



**Financial Statements
December 31, 2016**



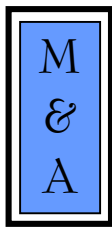
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By Justin L. Smith at 4:41 pm, Apr 19, 2017

**Carbondale and Rural Fire Protection District
Financial Report
December 31, 2016**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors Carbondale and Rural Fire Protection District Carbondale, Colorado

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Carbondale and 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.

Member: American Institute of Certified Public Accountants

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Other Matters

The District has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be a part of, the basic financial statements. Our opinions on the basic financial statements are not affected by the missing information.

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

Accounting principles generally accepted in the United States of America require that the Schedule of Changes in Net Pension Asset / Liability, Schedule of Employer's Proportionate Share of the Net Pension Asset / Liability and the Schedules of District Contributions in section D, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

McMahan and Associates, L.L.C.

**McMahan and Associates, L.L.C.
April 18, 2017**

FINANCIAL STATEMENTS

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

Governmental Funds Balance Sheet						
	General Fund	Debt Service	Capital Projects I	Total	Adjustments	Statement of Net Position
Assets:						
Cash and cash equivalents	750,940	-	635,417	1,386,357	-	1,386,357
Restricted cash	553,187	-	-	553,187	-	553,187
Investments	-	115,534	-	115,534	-	115,534
Due from County Treasurer	13,737	-	-	13,737	-	13,737
Assessed taxes receivable	2,580,176	626,682	-	3,206,858	-	3,206,858
Accounts receivable, net of allowance of \$46,352	41,050	-	-	41,050	-	41,050
Due to/from other fund	(5,699)	6,573	-	874	-	874
Net pension asset - hybrid plan	-	-	-	-	72,704	72,704
Net pension asset - defined benefit plan	-	-	-	-	4,443	4,443
Capital assets, net of accumulated depreciation	-	-	-	-	7,409,407	7,409,407
Total Assets	3,933,391	748,789	635,417	5,317,597	7,486,554	12,804,151
Deferred Outflows of Resources:						
Pension related deferred outflows	-	-	-	-	697,761	697,761
Total Deferred Outflows	-	-	-	-	697,761	697,761
Total Assets and Deferred Outflows	3,933,391	748,789	635,417	5,317,597	8,184,315	13,501,912
Liabilities:						
Accounts payable and accrued liabilities	47,389	-	1,500	48,889	-	48,889
Accrued interest payable	-	-	-	-	13,869	13,869
Compensated absences	-	-	-	-	164,608	164,608
Loan payable:						
Due within one year	-	-	-	-	89,951	89,951
Due in more than one year	-	-	-	-	425,128	425,128
Bonds payable:						
Due within one year	-	-	-	-	445,000	445,000
Due in more than one year	-	-	-	-	3,630,000	3,630,000
Net pension liability - volunteer plan	-	-	-	-	427,636	427,636
Total Liabilities	47,389	-	1,500	48,889	5,196,192	5,245,081
Deferred Inflows of Resources:						
Unavailable property tax revenues	2,580,176	626,682	-	3,206,858	-	3,206,858
Pension related deferred inflows	-	-	-	-	91,200	91,200
Total Deferred Inflows of Resources	2,580,176	626,682	-	3,206,858	91,200	3,298,058
Fund Balances / Net Position:						
Fund Balances:						
Restricted for emergencies	79,508	-	-	79,508	(79,508)	-
Restricted for debt covenant	553,187	-	-	553,187	(553,187)	-
Assigned	-	122,107	633,917	756,024	(756,024)	-
Unassigned	673,131	-	-	673,131	(673,131)	-
Total Fund Balances	1,305,826	122,107	633,917	2,061,850	(2,061,850)	-
Total Liabilities, Deferred Inflows and Fund Balances	3,933,391	748,789	635,417	5,317,597		
Net Position:						
Invested in capital assets, net of related debt					3,334,407	3,334,407
Restricted for emergencies					79,508	79,508
Restricted for debt covenant					553,187	553,187
Unrestricted					991,671	991,671
Total Net Position					4,958,773	4,958,773

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

Carbondale and Rural Fire Protection District
Governmental Funds 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	Debt Service	Capital Projects I	Total	Adjustments	Statement of Activities
Revenues:						
Property taxes	2,540,175	623,438	-	3,163,613	-	3,163,613
Abated taxes	8,370	2,062	-	10,432	-	10,432
Specific ownership taxes	153,346	-	-	153,346	-	153,346
Interest on delinquent taxes	6,701	-	-	6,701	-	6,701
Charges for services:						
Emergency medical services	224,456	-	-	224,456	162,208	386,664
Investment income	76	646	142	864	-	864
Grants and contributions	2,189	-	70,836	73,025	-	73,025
Wildfire contracts	82,601	-	-	82,601	-	82,601
Impact fees	-	-	23,360	23,360	-	23,360
Miscellaneous:						
Training tuitions	225	-	-	225	-	225
Building rentals	5,625	-	-	5,625	-	5,625
Other	29,934	-	84,000	113,934	-	113,934
Total Revenues	3,053,698	626,146	178,338	3,858,182	162,208	4,020,390
Expenditures/Expenses:						
Personnel services	2,165,807	-	-	2,165,807	(75,623)	2,090,184
General and administrative	201,317	14,490	6,863	222,670	5,906	228,576
Provision for uncollectible EMS charges	-	-	-	-	162,208	162,208
Firefighting	35,667	-	-	35,667	114,253	149,920
Emergency medical services	41,339	-	-	41,339	31,784	73,123
Communications	40,054	-	-	40,054	2,513	42,567
Training	32,534	-	-	32,534	-	32,534
Equipment	74,302	-	-	74,302	-	74,302
Other	17,508	-	-	17,508	-	17,508
Station	97,957	-	-	97,957	132,224	230,181
Capital outlay	-	-	187,455	187,455	(147,088)	40,367
Debt service:						
Principal	-	334,465	87,692	422,157	(422,157)	-
Interest	-	271,335	14,346	285,681	(9,077)	276,604
Total Expenditures/Expenses	2,706,485	620,290	296,356	3,623,131	(205,057)	3,418,074
Excess (Deficiency) of Revenues Over Expenditures / Change in Net Position	347,213	5,856	(118,018)	235,051	367,265	602,316
Other Financing Sources (Uses):						
Transfers in (out)	(100,000)	-	100,000	-	-	-
Total Other Financing Sources (Uses)	(100,000)	-	100,000	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	247,213	5,856	(18,018)	235,051	(235,051)	
Changes in Net Position					602,316	602,316
Fund Balances/Net Position:						
Beginning of Year	1,058,613	116,251	651,935	1,826,799		4,356,457
End of Year	1,305,826	122,107	633,917	2,061,850		4,958,773

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

NOTES TO THE FINANCIAL STATEMENTS

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2016

I. Summary of Significant Accounting Policies

The Carbondale and 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 fire protection within Carbondale and the surrounding area.

