

**COAL CREEK CANYON FIRE PROTECTION DISTRICT
REPORT ON FINANCIAL STATEMENTS**

December 31, 2016



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**COAL CREEK CANYON FIRE DISTRICT
REPORT ON FINANCIAL STATEMENTS**

December 31, 2016

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Introductory Section

Coal Creek Canyon Fire Protection District
P.O. Box 7187 Crescent Branch
Golden, Colorado 80403
303-642-3121

May 8, 2017

To the Members of the Governing Council of the Coal Creek Canyon Fire Protection District:

State law requires that all general-purpose local governments publish within seven months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of independent certified public accountants. Pursuant to that requirement, we hereby issue the annual financial report of the Coal Creek Canyon Fire Protection District for the fiscal year ended December 31, 2016.

This report consists of management's representations concerning the finances of the District. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the District has established an internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The District's financial statements have been audited by Howard W. Masini CPA, P.C. a firm of independent certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended December 31, 2016 are free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the District's financial statements for the fiscal year ended December 31, 2016, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

Profile of the Government

The District, established in 1959, is located in Boulder, Gilpin and Jefferson Counties, Colorado. The District is empowered to levy a property tax on both real and personal properties located within its boundaries.

The District provides fire protection and emergency services.

The annual budget serves as the foundation for the District's financial planning and control. The government's manager then presents this proposed budget to the Board for review prior to October 31. The Board is required to hold public hearings on the proposed budget and to adopt a final budget by no later than December 15th. The appropriated budget is prepared by fund, and function. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted.

Cash management policies and practices. Cash temporarily idle during the year was invested in COLOTRUST'S investment pool.

The District has one employee and some operations and administrative functions are contracted.

Respectfully submitted,

/s/ Christopher Reel
President

**List of Principal Officials
As of December 31, 2016**

President— Chris Reel

Secretary—John Stevens

Treasurer—Robert Grimm

Board Member—Stuart Jones

Board Member— Dave Thompsen

Financial Section



Howard W. Masini
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Independent Auditors' Report

Members of the Board of Directors
Coal Creek Canyon Fire Protection District
Boulder, Gilpin & Jefferson Counties, Colorado

We have audited the accompanying financial statements of the governmental activities of the Coal Creek Canyon Fire Protection District (the "District"), as of December 31, 2016, and for the year then ended, and the related notes to the financial statements and the respective budgetary comparison for the general fund, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The District's 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 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 the 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Coal Creek Canyon Fire Protection District, as of December 31, 2016, and the respective changes in net position and budgetary comparison for the general fund for the year ended in accordance with accounting principles generally accepted in the United States of America.

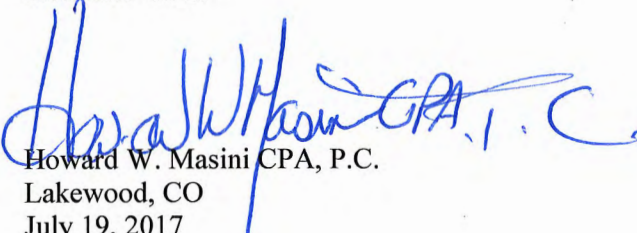
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Required Supplementary Information Section are presented to supplement the basic financial statements. Such information, although not part of the basic financial statement, 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 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 inquires of management about the methods of preparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge 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.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Summary of Assessed Valuation, Mill Levy and Property Taxes Collected is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.



Howard W. Masini CPA, P.C.
Lakewood, CO
July 19, 2017

Coal Creek Canyon Fire Protection District Management's Discussion and Analysis

As management of the Coal Creek Fire Protection District (District), we offer readers of the District's financial statements this narrative overview and analysis of the activities of the District for the fiscal year ended December 31, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-ii of this report.

Financial Highlights

- The fund financial statements show total assets of \$1,155,603 and total liabilities and deferred inflows of resources of \$584,160.
- In the statement of net position, the governmental assets of the District exceeded its liabilities by \$1,094,836. \$905,652 represents the District's investment in capital assets.
- The government's total net position increased by \$245,530. There was a net increase in property taxes and specific ownership taxes received of approximately \$84,000. In addition, the District had major purchases during the year of capital additions of \$128,425.
- As of the close of the current fiscal year, the District's governmental fund reported an ending fund balance of \$571,443 which represents an increase of \$140,685 from prior year.

Overview of the Financial Statements

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

District-Wide Financial Statements: The District-Wide Financial Statements are designed to provide readers with a broad view of the District's finances, in a manner similar to a private-sector business.

The **Statement of Net Position** present information on all of the District's assets and liabilities, with the difference 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 **Statements of Revenues, Expense and Changes in Net Position** present information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, (e.g. uncollected taxes and accrued interest).

Coal Creek Canyon Fire Protection District Management's Discussion and Analysis

These financial statements distinguish functions of the District that are principally supported by property taxes (governmental activities) and various grants from time to time. The functions of the District include effective and economical operation of fire protection, rescues and emergency services within the jurisdictional boundaries of the District. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

The district-wide financial statements include only the District itself.

The district-wide financial statements can be found on pages 1 - 5 of this report.

Fund financial statements: A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or District objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related District legal requirements. The funds of the District include one governmental fund.

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

Because the focus of the governmental fund is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Because the governmental funds contain no balances or activities that have a long-term impact, the governmental fund balance sheet and statement of revenues, expenses, and changes in fund balance are considered comparable with governmental activities.

Information is presented in the combined government and fiduciary fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund.

The District adopts an annual appropriated budget for its governmental fund. A budgetary comparison statement has been provided for the fund to demonstrate compliance with this requirement.

**Coal Creek Canyon Fire Protection District
Management's Discussion and Analysis**

District-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$1,094,836 at the close of the most recent fiscal year.

By far the largest portion of the District's net position reflects its investment in capital assets (e.g., buildings and fire equipment), 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 District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided by property taxes, since the capital assets themselves cannot produce sufficient revenue to liquidate these liabilities.

