assets	251,313	-	-	251,313
Total capital assets being depreciated	<u>18,888,750</u>	<u>49,294</u>	<u>(187,259)</u>	<u>18,750,785</u>
Less accumulated depreciation:	<u>(4,745,796)</u>	<u>(615,366)</u>	<u>175,105</u>	<u>(5,186,057)</u>
Total capital assets, being depreciated, net	<u>14,142,954</u>	<u>(566,072)</u>	<u>(12,154)</u>	<u>13,564,728</u>
Total Capital Assets, Net	<u>\$ 15,842,954</u>	<u>(566,072)</u>	<u>(12,154)</u>	<u>15,264,728</u>

The District also held a lot for resale with an estimated net realizable value of \$42,300.

D. Long-term Obligations

At December 31, 2016, the District had the following long-term obligations outstanding:

1. General Obligation Bonds, Series 2006

On June 26, 2006, the District issued \$14,000,000 in General Obligation Bonds. The net proceeds of \$14,039,937, after issuance costs of \$236,879 and original issue premium of \$276,816, has been used to acquire land, construct and equip a fire substation as well as replace the existing downtown fire station through the construction and equipping of a fire station and emergency services facility. Interest with rates ranging from 4.00% to 5.00% is payable semi-annually on June 1 and December 1, with bond principal payable December 1.

The Bonds maturing on or before December 1, 2016 are not subject to redemption prior to their respective maturity dates. The Bonds maturing on or after December 1, 2017 are subject to redemption prior to maturity at the option of the District, in whole or in part in integral multiples of \$5,000, on December 1, 2016 and on any date thereafter, at a redemption price equal to par amount (with no redemption premium) plus accrued interest to the redemption date.

On March 20, 2012, the District elected to advance refund the bonds maturing on December 1, 2018 through December 1, 2026 outstanding in the amount of \$7,930,000.

Aspen Fire Protection District
Notes to the Financial Statements
December 31, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

D. Long-term Obligations (continued)

2. General Obligation Refunding Bonds, Series 2012

On March 20, 2012, the District issued General Obligation Refunding Bonds, Series 2012 in the amount of \$8,775,000. The net proceeds of these bonds were deposited in an escrow account for the advance refunding of the General Obligation Bonds, Series 2006, maturing on December 1, 2018 through December 1, 2027. The bonds are issued in denominations of \$5,000 and bear interest at an annual rate of 2.0% to 3.5%. The bonds maturing on and after December 1, 2023 are subject to redemption prior to maturity at the option of the District at a redemption price equal to the principal amount plus accrued interest. These funds were issued at a present value savings of \$514,188.

3. Defeasance of Debt

As noted above, proceeds of the 2012 refunding bond issuance were used to purchase U.S. government securities to retire previous bond issues. Sufficient U.S. government, state and local governmental securities were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the District's financial records. The amount of the District's defeased debt at December 31, 2016 is \$7,930,000.

4. Schedule of Debt Service Requirements

Year	GO Bonds Series 2006		GO Refunding Bonds Series 2012		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 700,000	28,874	80,000	260,075	780,000	288,949
2018	-	-	815,000	258,475	815,000	258,475
2019	-	-	830,000	242,175	830,000	242,175
2020	-	-	855,000	217,275	855,000	217,275
2021	-	-	880,000	191,625	880,000	191,625
2022 - 2026	-	-	4,850,000	516,625	4,850,000	516,625
	<u>\$ 700,000</u>	<u>28,874</u>	<u>8,310,000</u>	<u>1,686,250</u>	<u>9,010,000</u>	<u>1,715,124</u>

5. Changes in Long-term Obligations

	Beginning Balance	Increases	Decreases	Ending Balance	Due In One Year
Compensated absences	\$ 59,566	-	-	103,305	-
General Obligation Bonds					
Series 2006	1,370,000	-	(670,000)	700,000	700,000
Series 2012	8,390,000	-	(80,000)	8,310,000	80,000
Net pension liability - VPF	1,372,718	46,418	-	1,419,136	-
Total	<u>\$ 11,192,284</u>	<u>46,418</u>	<u>(750,000)</u>	<u>10,532,441</u>	<u>780,000</u>

Aspen Fire Protection District
Notes to the Financial Statements
December 31, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

E. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

1. Volunteer Pension Fund

Plan Description The District is trustee of a single-employer defined benefit pension plan (the "Plan") available to provide retirement income for all volunteer firefighters in recognition of their service to the District. The Plan is administered FPPA. FPPA administers an agent multiple-employer Public Employee Retirement System ("PERS") represents the assets of numerous separate plans that have been pooled for investment purposes. The pension plans have elected to affiliate with FPPA for administration and investment only.

