

**EVERGREEN  
FIRE PROTECTION DISTRICT  
BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016**



**RECEIVED**

*By the Office of the State Auditor at 4:47 pm, Jun 23, 2017*

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## Independent Auditors' Report

Board of Directors  
Evergreen Fire Protection District  
Evergreen, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of the Evergreen Fire Protection District (District) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the basic financial statements of the District, 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.

### ***Auditors' Responsibility***

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

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

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

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## ***Opinions***

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

## ***Other-Matters***

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule, and the Schedule of Changes in Net Pension Liability and Related Ratios, the Schedule of Contributions, the Schedule of the District's Proportionate Share of the Net Pension Liability and the Schedule of the District's Contributions and Related Ratios on pages iv through x and 19 through 23 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other 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 individual major fund schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The individual fund schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Payette & Adams, LLC*

June 2, 2017  
Denver, Colorado

**EVERGREEN FIRE PROTECTION DISTRICT  
MANAGEMENT'S DISCUSSION & ANALYSIS**

Evergreen Fire Protection District  
Managements' Discussion and Analysis  
December 31, 2016

This section of the Evergreen Fire Protection District's (District) financial report provides management's narrative discussion and analysis of the financial activities of the District for the year ended December 31, 2016. The discussion focuses on the District's primary government.

### **Overview of the Basic Financial Statements**

*Management's Discussion and Analysis* introduces the District's Basic Financial Statements which include: (1) Government-wide Financial Statements, (2) Fund Financial Statements, (3) Notes to Basic Financial Statements and (4) Required Supplementary Information. The District also includes in this report additional information to supplement the Basic Financial Statements.

The District's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

### **Financial Highlights**

- District assets exceeded liabilities by \$11,362,762 (net position) for the year reported, resulting in an increase of \$599,439 from the prior year.
- Total net assets are comprised of the following:
  1. Net investment in capital assets, net of related debt was \$7,983,237, which includes property and equipment, net of accumulated depreciation, and reduced for outstanding bonds related to the purchase and construction of capital assets, mainly the purchase of new fire apparatus and the construction of a new station.
  2. \$210,513 of Fund Balance is restricted by constraints imposed from outside the District such as debt covenants, laws or regulations.
  3. Unrestricted net position of \$3,169,012 represent the portion available to maintain the District's continuing obligations to citizens and creditors.
- The District's governmental funds' ending fund balance was \$4,428,331. This is \$463,883 higher than prior year, when ending fund balance was \$3,964,448.

### **(1) Government-wide Financial Statements**

The District's financial report includes two Government-wide Financial Statements. These statements provide both long-term and short-term information about the District's overall status. Government-wide Financial Statements resemble financial reporting used in the private sector because basis is reported using full accrual accounting and elimination, or, reclassification of internal activities.

The first of these two Government-wide Financial Statements is the *Statement of Net Position*. This is the District-wide Statement of Financial Position presenting information that includes all of the District's assets and liabilities, with the difference reported as *net position*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall economic health of the District would extend to other non-financial factors such as diversification of the taxpayer base or the condition of the District's capital assets in addition to the financial information provided in this report.

The second Government-wide Statement is the *Statement of Activities*, which reports the change in net position in the current year compared to prior year for the District. All current year revenues and expenses are included regardless of when cash is received or paid. The purpose the Statement of Activities format is to demonstrate how distinct District activities or functions impact revenues provided by the District's taxpayers.

Both Government-wide Financial Statements distinctively report governmental activities of the District that are principally supported by property taxes. Governmental activities include General Government, Fire Suppression, Fire Prevention, Communications, Station and Vehicles Maintenance, and Emergency Medical Services.

## **(2) 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 objectives. The District, like other special purpose governments, uses fund accounting to ensure and demonstrate compliance with financial-related legal requirements. The Basic Financial Statements of the District are presented as a special purpose government engaged in governmental-type activities.

*Governmental Funds* are reported in the Fund Financial Statements and encompass essentially the same functions reported as governmental activities in the Government-wide Financial Statements. However, the focus is very different with fund statements providing a distinct view of the District's governmental funds. These statements report short-term fiscal activity focusing on the use of spendable resources during the year and balances of spendable resources available at the end of the year. They are useful in evaluating annual financial requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the focus of Government-wide financial statements includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide reconciliation to the Government-wide Statements to assist in understanding the differences between these two perspectives.

