

CLIFTON FIRE PROTECTION DISTRICT

Financial Statements and
Report of Independent Auditor
For the Year Ended December 31, 2016



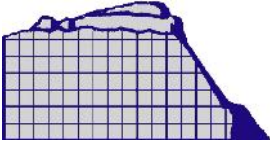
RECEIVED

By the Office of the State Auditor at 1:14 pm, Aug 15, 2017

CLIFTON FIRE PROTECTION DISTRICT

TABLE OF CONTENTS
December 31, 2016

	<u>Page Number</u>
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT DISCUSSION AND ANALYSIS	3
FINANCIAL STATEMENTS	
Statement of Net Position and Governmental Fund Balance Sheet	7
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	8
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund and Statement of Activities	9
Reconciliation of Statement of Revenues, Expenditures and Change in the Fund Balances of the Governmental Fund to the Statement of Activities	10
Notes to the Financial Statements	11
REQUIRED SUPPLEMENTAL INFORMATION	
Statewide Defined Benefit Plan	
Schedule of the District's Proportionate Share of the Net Pension Liability/(Asset)	30
Schedule of the District's Contributions	30
Volunteer Pension Plan	
Schedule of change in Net Pension Liability/(Asset) and Related Ratios Multiyear	32
Schedule of Contributions Multiyear	33
Statement of Revenue, Expenditures –Budget and Actual General Fund	34



Paul D. Miller CPA, LLC.

Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Clifton Fire Protection District
Clifton, CO

I have audited the accompanying financial statements of the governmental activities of the Clifton Fire Protection District, State of Colorado (the District) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Clifton Fire Protection District, State of Colorado, 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.

-1-

Paul D. Miller, C.P.A.
pauldmiller@live.com

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-6, required pension schedules on pages 30-33, and budgetary comparison information on pages 34-35 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I 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.

Paul D. Miller, CPA, LLC

Grand Junction, Colorado

June 12, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Clifton Fire Protection District, we offer readers of the Clifton Fire Protection District's financial statements this narrative overview and analysis of the financial activities of the Clifton Fire Protection District for the fiscal years ending December 31, 2016.

Financial Highlights

At the end of the current fiscal year, unreserved fund balance for the general fund was \$369,808. This represents approximately 6.41% of the total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The Clifton Fire District's basic financial statements comprise of three components: 1) government-wide financial statements 2) fund balance statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The Government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of Net Position presents information on all the District's assets and liabilities, with the differences between the two reported as Net Position. Over time, increases or decreases in Net Position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's Net Position changed during the most recent fiscal year. All Changes in Net Position is reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, the revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods.

Both of the government-wide financial statements are combined with the fund financial statements and can be found in this report.

Fund Financial Statements: A fund is a group of related accounts used to maintain control over resources that have been set aside for specific activities or objectives. The District, like other state and local governments, use fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the District can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the governmental-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows on expendable resources, as well as the balances of spend able resources available at the end of the fiscal year. Such information may be useful in evaluation a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statement. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The District adopts an annual appropriated budget for all funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Notes to the Financial Statement. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statement. The notes to the financial statement can be found in this report.

Government-Wide Financial Analysis. Net Position may serve over time as a useful indicator of a government's financial position. In the case of the Clifton Fire Protection District, assets exceeded liabilities by \$1,812,114 at the close of the most recent year; this includes the adoption of GASB No. 68, Accounting, and Financial Reporting for Pensions. Detailed information of this accounting change can be found on pages 17 through 24.

By far the largest portion of the District's Net Position is reflected in its capital assets (e.g., land, building, and vehicles); less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Clifton Fire Protection District's investment in its capital assets in reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's Net Position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted Net Position may be used to meet the government's ongoing obligations to its citizens.

Net Position Activity:

	<u>2016</u>	<u>2015</u>
Assets:		
Cash and Cash Equivalents	\$ 341,272	\$ 151,384
Accounts Receivable	327,260	421,276
Property Taxes Receivable	1,524,160	1,446,406
Prepays	50,215	45,258
Capital Assets	1,145,562	1,222,964
Net Pension Assets	25,617	351,970
Deferred Outflow of Resources	451,159	136,590
Total Assets	<u>3,865,245</u>	<u>3,775,848</u>
Liabilities:		
Accounts Payable	23,490	4,876
Long-term Liabilities	496,812	503,284
Deferred Inflow of Resources	1,532,829	1,459,351
	<u>2,053,131</u>	<u>1,967,511</u>
Net Position:		
Invested in Capital Assets	853,881	875,485
Restricted for Tabor Emergency	70,103	70,103
Restricted for Net Pension Position	468,107	475,615
Unrestricted	420,023	387,134
Total Net Position	<u>\$ 1,812,114</u>	<u>\$ 1,808,337</u>

Governmental Activities.

An increase in amount received from other governments, increase in charges for services, and increase in property taxes were the main sources of increases in general revenue.

Governmental activities and totals

	<u>2016</u>	<u>2015</u>
Program Revenues:		
Charges for Services	\$ 510,597	\$ 669,737
General Revenues:		
Property Taxes	1,471,756	1,423,192
Specific Ownership Tax	188,165	197,180
Income from other Governments	174,111	177,313
Other Income	58,386	9,677
Total Revenues	<u>2,403,015</u>	<u>2,477,099</u>
Expenses:		
Ambulance and Fire Operations	2,244,800	2,066,959
Depreciation	137,241	154,023
Lease Interest	17,197	26,839
Total Expenses	<u>2,399,238</u>	<u>2,247,821</u>
Change in Net Position	3,777	229,278
Net Position-beginning	<u>1,808,337</u>	<u>1,579,059</u>
Net Position-ending	<u>\$ 1,812,114</u>	<u>\$ 1,808,337</u>

Property Taxes increased by \$48,564 during the year. The increase is due to growth and new development.

Financial Analysis of the Government Funds

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

Governmental funds. The focus of the Districts governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year.

As of the end of the current fiscal year, the Clifton Fire Protection District's governmental funds reported ending fund balances of \$ 490,126 an increase of \$ 32,889, compared to the prior year. Approximately 75 percent or \$ 369,808 constitutes unassigned fund balance, which is available for spending at the District's discretion. The remainder of the fund balance is restricted by the State of Colorado, under the Taxpayers Bill of Rights (TABOR) and Non-spendable, which represents prepaid expenses. The restricted amount is \$70,103 and the non-spendable is \$50,215 at the end of 2016.