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—invested in capital assets; restricted net position; and unrestricted net position.

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.

Carbondale and 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. 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.

The District reports the following governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources not required to be accounted for in another fund.

The *Debt Service Fund* accounts for property taxes levied for debt payment on general obligation bonds.

The *Capital Projects Fund I* 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.

2. Current Financial Focus and Modified Accrual Basis

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

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

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts

1. Cash and Cash Equivalents

Cash and cash equivalents are defined as deposits that can be withdrawn at any time without notice or penalty and investments with original maturities of three months or less.

2. Investments

Investments are stated at fair value.

3. 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.

4. Property Taxes

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

5. Interfund Receivables and Payables

Balances at year-end between funds are reported as "internal receivables" and "internal payables" in the fund financial statements and are eliminated in the government-wide financial statements.

6. Capital Assets

Capital assets, which include land, fire stations and improvements, equipment, and vehicles, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial cost of \$500 or more and an estimated useful life in excess of five years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

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

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

Assets	Years
Buildings	15 - 40
Equipment	5 - 20

Carbondale and 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. Pensions

The District participates in the Statewide Hybrid Plan and the Statewide Defined Benefit Plan, both administered by the Fire and Police Pension Association of Colorado ("FPPA"). The Statewide Hybrid Plan is comprised of two components: Defined Benefit and Money Purchase. The Statewide Defined Benefit Plan is a cost-sharing multiple-employer defined benefit pension plan. The District also sponsors an agent multiple employer defined benefit plan for its volunteer firefighters. The net pension 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.

8. Compensated Absences

The District permits employees to accumulate earned but unused vacation time, subject to certain limits in amount. Accumulated, unpaid time is accrued when incurred in the government-wide financial statements.

9. 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.

10. Deferred Inflows and Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The District has multiple items that qualify for reporting in this category, which are the pension-related deferred outflows reported in the government-wide statement of net position.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for this type of reporting, pension-related deferred inflows and unavailable revenues from property taxes.

Carbondale and 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)

11. Fund Balance

The District classifies governmental fund balances as follows:

Non-spendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.

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.

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 Directors.

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 Directors or its management designee.

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

The District uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the District first uses committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The District does not have a formal minimum fund balance policy. However, the District's budget includes a calculation of a targeted reserve position and management calculates targets and reports them annually to the Board of Directors.

12. Use of Estimates

The preparation of financial statements in 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.

Carbondale and 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 Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the government-wide Statement of Activities

Governmental funds report 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. The positive numbers below represent depreciation expense while the negative number represents capital outlay.

General and administrative:	
Depreciation	\$ 5,906
Firefighting:	
Depreciation	114,253
Emergency medical services:	
Depreciation	31,784
Communications:	
Depreciation	2,513
Station:	
Depreciation	132,224
Capital outlay:	
Assets capitalized	(62,588)

Some expenses reported in the Statement of Activities, including the provision for uncollectible ambulance revenue and the change in accrued compensated absences, do not require the use of current financial resources and therefore are not recorded as expenditures in governmental funds. The provision for uncollectible ambulance revenues is netted against total EMS charges in governmental funds, representing collections under the modified accrual basis.

Pension income	\$ 30,387
Personnel services (compensated absences)	(9,796)
Net adjustment to personnel services expense	<u>\$ 20,591</u>
Provision for uncollectible EMS charges	\$ 162,208

The issuance of long-term debt (e.g., leases and bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The negative \$422,157 adjustment represents \$334,465 repayment of bond principal and \$87,692 repayment of principal on the capital lease.

Governmental funds report bond interest when paid; while the Statement of Activities accrues interest expense as incurred. Below is the adjustment for accrued interest:

Accrued interest	\$ 9,077
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Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2016
(Continued)

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. 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 estimate 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.

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 (no 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.

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.

Carbondale and 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)

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.

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.

The District's voters approved the following ballot question on May 7, 1996:

Shall Carbondale and Rural Fire Protection District's taxes be increased \$169,782 annually (maximum first full fiscal year dollar increase) beginning January 1, 1997, and by whatever additional amounts are raised annually thereafter by an ad valorem property tax levy of one and sixty-nine hundredths (1.69) mill, to be in excess of property tax revenues that would be provided by the District's operating mill levy otherwise permitted under state law without such increase (making the District's total maximum operating mill levy six and two hundred fifty-nine thousandths (6.259) mills, to constitute a voter-approved revenue and spending change?

The District's voters approved the following ballot question on November 5, 2002:

Shall the Carbondale and Rural Fire Protection District be authorized to collect, retain and expend the full revenues generated each year subsequent to 2002, to receive and expend state grants, and to receive and expend all property tax revenues for capital projects and general obligations without limiting in any year the amount of other revenue that may be collected and spent by the Carbondale and Rural Fire Protection District?

Nothing herein shall permit any increase in the property tax mill levy imposed by the Carbondale and Rural Fire Protection District without the express approval of the voters within the District's boundaries.