The Plan provides retirement benefits, survivor benefits, and funeral benefits. The normal age and service requirement is the latest date a volunteer reaches 50 years of age and 20 years of service. Firefighters with 10 to 20 years of service are eligible for partial retirement benefits. Upon death, the surviving spouse receives a monthly pension equal to 50% of the benefit previously received, payable until death. As of January 1, 2015, the latest actuarial valuation date, there were 19 active members, 48 retirees and beneficiaries, and 7 inactive, non-retired members.

The District closed the Plan to new volunteer firefighters as of December 31, 2016.

Benefits Provided The normal retirement benefit is \$550 per month at age 50 with 20 years of service, and an additional \$27.50 extended service amount per year of service after 20 years. After at least 10 years of service, the monthly retirement benefit is \$27.50 per year of service up to 20 service years. The monthly survivor benefits are \$275 following death in normal retirement. The monthly survivor benefit after at least 10 years of service is \$13.75 per year of service up to 20 service years. The funeral benefit is a one-time only \$500.

Effective January 1, 2016, the monthly normal retirement benefit increased to \$600. However, the increased benefit is not reflected in the benefit provisions used to determine the total pension liability for the measurement period ending December 31, 2015. The adoption of the improved benefits from \$550 to \$600 per month will increase the net pension liability and pension expense by at least \$296,810 in 2016.

**Aspen Fire Protection District
Notes to the Financial Statements
December 31, 2016
(Continued)**

IV. Detailed Notes on All Funds (continued)

E. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

1. Volunteer Pension Fund (continued)

Contributions The funding of the Plan by the District and members is authorized by the Board of Trustees. The contribution by the State of Colorado (the "State") toward fire pension funds has been a fixed dollar amount established by the legislature and allocated pro rata to all fire pension funds in the State who apply for State matching funds, based upon the amounts contributed by the employer up to a maximum of one half (1/2) mill on the assessed valuation or 90% of District contributions, whichever is less. Since the District currently offers maximum retirement benefits in excess of \$500 per month, the State will match at the level determined above but no greater than the maximum of : (1) the amount necessary to fund a pension of \$300 per month on an actuarially sound basis, and (2) the amount of State contributions provided in the prior year.

Net Pension Liability At December 31, 2016, the District reported a net pension liability of \$1,419,136 for its volunteer pension fund. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016.

Actuarial Assumptions The following table sets forth the methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar, Open
Remaining amortization period	20 years
Asset valuation method	50-Year smoothed market
Inflation	3.00%
Salary increase	N/A
Investment rate of return	7.50%
Retirement age	50% per year of eligibility until 100% at age 65
Mortality	Pre-retirement: RP-2000 Combined Mortality Table with Blue Collar Adjustment, 40% multiplier for off-duty mortality. Post-retirement: RP-2000 Combined Mortality Table, with Blue Collar Adjustment Disabled: RP-2000 disabled Mortality Table All tables projected with Scale AA

**Aspen Fire Protection District
Notes to the Financial Statements
December 31, 2016
(Continued)**

IV. Detailed Notes on All Funds (continued)

E. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

1. Volunteer Pension Fund (continued)

Actuarial Assumptions (continued) The long-term expected rate of return on pension plan investments was determined using a building-block in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as December 31, 2015, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	37.00%	6.50%
Equity Long/Short	10.00%	4.70%
Illiquid Alternatives	20.00%	8.00%
Fixed Income	16.00%	1.50%
Absolute Return	11.00%	4.10%
Managed Futures	4.00%	3.00%
Cash	2.00%	0.00%*
Total	<u>100.00%</u>	

*While expected inflation exceeds the expected rate of return for cash, a 0.0% real rate of return is utilized

Discount Rate Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the Plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the Plan's projected fiduciary net position is not sufficient to pay benefits).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.65% (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.50%.

