

Basalt & Rural Fire Protection District

**Financial Statements
December 31, 2016**



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**Basalt & Rural Fire Protection District
Financial Report
December 31, 2016**

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INDEPENDENT AUDITOR'S REPORT

**Board of Directors
Basalt & Rural Fire Protection District
El Jebel, Colorado**

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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Opinions

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

Other Matters

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis in Section B 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 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 schedules, the Schedule of Employer's Proportionate Share of the Net Pension Liability (Asset), and the Schedule of District Contributions in Section E are not a required part of the District's basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. Such information has been subjected to the auditing procedures applied in the audit of the basic 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 taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The individual fund budgetary comparison information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The individual fund budgetary comparison is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic 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 U.S. generally accepted auditing standards. 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, L.L.C.
June 7, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS



Basalt & Rural Fire Protection District

Management's Discussion and Analysis December 31, 2016

As management of the Basalt & Rural 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.

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 and liabilities (both short-term and long-term), with the difference between the two reported 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 government'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

Basalt & Rural Protection District's Net Position

Assets:	2016	2015
Current and other assets	\$ 9,931,517	\$ 5,512,159
Capital assets	5,054,898	5,119,959
Total Assets	14,986,415	10,632,118
Deferred Outflows of Resources:		
Pension related deferred outflows	323,941	117,743
	<u>323,941</u>	<u>117,743</u>
Liabilities:		
Current liabilities	124,332	82,713
Long-term liabilities:		
Due within one year	180,508	27,755
Due after one year	3,953,727	172,337
Total Liabilities	4,258,567	282,805
Deferred Inflows of Resources:		
Property tax revenues	3,029,146	3,060,653
Pension related deferred inflows	38,882	33,825
	<u>3,068,028</u>	<u>3,094,478</u>
Net Position:		
Net Investment in capital assets	4,880,232	5,119,959
Reserved for emergency	223,232	99,500
Restricted for debt service	96,693	3,465
Restricted for other	3,680,175	86,402
Unrestricted	(896,571)	2,063,252
Total Net Position	\$ 7,983,761	\$ 7,372,578

Approximately 15% of the District's net position reflect its investment in capital assets, which includes land, fire stations, vehicles, and equipment, less debt outstanding related to those 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 net position increased 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 \$391,163 of new assets and reported depreciation expense in the amount of \$456,223.

Additionally, principal payments are removed from the Statement of Activities, and reported on the Statement of Net Assets. Debt principal payments totaled \$110,000 for the year ended December 31, 2016, in accordance with the District's Series 2016 debt issuance.

Financial Analysis of the District (continued)

Basalt & Fire Protection District's Change in Net Position

Revenues:	2016	2015
Property taxes	\$ 3,050,807	\$ 2,533,034
Specific ownership taxes	127,013	115,639
Service income	286,527	237,120
Impact fees	80,168	43,453
Investment income	3,463	898
Grants and contributions	22,520	97,894
Wildfire contracts	221,013	262,604
Other	11,032	3,184
Total Revenues	<u>3,802,543</u>	<u>3,293,826</u>
 Expenditures/Expenses:		
General and administrative	957,774	1,073,088
Fire prevention	222,000	231,569
District operations:		
Building maintenance	224,832	243,262
Personnel	415,883	408,521
Training	46,506	37,564
Communications	51,586	49,625
Equipment	105,239	147,346
Vehicle repair and maintenance	111,560	153,427
Emergency medical services	879,613	814,044
Debt service:		
Other	88,490	-
Interest	90,987	29,859
Total Expenditures/Expenses	<u>3,194,470</u>	<u>3,188,305</u>
 Other Financing Uses:		
Sale of assets	<u>3,110</u>	<u>18,700</u>
 Change in Net Position	611,183	124,221
 Net Position - January 1	<u>7,372,578</u>	<u>7,248,357</u>
Net Position - December 31	<u><u>\$ 7,983,761</u></u>	<u><u>\$ 7,372,578</u></u>

Property taxes were the most significant sources of revenues, accounting for 81% of total revenues. Specific ownership tax revenue of \$127,013 accounted for 3% of the total revenues.

When compared to 2015, overall revenues increased by \$508,717 in 2016 mainly due to an increase in property taxes. In November 2012, the electorate of the District approved increasing the District's mill levy from 4.950 mills to 8.00 mills for taxes collected in 2013 and subsequent. However, revenue streams from property taxes can vary if assessed valuations decline, or if abatements are granted.

Personnel expenses of \$1,713,884 in 2016 accounted for 54% of the total expense incurred by the District, and includes wages as well as employee benefits provided by the District.

Budget Variances in the General Fund

General Fund revenues were higher than anticipated, as increases in Service Income (\$116,127 higher than budgeted), and Wildfire Contracts (\$122,995 higher than budgeted) were experienced.

District operational expenses were under budget by \$407,396, as several line items had small variances from budget. Most notably, the District's Capital Outlay expenses were under budget by \$87,612.

Capital Asset and Debt Administration

Capital assets: The District's capital assets, net of accumulated depreciation, totaled \$5,054,898, with capital purchases of \$391,163 occurring in 2016. Capital asset additions were comprised of vehicle purchases as well as construction in progress on Station #41. 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.