The District's voters approved the following ballot questions on May 4, 2004:

Shall Carbondale and Rural Fire Protection District taxes be increased up to \$415,000 annually (for collection in calendar year 2005) and by such additional amounts raised annually, thereafter by an ad valorem property tax mill levy imposed for District operations, training, and maintenance at a rate of 1.5 mills, which increase shall be in addition to the mill levy currently imposed by the District; and shall the revenue from such taxes constitute permanent voter-approved revenue changes within the meaning of Article X, Section 20 of the Colorado Constitution and an exception to the limitations set forth in Section 29-1-301 of the Colorado Revised Statutes?

Carbondale and 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)

Shall Carbondale and Rural Fire Protection District Debt be increased up to \$6,750,000, with a maximum repayment cost of up to \$11,500,000, and shall District taxes be increased up to \$625,000 annually for the purpose of financing the costs of providing fire protection and services, such debt to consist of the issuance and payment of general obligation bonds, which bonds shall bear interest at a maximum net effective interest rate not to exceed 5.5% per annum and be issued, dated and sold at such time or times, at such prices and in such manner and containing such terms, not inconsistent herewith, as the Board of Directors may determine; shall ad valorem property taxes be levied in any year, without limitation as to rate or amount, to pay the principal of, premium if any, and interest on such bonds as the same become due; and shall any earnings on the investment of the revenues from such taxes and on the proceeds of such bonds (regardless of amount) constitute a voter-approved revenue change within the meaning of Article X, Section 20 of the Colorado Constitution?

The District's voters approved the following ballot question on November 1, 2011:

Shall Carbondale and Rural Fire Protection District taxes be increased by \$775,236 annually for a limited two-year period, beginning in tax collection year 2012, continuing each year through tax collection year 2013 and terminating thereafter, with such increase to be deposited in the General Fund for the purpose of funding the costs of, among other things: maintaining current levels of essential firefighting and paramedic services by an additional property tax to be levied at a rate sufficient to produce \$775,236 (such mill levy to be in addition to the mill levy currently imposed by the District) as a voter-approved revenue change under Article X, Section 20 of the Colorado Constitution and authorization to exceed the limitation contained in Section 29-1-301 of the Colorado Revised Statutes?

The District's voters approved the following ballot question on November 3, 2015:

Shall Carbondale and Rural Fire Protection District taxes be increased by \$595,204 annually for a limited two-year period (for tax collection years 2016 and 2017) only with such increase to be deposited in the General Fund for the purpose of funding the costs of, among other things, maintaining current levels of essential firefighting and paramedic services, by a property tax to be levied at a rate of 1.75 mills (such mill levy to be in addition to the mill levy currently imposed by the district) as a voter-approved revenue change under Article X, Section 20 of the Colorado Constitution and authorization to exceed the limitation contained in section 29-1-301 of the Colorado Revised Statutes?

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.

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

IV. Detailed Notes on All Funds

A. Deposits and Investments

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

There were no investments requiring disclosure in the fair value hierarchy.

The Investment Pool represents investments in CSAFE. The fair value of the pool is determined by the pool's share price. The District has no regulatory oversight for the pool. At December 31, 2016, the District's investments in CSAFE were 100% of the District's investment portfolio.

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 and type of issuer. The District coordinates its investment maturities to closely match cash flow needs and restricts the maximum investment term to less than five years (less in some cases) from the purchase date. As a result of the limited length of maturities the District has limited its interest rate risk.

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

Concentration of Credit Risk The District diversifies its investments by security type and institution. Financial institutions holding District funds must provide the District a copy of the certificate from the Banking Authority that states that the institution is an eligible public depository.

The District had the following cash and investments with the following maturities:

	Standard & Poors Rating	Carrying Amounts	Maturities	
			Less than one year	Less than five years
Deposits	Not rated	\$ 1,939,537	1,939,537	-
Investment pool	AAAm	115,536	115,536	-
		<u>\$ 2,055,073</u>	<u>2,055,073</u>	<u>-</u>

B. Interfund Balances and Transfers

There was the following interfund transfer during 2016:

Transferred to:	Transferred from:	Amount	Purpose
Capital Projects I	General Fund	\$ 100,000	Annual transfer to CPF

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

IV. Detailed Notes on All Funds (continued)

B. Interfund Balances and Transfers

Interfund balances at December 31, 2016 were as follows:

<u>Due to:</u>	<u>Due from:</u>	<u>Amount</u>	<u>Purpose</u>
Debt Service	General	\$ 6,573	Short-term posting
Pension	General	\$ 874	differences

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	\$ 934,887	-	-	934,887
Total capital assets, not being depreciated	934,887	-	-	934,887
Capital assets, being depreciated:				
Fire stations and improvements	7,231,385	-	-	7,231,385
Vehicles and equipment	4,413,069	147,088	-	4,560,157
Total capital assets being depreciated	11,644,454	147,088	-	11,791,542
Less accumulated depreciation:				
Fire stations and improvements	(1,800,715)	(131,327)	-	(1,932,042)
Vehicles and equipment	(3,229,626)	(155,354)	-	(3,384,980)
Total accumulated depreciation	(5,030,341)	(286,681)	-	(5,317,022)
Total capital assets, being depreciated, net	6,614,113	(139,593)	-	6,474,520
Total Capital Assets, Net	\$ 7,549,000	(139,593)	-	7,409,407

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

General and administrative	\$ 5,906
Firefighting	114,253
Emergency medical services	31,784
Communications	2,513
Station	132,224
Total Depreciation Expense	<u>\$ 286,681</u>

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

IV. Detailed Notes on All Funds (continued)

D. Long-term Obligations

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

1. General Obligation Bonds, Series 2007

On September 27, 2007, the District issued \$5,579,998 in General Obligation Refunding Bonds, Series 2007, dated September 27, 2007. The Bonds have an interest rate of 4% and consist of \$5,495,000 of Current Interest Bonds and \$84,998 of Capital Appreciation Bonds. The Bonds are payable semi-annually on June 1 and December 1, with bond principal payable December 1.

The Bonds were issued to refund all \$635,000 of the Series 1996 Bonds and \$4,700,000 of the Series 2004 Bonds, leaving \$1,825,000 of the Series 2004 Bonds outstanding and payable by the District. The difference in the cash flows between the old debt and the new debt resulted in a present value savings to the District on the refunding of \$143,469.