Aspen Fire Protection District
Notes to the Financial Statements
December 31, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

E. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

1. Volunteer Pension Fund (continued)

Sensitivity of the District's Net Pension Liability to Changes in the Discount Rate

The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Single Discount Rate Assumption (7.50%)	1% Increase (8.50%)
District's net pension liability	\$ 1,748,318	1,419,136	1,140,437

Pension Plan Fiduciary Net Position Detailed information about the Plan's fiduciary net position is available in FPPA's comprehensive annual financial report which can be obtained at http://www.fppaco.org/annual_reports.htm.

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions In connection with the Plan, for the year ended December 31, 2016, the District recognized pension expense of \$97,020. At December 31, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred inflows of Resources
Difference between expected and actual experience	\$ -	1,787
Net difference between projected and actual earnings on pension plan investments	93,286	-
Contributions subsequent to the measurement date	353,500	-
Total	\$ 446,786	1,787

**Aspen Fire Protection District
Notes to the Financial Statements
December 31, 2016
(Continued)**

IV. Detailed Notes on All Funds (continued)

E. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

1. Volunteer Pension Fund (continued)

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (continued) Contributions subsequent to the measurement date of December 31, 2015, which are reported as deferred outflows of resources related to pensions, will be recognized as a reduction of the net pension liability in the subsequent years. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31	Net Deferred Outflows / (Inflows) of Resources
2016	\$ 22,267
2017	24,054
2018	24,052
2019	21,126
Total	\$ 91,499

2. FPPA Statewide Defined Benefit Plan

Plan Description The SDBP is a cost-sharing multiple-employer defined benefit pension plan covering substantially all full-time employees of participating fire or police departments in Colorado hired on or after April 8, 1978 (New Hires), provided they are not already covered by a statutorily exempt plan. As of August 1, 2003, the SDBP may include clerical and other personnel from fire districts whose services are auxiliary to fire protection.

Contributions Determined by state statute or by election of the members, contributions are set at a level that enables all benefits to be fully funded at the retirement date of all members. Employees and employers are contributing at the rate of 9% and 8%, respectively, of base salary for a total contribution rate of 17% in 2016. In 2014, the members elected to increase the member contribution rate 0.5% annually from 2015 through 2022 to a total of 12% of base salary. Employer contributions will remain at 8% resulting in a combined contribution rate of 20% in 2022.

Contributions from members and employers of plans re-entering the system are established by resolution and approved by the FPPA Board of Directors. The reentry group has a combined contribution rate of 20% of base salary through 2014. It is a local decision on who pays the additional 4% contribution. Per the 2014 member election, the reentry group will also have their required member contribution rate increase 0.5% annually beginning in 2015 through 2022 for a total combined member and employer contribution rate of 24%.

Aspen Fire Protection District
Notes to the Financial Statements
December 31, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

E. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

2. FPPA Statewide Defined Benefit Plan (continued)

Contributions (continued) The contribution rate for members and employers of affiliated social security employers is 4.5% and 4%, respectively, of base salary for a total contribution rate of 8.5% in 2016. Per the 2014 member election, the affiliated social security group will also have their required member contribution rate increase 0.25% annually beginning in 2015 through 2022 to a total of 6% of base salary. Employer contributions will remain at 4% resulting in a combined contribution rate of 10% in 2022.

Benefits On May 23, 1983, the Colorado Revised Statutes were amended to allow the Trustees of the SDBP to change the retirement age on an annual basis, depending upon the results of the actuarial valuation and other circumstances. The amended statutes state that retirement age should not be less than age 55 or more than age 60. The Trustees subsequently elected to amend the retirement provisions, effective July 1, 1983, such that any member with at least 25 years of service may retire at any time after age 55 and shall be eligible for a normal retirement pension.

The annual normal retirement benefit is 2 percent of the average of the member's highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter. Benefits paid to retired members are evaluated and may be re-determined every October 1. The amount of any increase is based on the Board's discretion and can range from 0 to the higher of 3 percent or the Consumer Price Index.

In addition, upon retirement a member may receive additional benefits credited to the member's "Separate Retirement Account" each year after January 1, 1988. These are attributable to contributions in excess of the actuarially determined pension cost and the allocation of the net Fire & Police Members' Benefit Investment Fund earnings and losses thereon. Members do not vest in amounts credited to their Separate Retirement Account until retirement, and the SDBP may use such stabilization reserve amounts to reduce pension cost in the event such cost exceeds contributions. It was previously mentioned that reentry members have a higher contribution rate. As a result, their Separate Retirement Account ("SRA") has two components; the standard SRA and the reentry SRA.