Financial Analysis of the District's Change in Net Position

NET ASSETS

December 31	2016	2015
	Governmental Activities	
ASSETS		
Current assets	\$ 1,155,603	\$ 1,029,636
Capital assets, net	905,652	847,719
Deferred outflows - pension	48,896	1,415
Total assets	2,110,151	1,878,770
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		
Current liabilities	21,113	23,024
Deferred inflows of resources – property taxes	563,047	575,285
Deferred inflows of resources - pension	431,155	431,155
Total liabilities and deferred inflows of resources	1,015,315	1,029,464
NET POSITION		
Net investment in capital assets	905,652	847,719
Restricted	18,000	15,000
Unrestricted	171,184	(13,413)
Total net position	\$ 1,094,836	\$ 849,306

**Coal Creek Canyon Fire Protection District
Management's Discussion and Analysis**

Approximately 10% of the net position total amount constitutes unrestricted net position, which is available for spending at the government's discretion.

STATEMENT OF ACTIVITIES

	2016	2015
	Governmental Activities	
Property & specific ownership taxes	\$ 613,175	\$ 528,756
Net investment income	1,844	274
Contributions, grants and services	107,854	73,928
Refunds and miscellaneous	7,338	53,082
Operating Expenses		
Net of treasurers' fees	(475,475)	(493,368)
Treasurers' fees	(9,206)	(7,943)
Net Income (Loss)	245,530	154,729
Net assets beginning of Year	849,306	694,577
Net assets end of year	\$ 1,094,836	\$ 849,306

Financial Analysis of the District's 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 District's 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, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Total fund revenue amounted to \$730,211. Total fund expenditures amounted to \$589,526.

**Coal Creek Canyon Fire Protection District
Management's Discussion and Analysis**

Capital Asset and Debt Administration

Capital assets: The District's investment in capital assets for its governmental activities as of December 31, 2016 amounts to \$905,652 (net of accumulated depreciation). This investment in capital assets includes the fire and medical equipment, the District's fire facilities and the facilities' water system.

Additional information on the District's capital assets can be found in note 5 on page 16.

Long-term debt: At the end of the current fiscal year, the District has no long-term debt outstanding.

Budgetary Highlights

The District's annual budget is prepared according to Colorado law and it is based on accounting for certain transactions on a basis of cash receipts and disbursements.

General Fund:

The total actual revenue of the District was less than budgeted revenues by \$55,214. The total actual expenditures of the District were less than the budgeted expenditures by \$86,074.

Additional information on the District's detailed Budget for the General fund can be found in page 5 of this report.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District:

Coal Creek Canyon Fire Protection District
P.O. Box 7187 Crescent Branch
Golden, Colorado 80403

Basic Financial Statements

COAL CREEK CANYON FIRE PROTECTION DISTRICT
Statement of Net Position and Governmental Fund Balance Sheet
December 31, 2016

	General Fund	Adjustments Page (2)	Statement of Net Position
<u>ASSETS</u>			
<i>Current assets:</i>			
Cash deposits	\$ 405,498	\$	\$ 405,498
Investments	183,922		183,922
Cash due from counties	2,478		2,478
Property tax receivable	563,047		563,047
Prepaid expenses	658		658
<i>Total current assets</i>	1,155,603		1,155,603
<i>Noncurrent assets:</i>			
Buildings		1,066,033	1,066,033
Fire trucks and equipment		1,715,018	1,715,018
Water system		304,444	304,444
Radio equipment		80,950	80,950
Less: accumulated depreciation		(2,260,793)	(2,260,793)
<i>Total noncurrent assets</i>		905,652	905,652
<i>Deferred outflows of Resources</i>			
Deferred outflows - pension		48,896	48,896
<i>Total assets</i>	\$ 1,155,603	954,548	2,110,151
<u>LIABILITIES</u>			
<i>Current liabilities:</i>			
Accounts payable and accrued liabilities	21,113		21,113
Accrued pension contribution	-		-
<i>Total current liabilities</i>	21,113	-	21,113
<i>Deferred Inflows of Resources</i>			
Deferred property tax revenue	563,047		563,047
Deferred inflows - pension		431,155	431,155
<i>Total liabilities and deferred inflows of resources</i>	584,160	431,155	1,015,315
<u>FUND BALANCES/ NET POSITION</u>			
<i>Fund balances:</i>			
Unassigned for:			
General government	552,785	(552,785)	
Non-spendable for:			
Prepaid expenses	658	(658)	
Reserved for:			
Emergencies	18,000	(18,000)	
<i>Total fund balances</i>	571,443	(571,443)	
<i>Total liabilities and fund balances</i>	\$ 1,155,603		
<i>Net position</i>			
Net investment in capital assets	-	905,652	905,652
Restricted for:			
Emergencies		18,000	18,000
Unrestricted		171,184	171,184
<i>Total net position</i>		\$ 1,094,836	\$ 1,094,836

The Notes to Financial Statements and Independent Auditors' Report
are an integral part of these financial statements.

COAL CREEK CANYON FIRE PROTECTION DISTRICT
Reconciliation of the Governmental Funds Balance Sheet
To the Statement of Net Position
For the Year Ended December 31, 2016

Fund balance per governmental fund balance sheet \$ 571,443

ASSETS AND CAPITAL ASSETS:

Some assets used in governmental activities are not financial resources
and are not reported in the Balance Sheet - Governmental Fund

Capital assets	3,166,445
Accumulated Depreciation	(2,260,793)
Deferred outflows - pension	48,896

LONG-TERM LIABILITIES AND DEFERRED INFLOWS:

Long-term liabilities and deferred inflows are not due and payable in the
current period and, therefore are not reported in the fund statements

Deferred inflows - pension	(431,155)
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Total net position per statement of net position	<u><u>\$ 1,094,836</u></u>
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The Notes to Financial Statements and Independent Auditors' Report
are an integral part of these financial statements.