The Bonds were sold with a reoffering premium of \$305,045, the proceeds of which were used to pay most of the \$319,177 difference between the reacquisition price and the lower net book value of the refunded Series 2004 Bonds.

2. \$900,000 Loan Payable

On May 23, 2012, the District incurred a loan payable to Alpine Bank whereby the District received \$900,000 to purchase an aerial ladder truck and tender truck for \$701,877 and \$172,092, respectively. The District assigned \$1,120,500 cash held at Alpine Bank as collateral for the loan, which is payable in 120 monthly installments of \$8,503.18, including variable rate interest at 2.5% over the Alpine Bank Money Market Rate, with the final installment of all unpaid principal and interest due on May 23, 2022.

3. Schedule of Debt Service Requirements

	GO Bonds		Loan Payable	
	Principal	Interest	Principal	Interest
2017	445,000	163,000	89,951	12,087
2018	460,000	145,200	92,268	9,770
2019	480,000	126,800	94,645	7,393
2020	495,000	107,600	97,083	4,955
2021	515,000	87,800	99,584	2,454
2022-2024	1,680,000	136,000	41,548	269
Total	4,075,000	766,400	515,079	36,928

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

IV. Detailed Notes on All Funds (continued)

D. Long-term Obligations (continued)

4. Changes in Long-term Obligations

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
GO Bonds:					
2007	4,409,465	-	(334,465)	4,075,000	445,000
Loan Payable	602,771	-	(87,692)	515,079	89,951
Total Long Term Debt	<u>5,012,236</u>	<u>-</u>	<u>(422,157)</u>	<u>4,590,079</u>	<u>534,951</u>
Compensated absences	154,812	9,796	-	164,608	41,152
Total Long-term Obligations	<u>\$ 5,167,048</u>	<u>9,796</u>	<u>(422,157)</u>	<u>4,754,687</u>	<u>576,103</u>

E. Pension 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 9% and 8% of base salary for a total contribution rate of 17% through 2016. In 2014, the members elected to increase the member contribution rate 0.5% annually from 2015 through 2022 to a total of 12% of base salary. Employer contributions will remain at 8% resulting in a combined contribution rate of 20% in 2022.

Contributions from members and employers of plans re-entering the system are established by resolution and approved by the FPPA Board of Directors. The reentry group has a combined contribution rate of 20.5% of base salary through 2015. 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%.

The contribution rate for members and employers of affiliated social security employers is 4.25% and 4% of base salary for a total contribution rate of 8.25% in 2015. Per the 2014 member election, the affiliated social security group will also have their required member contribution rate increase 0.25% annually beginning in 2015 through 2022 to a total of 6% of base salary. Employer contributions will remain at 4% resulting in a combined contribution rate of 10% in 2022.

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

IV. Detailed Notes on All Funds (continued)

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

1. FPPA Statewide Defined Benefit Plan (continued)

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. The benefit earned prior to January 1, 2007 for members of affiliated Social Security employers will be reduced by the amount of Social Security income payable to the member annually. Effective January 1, 2007, members currently covered under Social Security will receive half the benefit when compared to the Statewide Defined Benefit Plan. Benefits paid to retired members are evaluated and may be re-determined every October 1. The amount of any increase is based on the Board's discretion and can range from 0 to the higher of 3 percent or the Consumer Price Index.

In addition, upon retirement a member may receive additional benefits credited to the member's "Separate Retirement Account" each year after January 1, 1988. These are attributable to contributions in excess of the actuarially determined pension cost and the allocation of the net Fire & Police Members' Benefit Investment Fund earnings and losses thereon. Members do not vest in amounts credited to their Separate Retirement Account until retirement, and the 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.

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

IV. Detailed Notes on All Funds (continued)

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

1. FPPA Statewide Defined Benefit Plan (continued)

Net Pension Asset at December 31, 2016, the District reported an asset of \$4,443 for its proportionate share of the net pension liability. (The District reported an asset because the Plan's fiduciary net position currently exceeds the total pension liability.) The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016. The District proportion of the net pension liability was based on District contributions to the Plan for the calendar year 2015 relative to the total contributions of participating employers to the Plan.

At December 31, 2015, the District proportion was 0.252046% as compared to 0.259341% at December 31, 2014.

For the year ended December 31, 2016, the District recognized pension expense of \$24,039. At December 31, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 35,935	5,246
Changes of assumptions or other inputs	69,790	-
Net difference between projected and actual earnings on pension plan investments	226,138	-
Difference between actual and reported contributions recognized	-	3,266
Changes in proportionate share of contributions	32,880	-
Contributions subsequent to the measurement date	94,889	-
Total	<u>\$ 459,632</u>	<u>8,512</u>

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

IV. Detailed Notes on All Funds (continued)

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

1. FPPA Statewide Defined Benefit Plan (continued)

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

Year ending December 31:		
2017	\$	72,228
2018		72,228
2019		72,228
2020		66,621
Thereafter		72,926
	\$	<u>356,231</u>

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

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

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

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

IV. Detailed Notes on All Funds (continued)

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

1. FPPA Statewide Defined Benefit Plan (continued)

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

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

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

Asset Class	Target Allocation	Long Term Expected Rate of Return
Global Equity	37%	6.5%
Equity Long/Short	10%	4.7%
Illiquid Alternatives	20%	8.0%
Fixed Income	16%	1.5%
Absolute Return	11%	4.1%
Managed Futures	4%	3.0%
Cash	2%	0%*
Total	100%	

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

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

IV. Detailed Notes on All Funds (continued)

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

1. FPPA Statewide Defined Benefit Plan (continued)

Actuarial Assumptions (continued) The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the 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 (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Proportionate share of net pension liability (asset)	622,426	(4,443)	(524,410)

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.

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

IV. Detailed Notes on All Funds (continued)

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

2. FPPA Statewide Hybrid Plan

Plan Description The Plan was established January 1, 2004 as a cost-sharing multiple-employer pension plan covering full-time firefighters and police officers from departments that elect coverage. The Plan may also cover clerical staff or other fire district personnel whose services are auxiliary to fire protection. The Plan is comprised of two components: Defined Benefit and Money Purchase. With the latter component, employees have the option of choosing among various mutual funds offered by an outside investment manager. The Plan currently has 34 participating employer departments.