The component of a member's SRA attributable to the higher contribution rate is considered the reentry SRA. The reentry SRA cannot be used to subsidize the costs for the non-reentry members. Effective July 1, 2014, the standard Separate Retirement Account contribution rate for members of the SDBP was set at 0 percent. The reentry Separate Retirement Account contribution rate was set at 3.60 percent.

**Aspen Fire Protection District
Notes to the Financial Statements
December 31, 2016
(Continued)**

IV. Detailed Notes on All Funds (continued)

E. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

2. FPPA Statewide Defined Benefit Plan (continued)

Benefits (continued) A member is eligible for an early retirement at age 50 or after 30 years of service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, an employee may elect to have member contributions, along with 5 percent as interest, returned as a lump sum distribution. Alternatively, a member with at least five years of accredited service may leave contributions with the SDBP and remain eligible for a retirement pension at age 55 equal to 2 percent of the member's average highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter.

Net Pension (Liability) Asset At December 31, 2016, the District reported an asset of \$558 for its proportionate share of the net pension (liability) asset. The District reported an asset because the SDBP's fiduciary net position currently exceeds the total pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016. The District proportion of the net pension (liability) asset was based on District contributions to the SDBP for the calendar year 2015 relative to the total contributions of participating employers to the SDBP.

At December 31, 2015, the District proportion was 0.0317%, as compared to 0.0000% at December 31, 2014.

For the year ended December 31, 2016, the District recognized pension revenue of \$15,548. At December 31, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred inflows of Resources
Difference between expected and actual experience	\$ 4,516	659
Changes of assumptions or other inputs	8,771	-
Net difference between projected and actual earnings on pension plan investments	28,421	-
Difference between actual and reported contributions recognized	-	10,371
Changes in proportionate share of contributions	-	35,455
Contributions subsequent to the measurement date	19,767	-
Total	<u>\$ 61,475</u>	<u>46,485</u>

**Aspen Fire Protection District
Notes to the Financial Statements
December 31, 2016
(Continued)**

IV. Detailed Notes on All Funds (continued)

E. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

2. FPPA Statewide Defined Benefit Plan (continued)

Contributions subsequent to the measurement date of December 31, 2015, which are reported as deferred outflows of resources related to pensions, will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31	Net Deferred Outflows / (Inflows) of Resources
2017	\$ 3,671
2018	3,671
2019	3,671
2020	2,966
2021	(3,611)
Thereafter	(15,145)
Total	\$ (4,777)

Actuarial assumptions The actuarial valuations for the SDBP were used to determine the total pension liability and actuarially determined contributions for the fiscal year ending December 31, 2015. The valuations used the following actuarial assumption and other inputs:

	Total Pension Liability	Actuarially Determined Contributions
Actuarial Valuation Date	January 1, 2016	January 1, 2015
Actuarial Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level % of Payroll, Open	Level % of Payroll, Open
Amortization Period	30 Years	30 Years
Long-term investment Rate of Return*	7.5%	7.5%
Projected Salary Increases	4.0% - 14.0%	4.0% - 14.0%
Cost of Living Adjustments	0.0%	0.0%
* Includes Inflation at	2.5%	3.0%

For determining the total pension liability, the RP-2014 Mortality Tables for Blue Collar Employees, projected with Scale BB, 55 percent multiplier for off-duty mortality is used in the valuation for off-duty mortality of active members. On-duty related mortality is assumed to be 0.00020 per year for all members. The RP-2014 Mortality Table for Blue Collar Employees, projected with Scale BB is used in the projection of post-retirement benefits for members under age 55. For post-retirement members ages 65 and older, the RP-2014 Mortality Tables for Blue Collar Healthy Annuityants, projected with Scale BB are used. For post-retirement members ages 55 through 64, a blend of the previous tables is used.

**Aspen Fire Protection District
Notes to the Financial Statements
December 31, 2016
(Continued)**

IV. Detailed Notes on All Funds (continued)

E. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

2. FPPA Statewide Defined Benefit Plan (continued)

Actuarial assumptions (continued) The RP-2000 Combined Mortality Table with Blue Collar Adjustment, projected with Scale AA, 40 percent multiplier for off-duty mortality is used in the valuation for off-duty mortality of active members. On-duty related mortality is assumed to be 0.00020 per year for all members. The RP-2000 Combined Mortality Table with Blue Collar Adjustment, projected with Scale AA is used in the projection of post-retirement benefits.