General Fund Budgetary Highlights

There was not an amendment to the 2016 budget. The Statement of Revenue, Expenditures, and Change in Fund Balance-Budget and Actual is presented on page 23 and 24 of this report.

Capital Assets and Debt Administration

Capital Assets. The Clifton Fire Protection District's investment in capital assets as of December 31, 2016 amounts to \$ 1,145,562 (net of accumulated depreciation). The investment in capital assets includes land, buildings and improvements, fire and medical apparatus and equipment. Additional information on the District's capital assets can be found on page 25.

Long-term Debt At the end of the current fiscal year, the Clifton Fire Protection District had no bonded debt outstanding. The District did have a total of \$ 291,681 in capital lease outstanding, however, the lease are not general obligations of the District and are paid solely from the District's revenues as appropriated in the annual budget.

Economic Factors and Next Year's Budgets

As the demand on the Clifton Fire Protection District to respond to various emergency calls from medical services and transport to fire and rescue response increases, so does the cost of operations. Land development continues to increase but at a slow rate and ambulance transport collection rates continue to decrease. The District's assessed valuation for the prior year was \$ 157,399,490 and for the last current year was \$158,754,330, a difference of a \$1,354,840 increase, or .86%. The Administration will continue to remain fiscally responsible to the tax payer while actively pursuing alternative means of providing professional services to the community. The Administration will utilize the District's Master Plan and Strategic Plan as guides for making future financial and operational decisions.

Request for Information

This report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to: Clifton Fire Protection District, 3254 F Road/PO Box 386, Clifton, CO 81520.

Charles K. Balke

Fire Chief

Clifton Fire Protection District
Statement of Net Position and Governmental Fund Balance Sheet
December 31, 2016

	General Fund	Adjustments	Statement of Net Position
ASSETS			
Cash and cash equivalents	\$ 341,272	\$ -	\$ 341,272
Accounts receivable rescue	311,832	-	311,832
Property taxes receivable	1,524,160	-	1,524,160
Other receivable	15,428	-	15,428
Prepaid expenses	50,215	-	50,215
Capital Assets (net of accumulated depreciation):			
Land	-	90,011	90,011
Building and improvements	-	340,861	340,861
Fire trucks and equipment	-	435,663	435,663
Rescue vehicles and equipment	-	242,177	242,177
Office equipment	-	10,689	10,689
Construction in process	-	26,161	26,161
Net Pension Asset:			
Volunteer FPPA Plan	-	22,180	22,180
Statewide Defined Benefit Pension Plan (SWDB)	-	3,437	3,437
DEFERRED OUTFLOWS OF RESOURCES			
Volunteer FPPA Plan	-	109,952	109,952
Statewide Defined Benefit Pension Plan	-	341,207	341,207
TOTAL ASSETS	\$ 2,242,907	\$ 1,622,338	\$ 3,865,245
LIABILITIES			
Accounts payable	\$ 23,490	-	23,490
Long-term liabilities:			
Compensated absences	205,131	-	205,131
Due within one year	-	58,516	58,516
Due in more than one year	-	233,165	233,165
TOTAL LIABILITIES	228,621	291,681	520,302
DEFERRED INFLOWS OF RESOURCES			
Property taxes	1,524,160	-	1,524,160
Volunteer FPPA Plan	-	4,608	4,608
Statewide Defined Benefit Pension Plan	-	4,061	4,061
	1,524,160	8,669	1,532,829
FUND BALANCES AND NET POSITION			
Restricted-Emergency reserve - Tabor	70,103	(70,103)	-
Non-spendable	50,215	(50,215)	-
Unassigned	369,808	(369,808)	-
TOTAL FUND BALANCES	490,126	(490,126)	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,242,907		
NET POSITION			
Invested in capital assets, net of related debt	\$ -	853,881	853,881
Restricted for:			
Tabor emergency	-	70,103	70,103
Net Pension Position Volunteer	-	127,524	127,524
Net Pension Position SWDB	-	340,583	340,583
Unrestricted	-	420,023	420,023
TOTAL NET POSITION	\$ -	\$ 1,812,114	\$ 1,812,114

The notes to the financial statement are an integral part of this statement.

Clifton Fire Protection District
Statement of Net Position and Governmental Fund Balance Sheet
December 31, 2016

Adjustments to reconcile the governmental fund balance sheet to the statement of Net Position are as follows:

Fund balance per general fund balance sheet	\$ 490,126
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	1,145,562
Long-term liabilities, including leases payable used to fund capital assets are not due and payable in the current period are therefore not reported in the fund	(291,681)
Pension activity not reported at fund level	468,107
Net Position for governmental activities	<u><u>\$ 1,812,114</u></u>

The notes to the financial statement are an integral part of this statement.

Clifton Fire Protection District
Statement of Revenue, Expenditures, and Change in Fund Balances-Governmental
and Statement of Activities
For the Year Ended December 31, 2016

	General Fund	Adjustments (See Page 6)	Statement of Activities
EXPENDITURES/EXPENSES			
Fire protection-operation	\$ 2,236,986	\$ -	\$ 2,236,986
Capital outlay	59,840	(59,840)	-
Depreciation	-	137,241	137,241
Pension activity	-	7,814	7,814
Debt service			
Lease principal	56,103	(56,103)	-
Lease interest	17,197	-	17,197
Total expenditures/expenses	<u>2,370,126</u>	<u>29,112</u>	<u>2,399,238</u>
PROGRAM REVENUES			
Charges for services	510,597	-	510,597
Net program expenses	<u>(1,859,529)</u>	<u>29,112</u>	<u>(1,888,641)</u>
GENERAL REVENUES			
Property taxes	1,471,756	-	1,471,756
Specific ownership	188,165	-	188,165
Interest income	4,631	-	4,631
Grant income	45,000	-	45,000
Income from other government	174,111	-	174,111
Miscellaneous income	8,755	-	8,755
Total general revenues	<u>1,892,418</u>	<u>-</u>	<u>1,892,418</u>
Excess of (expenditures) over revenues	32,889	(29,112)	
Change in Net Position			3,777
FUND BALANCE/NET POSITION			
Beginning of the year	457,237	1,351,100	1,808,337
End of the year	<u>\$ 490,126</u>	<u>\$ 1,321,988</u>	<u>\$ 1,812,114</u>

The notes to the financial statement are an integral part of this statement.