Employers may not withdraw from the Plan once affiliated. The Plan assets associated with the Defined Benefit component are included in the Fire & Police Members' Benefit Investment Fund and the Plan assets associated with the Money Purchase component and Deferred Retirement Option Plan "DROP" assets are included in the Fire & Police Members' Self-Directed Investment Fund.

Contributions The Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. The members of this Plan and their employers are currently each contributing at the rate determined by the individual employer, however, the rate for both employer and members must be at least 8 percent of the member's base salary. The amount allocated to the Defined Benefit Component is set annually by the Fire & Police Pension Association Board of Directors. Excess contributions fund the Money Purchase Component of the Plan. The Defined Benefit Component contribution rate from July 1, 2015 through June 30, 2016 is 12.6 percent. The Defined Benefit Component contribution rate from July 1, 2014 through June 30, 2015 was 12.5 percent.

Within the Money Purchase Component, members are always fully vested in their own contributions, as well as the earnings on those contributions. Vesting in the employer's contributions within the Money Purchase Component, and earnings on those contributions occurs according to the vesting schedule set by the plan document at 20 percent per year after the first year of service to be 100 percent vested after 5 years of service. Employer and member contributions are invested in funds at the discretion of members.

A member may elect to make voluntary after-tax contributions to the Money Purchase Component of the Plan.

Benefits The Plan document states that any member may retire from further service and become eligible for a normal retirement pension at any time after age 55, if the member has at least 25 years of service.

The annual normal pension of the Defined Benefit Component is 1.5 percent of the average of the member's highest three years' base salary for each year of credited service. Benefits paid to retired members of the Defined Benefit Component are evaluated and may be re-determined annually on October 1. The amount of any increase is based on the Board's discretion and can range from 0 to 3 percent.

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

IV. Detailed Notes on All Funds (continued)

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

2. FPPA Statewide Hybrid Plan (continued)

Benefits (continued) A member is eligible for early retirement at age 50 or after of 30 years of service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, a member may elect to have all contributions, along with 5 percent as interest, returned as a lump sum distribution from the Defined Benefit Component.

Alternatively, a member with at least five years of accredited service may leave contributions with the Defined Benefit Component of the Plan and remain eligible for a retirement pension at age 55 equal to 1.5 percent of the average of the member's highest three years' base salary for each year of credited service. In addition, upon termination, the vested account balance within the Money Purchase Component becomes available to the member.

Net Pension Asset At December 31, 2016, the District reported an asset of \$72,704 for its proportionate share of the net pension liability. (The District reported an asset because the Plan's fiduciary net position exceeds the total pension liability.) The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016. The District proportion of the net pension liability was based on District contributions to the Plan for the calendar year 2015 relative to the total contributions of participating employers to the Plan.

At December 31, 2015, the District proportion was 0.690260% as compared to 0.655657% at December 31, 2014.

For the year ended December 31, 2016, the District recognized pension expense of \$(38,791.06). At December 31, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred inflows of Resources</u>
Difference between expected and actual experience	\$ 21,753	-
Changes of assumptions or other inputs	3,838	-
Net difference between projected and actual earnings on pension plan investments	15,181	-
Difference between actual and reported contributions recognized	10,264	-
Changes in proportionate share of contributions	-	4,176
Contributions subsequent to the measurement date	21,335	-
Total	<u>\$ 72,372</u>	<u>4,176</u>

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

IV. Detailed Notes on All Funds (continued)

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

2. FPPA Statewide Hybrid Plan (continued)

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

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending December 31:

2017	\$	8,042
2018		8,042
2019		8,042
2020		7,724
Thereafter		15,012
	\$	<u>46,862</u>

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

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

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.

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

IV. Detailed Notes on All Funds (continued)

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

2. FPPA Statewide Hybrid Plan (continued)

Actuarial Assumptions (continued) The assumption changes were effective for actuarial valuations beginning January 1, 2016. Actuarial assumptions effective for actuarial valuation prior to January 1, 2016 were used in the determination of the actuarially determined contributions as of December 31, 2015. The actuarial assumptions impact actuarial factors for the benefit purposes such as purchases of service credit and other benefits where actuarial factors are used

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

Asset Class	Target Allocation	Long Term Expected Rate of Return
Global Equity	37%	6.5%
Equity Long/Short	10%	4.7%
Illiquid Alternatives	20%	8.0%
Fixed Income	16%	1.5%
Absolute Return	11%	4.1%
Managed Futures	4%	3.0%
Cash	2%	0%*
Total	<u>100%</u>	

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

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 SWH 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).

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

IV. Detailed Notes on All Funds (continued)

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

2. FPPA Statewide Hybrid Plan (continued)

Discount rate (continued) For the purpose of this valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.57% (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 asset (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 (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Proportionate share of net pension liability (asset)	(42,103)	(72,704)	(98,286)

3. Volunteer Pension Fund

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.

Plan Description The District is trustee of an agent multiple-employer defined benefit pension plan available to provide retirement income for volunteer fire fighters in recognition of their service to the District. The plan is directed by a Board of Trustees composed of the Board of Directors and volunteer firefighters selected in accordance with Colorado State Statutes. The plan is administered by the Fire and Police Pension Association of Colorado.

The plan provides for a monthly pension for volunteers who have satisfied the normal age and service requirements and pro rata pensions for volunteers who have satisfied the normal age, but only a portion of the service requirement. It further provides death benefits and a partial pension (50% of the amount the volunteer has earned) for surviving spouses. The normal age and service requirement is the latest date a volunteer reaches 50 years of age or completes 20 years of service. As of December 31, 2015, the latest actuarial valuation date, there were 62 active members, 42 retirees and beneficiaries, and 7 inactive, non-retired members.