COAL CREEK CANYON FIRE PROTECTION DISTRICT
Statement of Activities and Governmental Fund Revenues, Expenditures and
Changes in Fund Balance
For the Year Ended December 31, 2016

	<u>General Fund</u>	<u>Adjustments Page (4)</u>	<u>Statement of Activities</u>
<u>Revenues:</u>			
Property taxes	\$ 598,794	\$	\$ 598,794
Specific ownership taxes	14,381		14,381
Property tax interest	608		608
Grant income	65,842		65,842
Pension contribution - state match	24,676		24,676
Donations	1,050		1,050
State and local donations	1,683		1,683
Cistern contributions	14,603		14,603
Interest	1,236		1,236
Insurance claim refunds	6,022		6,022
Miscellaneous	1,316		1,316
<i>Total revenues</i>	<u>730,211</u>	<u>-</u>	<u>730,211</u>
<u>Expenditures/ Expenses:</u>			
Office and overhead	70,725		70,725
Insurance and financial	45,437		45,437
Recruitment and retention	15,215		15,215
Firefighting	26,748		26,748
Medical services	12,812		12,812
Vehicle fuel	5,634		5,634
Equipment maintenance and repair	35,380		35,380
Department operating expenses	67,845	(20,300)	47,545
Payroll expenses	91,988		91,988
Personnel expenses	11,641		11,641
Pension contribution	77,676	(47,481)	30,195
Depreciation		87,131	87,131
Capital outlay	128,425	(124,195)	4,230
<i>Total expenditures/ expenses</i>	<u>589,526</u>	<u>(104,845)</u>	<u>484,681</u>
Change in net position	140,685	104,845	245,530
Fund balance/ net assets:			
Beginning of the year	430,758	418,548	849,306
End of year	<u>\$ 571,443</u>	<u>\$ 523,393</u>	<u>\$ 1,094,836</u>

The Notes to Financial Statements and Independent Auditors' Report
are an integral part of these financial statements.

COAL CREEK CANYON FIRE PROTECTION DISTRICT
Reconciliation of the Statement of Revenue, Expenditures
and Changes in Fund Balance - Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2016

Excess of revenues over expenditures governmental funds	\$ 140,685
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Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense

Capital Outlay	144,495
Depreciation	(87,131)

The amount below is included in the Statement of Activities and does not provide current financial resources and therefore are not reported as a revenue or expenditure in the governmental fund

Pension expense	47,481
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Change in net position	<u><u>\$ 245,530</u></u>
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The Notes to Financial Statements and Independent Auditors' Report
are an integral part of these financial statements.

COAL CREEK CANYON FIRE PROTECTION DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual - (General Fund)
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Amended</u>		Final Budget
				Positive
				(Negative)
Revenues:				
Property taxes	\$ 575,285	575,285	\$ 598,794	\$ 23,509
Specific ownership taxes	25,000	25,000	14,381	(10,619)
Property tax interest		-	608	608
Donations		-	1,050	1,050
State and local donations	2,000	2,000	1,683	(317)
Cistern contributions	10,000	10,000	14,603	4,603
Grants	61,212	61,212	65,842	4,630
Matching pension contributions	-	-	24,676	24,676
Interest	200	200	1,236	1,036
Insurance claim refunds		-	6,022	6,022
Miscellaneous	1,300	1,300	1,316	16
<i>Total revenues</i>	<u>674,997</u>	<u>674,997</u>	<u>730,211</u>	<u>55,214</u>
Expenditures/ Expenses:				
Office and overhead	59,500	59,500	70,725	(11,225)
Insurance and financial	46,600	46,600	45,437	1,163
Recruitment and retention	10,000	10,000	15,215	(5,215)
Department operating expenses	85,000	85,000	67,845	17,155
Firefighting	30,000	30,000	26,748	3,252
Medical services	13,000	13,000	12,812	188
Vehicle fuel	10,000	10,000	5,634	4,366
Equipment maintenance and repair	40,000	40,000	35,380	4,620
Payroll expenses	155,000	155,000	91,988	63,012
Personnel expenses	16,500	16,500	11,641	4,859
Pension contribution	40,000	40,000	77,676	(37,676)
Capital outlay	170,000	170,000	128,425	41,575
	<u>675,600</u>	<u>675,600</u>	<u>589,526</u>	<u>86,074</u>
Excess of revenues over expenditures	(603)	(603)	140,685	141,288
Fund balance/ net position				
Beginning of the year	279,369	279,369	431,327	151,958
End of year	<u>\$ 278,766</u>	<u>\$ 278,766</u>	<u>\$ 572,012</u>	<u>\$ 293,246</u>

The Notes to Financial Statements and Independent Auditors' Report
are an integral part of these financial statements.

**COAL CREEK CANYON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

Note 1 - Definition of Reporting Entity

The Coal Creek Fire Protection District is a quasi-municipal corporation governed pursuant to provisions in the Colorado Special District Act. The District's service area is located in Boulder, Gilpin and Jefferson Counties, Colorado. The District was established to provide fire protection, rescue and emergency services.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements that provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The District, which is the primary government, is not considered a component unit of any other government unit under criteria established by Governmental Accounting Standards Board No. 14, "*The Financial Reporting Entity*" and does not engage in any business-type activities.

Note 2 - Summary of Significant Accounting Policies

A. *Basis of Presentation*

The District's basic financial statements are prepared in conformity with accounting principals generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standard followed by governmental entities in the U.S.A.

B. *Government-wide and Fund Financial Statements*

Government-wide Financial Statements

The government-wide financial statements include the Statement of Net Assets and Statement of Revenue, Expenditures and Changes in Fund Balance. These statements report financial information for the District as a whole excluding fiduciary activities such as volunteer pension plans. The primary government and component units are presented separately within financial statements with the focus on the primary government. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by property taxes, are reported separately from business-type activities, generally financed in whole or in part with fees charged to external customers.