A Budgetary Comparison Statement for the General Fund is included in the *Required Supplementary Information* section of this report. A Budgetary Comparison Schedule for the Debt Service Fund is presented the *Other Supplementary Information* section. These statements and schedules demonstrate compliance with the District's adopted and final revised budget.

## **(3) Notes to Basic Financial Statements**

The accompanying Notes to the Financial Statements provide information essential to a full understanding of the Government-wide and Fund Financial Statements. The Notes to the Financial Statements begin immediately following the Basic Financial Statements.

## **(4) Other Information**

In addition to the Basic Financial Statements and accompanying notes, this report also presents certain *Required Supplementary Information* concerning the District's General Fund budgetary comparison and schedules related to the Defined Benefit Plans. *Other Supplementary Information* includes detailed budgetary comparisons for the District's other fund.

## Financial Analysis of the District as a Whole

The District's net position at year end is \$11,362,762. This is a \$599,439 increase over last year's ending net position of \$10,763,323. The following table provides a summary of the District's net position at December 31:

### Statement of Net Position

	<u>2016</u>	<u>2015</u>
Current assets	\$ 10,741,460	\$ 8,499,949
Capital assets, net	<u>12,027,993</u>	<u>12,489,743</u>
Total assets	<u>22,769,453</u>	<u>20,989,692</u>
Deferred outflow of resources	<u>608,003</u>	<u>312,193</u>
Total outflow	608,003	312,193
Current liabilities	2,345,548	2,002,424
Long-term liabilities	<u>3,654,313</u>	<u>4,235,514</u>
Total liabilities	<u>5,999,861</u>	<u>6,237,938</u>
Deferred inflow of resources	<u>6,014,833</u>	<u>4,300,624</u>
Total inflow	<u>6,014,833</u>	<u>4,300,624</u>
Net Position:		
Net Investment in Capital Assets	7,983,237	7,755,986
Restricted	210,513	180,617
Unrestricted	<u>3,169,012</u>	<u>2,826,720</u>
Total net position	<u>\$ 11,362,762</u>	<u>\$ 10,763,323</u>

The following table provides a summary of the District's changes in net position for the year ended December 31:

**Statement of Activities**

	<u>2016</u>	<u>2015</u>
<b>Revenues:</b>		
<i>Program revenues -</i>		
Charges for services	\$ 951,256	\$ 1,020,462
<i>General and Debt Service Revenues -</i>		
Property taxes - general purpose	3,636,297	3,312,645
Property taxes - debt service	647,599	630,662
Specific ownership taxes	323,516	304,822
Interest income	21,951	6,460
Donations	85,404	8,310
Intergovernmental	80,000	80,000
Other	124,003	183,132
Gain on disposal of capital assets	0	24,243
Donated Assets	94,158	197,862
<b>Total revenues</b>	<u>5,964,184</u>	<u>5,768,598</u>
 <b>Expenses:</b>		
<i>General Expenses -</i>		
Salaries and benefits	3,175,420	3,021,061
Professional services	186,344	238,221
Commodities & supplies	395,829	377,751
General & administrative	1,376,539	1,340,874
Elections	59,706	0
County Treasurer fees	72,426	66,941
 <i>Debt Service Expenses:</i>		
Interest	<u>98,481</u>	<u>107,006</u>
<b>Total expenses</b>	<u>5,364,745</u>	<u>5,151,854</u>
<b>Change in Net Position</b>	599,439	616,744
Beginning Net Position, restated (Note 7)	<u>10,763,323</u>	<u>10,146,579</u>
<b>Ending Net Position</b>	<u>\$ 11,362,762</u>	<u>\$ 10,763,323</u>

## **Governmental Revenues and Expenses 2016 and 2015**

### **REVENUES**

Governmental revenues totaled \$5,964,184 for 2016, an increase of \$195,586 from 2015. This change is a result of an increase in property tax revenues as well as an increase in donations. Both charges for services and donated assets decreased.