Long-term debts: The District had general obligation debt of \$3,520,000 outstanding at December 31, 2016. 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, 1089 JW Drive, Carbondale, Colorado 81623.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS



Basalt & Rural Fire Protection District
Governmental Funds Balance Sheet/Statement of Net Position
December 31, 2016

Governmental Funds Balance Sheet							
	General Fund	Impact Fee Fund	Debt Service	Capital Projects	Total	Adjustments	Statement of Net Position
Assets:							
Cash and cash equivalents	\$ 1,909,588	\$ 166,672	\$ 115,013	\$ 3,670,177	\$ 5,861,450	\$ -	\$ 5,861,450
Investments	724,639	-	-	-	724,639	-	724,639
Assessed taxes receivable	2,730,468	-	298,678	-	3,029,146	-	3,029,146
Accounts receivable, net of allowance of \$70,000	282,842	-	-	-	282,842	-	282,842
Prepaid items	6,636	-	-	-	6,636	-	6,636
Due to/from other fund	(2,104)	-	(7,894)	9,998	-	-	-
Restricted assets:							
Cash and cash equivalents	25,000	-	-	-	25,000	-	25,000
Net pension asset - employer plan	-	-	-	-	-	1,804	1,804
Capital assets, net of accumulated depreciation	-	-	-	-	-	5,054,898	5,054,898
Total Assets	5,677,069	166,672	405,797	3,680,175	9,929,713	5,056,702	14,986,415
Deferred Outflows of Resources:							
Pension related deferred outflows	-	-	-	-	-	323,941	323,941
Total Deferred Outflows	-	-	-	-	-	323,941	323,941
Liabilities:							
Accounts payable	86,306	-	251	-	86,557	-	86,557
Other liabilities	2,600	-	10,175	-	12,775	-	12,775
Unearned revenue	25,000	-	-	-	25,000	-	25,000
Compensated absences	-	-	-	-	-	88,769	88,769
Bonds payable:							
Due within one year	-	-	-	-	-	145,000	145,000
Due in more than one year	-	-	-	-	-	3,709,841	3,709,841
Net pension liability - volunteer plan	-	-	-	-	-	190,625	190,625
Total Liabilities	113,906	-	10,426	-	124,332	4,134,235	4,258,567
Deferred Inflows of Resources:							
Property tax revenues	2,730,468	-	298,678	-	3,029,146	-	3,029,146
Pension related deferred inflows	-	-	-	-	-	38,882	38,882
Total Deferred Inflows	2,730,468	-	298,678	-	3,029,146	38,882	3,068,028
Fund Balances / Net Position:							
Fund Balances:							
Nonspendable	6,636	-	-	-	6,636	(6,636)	-
Spendable:							
Restricted	223,232	166,672	96,693	3,680,175	4,166,772	(4,166,772)	-
Unassigned	2,602,827	-	-	-	2,602,827	(2,602,827)	-
Total Fund Balances	2,832,695	166,672	96,693	3,680,175	6,776,235	(6,776,235)	-
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 5,677,069	\$ 166,672	\$ 405,797	\$ 3,680,175	\$ 9,929,713		
Net Position:							
Net investment in capital assets						4,880,232	4,880,232
Restricted for debt service						96,693	96,693
Restricted for emergencies						223,232	223,232
Restricted for other purposes						3,680,175	3,680,175
Unrestricted						(896,571)	(896,571)
Total Net Position						\$ 7,983,761	\$ 7,983,761

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

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

**Governmental Funds Statement of Revenues,
Expenditures and Changes in Fund Balances**

	General Fund	Impact Fee Fund	Debt Service	Capital Projects	Total	Adjustments	Statement of Activities
Revenues:							
Property taxes	\$ 2,755,358	\$ -	\$ 295,449	\$ -	\$ 3,050,807	\$ -	\$ 3,050,807
Specific ownership taxes	114,713	-	12,300	-	127,013	-	127,013
Charges for services:							
Service income	286,527	-	-	-	286,527	-	286,527
Impact fees	-	80,168	-	-	80,168	-	80,168
Investment income	3,402	-	61	-	3,463	-	3,463
Grants and contributions	22,520	-	-	-	22,520	-	22,520
Wildfire contracts	221,013	-	-	-	221,013	-	221,013
Miscellaneous	10,930	102	-	-	11,032	-	11,032
Total Revenues	<u>3,414,463</u>	<u>80,270</u>	<u>307,810</u>	<u>-</u>	<u>3,802,543</u>	<u>-</u>	<u>3,802,543</u>
Expenditures/Expenses:							
General and administrative	922,994	-	13,595	11,048	947,637	10,137	957,774
Fire prevention	222,000	-	-	-	222,000	-	222,000
District operations:							
Building maintenance	224,832	-	-	-	224,832	-	224,832
Personnel	76,569	-	-	-	76,569	339,314	415,883
Training	46,506	-	-	-	46,506	-	46,506
Communications	51,586	-	-	-	51,586	-	51,586
Equipment	97,870	-	-	-	97,870	7,369	105,239
Vehicle repair and maintenance	115,542	-	-	-	115,542	(3,982)	111,560
Emergency medical services	826,609	-	-	-	826,609	53,004	879,613
Capital outlay	172,388	-	-	218,775	391,163	(391,163)	-
Debt service:							
Other	-	-	-	88,490	88,490	-	88,490
Principal	-	-	110,000	-	110,000	(110,000)	-
Interest	-	-	90,987	-	90,987	-	90,987
Total Expenditures/Expenses	<u>2,756,896</u>	<u>-</u>	<u>214,582</u>	<u>318,313</u>	<u>3,289,791</u>	<u>(95,321)</u>	<u>3,194,470</u>
Excess (Deficiency) of Revenues Over Expenditures	657,567	80,270	93,228	(318,313)	512,752	95,321	608,073
Other Financing Sources (Uses):							
Sale of assets	3,110	-	-	-	3,110	-	3,110
Bond proceeds	-	-	-	3,630,000	3,630,000	(3,630,000)	-
Bond premium proceeds	-	-	-	368,488	368,488	(368,488)	-
Total Other Financing Sources (Uses)	<u>3,110</u>	<u>-</u>	<u>-</u>	<u>3,998,488</u>	<u>4,001,598</u>	<u>(3,998,488)</u>	<u>3,110</u>
Changes in Fund Balance/Net Position	660,677	80,270	93,228	3,680,175	4,514,350	(3,903,167)	611,183
Fund Balances/Net Position:							
Beginning of Year	2,172,018	86,402	3,465	-	2,261,885		7,372,578
End of Year	<u>\$ 2,832,695</u>	<u>\$ 166,672</u>	<u>\$ 96,693</u>	<u>\$ 3,680,175</u>	<u>\$ 6,776,235</u>		<u>\$ 7,983,761</u>