**COAL CREEK CANYON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

Note 2 - Summary of Significant Accounting Policies – (continued)

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

Government-wide Financial Statements – (continued)

The government-wide Statement of Net Assets reports all financial and capital resources of the District. It is displayed in a format of assets less liabilities equal net assets, with the assets and liabilities shown in order of their relative liquidity. Net assets are required to be displayed in three components 1) invested in net assets, net of related debt, 2) restricted, and 3) unrestricted. Invested in capital assets, net of related debt is capital assets net of accumulated depreciation reduced by debt that is attributable to the acquisition, construction or improvement of those capital assets. Restricted net assets are those with constraints placed on their use by either: 1) externally imposed by creditors, grantors, contributors or laws or regulations of other governments, or 2) imposed by law through constitutional provisions or enabling legislation. All net assets not otherwise classified as restricted, are shown as unrestricted.

The government-wide Statement of Revenues, Expenses and Changes in Fund Balance demonstrates the degree to which both direct and indirect expenses of the various functions and programs of the District are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. Program revenues include charges to customers who purchase, use or directly benefit from goods, services or privileges provided by a particular function or program. Taxes, unrestricted investment income and other revenues not identifiable with a particular function or program are included as general revenues. The general revenues support the net costs of the functions and programs not covered by program revenues.

Fund Financial Statements

The accounts of the District are organized on the basis of *funds*. A fund is a separate accounting entity with a self-balancing set of accounts. These funds are used to report on the District's financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities. Resources are accounted for in individual funds based upon the purposes for which they are to be spent and the restrictions, if any, on the spending activities.

The basic financial statements include fund financial statements for governmental funds and fiduciary funds. The focus of the fund financial statements is on major funds as defined by GASB Statement No. 34. Although this reporting model sets forth minimum criteria for determination of major funds (a percentage of assets, liabilities, revenues, or expenditures/expenses of fund category and of the governmental and enterprise funds combined), it also gives governments the option of displaying other funds as major funds. The District has only one governmental fund.

COAL CREEK CANYON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS

Note 2 - Summary of Significant Accounting Policies - (continued)

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 full *accrual basis* of accounting. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place.

Governmental funds are reported using the *current financial resources* measurement focus and the *modified accrual* basis of accounting. Under this method, revenues are recognized when *measurable* and *available*. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Governmental capital asset acquisitions are reported as *expenditures* in governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as *other financing sources*.

D. Fund Type

Governmental Fund Type:

General Fund – The general operating fund of the District accounts for all financial resources that are not required to be accounted for in other funds.

E. Assets, Liabilities, and Net Position (Deficit) or Fund Balance

Investments

The District has implemented the accounting and reporting requirements of Governmental Accounting Standards Board (GASB) No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. At December 31, 2016, the carrying value of investments approximates fair value.

Capital Assets

Capital assets which include building improvements, fixtures and equipment are reported in the applicable governmental activities columns in the government wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

**COAL CREEK CANYON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

Note 2 - Summary of Significant Accounting Policies - (continued)

E. Assets, Liabilities, and Net Position (Deficit) or Fund Balance – (continued)

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the fixed assets, as applicable.

Improvements, furniture, fixtures and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>ASSET TYPE</u>	<u>YEAR</u>
Building	40
Improvements	10
Vehicles	7-15
Furniture	5-10
Equipment	5-15
Fixtures	5-10

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports 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 reports deferred outflows related to pensions.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two types of items that qualify for reporting in this category. One item related to unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: county property taxes. The second item represents deferred inflows related to pensions. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**COAL CREEK CANYON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

Note 2 - Summary of Significant Accounting Policies - (continued)

E. Assets, Liabilities, and Net Position (Deficit) or Fund Balance – (continued)

Net Position and Fund balance

A. Net Position

Net Position is the excess of all the District's assets and deferred outflows, if any, over all its liabilities and deferred inflows, if any, regardless of the fund. Net position is divided into three captions. These captions apply only to Net Position, which is determined only at the Government-wide level, and are described below:

- **Net Investment in Capital Assets** describes the portion of Net Position which is represented by the current net book value of the District's capital assets, less the outstanding balance of any debt issued to finance these assets.
- **Restricted** describes the portion of Net Position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the District cannot unilaterally alter. These principally include funds to be used for emergencies under the Colorado State Tax Payer Bill of Rights (TABOR).
- **Unrestricted** describes the portion of Net Position which is not restricted to use.

B. Fund Balance

Governmental fund balances represents the net current assets of each fund. Net current assets generally represents a fund's cash and receivables, less its liabilities.

The District's fund balances are classified in accordance with Governmental Accounting Standards Board Statement Number 54 (GASB 54), Fund Balance Reporting and Governmental Fund Type Definitions, which requires the District to classify its fund balances based on spending constraints imposed on the use of resources. For programs with multiple funding sources, the District prioritizes and expends funds in the following order: Restricted, Committed, Assigned, and Unassigned. Each category in the following hierarchy is ranked according to the degree of spending constraint:

**COAL CREEK CANYON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

Note 2 - Summary of Significant Accounting Policies - (continued)

E. Assets, Liabilities, and Net Position (Deficit) or Fund Balance – (continued)

- **Nonspendable** represents balances set aside to indicate items do not represent available, spendable resources even though they are a component of assets. Fund balances required to be maintained intact and assets not expected to be converted to cash, such as prepaids, are included. However, if proceeds realized from the sale or collection of nonspendable assets are restricted, committed or assigned, then Nonspendable amounts are required to be presented as a component of the applicable category.
- **Restricted** fund balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which requires the resources to be used only for a specific purpose.
- **Committed** fund balances have constraints imposed by formal action of the Board of Directors which may be altered only by formal action of the Board of Directors. Nonspendable amounts subject to the Board of Directors' commitments are included along with spendable resources.
- **Assigned** fund balances are amounts constrained by the District's intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed by the Board of Directors or its designee and may be changed at the discretion of the Board of Directors or its designee. This category includes Nonspendables, when it is the Board of Director's intent to use proceeds or collections for a specific purpose, and residual fund balances, if any which have not been restricted or committed.
- **Unassigned** fund balance represents residual amounts that have not been restricted, committed, or assigned. This includes the residual general fund balance and residual fund deficits, if any, of other governmental funds.