Clifton Fire Protection District
 Reconciliation of the Statement of Revenues Expenditures,
 and Change in the Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Year Ended December 31, 2014

Amounts reported for the governmental activities in the statement of activities (page 8) are different because:

Excess of expenditures over revenues - general funds (page 8)	<u>\$</u>	<u>32,889</u>
<p>Governmental funds report capital outlay as expenditures. However, in the Statement of Activity the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:</p>		
Capital outlay		59,840
Depreciation		<u>(137,241)</u>
		<u>(77,401)</u>
<p>The issuance of capital leases provides current financial resources to governmental funds, while the repayment of the principle of capital lease consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on the Net Position:</p>		
Principal payment-capital lease		<u>56,103</u>
		<u>56,103</u>
Pension activity not reported at General fund level		<u>(7,814)</u>
Change in Net Position of governmental activities (page 8)	<u>\$</u>	<u><u>3,777</u></u>

The notes to the financial statement are an integral part of this statement.

CLIFTON FIRE PROTECTION DISTRICT
Summary of Significant Accounting Policies
December 31, 2016

The Clifton Fire Protection District is a special service district governed pursuant to provisions of the Colorado Special District Act. The District was established to provide fire protection and ambulance services within and surrounding the area of Clifton around 1943.

The District operates under the Board of Directors elected by the voters of the District. The District's financial statements include the accounts and operations of all the District's functions.

Based upon the National Council on Governmental Accounting (NCGA) in its Statement 1, the District's financial statements include the pension trust fund. The District exercises significant control through budget adoption, accountability for fiscal matters and board appointments.

Financial Reporting Entity

The Clifton Fire Protection District is a special district as defined by Colorado Statutes and is governed by an elected board of directors. The Board of Directors has oversight responsibility and control over all activities within its boundaries. The board is not included in any other governmental "reporting entity" as defined by the GASB pronouncement, since board members are elected by the public and have decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of Net Position and statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units.

Governmental activities, which normally are supported by taxes, are reported separately from business-type activities, which rely to a significant extent on fees and user charges for support. Likewise, the *primary government is reported separately from certain legally separate component units* for which the primary government is financially accountable. The District has no business-type activities or component units.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with the specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The District has only one governmental fund, the *General Fund*.

A. Risk of Loss

The District is exposed to various risk of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the District carries commercial insurance coverage for vehicles, commercial property, commercial umbrella, commercial general liability, and management liability through the Volunteer Firemen Insurance Services.

CLIFTON FIRE PROTECTION DISTRICT
Summary of Significant Accounting Policies
December 31, 2016

B. Capital Assets

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets of the District as a whole. When purchased, such assets are recorded as expenditures in the governmental type fund.

All capital assets are valued at historical cost or estimated historical costs if actual historical cost is not available. The assets have a useful life of 5 to 40 years and are depreciated on the straight-line method. It is the District's policy to capitalize individual items costing \$1,500 or more.

The District has no restricted assets.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting* as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. The District considers revenues to be available if they are collectible within 120 days except for property taxes which are considered available if they are collectible within 60 days after year-end. Property taxes, and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded when payment is due.

The government reports the following major governmental fund:

The *General Fund* is the District's operating fund. It accounts for all financial resources of the government. Additionally, the District reports the following fund type:

Fiduciary funds account for resources held for other parties outside the government. The District has one fiduciary fund the *Pension Trust Fund* which accounts for the activities of the assets held in the Fire and Police Member's Benefit Fund, an agent multi-employer defined benefit pension plan administered by the Colorado Fire and Police Pension Association (FPPA).

As a general rule the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are certain charges between the District's Fiduciary Fund and various other functions of the government as these are considered external to the government.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

CLIFTON FIRE PROTECTION DISTRICT
Summary of Significant Accounting Policies
December 31, 2016

D. Budgets and Budgetary Accounting

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

The budget is prepared on the same basis as that of the fund financial statements.

The details of the budget calendar are outlined below:

October 15	–	Deadline for Budget Officer to submit proposed budget to the government board. Governing body must publish "Notice of Budget" upon receiving proposed budget.
December 15	–	Deadline for certification of mil levy to the Board of County Commissioners.
December 22	–	Deadline for Board of County Commissioners to levy taxes and to certify the levies To the Assessor.
December 31	–	Statutory deadline for local governing body to adopt budget. A certified copy of the adopted budget must be sent to the Division of Local Government within 30 days of adoption.
On or before December 31	–	The District shall enact an ordinance appropriating the budget for the ensuing year.

E. Compensated Absences

In 2002, the District adopted a policy addressing the compensated absences for full time employees only. A summary of that policy follows.

VACATION: full-time 40-hour employees

After one year of service	5 days
From two to four year of service	10 days
From five to fourteen years of service	15 days
Fifteen years and over	20 days

SICK PAY

Sick pay is accumulated at the rate of eight hours per month. A maximum of 720 hours may be accumulated. Upon retirement, the district will pay one-fourth of the time accrued.

PERSONAL TIME-OFF: Full-time 56-hour employees

After one year of service	7.5 Days
From two to four year of service	12.5 Days
From five to fourteen years of service	17.5 Days
Fifteen years and over	22.5 Days

For the year ended December 31, 2016, the vacation and sick time accrued was \$174,864.

F. Property Taxes - Receivable

Annual property taxes are levied on December 22 of each year and attached as an enforceable lien as of January 1. They are payable in full April 30, or in two equal installments due February 28 and July 31. The county bills and collects property taxes for the district. Property taxes collected by the county are remitted to the district in the subsequent month. Property taxes are reported as receivable and deferred revenue when levied and as revenue when collected in the following year.

Property taxes are recognized as revenue in the year in which they are intended to finance operating expenses.

CLIFTON FIRE PROTECTION DISTRICT
Summary of Significant Accounting Policies
December 31, 2016

G. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

H. Disaggregation of Receivables and Payables

Significant components of receivables and payables are disaggregated in the financial statements. All receivables are expected to be collected within one year. All material payables are expected to be paid within one year with the exception of the amounts for the accrual of compensated absences and capital leases.