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

NOTES TO THE FINANCIAL STATEMENTS



Basalt & Rural Fire Protection District
Notes to the Financial Statements
December 31, 2016

I. Summary of Significant Accounting Policies

The Basalt & Rural 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 Pitkin and Eagle County, Colorado.

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. The District's net position is reported in three parts—investment in capital assets; restricted assets; and unrestricted assets.

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.

Basalt & Rural 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)

2. Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements, including fiduciary funds. 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. One or more specific restricted or committed revenues should be the foundation for the fund.

The District reports the following governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund. Resources restricted within this fund relate to TABOR reserve requirements (see Note 3.B), as well as debt service on capital lease acquisitions.

The *Impact Fee Fund* is used to account for revenues that are legally restricted to expenditure for providing the facilities necessary to accommodate growth within the District's boundaries. This is considered a major special revenue fund due to its significance to the District.

The *Debt Service Fund* accounts for and reports financial resources that are restricted to expenditure for principal and interest that have been legally mandated, as well as the accumulation of resources for, and the payment of, long-term general obligation principal, interest and related costs.

The *Capital Projects Fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

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. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied.

Basalt & Rural 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 recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

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 state statute, which permits investments in the following types of obligations:

- U.S. Treasury Obligations (maximum maturity of 60 months)
- Federal Instrumentality Securities (maximum maturity of 60 months)
- FDIC-insured Certificates of Deposit (maximum maturity of 18 months)
- Corporate Bonds (maximum maturity of 36 months)
- Prime Commercial Paper (maximum maturity of 9 months)
- Eligible Bankers Acceptances
- Repurchase Agreements
- General Obligations and Revenue Obligations
- Local Government Investment Pools
- Money Market Mutual Funds

2. Receivables

Receivables are reported net of an allowance for uncollectible accounts. The District's policy is to establish an allowance for uncollectible accounts based on historical experience and individual analysis of accounts.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" in the fund financial statements and are eliminated in the government-wide financial statements.

Basalt & Rural Fire Protection District
Notes to the Financial Statements
December 31, 2016
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. 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:

<u>Assets</u>	<u>Years</u>
Buildings	10-40
Equipment	7-25

5. Pensions

The District participates in the Statewide Defined Benefit Plan administered by the Fire and Police Pension Association of Colorado ("FPPA"). The Statewide Defined Benefit Plan 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.

6. Compensated Absences

Vested or accumulated leave that is expected to be liquidated with expendable available financial resources are reported as expenditures and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated leave that are not expected to be liquidated with expendable available financial resources are reported in the governmental activities column in the government-wide financial statements.

Basalt & Rural Fire Protection District
Notes to the Financial Statements
December 31, 2016
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

7. Long-term Obligations

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. The District records long-term debt of governmental funds at the face value. The District's general obligation bonds are serviced from property taxes and other revenues of the Debt Service Fund. Capital leases are serviced from property taxes and other revenues of the General Fund. The long-term accumulated unpaid vacation and accrued sick are serviced from property taxes and other revenues by the respective fund types from future appropriations.

8. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has only one item that qualifies for reporting in this category, pension-related deferred outflows reported in the government-wide Statement of Net Position. Pension contributions made after the measurement date, and the difference between projected and actual earnings, will be recognized as a reduction of the net pension liability in future periods. See Note IV.G.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has two one items that qualify for reporting in the category. Unavailable revenue from property taxes, reported in the governmental balance sheet and on the Statement of Net Position, are deferred and recognized as in inflow from resources in the period that the amounts become available. Collective deferred inflows related to the District's net pension obligation are reported on the Statement of Net Position and are amortized over the average remaining service life of all active and inactive plan members. See Note IV.G.

9. Fund Equity

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. For further details of the various fund balance classifications, refer to Note IV.F.

Basalt & Rural Fire Protection District
Notes to the Financial Statements
December 31, 2016
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

10. Interfund Transactions

Interfund services provided and used are accounted for as revenues and expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as "due from other funds" or "due to other funds" on the balance sheet when they are expected to be liquidated within one year.

E. Significant Account 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.

2. Comparative Information

Certain prior year amounts have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the total assets, liabilities, fund balances (net position), total revenues or total expenses.

3. Credit Risk

The receivables of the various funds of the District are primarily due other governments. Management believes that the credit risk related to the receivables is minimal.

4. Restricted and Unrestricted Resources

When both restricted and unrestricted resources are available for use, it is the District's policy to use unrestricted resources first, then restricted resources as they are needed, except when it is appropriate to use restricted first, such as special-purpose grants.

Basalt & Rural Fire Protection District
Notes to the Financial Statements
December 31, 2016
(Continued)

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. \$5,054,898 represents the book value of capital assets at December 31, 2016. The District also shows a net pension asset of \$1,804 representing the cost-sharing multiple-employer defined benefit plan. Also, pension related deferred outflows of \$323,941 are also shown as reconciling items. These adjustment is required because long-term assets are not available for current period expenditures and therefore are not reported in the funds.