At least every five years the Fire & Police Pension Association's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2011 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the Fire & Police Pension Association's actuaries, Gabriel, Roeder, Smith & Co., based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2016. Actuarial assumptions effective for actuarial valuation prior to January 1, 2016 were used in the determination of the actuarially determined contributions as of December 31, 2015. The actuarial assumptions impact actuarial factors for the benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2015, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	37.00%	6.50%
Equity Long/Short	10.00%	4.70%
Illiquid Alternatives	20.00%	8.00%
Fixed Income	16.00%	1.50%
Absolute Return	11.00%	4.10%
Managed Futures	4.00%	3.00%
Cash	2.00%	0.00%*
Total	<u>100.00%</u>	

*While expected inflation exceeds the expected rate of return for cash, a 0.0% real rate of return is utilized

**Aspen Fire Protection District
Notes to the Financial Statements
December 31, 2016
(Continued)**

IV. Detailed Notes on All Funds (continued)

E. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

2. FPPA Statewide Defined Benefit Plan (continued)

Actuarial assumptions (continued) The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the SDBP fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Discount rate. Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.65% (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.50%.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Single Discount Rate Assumption (7.50%)	1% Increase (8.50%)
Collective net pension liability (asset)	\$246,949,671	(1,762,854)	(208,061,345)
Proportionate share of net pension liability (asset)	78,227	(558)	(65,908)

Pension plan fiduciary net position. Detailed information about the SDBP's fiduciary net position is available in FPPA's comprehensive annual financial report which can be obtained at http://www.fppaco.org/annual_reports.htm.

There were no contributions payable by the District at December 31, 2016.

Aspen Fire Protection District
Notes to the Financial Statements
December 31, 2016
(Continued)

V. Other Information

A. Risk Management

The District is exposed to various risks of loss related to workers compensation; general liability, unemployment, torts, theft of, damage to, and destruction of assets; and errors and omissions. The District has acquired commercial coverage for these risks and claims, if any, are not expected to exceed the commercial insurance coverage.

The District joined the Western Slope Health Care Group for employee health and accident coverage. The plan administrator is UMR. The Western Slope Health Care Group reserve pays the first \$65,000 of claims with the reinsurer (commercial insurance) covering any claims after the \$65,000 stop loss.

B. Retirement Plans

1. Defined Contribution Volume Submitter Plan

The District adopted the Aspen Fire Protection District Defined Contribution Defined Contribution Volume Submitter Plan (the "VSP") in January 1989. The VSP is administered by Nationwide Financial Services, Inc. All non-responder personnel of the District are eligible to participate in the VSP. The contribution rate for District is 14.2% of covered salaries. The District contributed \$51,864 to the VSP in 2016.

2. Section 457 Deferred Compensation Plan

The District offers its paid personnel an additional voluntary deferred compensation plan created in accordance with IRC section 457 (the "457 Plan"). All compensation deferred under the 457 Plan, together with all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are to be held in trust for exclusive benefit of the participants and their designated beneficiaries. Compensation deferred under the 457 Plan is not available to participants until termination, retirement, death, or unforeseeable emergency.

Employees may elect to defer any percentage of their annual compensation, provided that the total annual contribution does not exceed limitations established by the Internal Revenue Service. The District contributes 2% of employee earnings. For the year ended December 31, 2016, employee contributions totaled and the District recognized a contribution expense of \$10,320.

The individual participants determine investment decisions within the 457 Plan and, therefore, the 457 Plan's investment concentration varies between participants. The District, as Trustee of the 457 Plan, has the duty of due care that would be required of an ordinary prudent investor, but has no liability for losses under the 457 Plan. Consequently, the 457 Plan is not part of the District's financial statements

Aspen Fire Protection District
Notes to the Financial Statements
December 31, 2016
(Continued)

V. Other Information (continued)

C. Lease and Commitments

During 2016 the District leased and committed to the following:

1. Main Station House

The main station house in Aspen is under a twenty year renewable lease expiring June 15, 2021. On March 13, 2006, the City of Aspen and the District agreed to extend the lease period to June 15, 2045. Rental payments equal \$10 annually and amounts paid for utilities.