### **EXPENSE**

Governmental Expenses totaled \$5,361,745, an increase of \$212,891 from 2015. The District saw increased expenses for salaries and benefits \$154,359, general and administrative \$35,665, and elections \$59,706, offset by a decreased expense of professional services (\$51,877).

### **Financial Analysis of the District's Funds**

#### ***Governmental Funds***

As discussed, governmental funds are reported in the Fund Statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financial requirements.

Governmental funds reported a total ending fund balance of \$4,428,331. Of this, approximately \$4,191,408 is unassigned, indicating availability for continuing District service requirements. Non-spendable fund balances include: \$26,410 as it relates to prepaid costs; and restricted fund balances of: \$158,485 required TABOR reserve, and \$52,028 for debt service. Year-end fund balances of the governmental funds show an increase over 2015 of \$463,883.

#### **Budgetary Highlights**

The District's annual budgets are prepared according to Colorado law. The Budget is prepared using the GAAP basis.

#### ***General Fund***

Total actual revenue of the General Fund was \$329,662 more than the budget, primarily due to: \$156,614 increase in Ambulance Billing; \$16,951 increase in Interest Income; \$62,992 increase in Vehicle Maintenance; \$98,003 increase in Other Income; and \$69,166 increase in Specific Ownership Taxes from amounts budgeted. These increases were offset by a decrease from the budget of: \$18,468 in Property Taxes and decrease of \$55,596 in Donation Revenue. Total actual expenditures of the General Fund were \$403,923 less than the budget, primarily due to: \$43,492 increase in commodities and supplies and increase in bad debt expense of \$81,431 from amounts budgeted. These increases were offset by decreased costs above budgeted amounts for salaries and benefits (\$32,757), election expense (\$40,294), professional services expense decrease of (\$56,960), a decrease in utilities expense of (\$16,746) and decreased capital outlay expense of (\$368,773).

#### ***Debt Service Fund***

Total actual revenues of the Debt Service Fund were \$3,260 below the budget; total actual expenditures were \$5,249 less than budgeted amounts.

## Capital Assets and Debt Administration

### Capital Assets

The District's investment in capital assets, net of accumulated depreciation, for governmental activities as of December 31, 2016, was \$12,027,993. This represents a decrease of (3.70%) over 2015.

#### Capital Assets

	<u>2016</u>	<u>2015</u>
<b>Governmental Activities</b>		
<b>Capital Assets, not depreciated</b>		
Land and improvements	\$ 896,888	\$ 896,888
Construction in Progress	94,158	0
<b>Total Capital Assets, not depreciated</b>	<u>991,046</u>	<u>896,888</u>
<b>Capital Assets, being depreciated</b>		
Buildings	9,773,205	9,756,405
Machinery and Equipment	3,778,499	3,616,572
Vehicles	6,448,078	6,448,078
<b>Total Capital Assets, being depreciated</b>	<u>\$ 19,999,782</u>	<u>19,821,055</u>
<b>Less Accumulated Depreciation</b>		
Buildings	(2,781,295)	(2,609,366)
Machinery and Equipment	(2,460,143)	(2,164,577)
Vehicles	(3,721,397)	(3,454,257)
<b>Total Accumulated Depreciation</b>	<u>(8,962,835)</u>	<u>(8,228,200)</u>
<b>Total Capital Assets Being Depreciated, Net</b>	<u>11,036,947</u>	<u>11,592,855</u>
<b>Governmental Activities Capital Assets, Net</b>	<u>\$ 12,027,993</u>	<u>\$ 12,489,743</u>

Additional information on the District's capital assets can be found in Note 3 in the Notes to Financial Statements.

### Long-term Debt

As of December 31, 2016, the District had total bonds payable and compensated absences of \$4,234,798, decreasing by \$541,622 (11.34%), as shown below:

#### Long-term Debt

	<u>2016</u>	<u>2015</u>
2012 Refunding Bonds	\$ 4,045,000	\$ 4,580,000
2012 Bond Premium	136,524	156,027
Compensated Absences	53,274	40,393
<b>Total Long-term Debt</b>	<u>\$ 4,234,798</u>	<u>\$ 4,776,420</u>

Additional detail on long-term debt is in Note 4 in the Notes to Financial Statements.