Certain amounts reported in the Statement of Net Position, including accrued compensated absences, do not require the use of current financial resources and therefore are not recorded in the governmental funds financial statements. \$88,769 is the balance of accrued compensated absences at December 31, 2016.

Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the fund financial statements. At December 31, 2016, the District had net pension liabilities in the amount of \$190,625 and, representing the District's portion of the agent multiple employer defined benefit plan. The District also had pension related deferred inflows of \$38,882 shown as reconciling items. The District also had bonds payable of \$3,854,841, including the original issuance premium of \$368,488, net of accumulated amortization of \$33,647 shown as reconciling items.

Deferred items related to the District's pension plans, adjusted for changes in pension related actuarial assumptions, proportion of collective pension amounts, differences between actual and expected experience and investment earnings, and differences between actual and annualized contributions to the pension plan, are amortized over the average remaining service life of active and inactive plan participants.

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 Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Depreciation expense of \$456,223 was offset against capital outlay of \$391,163 for year, resulting in an adjustment of (\$65,060).

Another element of the reconciling column accounts for the repayment of principal debt. The repayment of principal debt is an expenditure within the governmental funds, but the repayment reduces long-term liabilities, and therefore is reduction to the Statement of Activities. The District's principal repayments totaled \$110,000 for 2016.

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. This item includes the change in accrued compensated absences of \$19,385.

Basalt & Rural 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)

Changes in the District's pension asset (obligation) reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. \$36,119 represents the change in the District's net pension asset (obligation) during the year, including difference between employer contributions to the pension plans and amortization of pension-related deferrals.

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 August 25, 2015, the County Assessor sent to the District a certified assessed valuation of all taxable property within the District's boundaries. The County Assessor may change the assessed valuation on or before December 10, 2015 only once by a single notification to the District.
- (2) On or before October 15, 2015, the District's budget officer submitted to the District's Board of Directors a recommended budget which detailed the necessary property taxes needed along with other available revenues to meet the District's operating requirements.
- (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 a required publication of "Notice of Proposed Budget" and a public hearing, the District adopted the proposed budget and an appropriating resolution, which legally appropriated expenditures for the upcoming year.
- (5) 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.
- (6) All appropriations lapse at a year-end.

Basalt & Rural Fire Protection District
Notes to the Financial Statements
December 31, 2016
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

A. Budgets and Budgetary Accounting (continued)

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.

During the year, a supplemental appropriation was necessary. The Capital Projects Fund appropriation increased from \$0 to \$262,000. The budgetary comparison statements reflect the original budget and the final budget after legally authorized revisions were made.

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 \$223,232 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.

In May 1998, the District's electorate authorized the District to collect and spend all revenues received during 1997 and each subsequent year, notwithstanding the limitations of TABOR, without increasing its mill levy above current levels without further voter approval.

**Basalt & Rural 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 (continued)

In May 2002, the District's electorate approved increasing the District's mill levy from 3.255 mills to 4.950 mills for taxes collected in 2003 and subsequent.

In November 2012, the District's electorate approved increasing the District's mill levy from 4.950 mills to 8.00 mills for taxes collection in 2013 and subsequent.

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.

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 separately chartered FDIC-member financial institution, without regard to the nature of the accounts. Any remaining deposits are collateralized as required by PDPA. The carrying amount of the District's demand deposits was \$4,582,450.

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:

<u>Investments Measured at Fair Value</u>	<u>Total</u>	<u>Fair Value Measurement Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Certificates of deposit	\$ 724,639	\$ -	\$ 724,639	\$ -

Basalt & Rural 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 including U.S. Agencies and 2a7-like pools. The District's general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would expect to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative statements.

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.

At year end, the District had the following deposits and investments with the following maturities:

	Standard & Poors Rating	Carrying Amounts	Maturities	
			Less than one year	One to five years
<i>Deposits:</i>				
Petty cash	Not rated	\$ 200	\$ 200	\$ -
Checking/ savings	Not rated	4,582,250	4,582,250	-
<i>Investments:</i>				
Certificates of deposit	Not rated	724,639	-	724,639
Government Investment Pools	AAAm	1,304,000	1,304,000	-
		<u>\$ 6,611,089</u>	<u>\$ 5,886,450</u>	<u>\$ 724,639</u>

Basalt & Rural Fire Protection District
Notes to the Financial Statements
December 31, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

B. Receivables

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

	<u>General Fund</u>	<u>Debt Service</u>	<u>Total Government al Funds</u>
Current Receivables:			
Property taxes	\$ 2,730,468	\$ 298,678	\$ 3,029,146
Service Income	352,730	-	352,730
Interest	112	-	112
	<u>3,083,310</u>	<u>298,678</u>	<u>3,381,988</u>
Less: allowance for uncollectible	(70,000)	-	(70,000)
Total per Government-wide Financial Statements	<u><u>\$ 3,013,310</u></u>	<u><u>\$ 298,678</u></u>	<u><u>\$ 3,311,988</u></u>

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	\$ 291,410	\$ -	\$ -	\$ 291,410
Construction in progress	-	87,329	-	87,329
Total capital assets, not being depreciated	<u>291,410</u>	<u>87,329</u>	<u>-</u>	<u>378,739</u>
Capital assets, being depreciated:				
Fire stations and improvements	5,484,166	-	-	5,484,166
Vehicles and equipment	5,050,585	303,834	(45,509)	5,308,910
Total capital assets being depreciated	<u>10,534,751</u>	<u>303,834</u>	<u>(45,509)</u>	<u>10,793,076</u>
Less accumulated depreciation:	<u>(5,706,203)</u>	<u>(456,223)</u>	<u>45,509</u>	<u>(6,116,917)</u>
Total capital assets, being depreciated, net	<u>4,828,548</u>	<u>(152,389)</u>	<u>-</u>	<u>4,676,159</u>
Total Capital Assets, Net	<u><u>\$ 5,119,958</u></u>	<u><u>\$ (65,060)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,054,898</u></u>