2. North 40

In February 2016, the District entered into a communications center lease agreement with the Board of County Commissioners of Pitkin County, Colorado (the "Board of Pitkin County", the "Tenant") for the Tenant's use of certain floor space at the District's North 40 substation. The lease calls for the Tenant to pay the District a base monthly rent of \$14.81 per square foot of related rentable floor space, adjusted annually in accordance with the Denver-Boulder-Greeley CPI-W, fifty percent (50%) of common area maintenance costs, and fifty percent (50%) of certain utility expenses. The lease term expires in January 2025. During 2016, the District recorded rental revenue and reimbursement of certain costs and expenses of \$39,981 and \$17,931, respectively, under the terms of the communication center lease agreement.

3. Communication Center

The District has a participation agreement with the Board of Pitkin County for the use of the Aspen/Pitkin County Combined Communication Center (Emergency Number 911) under an annual renewable agreement.

4. Copier and Phone Lease

The District has a copier and telephone lease for District buildings. The leases are both considered operating leases for financial statement reporting purposes.

D. Station-Keeper Program

The District has program designed to install a resident station-keeper, whom is affiliated with the District, into a District supplied apartment within or adjacent to a fire station of the District. The housing is provided in exchange for assigned station-keeper duties in lieu of rent. The resident is required to place a minimum of \$500 per month in a joint savings account with the District, with the intent of securing future permanent house in the district. If the contract is terminated, the resident will forfeit the amount in the joint savings account.

Aspen Fire Protection District
Notes to the Financial Statements
December 31, 2016
(Continued)

V. Other Information (continued)

E. Related Party Transactions

In 2016, the District sold a vehicle to an employee with a sale price of \$15,015.

During 2016, a third-party vendor controlled by a member of District management provided the District with repairs and maintenance services totaling \$2,738.

F. Subsequent Event

Effective January 1, 2017, the District adopted the Volunteer Firefighter Length of Service Award Plan (the "LOSAP"). The LOSAP is established and maintained for the purpose of providing defined contribution length of service awards to qualified volunteer firefighters in accordance with IRS Section 457(e)(11)(A)(ii). The LOSAP is administered by Lincoln Financial Group.

To be eligible for the service award, a participant must have performed an additional full year of service, be in good standing on December 31 of the respective plan year, and have met all the minimum certifications as outlined in the LOSAP. In any plan year, the District Fire Chief, in his/her sole discretion, may grant a participant a service award in an amount determined in the Board's sole discretion for the that plan year, within the limitations contained in the LOSAP. No service award may be granted to a participant in any plan year in an amount in excess of \$3,000, or as such amount is adjusted by the IRS. A participant will be fully vested in accrued benefit at all times.

REQUIRED SUPPLEMENTAL INFORMATION



**Aspen Fire Protection District
General Fund
Schedule of Revenues and Expenditures
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2016
With Comparative Actual Amounts for 2015**

	2016		Variance Positive (Negative)	2015
	Original and Final Budget	Actual		Actual
Revenues:				
Property taxes	1,978,921	1,964,181	(14,740)	1,703,758
Specific ownership taxes	60,000	65,438	5,438	59,931
Interest on delinquent taxes	1,800	1,969	169	2,380
Charges for services	40,000	170,525	130,525	125,554
Investment income	800	845	45	954
Other	2,000	76,123	74,123	11,597
Total Revenues	<u>2,083,521</u>	<u>2,279,081</u>	<u>195,560</u>	<u>1,904,174</u>
Expenditures:				
Current:				
Fire Fighting	107,902	105,102	2,800	120,930
Administrative	337,392	311,829	25,563	311,424
Personnel	978,227	959,104	19,123	972,113
FF Cooperative Agreement	-	40,622	(40,622)	21,269
Fire Prevention	43,000	39,771	3,229	40,984
Training	44,000	37,548	6,452	30,390
Communications	55,000	60,531	(5,531)	56,179
Repair Services	92,500	87,191	5,309	83,581
Stations, Buildings and Grounds	144,500	176,299	(31,799)	153,653
Volunteer Pension Fund	153,500	353,500	(200,000)	140,000
Capital Outlay	41,000	6,850	34,150	-
Total Expenditures	<u>1,997,021</u>	<u>2,178,347</u>	<u>(181,326)</u>	<u>1,930,523</u>
Excess (Deficiency) of Revenues Over Expenditures	86,500	100,734	14,234	(26,349)
Other Financing Sources (Uses):				
Operating transfers in / (out)	-	-	-	(207,511)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(207,511)</u>
Net Change in Fund Balance	<u>86,500</u>	100,734	<u>14,234</u>	(233,860)
Fund Balance - January 1		<u>589,691</u>		<u>823,551</u>
Fund Balance - December 31		<u>690,425</u>		<u>589,691</u>