As of December 31, 2016, the District's fund balance had \$18,000 restricted by the Colorado Taxpayers' Bill of Rights (TABOR) to be used for declared emergencies only. The remaining fund balance is considered by the District to be unassigned. At December 31, 2016, the District had an unassigned fund balance in the general fund of \$552,785.

**COAL CREEK CANYON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

Note 2 - Summary of Significant Accounting Policies - (continued)

K. Net Position and Fund balance – (continued)

C. Recently Issued and Adopted Accounting Pronouncements.

- GASB Statement No. 68 – In June 2012, GASB issued Statement No. 68 *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. The intention of this Statement is to improve the decision-usefulness of information in employer and governmental non-employer contributing equity financial reports and enhance its value for assessing accountability and inter-period equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense.
- GASB Statement No. 71 – In 2014, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An amendment of GASB No. 68*. The intention of this Statement is to eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual-basis financial statements of employers and non-employer contributing entities.
- Effective for year ends beginning after June 15, 2015 GASB No. 72 “*Fair Value Measurement and Application*” establishes general principles for measuring fair value and standards of accounting and financial reporting for assets and liabilities measured at fair value. The District implemented the provisions of this pronouncement beginning January 1, 2016.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions. These estimates may affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 3 - Stewardship, Compliance and accountability

Budgets and Budgetary Accounting

Formal budgetary integration is employed as a management control device during the year for the General and Pension Trust Funds. Formal budgetary integration is also employed to comply with the State of Colorado Budget Law. The amounts not included in non-GAAP budgetary basis schedules are reflected on the schedules in the budget section of this report.

**COAL CREEK CANYON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

Note 3 - Stewardship, Compliance and accountability – (continued)

The District follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Budgets are required by state law for all funds. Prior to October 15, a proposed operating budget for each fund is submitted to the Directors for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted by the Board of Directors to obtain taxpayer comments. The budget is formally adopted by resolution after considering comments received. The budget may be amended by action of the Board of Directors upon proper publication. General fund expenditures exceeded appropriations, which may be a violation of state statutes. The District does not adopt a Pension Fund budget, resulting in \$0 of budgeted expenditures. As a result, Pension Fund expenditures exceed appropriations, which may be a violation of state statutes.
3. The required mill levy is adopted by resolution no later than December 15. The mill levy is then certified to the county commissioners.

Tax, Spending and Revenue Limitations

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations including revenue raising, spending abilities, and other specific requirements of state and local governments.

The District's financial activity provides the basis for calculation of limitations adjusted for allowable increases tied to inflation and local growth.

The amendment excludes from its provisions Enterprises. Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10 percent of their annual revenue in grants from all state and local governments combined, are excluded from the provisions of the Amendment.

The amendment is complex and subject to judicial interpretation. Management of the District is of the belief that it is in compliance with the amendment at December 31, 2016. However, the District has made certain interpretations in the amendment's language in order to determine its compliance.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). The District has reserved \$18,000 for this purpose.

**COAL CREEK CANYON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

Note 4 – Cash Deposits and Investments

Cash deposits and investments held by the District as of December 31, 2016 were as follows:

<i>Cash Deposits</i>	Book Balance	Bank Balance
Insured cash deposits	\$ 250,000	\$ 250,000
Collateralized deposits	155,498	174,023
Total cash deposits	405,498	\$ 424,023
	Fair Value	
<i>Investments</i>		
Local government investment pools	183,922	
Total investments	183,922	
Total cash deposits and investments	\$ 589,420	

CASH DEPOSITS:

Custodial Credit Risk

Custodial credit risk is the risk that if a bank fails, then the District's deposits may not be returned. As of December 31, 2016, the carrying amount of the District's cash deposits were \$405,498. The District's cash demand deposits are held at financial institutions in which deposits are insured up to \$250,000 per institution by the Federal Deposit Insurance Corporation. The District's deposits are categorized to give an indication of the level of risk assumed by the District at December 31, 2016.

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Amounts on deposit in excess of federal insurance coverage must be collateralized. PDPA allows eligible depositories to create a single collateral pool for all public funds. The market value of eligible collateral (determined under PDPA) must exceed the aggregate uninsured deposits held by a financial institution on behalf of all local government deposits.

The Colorado Divisions of Banking and Financial Services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

Deposits are categorized to give an indication of the level of credit risk related to custody of assets assumed by the government at the end of the year:

Category 1 – deposits not covered by depository insurance and uncollateralized.

Category 2 – deposits not covered by depository insurance and collateralized with securities held by the pledging financial institution.

**COAL CREEK CANYON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

Note 4 – Cash Deposits and Investments – (Continued)

Category 3 – deposits not covered by depository insurance and collateralized with securities held by the pledging institution's trust department or agent but not in the depositor-government's name.

INVESTMENTS:

Eligible Investments

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. Investments not measured at fair value and not categorized include governmental money market funds (PFM funds Governmental Select series) and money market funds (generally held by Bank Trust Departments in their role as Paying Agent or Trustee), and CSAFE, which record their investments at amortized cost.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest, which include:

- obligations of the United States and certain U.S. government agency securities,
- certain international agency securities,
- general obligation and revenue bonds of the U.S. local government entities,
- bankers' acceptance of certain banks,
- commercial paper,
- written repurchase agreements collateralized by certain authorized securities,
- certain money market funds,
- guaranteed investment contracts, and
- local government investment pools

Primary government investments

Local Government Investment Pools and Money Market Funds

Pooled investment funds (trusts) are supervised by the participating governments and must comply with the same restrictions on cash deposits and investments explained in the preceding paragraphs. Investment funds or money market funds are not categorized because they are not evidenced by securities that exist in physical or book form.