I. Fund Equity

In the fund financial statements governmental funds report reservations of fund balance amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

J. Net Position

Net position represent the difference between assets and liabilities. Net Position invested in capital assets net of related debt consists of capital assets net of accumulated depreciation and related debt. Net Position are reported as restricted when there are constraints placed on their use either by law through constitutional provisions or enabling legislation or through restrictions externally imposed by creditors, grantors, laws, or regulations of other governments.

K. Use of Restricted Funds

It is the District's policy to use restricted funds first for their intended use before unrestricted funds are used.

L. Pensions.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Fire & Police Statewide Defined Benefit Plan and additions to/deductions from Fire & Police Statewide Defined Benefit Plan's fiduciary net position have been determined on the same basis as they are reported by the Fire & Police Pension Association of Colorado. 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.

The Entity also participates in the Volunteer Fire Department Pension Fund (VFDP), an agent multiple-employer Public Employee Retirement System (PERS), administered by FPPA, which represents the assets of numerous separate plans that have been pooled for investment purposes. The net pension liabilities or assets, 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 pensions 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.

CLIFTON FIRE PROTECTION DISTRICT
Summary of Significant Accounting Policies
December 31, 2016

M. Fund Equity

In the fund financial statements governmental funds report reservations of fund balance amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. The Non-Spendable amount represents funds already spent but will affect future expended amounts.

N. Subsequent Events

Management has reviewed subsequent events through the date of the audit report.

CLIFTON FIRE PROTECTION DISTRICT

Notes to Financial Statements

December 31, 2016

Note 1 – Defined Benefit Pension Plan – Volunteer Pension

General Information about the Pension Plan

Plan Description

The Entity contributes to the Volunteer Fire Department Pension Fund (VFDP), an agent multiple-employer Public Employee Retirement System (PERS) administered by the Fire & Police Pension Association (FPPA). The PERS represents the assets of numerous separate plans that have been pooled for investment purposes. The pension plans have elected to affiliate with FPPA for plan administration and investment only. FPPA issues a publicly available comprehensive annual financial report that can be obtained on FPPA's website at <http://www.fppaco.org>. For the measurement period ending December 31, 2016, the VFDP included membership of 26 retirees and beneficiaries, 5 inactive, non-retired members, and 25 active members for a total of 56 members.

Benefits Provided.

Normal Retirement

A member is eligible for a normal retirement pension once the member has completed twenty years of credited service and has attained the age of 50. The monthly regular retirement benefit is \$600. A supplemental monthly pension payment to a volunteer who has attained the age of 50 years and who has been in active service in excess of 20 years can receive an extended service amount up to 5% of the monthly pension amount per additional year of service. The amount cannot exceed a maximum of ten additional years.

Vested Retirement

A member with 10 or more but less than 20 years of service is eligible to receive a benefit of \$30 per month times the number of vesting years.

Disability Retirement Benefit

A member is eligible for short-term disability for injuries in the line of duty of \$300 payable for not more than a year and \$600 long-term disability for injuries in the line of duty. Long-term disability is a lifetime benefit.

Survivor Benefits

Survivor benefits are available at one-half of the amount of the normal retirement pension, or \$300 per month. This amount is available to a survivor following death after normal retirement, following death in the line of duty as a volunteer firefighter before retirement eligible, and \$300 following death after disability retirement. An additional amount of \$15 per month is available following death after normal retirement with extended service amount per year of service and following death after vested retirement with 10 to 20 years of service per year of service. Survivors may include spouse, child under 18 years of age, or dependent parent. This annuity shall cease if the surviving spouse or dependent parent remarries and dissolution of a subsequent marriage does not reinstate the annuity. Whenever the pension board increases the retirement pension payable to volunteer firefighters, that increase will also be applied to the pension benefits of survivors of firefighters killed in the line of duty.

Funeral Benefits

A one-time funeral benefit is paid of \$1,200 in the event of a death of a member.

CLIFTON FIRE PROTECTION DISTRICT

Notes to Financial Statements

December 31, 2016

Note 1 – Defined Benefit Pension Plan – Volunteer Pension-continued

General Information about the Pension Plan-continued

Contributions.

The Entity contributes from proceeds of a property tax mill levy. The Plan is construed and enforced in accordance with Colorado Revised Statute Title 31, Article 30. Per CRS 31-30-1112, State contributions to any municipality or district must equal ninety percent of all amounts contributed by the municipality or district under section 31-30-1110 in the previous year, but, notwithstanding any other provision of this part 11, the state contribution shall not exceed one-half mill on the previous net valuation for assessment of the municipality or district assuming one hundred percent collection. For 2016, the Entity contributed \$14,731 and the state's matching contribution was \$8,923.

Pension Liabilities/ (Asset), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2016, the Entity reported a net pension liability/ (asset) of \$(22,180). The net pension liability/ (asset) was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability/ (asset) was determined by an actuarial valuation as of January 1, 2016. The total pension liability as of December 31, 2014 is based upon the January 1, 2015 actuarial valuation.

For the year ended December 31, 2016, the Entity recognized pension expense of \$18,793. At December 31, 2016, the Entity 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	\$	\$ 4,608
Net difference between projected and actual earnings on pension plan investments	86,298	-
Contributions subsequent to the measurement date	23,654	-
Total	<u>\$ 109,952</u>	<u>\$ 4,608</u>

\$9,914 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. 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 ended December 31:	
2017	\$ 18,578
2018	\$ 21,136
2019	\$ 22,163
2020	\$ 19,813
Thereafter	<u>\$ -</u>
Total	<u>\$ 81,690</u>

CLIFTON FIRE PROTECTION DISTRICT

Notes to Financial Statements

December 31, 2016

Note 1 – Defined Benefit Pension Plan – Volunteer Pension-continued

General Information about the Pension Plan-continued

Pension Liabilities/ (Asset), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions-continued

Actuarial Assumptions.