Depreciation expense was charged to functions of the District as follows:

General and administrative	\$ 30,307
Fire and rescue services	177,992
Emergency medical services	64,532
District operations	176,022
Communications	7,370
Total Depreciation Expense	<u><u>\$ 456,223</u></u>

Basalt & Rural Fire Protection District
Notes to the Financial Statements
December 31, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

D. Interfund Balances and Transfers

<u>Due to:</u>	<u>Due from:</u>	<u>Amount:</u>	<u>Purpose:</u>
Bond Fund	General Fund	\$ 1,167	Property tax receipts applicable to fund
Capital Improvement	General Fund	\$ 937	Property tax receipts applicable to fund
Capital Improvement	Bond Fund	\$ 9,998	Property tax receipts applicable to fund

E. Long-term Obligations

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

1. General Obligation Refunding Bonds, Series 2016

On February 9, 2016, the District issued \$3,630,000 in General Obligation Refunding Bonds. The net proceeds of \$3,900,000, after issuance costs, were used for capital projects.

Interest with rates ranging from 2.00% to 4.00% is payable semi-annually on June 1 and December 1, with bond principal payable December 1. The Series 2016 Bonds are subject to prior redemption on December 1, 2026.

Bonds maturing on or before December 1, 2025 are not subject to redemption prior to maturity. Bonds maturing on or after December 1, 2016 are subject to redemption before maturity, at the option of the District, in whole or in part at par plus accrued interest without a redemption premium.

2. Changes in Long-term Debt Obligations

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due In One Year</u>
General Obligation Bonds 2016	\$ -	\$ 3,630,000	\$ (110,000)	\$ 3,520,000	\$ 145,000
Original issue premium	-	368,488	(33,647)	334,841	-
Compensated absences	69,386	19,383	-	88,769	35,508
Net unfunded pension liability	130,704	59,921	-	190,625	-
Total Long-term Obligations	<u>\$ 200,090</u>	<u>\$ 4,077,792</u>	<u>\$ (143,647)</u>	<u>\$ 4,134,235</u>	<u>\$ 180,508</u>

Basalt & Rural Fire Protection District
Notes to the Financial Statements
December 31, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Fund Balance Disclosure

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 following amounts were restricted at December 31, 2016:

Restricted for debt service	\$ 96,693
Restricted for emergencies	223,232
Restricted for capital projects	3,846,847
	\$ 4,166,772

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. The District's original budget legislation begins with combining historical data, assessment of needs for the upcoming year and the District's platform to review and/or make changes to each department's budget. The budget is formally presented to the Board of the District via an advertised public process for their review, revisions and final approval by year-end. All subsequent budget requests made during the year, after Board approval, must be presented via a public process and again approved by 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.

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 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

Basalt & Rural Fire Protection District
Notes to the Financial Statements
December 31, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

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

1. FPPA Statewide Defined Benefit Plan

Plan Description: The Plan 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 a rate of 8% of base salary for a total contribution rate of 16% through 2014. 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%.

Benefits: On May 23, 1983, the Colorado Revised Statutes were amended to allow the Trustees of the Plan 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.

Basalt & Rural Fire Protection District
Notes to the Financial Statements
December 31, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

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

1. FPPA Statewide Defined Benefit Plan (continued)

Benefits (continued): 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 Plan 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 Statewide Defined Benefit Plan was set at 0 percent. The reentry Separate Retirement Account contribution rate was set at 3.60 percent.

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 Plan 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 \$1,804 for its proportionate share of the net pension (liability) asset. The Plan's fiduciary net position currently exceeds the total pension liability, resulting in an asset reported by the District. The net pension (liability) asset was measured at of December 31 2015, and the total pension liability used to calculate the net pension (liability) asset was determined by an actuarial valuation as of January 1, 2015. The District's proportion of the net pension (liability) asset was based on the District's contributions to the Plan for calendar year 2015, relative to the total contributions of participating employers to the Plan.

At December 31, 2015, The District's proportionate share was .102442%, compared to .094727% at December 31, 2014.

For the year ended December 31, 2016, the District recognized net pension (revenues) expense of \$(40,288).

Basalt & Rural Fire Protection District
Notes to the Financial Statements
December 31, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

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

1. FPPA Statewide Defined Benefit Plan (continued)

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	\$ -	\$ 2,202
Change of assumptions or other inputs	28,366	-
Change in experience difference	14,606	
Net difference between projected and actual earnings on pension plan investments	91,912	-
Changes in proportionate share of contributions	-	36,680
Difference between actual and reported contributions subsequent to measurement date	43,035	-
	<u>\$ 177,919</u>	<u>\$ 38,882</u>

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 an adjustment against the net pension (liability) asset in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as a component of pension expense as follows:

Year Ended December 31,	Amortization
2017	\$ (23,714)
2018	(23,714)
2019	(23,714)
2020	(21,435)
2021	(166)
thereafter	(3,259)
	<u>\$ (96,002)</u>

Basalt & Rural Fire Protection District
Notes to the Financial Statements
December 31, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

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

1. FPPA Statewide Defined Benefit Plan (continued)

Actuarial Assumptions: The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial method	Entry Age Normal
Amortization Method	Level % of Payroll, open
Amortization Period	30 years
Long-term investment Rate of Return	7.50%
Projected Salary Increases	4.0% - 14.0%
Cost of Living Adjustments (COLA)	0.00%
Includes inflation at	2.50%

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, 2012. The actuarial assumptions impacted actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used. The date the new actuarial assumptions were effective for benefit purposes was October 1, 2012.