**COAL CREEK CANYON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

Note 4 – Cash Deposits and Investments – (Continued)

Local Government Investment Pools

As of December 31, 2016, the District had invested \$183,922 in the Colorado Local Government Liquid Asset Trust (the Trust); an investment vehicle established for local government entities in Colorado to pool surplus funds. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury Securities and repurchase agreements collateralized by U.S. Treasury Securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. Agency Securities and highest rated commercial paper. A designated custodial bank serves as custodian for the Trust's portfolios and provides services as the depository in connection with direct investments owned by the Trust.

As of December 31, 2016, the District had invested \$183,922 in the COLOTRUST PLUS+ portfolio. COLOTRUST PRIME is rated AAAM by Standard and Poor's. COLOTRUST PLUS+ is rated AAAM by Standard and Poor's, Fitch and Moody's. Separate financial statements can be obtained through their web-site at www.colotrust.com or by calling (303) 864-7474.

Note 5 – Property, Plant & Equipment

In accordance with the policy established by the Board of Directors, the District capitalizes only items with a life over 3 years and a cost of at least \$5,000. An analysis of the changes in property and equipment for the year ended December 31, 2015 follows:

	Balance December 31, 2015	Transfers/ Additions	Transfers/ Retirements	Balance December 31, 2016
Capital assets being depreciated:				
Buildings	\$ 1,045,733	\$ 20,300	\$ --	\$ 1,066,033
Fire trucks and equipment	1,590,823	124,195	--	1,715,018
Water system	304,444	--	--	304,444
Radio equipment	80,950	--	--	80,950
Total capital assets being depreciated	<u>3,021,950</u>	<u>144,495</u>	<u>--</u>	<u>3,166,445</u>
Less, accumulated depreciation for:				
Buildings	(330,339)	(26,185)	--	(356,524)
Fire trucks and equipment	(1,525,026)	(36,095)	--	(1,561,121)
Water system	(248,234)	(17,335)	--	(265,569)
Radio equipment	(70,063)	(7,516)	--	(77,579)
Total accumulated depreciation	<u>(2,173,662)</u>	<u>(87,131)</u>	<u>--</u>	<u>(2,260,793)</u>
Total Capital Assets Being Depreciated, Net	<u>848,288</u>	<u>57,364</u>	<u>--</u>	<u>905,652</u>
Total Capital Assets, Net	<u>\$ 848,288</u>	<u>\$ 57,364</u>	<u>\$ --</u>	<u>\$ 905,652</u>

**COAL CREEK CANYON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

Note 6 – Risk Management

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God. The District carries commercial insurance coverage for all risks of loss. Claims have not exceeded commercial coverage since inception.

Note 7 – Volunteer Firemen’s Pension—FPPA Administered

The District, on behalf of its volunteer firefighters, contributes to a defined benefit pension plan, which is affiliated with the Colorado Fire and Police Pension Association (FPPA). Assets of the plan are commingled for investment purposes in the Fire and Police Member’s Benefit Fund, an agent multiple-employer defined benefit pension plan administered by FPPA. The plan provides retirement benefits for members and beneficiaries according to the plan provisions as enacted and governed by the Pension Fund Board of Trustees. Colorado Revised Statutes (CRS), as amended, establishes basic benefit provisions under the plan. FPPA issues a publicly available annual financial report that includes the assets of the volunteer plan. That report may be obtained by calling FPPA at 303-770-3772 in the Denver Metro area, or 1-800-332-FPPA (3772) from outside the metro area.

The Pension Fund’s Board of Trustees is comprised of the five Directors of the District and two District volunteer firefighters. At December 31, 2016, there are 33 retired volunteers receiving benefits, and 5 inactive plan members entitled to but not yet receiving, and 35 active volunteers currently receiving benefits. Volunteer firefighters are eligible for pension benefits and wildland volunteers are not eligible.

Volunteer firefighters who complete the minimum annual training required by the District and are members in good standing of the volunteer organization are eligible to participate in the plan for that year. Volunteers’ rights to a benefit vest after ten years of service. Volunteers who retire at, or after the age of 50 with ten years of credited service are entitled to a benefit. In addition, the plan provides death and disability benefits, funded by insurance policies.

The financial statements of the volunteer plans are prepared using the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The investments are presented at fair value except for short-term investments, which are recorded at cost, which approximates fair value.

The District makes contributions based upon District established benefits and funding requirements based upon an actuarial study. Plan members do not make contributions. The State of Colorado also contributes to the plan an amount set by statute.

A summary of the contributions to the Pension Fund and annual required contributions based upon actuarial studies for the current and prior five years are as follows:

**COAL CREEK CANYON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

Note 7 – Volunteer Firemen’s Pension—FPPA Administered – (continued)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
District contributions	\$ 53,000	\$ 36,041	\$ 34,580	\$ 28,469	\$ 27,787
State of Colorado contributions	<u>24,676</u>	<u>--</u>	<u>24,422</u>	<u>24,079</u>	<u>24,761</u>
Total combined contributions	<u>\$ 77,676</u>	<u>\$ 36,041</u>	<u>\$ 59,002</u>	<u>\$ 52,548</u>	<u>\$ 52,548</u>
Annual required contributions	<u>\$ 59,002</u>	<u>\$ 59,002</u>	<u>\$ 59,002</u>	<u>\$ 52,548</u>	<u>\$ 52,548</u>
Contributions as a percentage of total annual required contributions	<u>132%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>
Net pension obligation	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

The Annual Required Contribution (ARC) (is an actuarial amount and not a legally required contribution) for the current year was determined by the FPPA actuary, using the “entry age normal” cost method as of January 1, 2015. The significant actuarial assumptions used in the valuation as of January 1, 2015 were (a) life expectancy of participants obtained from the 1994 Group Annuity Mortality Table loaded for fire and police experience; (b) retirement age assumption of 50 with 20 years experience; and (c) investment return of 7.50% per annum net of operating expenses.