Actuarially determined contribution rates are calculated as of January 1 of odd numbered years. The contribution rates have a one-year lag, so the actuarial valuation as of January 1, 2013 determines the contribution amounts for 2015 and 2016. The valuation used the following actuarial assumptions and other inputs:

Actuarial Method	Entry Age Normal
Amortization Method	Level Dollar, Open*
Amortization Period	20 Years*
Asset Valuation Method	5-Year Smoothed market
Inflation	3.0%
Investment Rate of Return	7.5%
Projected Salary Increases	N/A
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

** Plans that are heavily weighted with retiree liabilities use an amortization period based on the expected remaining lifetime of the participants.*

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 shown above pertain to the actuarial valuations beginning January 1, 2013 and the associated Actuarially determined Contribution for the year ending December 31, 2015. Following a regularly scheduled experience study in 2015, the Board adopted a new assumption set for first use in January 1, 2016 valuations. Due to the biennial valuation process, the new assumptions will first apply to the January 1, 2017 Volunteer valuations.

The primary changes, which can be observed in the January 1, 2017 valuation, as compared to the assumptions shown are as follows:

Inflation	2.50%
Mortality	Pre-retirement: RP-2014 Mortality Tables for Blue Collar Employees, projected with Scale BB, 55% multiplier for off-duty mortality. Increased by 0.00020 for on-duty related Fire and Police experience. Post-retirement: For ages less than 55, RP-2014 Mortality Tables for Blue Collar Employees. For ages 65 and older, RP-2014 Mortality Tables for Blue Collar Healthy Annuitants. For ages 55 through 64, a blend of the previous tables. All tables ae projected with Scale BB.

CLIFTON FIRE PROTECTION DISTRICT

Notes to Financial Statements

December 31, 2016

Note 1 – Defined Benefit Pension Plan – Volunteer Pension-continued

General Information about the Pension Plan-continued

Pension Liabilities/ (Asset), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions-continued

Actuarial Assumptions-continued

Mortality **Disabled:**RP-2014 Disabled Generational Mortality Table generationally projected with Scale BB with a minimum 3% rate for males and 2% rate for females.

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	37.00%	6.50%
Equity Long/Short	10.00%	4.70%
Liquid Alternatives	20.00%	8.00%
Fixed Income	16.00%	1.50%
Absolute Return	11.00%	4.10%
Managed Futures	4.00%	3.00%
Cash	2.00%	0.00%
Total	100.00%	

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 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-continued

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension liability/(asset)	\$155,647	\$(22,180)	\$(171,235)

CLIFTON FIRE PROTECTION DISTRICT

Notes to Financial Statements

December 31, 2016

Note 2 – Fire & Police Statewide Defined Benefit Plan

General Information about the Fire & Police 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 that they are not already covered by a statutorily exempt plan. As of August 1, 2003, the Plan may include clerical and other personnel from fire districts whose services are auxiliary to fire protection. The Plan became effective January 1, 1980 and as of December 31, 2015 has 212 participating employer fire and police departments.

Employers once had the option to elect to withdraw from the Plan, but a change in state statutes permitted no further withdrawals after January 1, 1988.

Colorado Revised Statutes Title 31, Article 31 grants the authority to establish and amend the benefit terms to the Fire & Police Pension Association of Colorado Board of Directors. The Fire & Police Pension Association of Colorado issues a publicly available financial report that can be obtained at www.fppaco.org.

Benefits provided.

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, 2015, the standard Separate Retirement Account contribution rate for members of the Fire & Police 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.

CLIFTON FIRE PROTECTION DISTRICT

Notes to Financial Statements

December 31, 2016

Note 2 – Fire & Police Statewide Defined Benefit Plan-continued

General Information about the Fire & Police Statewide Defined Benefit Plan-continued

Benefits provided-continued

A member may elect to participate in the deferred retirement option plan (DROP) after reaching eligibility for normal retirement, early retirement, or vested retirement and age 55. A member can continue to work while participating in the DROP, but must terminate employment within 5 years of entry into DROP. The member's percentage of retirement benefit is determined at the time of entry into the DROP. The monthly payments that begin at entry into the DROP are accumulated in a DROP account until the member terminates service, at which time the DROP accumulated benefits can be paid as periodic installments, a lump sum, or if desired, a member may elect to convert the DROP to a lifetime monthly benefit with survivor benefits. While participating in the DROP, the member continues to make pension contributions that are credited to the DROP. Effective January 1, 2003, the member shall self-direct the investments of their DROP funds. The DROP balance invested with the asset custodian at December 31, 2015 was \$50,095,678. This amount was not included in the SWDB Plan Net Position.

Contributions.

The Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. Contribution rates for this Plan are set by state statute. Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or by election of the membership.

Members of this Plan and their employers are contributing at the rate of 8.5 percent and 8 percent, respectively, of base salary for a total contribution rate of 16.5 percent through 2015. In 2014, the members elected to increase the member contribution rate to the Plan beginning in 2015. Member contribution rates will increase 0.5 percent annually through 2022 to 12 percent of base salary. Employer contributions will remain at 8 percent resulting in a combined contribution rate of 20 percent in 2022.

Contributions from members and employers of plans reentering 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 percent of base salary in 2015. **It is a local decision on who pays the additional 4 percent contribution.**

Per the 2014 member election, the reentry group will also have their required member contribution rate increase 0.5 percent annually beginning in 2015 through 2022, for a total combined member and employer contribution rate of 24 percent.

Contributions to the Plan from the Department were \$101,374 for the year ended December 31, 2016.

At December 31, 2016, the Department reported an asset of \$3,437 for its proportionate share of the net pension liability/ (asset). The net pension liability/ (asset) was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability/ (asset) was determined by an actuarial valuation as of that date. **The Department's proportion of the net pension liability/ (asset) was based on a projection of the Department's long-term share of contributions to the pension plan relative to the projected contributions of all participating Departments, actuarially determined.** At December 31, 2015, the Department's proportion was .195 percent, which was an increase/ (decrease) of (.009) percent from its proportion measured as of December 31, 2014.

CLIFTON FIRE PROTECTION DISTRICT

Notes to Financial Statements

December 31, 2016

Note 2 – Fire & Police Statewide Defined Benefit Plan-continued

General Information about the Fire & Police Statewide Defined Benefit Plan-continued

Contributions-continued

For the year ended December 31, 2016, the Department recognized pension expense of \$102,675. At December 31, 2016, the Department 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
Differences between actual and expected experience	\$ 27,802	\$ 4,059
Changes in assumptions	53,994	-
Net difference between actual and projected earnings on pension plan investments	174,956	-
Changes in proportion and differences between Department contributions and proportionate share of contributions	-	1,214
Department contributions subsequent to the measurement date	76,930	-

\$341,207 reported as deferred outflows of resources related to pensions resulting from Department contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. 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 ended December 31,	
2016	\$ 53,260
2017	53,260
2018	53,260
2019	48,920
2020	8,412
Thereafter	35,717

CLIFTON FIRE PROTECTION DISTRICT

Notes to Financial Statements

December 31, 2016

Note 2 – Fire & Police Statewide Defined Benefit Plan-continued

General Information about the Fire & Police Statewide Defined Benefit Plan-continued

Contributions-continued

Actuarial assumptions.