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

IV. Detailed Notes on All Funds (continued)

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

3. Volunteer Pension Fund (continued)

Benefits The normal retirement benefit is \$500 per month at age 50 with 20 years of service. After at least 10 years of service, the monthly retirement benefit is \$25 per year of service up to 20 service years. The monthly short term disability benefit for line of duty injury is \$250 for not more than one year. The monthly long term disability benefit for line of duty injury is \$500 for lifetime. The monthly survivor benefits are \$250 following death in line of duty, following death in normal retirement, and following death after disability retirement. The monthly survivor benefit after at least 10 years of service is \$12.50 per year of service up to 20 service years. The funeral benefit is a one-time only \$1,000.

Contributions The funding of the plan by the District and members is authorized by the Board of Trustees. The contribution by the State of Colorado (the "State") toward fire pension funds has been a fixed dollar amount established by the legislature and allocated pro rata to all fire pension funds in the State who apply for State matching funds, based upon the amounts contributed by the employer up to a maximum of one half (1/2) mill on the assessed valuation or 90% of District contributions, whichever is less. Since the District currently offers maximum retirement benefits of \$500 or more 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 \$427,636. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016.

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

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open*
Remaining Amortization Period	20 years*
Asset Valuation Method	5-year smoothed market
Inflation	3%
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 Table with Blue Collar Adjustment, 40% multiplier for off-duty mortality. Post-retirement: RP-2000 Combined Mortality Table, with Blue Collar adjustment. Disabled: RP-2000 Disabled Mortality Table. All tables projected with Scale AA.

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

IV. Detailed Notes on All Funds (continued)

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

3. Volunteer Pension Fund (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:

Asset Class	Target Allocation	Long Term Expected Rate of Return
Global Equity	37%	6.5%
Equity Long/Short	10%	4.7%
Illiquid Alternatives	20%	8.0%
Fixed Income	16%	1.5%
Absolute Return	11%	4.1%
Managed Futures	4%	3.0%
Cash	2%	0%*
Total	100%	

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

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

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

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:

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

IV. Detailed Notes on All Funds (continued)

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

3. Volunteer Pension Fund (continued)

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Proportionate share of net pension liability (asset)	702,561	427,636	196,540

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

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions In connection with the Plan, for the year ended December 31, 2016, the District recognized pension expense of \$32,442. 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	\$ -	78,512
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	110,726	-
Difference between actual and reported contributions recognized	-	-
Contributions subsequent to the measurement date	55,031	-
Total	<u>\$ 165,757</u>	<u>78,512</u>

4. Section 457 Deferred Compensation Plan

On December 21, 2005, the District adopted an IRC Section 457 deferred compensation plan administered by the Fire and Police Pension Association of Colorado ("FPPA"). Participants may defer up to the lesser of \$11,000 or 100% of the participant's includable compensation. Participants over age 50 are eligible to contribute more than the \$11,000 limit due to a catch up provision in the plan. The District is neither the trustee nor the administrator and has no liability under the plan.

Carbondale and 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.

Effective October 1, 2000, the District joined Western Slope Health Care Group, currently with 13 local government members, for employee health and accident coverage. The plan self-insures up to \$65,000 per employee and carries commercial coverage for claims in excess of \$65,000.

B. Marble Fuel Tank Leak

The District is legally responsible for a small fuel leak in Marble. The expenses that will occur in order to clean up the leak are unknown at this time but are expected to approximate \$30,000.

C. Subsequent Event

In March of 2017, the District approved the refunding of its Series 2007 Bonds. The District issued a Series 2017 Convertible General Obligation Refunding Bond in the amount of \$3,820,000.

REQUIRED SUPPLEMENTARY INFORMATION

Carbondale and Rural Fire Protection District
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
General Fund
For the Year Ended December 31, 2016
With Comparative Actual Amounts for 2015

	2016			2015
	Original and Final Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Property taxes	2,549,456	2,540,175	(9,281)	1,561,276
Abated taxes	8,370	8,370	-	9,129
Specific ownership taxes	115,000	153,346	38,346	123,221
Interest on delinquent taxes	5,500	6,701	1,201	5,700
Charges for services:				
Emergency medical services	225,000	224,456	(544)	240,496
Investment income	100	76	(24)	66
Grants and contributions	-	2,189	2,189	7,119
Wildfire contracts	10,000	82,601	72,601	4,245
Miscellaneous:				
Training tuitions	500	225	(275)	589
Building rentals	5,100	5,625	525	6,500
Other	11,000	29,934	18,934	11,806
Total Revenues	2,930,026	3,053,698	123,672	1,970,147
Expenditures:				
Personnel Services:				
Salaries and wages	1,465,744	1,547,039	(81,295)	1,321,163
Health benefits	387,454	362,388	25,066	327,574
Pension benefits	128,873	116,224	12,649	114,831
Section 457 contributions	11,290	9,875	1,415	9,568
Workmen's compensation	70,730	48,609	22,121	57,068
Volunteer incentive	26,813	4,425	22,388	12,075
Volunteer dinner program	9,000	5,997	3,003	5,198
Payroll taxes	25,283	33,075	(7,792)	25,559
Board members	8,000	3,225	4,775	2,850
Death and disability	31,383	31,205	178	33,987
Unemployment insurance	4,397	3,745	652	3,326
Total Personnel Services	2,168,967	2,165,807	3,160	1,913,199
General and Administrative:				
Insurance	60,000	48,872	11,128	46,965
Abated taxes	2,000	1,591	409	1,637
Treasurer's fees	61,940	58,747	3,193	36,283
Legal	30,000	20,492	9,508	31,462
Accounting	12,000	12,050	(50)	10,100
Dues and subscriptions	7,000	5,398	1,602	5,541
Freight and postage	2,076	1,369	707	2,123
Computer supplies and expenses	1,000	1,578	(578)	193
Board meetings	1,000	3,511	(2,511)	150
Election	15,000	1,258	13,742	10,330
Supplies and expenses	15,000	15,382	(382)	15,586
Fuel	11,696	9,835	1,861	12,785
Fire prevention	1,000	3,578	(2,578)	482
Emergency reserves	90,000	-	90,000	-
Public outreach	10,000	16,156	(16,156)	-
Master plan	20,000	1,500	18,500	92,693
Total General and Administrative	339,712	201,317	128,395	266,330
Firefighting:				
Supplies and expenses	18,962	22,297	(3,335)	14,694
Fuel	2,789	2,059	730	2,724
Incident resources	1,882	1,684	198	1,678
Wildfire expenses	2,000	9,627	(7,627)	5,891
Total Firefighting	25,633	35,667	(10,034)	24,987