For the purpose of this actuarial study, plan assets were valued at fair value using quoted market prices except for real estate, which is recorded at estimated fair value based upon periodic appraisals, investments in limited partnerships which are recorded at estimated fair value as derived from the financial statement of the partnerships and guaranteed investment contracts which are recorded at contract value. Securities transactions are recorded on a trade date basis. The study utilized a level of dollar amortization over a closed period of 20 years.

**COAL CREEK CANYON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

Note 7 – Volunteer Firemen’s Pension—FPPA Administered – (continued)

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

Actuarial Valuation Date	Net Assets Available for Benefits (a)	Actuarial Accrued Liability (b)	Funding Excess (a)-(b)	Funded Ratio (a)/(b)
01/01/15	\$ 949,374	\$ 1,394,123	\$ (444,749)	68%
01/01/13	903,867	1,313,486	(409,610)	69%
01/01/11	855,745	1,216,317	(360,572)	70%
01/01/09	809,300	1,169,690	(360,390)	69%
01/01/07	848,148	1,011,253	(163,105)	84%
01/01/05	725,826	984,368	(258,542)	74%
01/01/03	720,573	922,341	(201,768)	78%

Note 8 – Volunteer Firefighter Pension Defined Benefits Plan Disclosures

Governmental Accounting Standards Board Statement No. 68 (GASB 68) establishes standards for pension accounting and financial reporting. Under GASB 68 the employer must account for and disclose the net pension liability/(asset), pension expense/(income) along with the related deferred outflows of resources, deferred inflows of resources, and other information associated with providing retirement benefits to their employees (and former employees) on their financial statements. The net pension liability/(asset) is the difference between the total pension liability and the plan’s fiduciary net position. In traditional actuarial terms, this is analogous to the accrued liability less the market value of assets. The pension expense/(assets) recognized each year is equal to the change in the net pension liability/(asset) from the beginning of the year to the end of the year, adjusted for deferred recognition of the certain changes in the liability and investment experience.

The total pension liability shown in this report is based on an actuarial valuation performed as of January 1, 2015 and a measurement date of December 31, 2015. This measurement date is within one year of the District’s year end of December 31, 2016 and may be used for December 31, 2016 reporting purposes.

**COAL CREEK CANYON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

Note 8 – Defined Benefits Plan Disclosures as of Measurement Date - (continued)

Plan Description

a. Plan administration

The Plan is administered by a Board of Trustees composed of District Board of Directors, members and firefighters elected in accordance with Colorado State statutes.

Plan Description

b. Plan administration

The Plan is administered by a Board of Trustees composed of District Board of Directors, members and firefighters selected in accordance with Colorado State statutes.

c. Plan membership

As of December 31, 2016, Plan membership consisted of the following:

Inactive Plan members or beneficiaries currently receiving	33
Inactive Plan members entitled to but not yet receiving	5
Active Plan members	<u>35</u>
Total	<u><u>73</u></u>

Single 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 long-term 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%.

**COAL CREEK CANYON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

Note 8 – Defined Benefits Plan Disclosures as of Measurement Date - (continued)

Sensitivity of the net pension liability to changes in the discount rate

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

	Current 1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Net Pension Liability(Asset)	\$581,905	\$431,155	\$304,568

Pension Expense, Deferred Outflows and Inflows of Pension Resources

The impact of experience gains or losses and assumption changes on the Total Pension Liability are recognized in the proportionate share of the pension expense over the average expected remaining service life of all active and inactive members of the plan. As of the measurement date (December 31, 2015), this recognition period was 5 years.

The following tables show the current balance and sources of deferred outflows and inflows related to the District’s defined benefit retirement plan, and the scheduled recognition of these deferred amounts:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Pension Liability	\$	\$ 431,155
2016 Contribution	77,676	
Pension (Expense)	(30,195)	
Net Deferred Inflows and Outflows	\$ 47,481	\$ 431,155

\$9,620 reported as deferred inflows of resources related to contributions subsequent to the measurement date will be recognized as an increase 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 as pension expense as follows:

**COAL CREEK CANYON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

Note 8 – Defined Benefits Plan Disclosures as of Measurement Date - (continued)

**Deferred Outflows and Deferred Inflows of Resources by Source to be
Recognized in Future Pension Expense/(Income)**

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows Of Resources</u>	<u>Net Deferred Outflows/ (Inflows) of Resources</u>
Differences between expected and actual experience	\$ 9,272	\$ --	\$ 9,272
Assumption changes	--	--	--
Net difference between projected and actual earnings on pension plan investments	2,790	--	2,790
Total	\$ 12,062	\$ --	\$ 12,062

<u>Year Ending December 31</u>	<u>Net Deferred Outflows/ (Inflows) of Resources</u>
2017	\$ 9,272
2018	1,396
2019	1,394
2020	0
2021	0
Thereafter	0
Total	\$ 12,062

For the year ended December 31, 2016, the District recognized a pension expense of \$30,195. The table below presents the sources of the pension expense.