The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	7.5 percent, compounded annually net of operating expenses, and including inflation
Projected salary increases	4.0 – 14.0 percent
Cost of Living Adjustment	0.0 percent
Inflation	3.0 percent

Mortality rates were based on the RP-2000 Combined Mortality Table with Blue Collar Adjustment projected with Scale AA, 40 percent multiplier for off-duty mortality. On-duty related mortality is assumed to be 0.00020 per year for all members.

The actuarial assumptions used in the January 1, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2007–December 31, 2011. As a result of the 2011 actuarial experience study, the main actuarial factor changes were:

-) Reduced the inflation assumption from 3.5 percent to 3.0 percent.
-) Reduced the normal investment return assumption from 8.0 percent to 7.5 percent.
-) Revised the post-retirement mortality tables to reflect increased longevity.

Asset Class	Target Allocation	Long Term Expected Rate of Return
Global Equity	37.0%	6.50%
Equity Long/Short	10.0%	4.70%
Illiquid Alternatives	20.0%	8.00%
Fixed Income	16.0%	1.50%
Absolute Return	11.0%	4.10%
Managed Futures	4.00%	3.00%
Cash	2.00%	0.00%
Total	100%	

CLIFTON FIRE PROTECTION DISTRICT

Notes to Financial Statements

December 31, 2016

Note 2 – Fire & Police Statewide Defined Benefit Plan-continued

General Information about the Fire & Police Statewide Defined Benefit Plan-continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions-continued

Actuarial assumptions

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 weighting 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 Plans target asset allocation as of December 31, 2015, are summarized in the above table.

Discount rate

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 Fire & Police Pension Association Board of Director’s funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the 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.

Sensitivity of the Department’s proportionate share of the net pension liability to changes in the discount rate

The following presents the Department’s proportionate share of the net pension liability/ (asset) calculated using the discount rate of 7.50 percent, as well as what the Department’s proportionate share of the net pension liability/ (Asset) 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:

	1.00% Decrease*	Current Discount Rate*	1.00% Increase*
Department’s proportionate share of the net pension liability/(asset)	\$504,980	\$(3,604)	\$(425,458)

* The long-term rate of return used was 7.5 percent. The municipal bond rate used was 3.57 percent. The single discount rate for the plans was 7.50 percent.

Pension plan fiduciary net position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued Fire & Police Pension Association of Colorado financial report.

CLIFTON FIRE PROTECTION DISTRICT

Notes to Financial Statements

December 31, 2016

Note 3 - Change in Capital Asset

	<u>Balance</u> <u>12/31/2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2016</u>
Buildings	\$ 797,322	\$ -	\$ -	\$ 797,322
Fire vehicles & equipment	1,663,701	10,500	-	1,674,201
Medical vehicles & equipment	566,825	45,376	-	612,201
Office equipment	100,444	3,964	-	104,408
Fixed assets being depreciated	3,128,292	59,840	-	3,188,132
Less Accumulated depreciation	<u>(2,021,500)</u>	<u>(137,242)</u>	<u>-</u>	<u>(2,158,742)</u>
Net	1,106,792	<u>(77,402)</u>	-	1,029,390
Land	90,011	-	-	90,011
CIP New fire house	26,161	-	-	26,161
Net Fixed Assets	<u>\$1,222,964</u>	<u>\$ (77,402)</u>	<u>\$ -</u>	<u>\$1,145,562</u>

In 2016, the Districts depreciation was \$146,897. The depreciation was charged directly to the various functions as follows:

Administration	\$ 3,063
Fire vehicles & equipment	85,569
Grounds & building	21,079
Ambulance & equipment	<u>27,531</u>
Total	<u>\$ 137,242</u>

CLIFTON FIRE PROTECTION DISTRICT

Notes to Financial Statements

December 31, 2016

Note 4 - Budget to Actual Comparison

	<u>General Fund</u>
Revenue and other financing resources	
GAAP Basis	\$ 2,403,015
Modification to GAAP Basis	
Carryover from prior year	438,908
Resources Budgetary Basis	<u>2,841,923</u>
16 Budgeted Resources	<u>(3,085,166)</u>
Variance Favorable (Unfavorable)	<u>\$ (243,243)</u>
Expenditures-GAAP Basis	\$ 2,399,238
Modification to GAAP Basis	
Capital Outlays	59,840
Pension activity	(7,814)
Depreciation	(137,241)
Lease purchases	56,103
Emergency reserve	-
Expenditures Budget Basis	<u>2,370,126</u>
16 Budgeted Expenditures	<u>(3,085,166)</u>
Variance favorable (Unfavorable)	<u>\$ 715,040</u>

Note 5 – Deposits and Investments

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 100% of the uninsured deposits. Collateral in the pool is considered equal to depository insurance pursuant to definitions listed in GASB Statement No. 40. At December 31, 2016, the District's cash deposits had a bank balance of \$84,793 of which all was covered by federal depository insurance.

At December 31, 2016, the deposits of the governmental activities consisted of the following:

Cash in bank accounts	\$ 84,793
Colostrust	<u>256,479</u>
Total	<u>\$ 341,272</u>

Investments

Colorado statutes specify in which instruments the units of local government may invest which include:

-) Repurchase agreements;
-) Obligations of the United States or obligations unconditionally guaranteed by the United States;
-) Obligations of the State of Colorado and most general obligations of units of local governments;
-) Federally insured mortgages and student loans;
-) Participation with other local governments in pooled investment funds (trusts). These trusts are supervised by participating governments and must comply with the same restrictions on cash deposits and investments.

The District's investment policy follows Colorado statutes.