(continued)

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

Carbondale and Rural Fire Protection District
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
General Fund
For the Year Ended December 31, 2016
With Comparative Actual Amounts for 2015
(Continued)

	2016			2015
	Original and Final Budget	Actual	Variance Positive (Negative)	Actual
Expenditures (continued):				
Emergency Medical Services:				
Supplies and expenses	29,000	34,758	(5,758)	34,155
Physician advisor	4,000	3,500	500	3,500
Fuel	4,492	3,081	1,411	4,859
Total Emergency Medical Services	37,492	41,339	(3,847)	42,514
Communications:				
Telephone	14,737	15,172	(435)	14,493
Communications center	4,922	14,691	(9,769)	4,788
Supplies and expenses	8,951	7,363	1,588	8,170
Cell phones	3,125	2,828	297	3,314
Total Communications	31,735	40,054	(8,319)	30,765
Training:				
Medical	22,500	5,539	16,961	2,166
Firefighting	17,000	9,035	7,965	5,980
Paramedic program	20,000	4,516	15,484	-
EMT tuitions	5,000	402	4,598	2,165
Supplies and expenses	2,000	734	1,266	1,272
Administration	5,346	12,308	(6,962)	700
Total Training	71,846	32,534	39,312	12,283
Equipment:				
Vehicle repairs	2,535	1,430	1,105	4,504
Equipment testing	11,616	13,842	(2,226)	10,358
Vehicles supplies, parts, and tires	16,072	24,131	(8,059)	15,961
Maintenance contracts	23,961	21,452	2,509	21,823
Communications equipment	731	2,711	(1,980)	652
Computers	9,345	10,721	(1,376)	8,971
Portable equipment	82	15	67	73
Total Equipment	64,342	74,302	(9,960)	62,342
Other:				
Miscellaneous	10,000	17,508	(7,508)	7,964
Total Other	10,000	17,508	(7,508)	7,964
Station:				
Maintenance	29,597	17,953	11,644	18,587
Supplies	15,250	17,624	(2,374)	9,480
Utilities	60,580	62,380	(1,800)	64,697
Total Station	105,427	97,957	7,470	92,764
Total Expenditures	2,855,154	2,706,485	138,669	2,453,148
Excess (Deficiency) of Revenues Over Expenditures	74,872	347,213	262,341	(483,001)
Other Financing Sources (Uses):				
Transfer to Capital Projects Fund	(100,000)	(100,000)	-	-
Total Other Financing Sources (Uses)	(100,000)	(100,000)	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	(25,128)	247,213	262,341	(483,001)
Fund Balances - Beginning	1,079,321	1,058,613	(20,708)	1,541,614
Fund Balances - Ending	1,054,193	1,305,826	241,633	1,058,613

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

Carbondale and Rural Fire Protection District
Schedule of Changes in Net Pension Asset / Liability
Carbondale and Rural Fire Protection District Volunteer Pension Fund
Last 10 Fiscal Years (To be built prospectively)

Measurement period ending December 31,	<u>2015</u>	<u>2014</u>
Total Pension Liability		
Service Cost	\$ 64,271	\$ 60,555
Interest on the Total Pension Liability	185,598	192,506
Difference between Expected and Actual Experience	(162,942)	(162,480)
Benefit Payments	(184,525)	(184,525)
Net Change in Total Pension Liability	(65,369)	(93,944)
Total Pension Liability - Beginning	2,533,664	2,627,608
Total Pension Liability - Ending (a)	<u>\$ 2,599,033</u>	<u>\$ 2,533,664</u>
Plan Fiduciary Net Position		
Employer Contributions	\$ 64,140	\$ 71,818
Pension Plan Net Investment Income	39,150	139,016
Benefit Payments	(184,500)	(184,525)
Pension Plan Administrative Expense	(23,480)	(23,825)
State of Colorado supplemental discretionary payment	64,636	53,132
Net Change in Plan Fiduciary Net Position	(40,054)	58,616
Plan Fiduciary Net Position - Beginning	2,211,451	2,152,835
Plan Fiduciary Net Position - Ending (b)	<u>\$ 2,171,397</u>	<u>\$ 2,211,451</u>
Net Pension Liability/(Asset) - Ending (a) - (b)	<u>\$ 427,636</u>	<u>\$ 322,213</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	83.55%	87.28%
Covered Employee Payroll	N/A	N/A
Net Pension Liability as a Percentage of Covered Employee Payroll	N/A	N/A

**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.

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

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

Defined Benefit:

	2015	2014	2013
District's portion of the net pension asset	0.252046%	0.259341%	0.29345%
District's proportionate share of the net pension asset	\$ 4,443	\$ 292,686	\$ 262,399
District's covered payroll	1,221,850	1,166,266	1,274,574
District's proportionate share of the net pension asset as a percentage of its covered payroll	0.4%	25%	21%
Plan fiduciary net position as a percentage of the total pension asset	100.1%	106.8%	105.8%

Hybrid:

	2015	2014	2013
District's portion of the net pension asset	0.690260%	0.655657%	0.65121%
District's proportionate share of the net pension asset	\$ 72,704	\$ 77,758	\$ 66,424
District's covered payroll	113,625	101,450	105,308
District's proportionate share of the net pension asset as a percentage of its covered payroll	64%	77%	63%
Plan fiduciary net position as a percentage of the total pension asset	129.4%	140.6%	139%

* Information is only available beginning in fiscal year 2014.