**COAL CREEK CANYON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

Note 8 – Defined Benefits Plan Disclosures as of Measurement Date - (continued)

Pension Expense for the year ended December 31, 2016

Operating Expenses		
Service cost	\$	8,038
Administrative expense		<u>1,825</u>
		<u>9,863</u>
Financing Expenses		
Interest cost		95,720
Expected return on assets		<u>(59,984)</u>
		<u>35,736</u>
Changes		
State of Colorado Discretionary Payment		(24,676)
Recognition of Outflow(Inflow) of Resources due to Liabilities		7,876
Recognition of Outflow(Inflow) of Resources due to Assets		<u>1,396</u>
		<u>(15,404)</u>
Pension Expense	\$	<u>30,195</u>

Recognition of Outflows (Inflows) of Resources due to Assets/Liabilities

	Deferred Outflows Of Resources	Deferred Inflows Of Resources	Net Outflows/ (Inflows) of Resources Due to Assets/Liabilities
Differences between expected and actual experience	\$ 24,324	\$ (8,224)	\$ 16,100
Assumption changes	<u>--</u>	<u>--</u>	<u>--</u>
Net difference between projected and actual earnings on pension plan investments	<u>6,978</u>	<u>--</u>	<u>6,978</u>
Outflow of resources to be recognized in the current pension expense/(income) due to Assets	<u>--</u>	<u>(1,396)</u>	<u>(1,396)</u>
Total	\$ <u>31,302</u>	\$ <u>(9,620)</u>	\$ <u>21,682</u>

**COAL CREEK CANYON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

Note 8 – Defined Benefits Plan Disclosures as of Measurement Date - (continued)

**Outflows and Inflows of Resources by Source to be Recognized in Current Pension
Expense(Income)**

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows Of Resources</u>	<u>Net Deferred Outflows/ (Inflows) of Resources</u>
Differences between expected and actual experience	\$ 8,224	\$ --	\$ 8,224
Assumption changes	--	--	--
Net difference between projected and actual earnings on pension plan investments	1,396	--	1,396
Total	\$ 9,620	\$ --	\$ 9,620

Net Pension Liability

The components of the net pension liability at December 31, 2016 were as follows:

Total pension liability	\$ 1,443,191
Plan fiduciary net position	<u>1,012,036</u>
District's net pension liability(asset)	431,155
Plan fiduciary net position as a percentage of the total pension liability	70.12%

Note 9 –Evaluation of Subsequent Events

The District has evaluated subsequent events through July 19, 2017, the date which the financial statements were available to be issued. There were no subsequent events that required recognition or disclosure.

The District is in Golden Colorado. The Gallagher Amendment in the Colorado Constitution requires and adjustment to the Residential Adjustment Rate (RAR) in order to maintain a constant relationship between the statewide share of residential taxable value and the statewide share of nonresidential taxable value. The amendment prevents the share of residential property from increasing relative to other classes of property due to an increase in home values. The residential assessment rate for 2017-2018 property tax years has been set at 7.2%. The effects of this Amendment may result in a reduction of property tax revenue to the District in 2017 and beyond.

Required Supplementary Information

Coal Creek Fire Protection District

Schedule of Changes in District's Net Pension Liability and Related Ratios

Total pension liability	2016
Service Cost	\$ 8,038
Interest	95,720
Changes in benefit terms	-
Differences between expected and actual experiences of the total pension liability	41,030
Benefit payments	(95,720)
Net change in total pension liability	\$ 49,068
Total pension liability - beginning	1,394,123
Total pension liability - end (a)	\$ 1,443,191
Plan fiduciary net position	
Contributions - employer	\$ 53,000
Net investment income	51,945
Benefit payments, including refunds of employee contributions	(95,720)
Administrative expense	(1,825)
State of Colorado supplemental discretionary payment	24,676
Net change in plan fiduciary net position	\$ 32,076
Plan fiduciary net position - beginning	979,960
plan fiduciary net position - ending (b)	\$ 1,012,036
District's net pension liability - ending (a)-(b)	\$ 431,155
Plan fiduciary net position as a percentage of the total pension liability	70.12%

Notes to Schedule

a. Benefit changes

None

b. Changes of assumptions

None

Coal Creek Fire Protection District

Schedule of District Contributions

Year	Contributions Related to the Actuarially Determined Contribution		
	Actuarially Determined Contribution	Contributions Related to the Actuarially Determined Contribution	Contributions Deficiency (Excess)
2016	\$ 59,002	\$ 72,676	\$ (13,674)
2015	59,002	36,041	22,961
2014	59,002	59,002	-
2013	52,548	52,548	-
2012	52,548	52,548	-
2011	52,127	52,127	-

Notes to Schedule

Valuation Date:

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, 2015, determines the contribution amounts for 2015 and 2016.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open*
Remaining Amortization Per	20 years*
Asset Valuation Method	5-Year smoothed market
Inflation	3.00%
Salary Increases	N/A
Investment Rate of Return	7.50%
Retirement Age	50% per year of eligibility until 100% at age 65
Mortality	Pre-retirement: RP-2000 Combined Mortality 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 amortized period based on the expected remaining lifetime of the participants.

Other Supplementary Information

**COAL CREEK CANYON FIRE PROTECTION DISTRICT
SUMMARY OF ASSESSED VALUATION, MILL LEVY
AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2016**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied	Total Property Taxes		Percent Collected to Levied
			Levied	Collected	
2008	49,395,125	8.000	395,161	391,929	99.18%
2009	49,627,782	8.000	397,022	392,950	98.97%
2010	49,925,992	8.000	399,408	395,932	99.13%
2011	52,641,470	8.000	421,132	419,087	99.51%
2012	48,158,340	8.000	385,267	598,794	155.42%
2013	48,844,828	8.000	390,759	391,360	100.15%
2014	48,158,340	8.000	385,267	384,320	99.75%
2015	49,351,417	10.000	493,514	491,987	99.69%
2016	57,528,486	10.000	575,285	598,794	104.09%

Estimate for the year ended December 31, 2017

2017	56,304,777	10.000	563,048		
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NOTE:

Property taxes collected in any one year include collection of delinquent property taxes assessed in prior years. Information received from the County Treasurers does not permit identification of specific year of assessment.

The Notes to Financial Statements and Independent Auditors' Report
are an integral part of these financial statements