Effective with the January 1, 2013 valuations, the Board adopted a five-year smoothing methodology in the determination of the actuarial value of assets. Beginning in the January 1, 2014 valuations, the married assumption for active members was increased from 80% to 85% to reflect the passage of the Colorado Civil Union Act.

Basalt & Rural Fire Protection District
Notes to the Financial Statements
December 31, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

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

1. FPPA Statewide Defined Benefit Plan (continued)

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 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>	

Basalt & Rural Fire Protection District
Notes to the Financial Statements
December 31, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

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

1. FPPA Statewide Defined Benefit Plan (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 SWDB plan 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 Discount Rate (7.50%)	1% Increase (8.50%)
Collective net pension liability	\$ 246,949,671	\$ (1,762,854)	\$ (208,061,345)
Proportionate share of net pension liability	\$ 252,981	\$ (1,804)	\$ (213,143)

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.

Basalt & Rural Fire Protection District
Notes to the Financial Statements
December 31, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

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

2. Volunteer Fire and Police Pension Plan

Plan Description: The District is trustee of a single-employer defined benefit pension plan available to provide retirement income for all volunteer fire fighters in recognition of their service to the District. FPPA administers an agent multiple-employer Public Employee Retirement System (“PERS”). The 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 plan administration and investment only. FPPA issues a publicly available comprehensive annual financial report that can be obtained at http://fppaco.org/pdfs/annual_audit_actuarial_reports.

The plan provides normal retirement benefits, disability retirement and survivor benefits. The following benefit provisions were used to determine the District’s pension liability at the measurement date of December 31, 2015:

<i>Normal retirement benefit at age 50 with 20 year of service (monthly):</i>	
Regular	\$ 543.00
<i>Vested retirement benefit:</i>	
With 10 to 20 years of service amount per year of service per minimum vesting years	\$ 27.15
Minimum vesting years	10
<i>Disability retirement benefit (monthly):</i>	
Short term disability for line of duty injury amount payable for not more than 1 year	\$ 271.50
Long term disability for line of duty injury lifetime benefit	\$ 543.00
<i>Survivor benefits (monthly):</i>	
Following death before retirement eligible: due to death in line of duty as volunteer firefighter	\$ 271.50
Following death after normal retirement	\$ 271.50
Following death after vested retirement with 10 to 20 years of service amount per year of service per minimum vesting rights	\$ 13.57
Following death after disability retirement	\$ 271.50
<i>Funeral benefits (required benefit):</i>	
Funeral benefit lump sum, one time only	\$ 1,086.00

As of January 1, 2015, the latest actuarial valuation date, there were 11 active members, 37 service retirees and beneficiaries, and 2 terminated vested members.

Basalt & Rural Fire Protection District
Notes to the Financial Statements
December 31, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

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

2. Volunteer Fire and Police Pension Plan

Funding Policy: 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 \$300 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 volunteer pension fund reported a net pension liability of \$190,625. 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, 2015.

Actuarial Assumptions: The significant actuarial assumptions used in the valuation as of January 1, 2015 were:

Actuarial method	Entry Age Normal
Amortization method	Level Dollar, Open
Remaining amortization period	20 years
Asset valuation method	5-Year Smoothed Market
Includes inflation at	3.00%
Salary increases	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 Adjustment, 40% multiplier for off-duty mortality
	Post-retirement: RP-2000 Combined Mortality Table with Blue Collar Adjustment
	Disabled: RP-2000 Disabled Mortality Tables
	All tables projected with Scale AA

Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) the long-term expected rate of return on pension plan investments (7.50%), and (2) tax-exempt municipal bond rate based on an index of 20-year obligation bonds with an average AA credit rating as of the measurement date (3.65%) to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits. The resulting Single Discount Rate is 7.50%.

Basalt & Rural Fire Protection District
Notes to the Financial Statements
December 31, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

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

2. Volunteer Fire and Police Pension Plan (continued)

Regarding the sensitivity of the net pension liability/(asset) to changes in the Single Discount Rate, the following represent the plan's net pension liability/(asset), calculated using a Single Discount Rate of 7.50%, as well as what the plan's net pension liability/(asset) would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	Current Single Discount		
	1% Decrease	Rate Assumption	1% Increase
	6.50%	7.50%	8.50%
Net Pension Liability (Asset)	\$ 377,217	\$ 190,625	\$ 31,617

In connection with the District's Volunteer Fire and Police Protection Retirement Plan, the following deferred outflow of resources and deferred inflows of resources were reported at December 31, 2016:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 915	\$ -
Net difference between projected and actual earnings on pension plan investments	86,367	-
Contributions subsequent to measurement date	58,741	-
	\$ 146,023	\$ -

Contributions subsequent to the measurement date of December 31, 2014, which are reported as deferred outflows of resources related to pensions, will be recognized as a reduction of the net pension liability in subsequent years. Other amounts reported as deferred outflow of resources and deferred inflow of resources related to pensions will be recognized as a component of pension expense in future years as follows:

Year Ended December 31,	Amortization
2017	\$ 23,010
2018	22,096
2019	22,096
2020	20,080
	\$ 87,282

Basalt & Rural 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 is administered by Intercare Health Plans in Englewood, Colorado. The plan provides coverage for up to a maximum of \$25,000 for each claim, with commercial insurance providing coverage in excess of this limit.