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

Aspen Fire Protection District
Schedule of Changes in Net Pension Liability/(Asset) and Related Ratios
Volunteer Pension Fund
Last 10 Fiscal Years *

Measurement period ending December 31,	<u>2015</u>	<u>2014</u>
Total Pension Liability		
Service Cost	\$ 18,497	\$ 26,327
Interest on the Total Pension Liability	236,276	237,815
Difference between Expected and Actual Experience	-	(17,431)
Benefit Payments	<u>(266,345)</u>	<u>(260,546)</u>
Net Change in Total Pension Liability	<u>(11,572)</u>	<u>(13,835)</u>
Total Pension Liability - Beginning	<u>3,272,028</u>	<u>3,285,863</u>
Total Pension Liability - Ending (a)	<u><u>\$ 3,260,456</u></u>	<u><u>\$ 3,272,028</u></u>
Plan Fiduciary Net Position		
Employer Contributions	\$ 140,000	\$ 140,000
Pension Plan Net Investment Income	33,451	121,867
Benefit Payments	(266,345)	(260,546)
Pension Plan Administrative Expense	(5,096)	(3,176)
State of Colorado supplemental discretionary payment	<u>40,000</u>	<u>40,000</u>
Net Change in Plan Fiduciary Net Position	<u>(57,990)</u>	<u>38,145</u>
Plan Fiduciary Net Position - Beginning	<u>1,899,310</u>	<u>1,861,165</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 1,841,320</u></u>	<u><u>\$ 1,899,310</u></u>
Net Pension Liability/(Asset) - Ending (a) - (b)	<u><u>\$ 1,419,136</u></u>	<u><u>\$ 1,372,718</u></u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	56.47%	58.05%
Covered Employee Payroll	N/A	N/A
Net Pension Liability as a Percentage of Covered Employee Payroll	N/A	N/A

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred one year prior. Information is only available beginning in fiscal year 2015.

Notes to the Schedule of District Contributions For the Year Ended December 31, 2016:

Note 1. Changes of assumptions.

No changes during the years presented above.

Note 2. Changes of benefit terms.

No changes during the years presented above.

Aspen Fire Protection District
Schedule of Employer's Proportionate Share of the Net Pension Liability/(Asset)
Statewide Defined Benefit Plan
Last 10 Fiscal Years *

Measurement period ending December 31,	2015
Proportion of the net pension liability (asset)	0.0317%
Proportionate share of the net pension liability (asset)	(558)
Covered-employee payroll	\$ 578,329
Proportionate share of the net pension liability/(asset) as a percentage of its covered-employee payroll	-0.10%
Plan fiduciary net position as a percentage of the total pension liability	100.10%

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred one year prior. Information is only available beginning in fiscal year 2016.

**Notes to the Schedule of Employers Proportionate Share of the Net Pension Liability/(Asset)
for the Year Ended December 31, 2016:**

Note 1. Changes of assumptions.

Changes to assumptions or other inputs since the January 1, 2015 actuarial valuation are as follows:

For determining the total pension liability, the RP-2014 Mortality Tables for Blue Collar Employees, projected with Scale BB, 55 percent multiplier for off-duty mortality is used in the valuation for off-duty mortality of active members. On-duty related mortality is assumed to be 0.00020 per year for all members. The RP-2014 Mortality Table for Blue Collar Employees, projected with Scale BB is used in the projection of post-retirement benefits for members under age 55. For post-retirement members ages 65 and older, the RP-2014 Mortality Tables for Blue Collar Healthy Annuitants, projected with Scale BB are used. For post-retirement members ages 55 through 64, a blend of the previous tables is used.

Note 2. Changes of benefit terms.

No changes during the years presented above.

Note 3. Changes of size or composition of population covered by benefit terms.

No changes during the years presented above.