## **Economic Environment and Next Year's Budgets and Rates**

- In 2017, the District continues to fund its savings accounts for future strategic capital and apparatus replacement needs.
- For 2017, the General Fund expenditures are budgeted to decrease by 2.37%; Revenues as projected are budgeted to increase by 20.08% due to an increased Mill Levy.
- In 2017, the Strategic Capital Budget increased by 47.53% over 2016.
- For 2017, EMS expenditures are budgeted to increase by 7.33%.

## **Requests for Information**

This report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Mike Weege, Fire Chief, Evergreen Fire Protection District, 1802 Bergen Parkway, Evergreen, CO, 80439.

## **BASIC FINANCIAL STATEMENTS**

**EVERGREEN FIRE PROTECTION DISTRICT**  
**GOVERNMENTAL FUNDS BALANCE SHEET/STATEMENT OF NET POSITION**

For the Year Ended December 31,

2016

	General Fund	Debt Service Fund	Total	Adjust- ments	Statement of Net Position
<u>Assets</u>					
Cash and cash equivalents	\$ 4,286,110	\$ 51,978	\$ 4,338,088	\$ 0	\$ 4,338,088
Cash with county treasurer	27,055	50	27,105	0	27,105
Property tax receivable	5,303,866	644,782	5,948,648	0	5,948,648
Accounts receivable	401,209	0	401,209	0	401,209
Prepaid expenses	26,410	0	26,410	0	26,410
Capital assets, not depreciated	0	0	0	991,046	991,046
Capital assets, net of depreciation	<u>0</u>	<u>0</u>	<u>0</u>	<u>11,036,947</u>	<u>11,036,947</u>
Total Assets	<u>\$10,044,650</u>	<u>\$ 696,810</u>	<u>\$10,741,460</u>	<u>12,027,993</u>	<u>22,769,453</u>
<u>Deferred Outflows of Resources</u>					
Deferred charge on refunding	0	0	0	136,768	136,768
Pension related deferred outflows	<u>0</u>	<u>0</u>	<u>0</u>	<u>471,235</u>	<u>471,235</u>
Total Deferred Outflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>608,003</u>	<u>608,003</u>
<u>Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position</u>					
<u>Liabilities</u>					
Accounts payable	\$ 55,405	\$ 0	\$ 55,405	\$ 0	\$ 55,405
Accrued expenses	230,657	0	230,657	0	230,657
Accrued interest	0	0	0	7,386	7,386
Unearned revenue-grants	78,419	0	78,419	0	78,419
<u>Noncurrent liabilities</u>					
Due within one year	0	0	0	580,485	580,485
Net pension liability	0	0	0	1,393,196	1,393,196
Due more than a year	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,654,313</u>	<u>3,654,313</u>
Total Liabilities	<u>364,481</u>	<u>0</u>	<u>364,481</u>	<u>5,635,380</u>	<u>5,999,861</u>
<u>Deferred Inflows of Resources</u>					
Pension related deferred inflows	0	0	0	66,185	66,185
Unavailable property taxes	<u>5,303,866</u>	<u>644,782</u>	<u>5,948,648</u>	<u>0</u>	<u>5,948,648</u>
Total Deferred Inflows of Resources	<u>5,303,866</u>	<u>644,782</u>	<u>5,948,648</u>	<u>66,185</u>	<u>6,014,833</u>
<u>Fund Balance</u>					
Non-spendable	26,410	0	26,410	(26,410)	
<u>Restricted for</u>					
Emergencies	158,485	0	158,485	(158,485)	
Debt service	0	52,028	52,028	(52,028)	
Unassigned	<u>4,191,408</u>	<u>0</u>	<u>4,191,408</u>	<u>(4,191,408)</u>	
Total Fund Balance	<u>4,376,303</u>	<u>52,028</u>	<u>4,428,331</u>	<u>(4,428,331)</u>	
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$10,044,650</u>	<u>\$ 696,810</u>	<u>\$10,741,460</u>		
<u>Net Position</u>					
Net investment in capital assets				\$ 7,983,237	\$ 7,983,237
<u>Restricted for</u>					
Emergencies				158,485	158,485
Debt service				52,028	52,028
Unrestricted				<u>3,169,012</u>	<u>3,169,012</u>
Total Net Position				<u>\$11,362,762</u>	<u>\$11,362,762</u>