CLIFTON FIRE PROTECTION DISTRICT

Notes to Financial Statements

December 31, 2016

Note 5 – Deposits and Investments-continued

Investments-continued

At year-end, the District had invested \$256,479 in the Colorado Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado to pool surplus funds. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00. Investments of COLOTRUST consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury securities. A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal functions of COLOTRUST. Substantially all securities owned by COLOTRUST are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by COLOTRUST. This pool is not required to and is not registered with the SEC. COLOTRUST funds are rated AAA by Standard and Poor's, an AAR/V1+ from Fitch's and an Aaa from Moody's rating services.

Note 6 – Long-term Debt

Long-term liability activity for the year ended December 31, 2016 was as follows:

	January1, 2015	Additions	Deletions	December 31, 2016
Compensated Absences	\$ 155,805	\$ 49,326	\$ -	\$ 205,131
Capital Lease	<u>347,879</u>	<u>-</u>	<u>56,198</u>	<u>291,681</u>
	<u>\$ 503,684</u>	<u>\$ 49,326</u>	<u>\$ 56,198</u>	<u>\$ 496,812</u>

An election was held in 2000, and passed, that would allow the District to keep an additional \$250,000 each year, over the TABOR calculation, for the payment of the lease purchase on the fire truck.

Note 7 - Tax, Spending, and Debt Limitation

In November 1992, the voters of Colorado approved Amendment 1, commonly known as the Taxpayer's Bill of Rights (TABOR), which adds a new Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue, and debt limitations that apply to the State of Colorado and all local governments.

The initial base for local government spending and revenue limits is 1992 Fiscal Year Spending. Future spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 1% of Fiscal Year Spending (excluding bonded debt service) in 1993, 2% in 1994 and 3% thereafter. Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

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

The District believes it is compliance with this amendment.

CLIFTON FIRE PROTECTION DISTRICT

Notes to Financial Statements

December 31, 2016

Note 8 - Capital Lease Commitment

The District leases a fire truck with lease terms through February 2022. Obligations under the capital lease have been recorded in the accompanying financial statements at the present value of future minimum lease payments, discounted at the interest rate of 5.25%. The capitalized cost of \$668,857 is included in the fixed assets - vehicles.

Fire Truck

<u>Payment Date</u>	<u>Payment Amount</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 55,782	\$ 42,149	\$ 13,633
2018	55,782	44,405	11,377
2019	55,782	46,783	8,999
2020	55,782	49,288	6,494
2021	55,782	51,927	3,855
2022	97,617	40,762	56,855
	<u>\$ 376,527</u>	<u>\$ 275,314</u>	<u>\$ 101,213</u>

In 2013, the District entered into a lease purchase agreement to purchase a new chassis and retrofit a box from an old ambulance to it. The cost of the retrofit, with the book value of the box is \$126,283. The lease will be paid off in 2017. The interest rate is 3.64%, with total payments of \$16,963 per year.

Ambulance

<u>Payment Date</u>	<u>Payment Amount</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 16,963	\$ 16,367	\$ 596
	<u>\$ 16,963</u>	<u>\$ 16,367</u>	<u>\$ 596</u>

For the year ended December 31, 2016, the District expended \$26,839 in interest expense as a direct function of firefighting and rescue activities.

Total Capital Lease payments as of December 31, 2016.

<u>Payment Date</u>	<u>Payment Amount</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 72,745	\$ 58,516	\$ 14,229
2018	55,782	44,405	11,377
2019	55,785	46,783	9,002
2020	55,782	49,288	6,494
2021	55,782	51,927	3,855
2022	97,617	40,762	56,855
	393,493	291,681	101,812
Less Current	(72,745)	(58,516)	(14,229)
	<u>\$ 320,748</u>	<u>\$ 233,165</u>	<u>\$ 87,583</u>

CLIFTON FIRE PROTECTION DISTRICT

Notes to Financial Statements

December 31, 2016

Note 9 – Fund Balance Classification Policies and Procedures

During 2016, the District implemented GASB 54, Fund Balance Classification. With this new GASB, the fund balance is broken into five classifications. (1) Non-spendable – not in spendable form, (2) Restricted-fund constrained by external parties, (3) Committed – constraints on use of funds imposed by the highest level of decision making authority, in the Districts case that is the Board of Directors. The funds must be established, modified or rescinded by use of resolution of the Board. (4) Assigned – funds intended to be used for a specific purpose, where the intent is expressed by an official authorized by the governing board, in the Districts case that is the Fire Chief and (5) Unassigned – which are funds available for any purpose. The District does not have Committed or Assigned fund classification in 2016.

It is the District's policy to spend restricted fund first then unrestricted fund for the purpose for which both funds are available and committed and assigned funds are spent when expenditure is incurred for purposes for which amount in any of those unrestricted fund balance classification could be used.

The District does have fund classification as follows:

-) Restricted which is dictated by Colorado State Law
-) Non-spendable which is its prepaid expenses,
-) Unassigned.

REQUIRED SUPPLEMENTAL INFORMATION

CLIFTON FIRE PROTECTION DISTRICT
 Required Supplementary Information Pensions
 December 31, 2016

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the District's Proportionate Share of the Net Pension Liability/ (Asset)
 Fire & Police Statewide Defined Benefit Plan
 As of December 31,

	2016	2015
Department's proportion of the net pension liability/(asset)	.195%	.205%
Department's proportionate share of the net pension liability/(asset)	\$ (3,437)	\$ (230,779)
Department's covered-employee payroll	\$ 919,575	\$ 1,267,175
Department's proportionate share of the net pension liability/(asset) as a percentage of is covered-employee payroll	.374%	18.2%
Plan fiduciary net position as a percentage of the total pension liability	100.1%	106.8%

Schedule of Department Contributions
 Fire & Police Statewide Defined Benefit Plan
 As of December 31,

	2016	2015
Contractually required contribution	\$73,566	\$ 101,374
Contributions in relation to the contractually required contribution	\$73,566	\$ 101,374
Contribution deficiency (excess)	\$ -	\$ -
Department's covered-employee payroll	\$919,575	\$1,267,175
Contributions as a percentage of covered-employee payroll	8.0%	8.0%

CLIFTON FIRE PROTECTION DISTRICT
Required Supplementary Information Pensions
December 31, 2016

**Notes to Required Supplementary Information
for the Year Ended December 31, 2016**

Changes in plan provisions. The plan provisions have not changed since the prior valuation. The member contribution rate will increase in 2016 as a result of the member election.