B. Retirement Plans

1. Length of Service Award Program Volunteer Plan

In 2014, the District adopted a Length of Service Award Plan (“LOSAP”) in accordance with exclusions listed under IRC section 457. All benefits earned under LOSAP, 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. The plan was established for the purpose of providing service awards to qualified volunteer firefighters and volunteer emergency medical technicians who do not participate in the FPPA Volunteer Pension Plan, as defined.

Annually, the District determines eligible participants and amount of the service awards, although no award shall exceed \$3,000 for any given year of service. The District made contributions totaling \$28,750 to plan for the year ended December 31, 2016, in accordance with established provisions.

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

2. Defined Contribution Money Purchase Retirement Plan

The District adopted the Basalt and Rural Fire Protection District Defined Contribution Money Purchase Retirement Plan and Trust (the “Trust”) in June of 1989. This Trust is administered by ICMA. All non-responder personnel of the District are eligible to participate in the plan. The contribution rate for members is 8% of covered salaries, and for the District is 15% of covered salary. The District contributed \$91,992 for 2016.

Basalt & Rural Fire Protection District
Notes to the Financial Statements
December 31, 2016
(Continued)

V. Other Information (continued)

B. Retirement Plans (continued)

3. Section 457 Deferred Compensation Plan

The District offers its paid responder 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 4% of employee earnings. For 2016, this amount totaled \$21,476.

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.

4. Section 457 Deferred Compensation Plan - Other

The District offers its paid non-responder personnel an additional voluntary deferred compensation plan created in accordance with IRC section 457 (the "457 Plan - Other"). All compensation deferred under the 457 Plan - Other, 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 - Other 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. There are no District contributions to this plan.

The individual participants determine investment decisions within the 457 Plan - Other and, therefore, the 457 Plan - Other's investment concentration varies between participants. The District, as Trustee of the 457 Plan - Other, 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 - Other. Consequently, the 457 Plan - Other is not part of the District's financial statements.

C. Restricted Contribution

At December 31, 2016, the District is holding a \$25,000 restricted contribution from West Sopris Condominium Association. The money was given to the District to show their commitment to helping fund a new fire station in the future. The District is in the process at December 31, 2016 of applying for grant money for additional construction costs. The deposit will be returned if the grant is unsuccessful and has been included in unearned revenue.

REQUIRED SUPPLEMENTARY INFORMATION



**Basalt & Rural 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**

	<u>2016</u>			<u>2015</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Budget Variance Positive (Negative)</u>	<u>Actual</u>
Revenues:				
Property taxes	\$ 2,764,337	\$ 2,755,358	\$ (8,979)	\$ 2,269,146
Specific ownership taxes	90,000	114,713	24,713	103,592
Charges for services:				
Service income	170,400	286,527	116,127	245,127
Investment income	2,500	3,402	902	636
Grants and contributions	-	22,520	22,520	55,521
Wildfire contracts	98,018	221,013	122,995	262,604
Miscellaneous:				
Other	-	10,930	10,930	3,184
Total Revenues	<u>3,125,255</u>	<u>3,414,463</u>	<u>289,208</u>	<u>2,939,810</u>
Expenditures:				
Current:				
General and administrative	961,850	922,994	38,856	1,037,133
Fire prevention	273,438	222,000	51,438	231,569
District operations:				
Building maintenance	268,104	224,832	43,272	243,262
Personnel	140,200	76,569	63,631	72,527
Training	61,500	46,506	14,994	37,564
Communications	59,500	51,586	7,914	49,625
Equipment	136,450	97,870	38,580	147,346
Vehicle repair and maintenance	166,618	115,542	51,076	153,264
Emergency medical services	836,632	826,609	10,023	765,875
Capital Outlay:				
Capital outlay	260,000	172,388	87,612	213,833
Total Expenditures	<u>3,164,292</u>	<u>2,756,896</u>	<u>407,396</u>	<u>2,951,998</u>
Excess (Deficiency) of Revenues Over Expenditures	(39,037)	657,567	696,604	(12,188)
Other financing sources (uses):				
Sale of assets	-	3,110	3,110	18,700
Total Other Financing Sources (Uses)	<u>-</u>	<u>3,110</u>	<u>3,110</u>	<u>18,700</u>
Net Change in Fund Balance	(39,037)	660,677	699,714	6,512
Fund Balance - January 1	<u>1,807,509</u>	<u>2,172,018</u>	<u>364,509</u>	<u>2,165,506</u>
Fund Balance - December 31	<u>\$ 1,768,472</u>	<u>\$ 2,832,695</u>	<u>\$ 1,064,223</u>	<u>\$ 2,172,018</u>

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

**Basalt & Rural Fire Protection District
Special Revenue - Impact Fee 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	Final Budget Variance Positive (Negative)	Actual
Revenues:				
Impact fees	\$ 26,000	\$ 80,168	\$ 54,168	\$ 43,453
Investment income	-	-	-	34
Grants and contributions	-	-	-	34,366
Miscellaneous income	50	102	52	-
Total Revenues	<u>26,050</u>	<u>80,270</u>	<u>54,220</u>	<u>77,853</u>
Expenditures:				
Administration	-	-	-	7
Capital outlay	50,000	-	50,000	125,000
Total Expenditures	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>125,007</u>
Net Change in Fund Balance	(23,950)	80,270	104,220	(47,154)
Fund Balance - January 1	<u>96,209</u>	<u>86,402</u>	<u>(9,807)</u>	<u>133,556</u>
Fund Balance - December 31	<u>\$ 72,259</u>	<u>\$ 166,672</u>	<u>\$ 94,413</u>	<u>\$ 86,402</u>