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

EVERGREEN FIRE PROTECTION DISTRICT  
STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES

For the Year Ended December 31,

2016

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>	<u>Adjust- ments</u>	<u>Statement of Activities</u>
<u>Revenues</u>					
Property taxes	\$ 3,636,297	\$ 647,599	\$ 4,283,896	\$ 0	\$ 4,283,896
Specific ownership taxes	323,516	0	323,516	0	323,516
Ambulance billing	833,264	0	833,264	0	833,264
Interest income	21,951	0	21,951	0	21,951
Donations	85,404	0	85,404	0	85,404
Intergovernmental	80,000	0	80,000	0	80,000
Vehicle maintenance	117,992	0	117,992	0	117,992
Other	124,003	0	124,003	0	124,003
Donated assets	<u>0</u>	<u>0</u>	<u>0</u>	<u>94,158</u>	<u>94,158</u>
Total revenues	<u>5,222,427</u>	<u>647,599</u>	<u>5,870,026</u>	<u>94,158</u>	<u>5,964,184</u>
<u>Expenditures/Expenses</u>					
<u>Current</u>					
Salaries and benefits	3,236,869	0	3,236,869	(61,449)	3,175,420
Professional services	186,344	0	186,344	0	186,344
Commodities and supplies	395,829	0	395,829	0	395,829
General and administrative	422,219	0	422,219	0	422,219
Treasurer's fee	61,465	10,961	72,426	0	72,426
Elections	59,706	0	59,706	0	59,706
Bad debt expense	141,431	0	141,431	0	141,431
Utilities	78,254	0	78,254	0	78,254
Depreciation expense	0	0	0	734,635	734,635
Capital outlay	178,727	0	178,727	(178,727)	0
<u>Debt service</u>					
Principal	0	535,000	535,000	(535,000)	0
Interest and fiscal charges	<u>0</u>	<u>99,338</u>	<u>99,338</u>	<u>(857)</u>	<u>98,481</u>
Total expenditures	<u>4,760,844</u>	<u>645,299</u>	<u>5,406,143</u>	<u>(41,398)</u>	<u>5,364,745</u>
Excess of revenues over (under) expenditures	461,583	2,300	463,883	(463,883)	
Changes in net position				599,439	599,439
Fund balances/Net position					
Beginning of the year	<u>3,914,720</u>	<u>49,728</u>	<u>3,964,448</u>	<u>          </u>	<u>10,763,323</u>
End of the year	<u>\$ 4,376,303</u>	<u>\$ 52,028</u>	<u>\$ 4,428,331</u>	<u>\$          </u>	<u>\$ 11,362,762</u>

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

EVERGREEN FIRE PROTECTION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Evergreen Fire Protection District (District) is an independent local governmental unit incorporated under the laws of the State of Colorado, organized under a charter, and governed by an elected five-member Board of Directors (Board) to provide volunteer fire protection and emergency medical services within the boundaries of the District in Jefferson and Clear Creek counties of Colorado. The District provides these services through a contract with the Evergreen Volunteer Fire Department (Department). The Department was formed in 1948 as a nonprofit corporation in the State of Colorado (State).

The accounting policies of the District conform to generally accepted accounting principles (GAAP) as applicable to governmental entities. The following is a summary of the more significant policies.

Reporting Entity

The definition of the reporting entity is based primarily on financial accountability. The District is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if the District officials appoint a voting majority of the organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the District. The District may also be financially accountable for organizations that are fiscally dependent upon it. As required by GAAP, the financial statements of the reporting entity include those of the District (the primary government) which has no component units. The District does not exercise oversight responsibility over any other entity, nor is the District a component of any other governmental entity.

Government-wide and fund financial statements

The Government-wide financial statements (i.e., Statement of Net Position column and the Statement of Activities column) report information on all of the non-fiduciary activities of the District. As a general rule, interfund activity is eliminated from the Government-wide financial statements.