**Aspen Fire Protection District
Schedule of District Contributions
Volunteer Pension Fund
Last 10 Fiscal Years ***

Fiscal year ending December 31,	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 169,120	\$ 169,120
Actual contribution**	<u>(180,000)</u>	<u>(180,000)</u>
Contribution deficiency (excess)	<u>\$ (10,880)</u>	<u>\$ (10,880)</u>
District's covered payroll	N/A	N/A
Actual contributions as a percentage of covered payroll	N/A	N/A

* Information is only available beginning in fiscal year 2014.

** Includes both plan sponsor and State of Colorado Supplemental Discretionary Payment

Notes to the Schedule of District Contributions For the Year Ended December 31, 2016:

Note 1. Changes of assumptions.

No changes during the years presented above.

Note 2. Changes of benefit terms.

No changes during the years presented above.

Note 3. Changes of size or composition of population covered by benefit terms.

No changes during the years presented above.

**Aspen Fire Protection District
Schedule of District Contributions
Statewide Defined Benefit Plan
Last 10 Fiscal Years ***

Fiscal year ending December 31,	<u>2015</u>
Contractually required contribution	\$ 12,285
Contributions in relation to the contractually required contribution	<u>(755)</u>
Contribution deficiency (excess)	<u>\$ 11,530</u>
District's covered payroll	\$ 153,563
Contributions as a percentage of covered-employee payroll	8%

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred one year prior. Information is only available beginning in fiscal year 2015.

Notes to the Schedule of District Contributions For the Year Ended December 31, 2016:

Note 1. Changes of assumptions.

No changes during the years presented above.

Note 2. Changes of benefit terms.

No changes during the years presented above.

Note 3. Changes of size or composition of population covered by benefit terms.

No changes during the years presented above.

SUPPLEMENTAL INFORMATION



**Aspen Fire Protection District
Debt Service
Schedule of Revenues and Expenditures
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2016
With Comparative Actual Amounts for 2015**

	<u>2016</u>			<u>2015</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
Revenues:				
Property taxes	1,198,323	1,193,458	(4,865)	1,157,811
Specific ownership taxes	40,000	39,761	(239)	40,727
Interest on delinquent taxes	1,750	1,196	(554)	1,617
Investment income	5,757	5,774	17	795
Total Revenues	<u>1,245,830</u>	<u>1,240,189</u>	<u>(5,641)</u>	<u>1,200,950</u>
Expenditures:				
Current:				
Administrative	59,500	60,259	(759)	58,237
Debt service:				
Principal	750,000	750,000	-	725,000
Interest	319,025	319,025	-	348,038
Total Expenditures	<u>1,128,525</u>	<u>1,129,284</u>	<u>(759)</u>	<u>1,131,275</u>
Net Change in Fund Balance	<u>117,305</u>	110,905	<u>(6,400)</u>	<u>69,675</u>
Fund Balance - January 1		<u>670,912</u>		<u>601,237</u>
Fund Balance - December 31		<u>781,817</u>		<u>670,912</u>

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

**Aspen Fire Protection District
Capital Acquisition Fund
Schedule of Revenues and Expenditures
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2016
With Comparative Actual Amounts for 2015**

	2016		2015	
	Original and Final Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Investment income	5,225	5,225	-	1,029
Total Revenues	<u>5,225</u>	<u>5,225</u>	<u>-</u>	<u>1,029</u>
Expenditures:				
Communications	-	56,562	56,562	-
Repair Services	-	13,410	13,410	19,265
Capital outlay	370,000	42,444	327,556	283,645
Total Expenditures	<u>370,000</u>	<u>112,416</u>	<u>397,528</u>	<u>302,910</u>
Excess (Deficiency) of Revenues Over Expenditures	(364,775)	(107,191)	257,584	(301,881)
Other Financing Sources (Uses):				
Sale of assets	20,000	31,173	11,173	-
Operating transfers in / (out)	-	-	-	207,511
Total Other Financing Sources (Uses)	<u>20,000</u>	<u>31,173</u>	<u>11,173</u>	<u>207,511</u>
Net Change in Fund Balance	<u>(344,775)</u>	(76,018)	<u>268,757</u>	(94,370)
Net Assets - January 1		<u>804,711</u>		<u>899,081</u>
Net Assets - December 31		<u><u>728,693</u></u>		<u><u>804,711</u></u>

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