Benefit Adjustments. Benefits to members and beneficiaries may be increased annually on October 1. The amount is based on the Fire & Police Pension Association Board of Directors discretion and can range from 0 percent to 3 percent. Benefit adjustment may begin once the retired member has been receiving retirement benefits for at least 12 calendar months prior to October 1.

Changes of assumptions. Beginning in the January 1, 2104 actuarial valuation, the married assumption for active members was increased from 80 percent to 85 percent to reflect the passage of the Colorado Civil Union Act.

CLIFTON FIRE PROTECTION DISTRICT
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY/(ASSET) AND RELATED RATIOS MULTIYEAR

Last 10 Fiscal Years

Measurement period ending December 31,	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Total Pension Liability										
Service Cost	\$ 23,147	\$ 15,256								
Interest on the Total Pension Liability	123,068	123,260								
Benefit Changes	-	-								
Difference between Expected & Actual Experience	-	(11,774)								
Assumption Changes	-	-								
Benefit Payments	(135,950)	(130,500)								
Net Change in Total Pension Liability	10,265	(3,758)	0	0	0	0	0	0	0	0
Total Pension Liability - Beginning	1,696,291	1,700,049								
Total Pension Liability - Ending (a)	\$ 1,706,556	\$ 1,696,291	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plan Fiduciary Net Position										
Employer Contributions	\$ 9,914	\$ 9,194								
Pension Plan Net Investment Income	32,768	120,302								
Benefit Payments	(135,950)	(130,500)								
Pension Plan Administrative Expense	(3,755)	(3,128)								
State of Colorado Discretionary Payment	8,275	-								
Net Change in Plan Fiduciary Net Position	(88,748)	(4,132)	0	0	0	0	0	0	0	0
Plan Fiduciary Net Position - Beginning	1,817,484	1,821,616								
Plan Fiduciary Net Position - Ending (b)	\$ 1,728,736	\$ 1,817,484	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Position Liability/(Asset) - Ending (a) - (b)	(\$22,180)	(\$121,193)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	101.30%	107.14%								

CLIFTON FIRE PROTECTION DISTRICT
 SCHEDULE OF CONTRIBUTIONS MULTIYEAR
 LAST 10 FISCAL YEARS

FY ENDING DECEMBER 31, <u>(a)</u>	Actuarially Determined Contribution <u>(b)</u>	Actual Contribution* <u>(c)</u>	Contribution Deficiency (Excess) <u>(d) = (b) - (c)</u>	Covered Payroll <u>(e)</u>	Actual Contribution as a % of Covered Payroll <u>(f)</u>
2014	\$ 9,194	\$ 9,194	\$ -	N/A	N/A
2014	\$ 9,194	\$ 1,889	\$ (8,995)	N/A	N/A

*Includes both Employer & State of Colorado Discretionary Payment

CLIFTON FIRE PROTECTION DISTRICT
Statement of Revenues, Expenditures, and Change in Fund Balance
Budget and Actual
For the Year Ended December 31, 2016

	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenue:			
General property taxes	\$ 1,541,115	\$ 1,471,756	\$ (69,359)
Specific ownership tax	164,145	188,165	24,020
Ambulance	556,585	510,597	(45,988)
Income from other governments	177,313	174,111	(3,202)
Interest income	600	4,631	4,031
Grant income	200,000	45,000	(155,000)
Fees and permits	2,000	-	(2,000)
Miscellaneous	4,500	8,755	4,255
Total Revenues	2,646,258	2,403,015	(243,243)
Expenditures:			
Administrative:			
Salaries	1,161,235	861,435	299,800
Payroll taxes and benefits	357,250	332,971	24,279
Office expense	13,500	15,327	(1,827)
Accounting and legal	6,000	59,867	(53,867)
Dues and fees	5,900	4,751	1,149
Treasurers fees	31,000	29,479	1,521
Director's fees	4,500	4,125	375
Contingency and all other	112,450	2,696	109,754
Operations:			
Salaries	155,000	436,021	(281,021)
Personal protective equipment	-	3,133	(3,133)
Fire operating supplies	16,000	8,342	7,658
Insurance	128,000	97,955	30,045
Operating supplies	77,000	63,939	13,061
Training	27,000	28,837	(1,837)
Station utilities	15,000	15,360	(360)
Station maintenance	-	18,490	(18,490)
Public education	2,000	2,566	(566)
Recruitment & retention	-	4,102	(4,102)
Fuel/Oil/ Repair & Maint.			
Small tools & equipment	-	1,707	(1,707)
Apparatus	10,000	26,178	(16,178)
Station/grounds repairs	25,000	27,879	(2,879)
Fuel	18,400	10,030	8,370
Communications			
Dispatch fees	94,200	93,834	366
Radio & equipment maintenance	6,000	3,555	2,445
Ambulance Fees			
Billing fees	49,000	64,249	(15,249)
Transport fees	18,000	20,158	(2,158)
Balance Carried Forward	2,332,435	2,236,986	95,449

The notes to the financial statement are an integral part of this statement.

CLIFTON FIRE PROTECTION DISTRICT
Statement of Revenues, Expenditures, and Change in Fund Balance
Budget and Actual
For the Year Ended December 31, 2016

	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
Balance Brought Forward	\$ 2,332,435	\$ 2,236,986	\$ 95,449
Total Current Expenditures	<u>2,332,435</u>	<u>2,236,986</u>	<u>95,449</u>
Capital Outlay Major	<u>679,986</u>	<u>59,840</u>	<u>620,146</u>
Total Expenditures	<u>3,012,421</u>	<u>2,296,826</u>	<u>715,595</u>
Revenue Over (Under) Expenditures	(366,163)	106,189	472,352
Other Financing Sources (Uses)			
Lease principal	(56,103)	(56,103)	-
Lease interest	(16,642)	(17,197)	(555)
Total Other Financing Sources (Uses)	<u>(72,745)</u>	<u>(73,300)</u>	<u>(555)</u>
Revenue and Other Financing Sources Over (Under) Expenditures	(438,908)	32,889	471,797
Fund Balance-Beginning of Year	438,908	457,237	18,329
Fund Balance-End of Year	<u><u>\$ -</u></u>	<u><u>\$ 490,126</u></u>	<u><u>\$ 490,126</u></u>

The notes to the financial statement are an integral part of this statement.