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

**Basalt & Rural Fire Protection District
Capital Projects 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			Final Budget Variance Positive (Negative)	2015
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Investment income	\$ -	\$ 50	\$ -	\$ (50)	\$ -
Total Revenues	<u>-</u>	<u>50</u>	<u>-</u>	<u>(50)</u>	<u>-</u>
Expenditures:					
Administration	-	12,000	11,048	952	-
Debt issuance costs	-	90,000	88,490	1,510	-
Capital outlay	-	250,000	218,775	31,225	-
Total Expenditures	<u>-</u>	<u>352,000</u>	<u>318,313</u>	<u>33,687</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	-	(351,950)	(318,313)	33,637	-
Other financing sources (uses):					
Bond proceeds	-	3,630,000	3,630,000	-	-
Bond premium proceeds	-	370,000	368,488	(1,512)	-
Total other financing sources (uses)	<u>-</u>	<u>4,000,000</u>	<u>3,998,488</u>	<u>(1,512)</u>	<u>-</u>
Net Change in Fund Balance	-	3,648,050	3,680,175	32,125	-
Fund Balance - January 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - December 31	<u>\$ -</u>	<u>\$ 3,648,050</u>	<u>\$ 3,680,175</u>	<u>\$ 32,125</u>	<u>\$ -</u>

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

Basalt & Rural Fire Protection District
Schedule of Employer's Proportionate Share of Net Pension Asset / Liability
Fire and Police Pension Association of Colorado
Last 10 Fiscal Years *

<u>Employer Plan:</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's portion of the net pension asset	0.102442%	0.094727%	0.055657%
District's proportionate share of the net pension asset	\$ 1,804	\$ 106,906	\$ 49,767
District's covered payroll	496,738	425,975	241,750
District's proportionate share of the net pension asset as a percentage of its covered payroll	0%	25%	21%
Plan fiduciary net position as a percentage of the total pension asset	100.10%	106.80%	105.80%
<u>Volunteer Plan:</u>	<u>2015</u>	<u>2014</u>	
Total Pension Liability			
Service Cost	\$ 13,851	\$ 32,402	
Interest on the Total Pension Liability	140,886	139,873	
Difference between Expected and Actual Experience	-	2,975	
Benefit Payments	<u>(158,179)</u>	<u>(147,295)</u>	
Net Change in Total Pension Liability	(3,442)	27,955	
Total Pension Liability - Beginning	<u>1,949,333</u>	<u>1,921,378</u>	
Total Pension Liability - Ending (a)	<u>\$ 1,945,891</u>	<u>\$ 1,949,333</u>	
Plan Fiduciary Net Position			
Employer Contributions	\$ 57,207	\$ 91,562	
Pension Plan Net Investment Income	32,464	119,238	
Benefit Payments	(158,179)	(147,295)	
Pension Plan Administrative Expense	(5,077)	(3,111)	
State of Colorado supplemental discretionary payment	<u>10,222</u>	<u>10,222</u>	
Net Change in Plan Fiduciary Net Position	(63,363)	70,616	
Plan Fiduciary Net Position - Beginning	<u>1,818,629</u>	<u>1,748,013</u>	
Plan Fiduciary Net Position - Ending (b)	<u>\$ 1,755,266</u>	<u>\$ 1,818,629</u>	
Net Pension Liability - Ending (a) - (b)	<u>\$ 190,625</u>	<u>\$ 130,704</u>	
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	90.20%	93.29%	

* 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 2014 for the employer plan, and fiscal year 2015 for the volunteer plan.

Notes to the Schedule of Employer's Proportionate Share of the Net Pension Asset / Liability 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.

**Basalt & Rural Fire Protection District
Schedule of District Contributions
Fire and Police Pension Association of Colorado
Last 10 Fiscal Years ***

Employer Plan:

	2015	2014	2013
Contractually required contribution	\$ 39,739	\$ 34,078	\$ 19,340
Contributions in relation to the contractually required contribution	<u>(39,739)</u>	<u>(34,078)</u>	<u>(19,340)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	496,738	425,975	241,750
Contributions as a percentage of covered payroll	8.00%	8.00%	8.00%

Volunteer Plan:

	2015	2014	2013
Actuarially determined contribution	\$ 52,375	\$ 52,375	\$ 52,375
Actual contribution, including State of Colorado discretionary payment	<u>(67,429)</u>	<u>(101,784)</u>	<u>(34,141)</u>
Contribution deficiency (excess)	<u>\$ (15,054)</u>	<u>\$ (49,409)</u>	<u>\$ 18,234</u>

* 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 2014.

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.

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

SUPPLEMENTARY INFORMATION



**Basalt & Rural Fire Protection District
Debt Service 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	Final Budget Variance Positive (Negative)	Actual
Revenues:				
Property tax	\$ 296,402	\$ 295,449	\$ (953)	\$ 263,888
Specific ownership taxes	11,000	12,300	1,300	12,047
Investment income	100	61	(39)	228
Total Revenues	307,502	307,810	308	276,163
Expenditures:				
Principal	206,750	110,000	96,750	275,000
Interest	76,750	90,987	(14,237)	9,625
Paying agent fees	-	2,260	(2,260)	338
County Treasurer's fees	11,200	11,335	(135)	10,147
Total Expenditures	294,700	214,582	80,118	295,110
Net Change in Fund Balance	12,802	93,228	80,426	(18,947)
Fund Balance - Beginning	-	3,465	3,465	22,412
Fund Balance - Ending	\$ 12,802	\$ 96,693	\$ 83,891	\$ 3,465

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