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

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

Carbondale and Rural Fire Protection District
Schedule of District Contributions
Carbondale and Rural Fire Protection District Volunteer Pension Fund
Last 10 Fiscal Years *

	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 128,363	\$ 128,363
Actual contribution**	<u>(128,776)</u>	<u>(127,950)</u>
Contribution deficiency (excess)	<u>\$ (413)</u>	<u>\$ 413</u>
District's covered payroll	N/A	N/A
Actual contributions as a percentage of covered payroll	N/A	N/A

* Information is only available beginning in fiscal year 2014.

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

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

Note 1. Changes of assumptions.

No changes during the years presented above.

Note 2. Changes of benefit terms.

No changes during the years presented above.

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

No changes during the years presented above.

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

Defined Benefit:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Statutorily required contribution	\$ 97,748	\$ 93,301	\$ 101,966
Contributions in relation to the statutorily required contribution	<u>(97,748)</u>	<u>(93,301)</u>	<u>(101,966)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 1,221,850	\$ 1,166,266	\$ 1,274,574
Contributions as a percentage of covered payroll	8%	8%	8%

Hybrid:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Statutorily required contribution	\$ 9,090	\$ 8,116	\$ 8,425
Contributions in relation to the statutorily required contribution	<u>(9,090)</u>	<u>(8,116)</u>	<u>(8,425)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 113,625	\$ 101,450	\$ 105,308
Contributions as a percentage of covered payroll	8%	8%	8%

* Information is only available beginning in fiscal year 2014.

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

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

Note 1. Changes of assumptions.

No changes during the years presented above.

Note 2. Changes of benefit terms.

No changes during the years presented above.

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

No changes during the years presented above.

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

SUPPLEMENTARY INFORMATION

Carbondale and Rural Fire Protection District
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Debt Service Fund
For the Year Ended December 31, 2016
With Comparative Actual Amounts for 2015

	2016			2015
	Original and Final Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Property tax	623,438	623,438	-	623,012
Abated property tax	2,062	2,062	-	2,488
Investment income	150	646	496	215
Total Revenues	<u>625,650</u>	<u>626,146</u>	<u>496</u>	<u>625,715</u>
Expenditures:				
Principal	334,465	334,465	-	70,533
Interest	271,335	271,335	-	535,267
Paying agent fees	1,200	438	762	300
County Treasurer's fees	18,500	14,052	4,448	14,588
Total Expenditures	<u>625,500</u>	<u>620,290</u>	<u>5,210</u>	<u>620,688</u>
Excess (Deficiency) of Revenues Over Expenditures	150	5,856	5,706	5,027
Fund Balances - Beginning	<u>111,411</u>	<u>116,251</u>	<u>4,840</u>	<u>111,224</u>
Fund Balances - Ending	<u>111,561</u>	<u>122,107</u>	<u>10,546</u>	<u>116,251</u>

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

Carbondale and Rural Fire Protection District
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Capital Projects Fund
For the Year Ended December 31, 2016
With Comparative Actual Amounts for 2015

	2016				2015
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Actual
Revenues:					
Impact fees	1,000	1,000	23,360	22,360	28,470
Grants	-	-	70,836	70,836	-
Net investment income	200	200	142	(58)	155
Miscellaneous income	-	-	84,000	84,000	-
Total Revenues	<u>1,200</u>	<u>1,200</u>	<u>178,338</u>	<u>177,138</u>	<u>28,625</u>
Expenditures:					
Fire equipment	50,000	50,000	46,101	3,899	44,008
Station improvements	15,000	15,000	12,329	2,671	-
Vehicles				-	
Communication equipment	30,000	30,000	13,768	16,232	14,368
Training equipment	-	-	705	(705)	-
Medical equipment	16,000	55,306	62,588	(7,282)	-
Office equipment	17,600	17,600	12,354	5,246	1,726
Station equipment	-	-	-	-	704
Vehicles	-	39,700	39,610	90	-
Loans and leases:					
Copier	10,000	10,000	6,863	3,137	7,475
Aerial and tender	102,036	102,036	102,038	(2)	102,038
Redstone station	-	-	-	-	-
Total Expenditures	<u>240,636</u>	<u>319,642</u>	<u>296,356</u>	<u>23,286</u>	<u>170,319</u>
(Deficiency) of Revenues Over Expenditures	(239,436)	(318,442)	(118,018)	200,424	(141,694)
Other Financing Sources:					
Operating transfers in	100,000	100,000	100,000	-	-
Total Other Financing Sources	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures	(139,436)	(218,442)	(18,018)	200,424	(141,694)
Fund Balances - Beginning	<u>674,406</u>	<u>674,406</u>	<u>651,935</u>	<u>(22,471)</u>	<u>793,629</u>
Fund Balances - Ending	<u><u>534,970</u></u>	<u><u>455,964</u></u>	<u><u>633,917</u></u>	<u><u>177,953</u></u>	<u><u>651,935</u></u>

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

Carbondale and Rural Fire Protection District
Schedule of Revenues, Expenditures and Changes in Fund Net Position
Budget and Actual
Pension Fund
For the Year Ended December 31, 2016
With Comparative Actual Amounts for 2015

	2016			2015
	Original and Final Budget	Actual	Variance Positive (Negative)	Actual
Additions:				
Property taxes	55,403	55,403	-	63,727
State grant	57,354	57,726	372	64,636
Net investment income	-	127,629	127,629	55,929
Total Additions	<u>112,757</u>	<u>240,758</u>	<u>128,001</u>	<u>184,292</u>
Deductions:				
Benefits	250,000	190,225	59,775	184,500
Disability insurance	26,000	17,654	8,346	18,911
Treasurer's fees	2,000	1,246	754	1,492
Administration	13,000	20,701	(7,701)	21,348
Total Deductions	<u>291,000</u>	<u>229,826</u>	<u>61,174</u>	<u>226,251</u>
Change in Net Position	(178,243)	10,932	189,175	(41,959)
Net Position - Beginning	<u>2,149,218</u>	<u>2,169,895</u>	<u>20,677</u>	<u>2,211,854</u>
Net Position - Ending	<u><u>1,970,975</u></u>	<u><u>2,180,827</u></u>	<u><u>209,852</u></u>	<u><u>2,169,895</u></u>