Measurement focus, basis of accounting, and financial statement presentation

The Statement of Net Position column on the Governmental Fund Balance Sheet/Statement of Net Position and the Statement of Activities column on the Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance/Statement of Activities are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The governmental funds column on the Governmental Fund Balance Sheet/Statement of Net Position and the Statement of Governmental Revenues, Expenditures, and Changes in Fund Balance/Statement of Activities 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. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

EVERGREEN FIRE PROTECTION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement focus, basis of accounting, and financial statement presentation (Continued)

Property taxes, specific ownership taxes, grants and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenues are considered measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Fund accounting

The District uses governmental funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

Governmental funds

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources of funds and uses the balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The District reports the following major governmental funds:

General Fund – The General Fund is used to account for all financial resources of the District except those required to be accounted for in another fund. The General Fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Colorado and the bylaws of the District.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation and payment of governmental long-term debt principal interest and related costs.

Assets, Liabilities and Net Position/Fund Balances

*Cash and Investments* – Cash equivalents are defined as investments with original maturities of three months or less. Investments are stated at fair value.

The District follows State statutes which allow the following investments:

- 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' acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

*Receivables* – All receivables are reported at their gross values and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. At December 31, 2016, management has recorded an allowance of \$810,793 for contractual allowances and uncollectible ambulance service fees. All receivables are expected to be collected within one year.

EVERGREEN FIRE PROTECTION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position/Fund Balances (Continued)

*Prepaid Expenses* - Expenditures for insurance premiums on policies extending over more than one accounting period are amortized over the policy period.

*Interfund Receivables and Payables* – During the course of operations, numerous transactions occur between individual funds. The resulting receivables and payables are classified on the Balance Sheet as *Due from Other Funds* and *Due to Other Funds* because they are short-term in nature. At December 31, 2016, no interfund balances existed.

*Capital Assets* – Capital assets, which include property, plant, and equipment, are reported in the governmental activities column 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 and an estimated useful life in excess of one year. 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.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets of the District are depreciated using the straight-line method over the following estimated useful lives.

Buildings	10-75 years
Machinery and equipment	3-10 years
Vehicles	7-30 years

*Compensated Absences* – Employees of the District are allowed to accumulate unpaid vacation and sick time. Upon termination of employment with the District, an employee will be compensated for accrued vacation time, up to the employee’s maximum, at their current rate of pay. Accrued sick time is not paid to the employee upon termination.

Accumulated unpaid vacation pay is accrued when earned in the Government-wide financial statements. A liability is reported in the Governmental Fund financial statements when payment is due.

*Long-Term Debt* – In the Government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities column of Net Position.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current expenditures.

*Deferred Outflows/Inflows of Resources* – In addition to assets, the Statement of Net Position will sometimes report a separate section for Deferred Outflows of Resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

EVERGREEN FIRE PROTECTION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position/Fund Balances (Continued)

Deferred outflows of resources include the deferred charge on 2003 Series Bond refunding and certain amounts related to the District's defined benefit pension plans which are to be amortized and recognized as revenue/expense in future periods.

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. Deferred inflows of resources include property taxes earned but levied for a subsequent period and certain amounts related to the District's defined benefit pension plans which are to be amortized and recognized as revenue/expense in future periods.

*Net Position/Fund Balances* – In the Government-wide financial statements, net position is restricted when constraints placed on the net position are externally imposed. Fund balances of the governmental funds are classified as follows:

*Nonspendable* – Amounts that cannot be spent either because they are in nonspendable form (i.e. inventories or prepaid items) or because they are legally or contractually required to be maintained intact.

*Restricted* – Amounts that can be spent only for specific purposes because of constitutional provisions, enabling legislation, constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

*Committed* – Amounts that can be used only for specific purposes determined by a formal action of Board. The Board is the highest level of decision making body for the District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. At December 31, 2016, the District has no committed funds.

*Assigned* – Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Only the Board may assign fund balances for specific purposes. At December 31, 2016, the District has no assigned funds.

*Unassigned* – All other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first.

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

Property taxes

Property taxes are levied by December 15, on assessed valuation as of August 25 of each year and attach as an enforceable lien on January 1 of the following year. Taxes are due in full by April 30, or in two installments by February 28, and June 15. Taxes become delinquent after those dates and are subject to interest charges.

EVERGREEN FIRE PROTECTION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues – Exchange and non-exchange transactions

Property owners within the boundaries of the District have been assessed \$5,948,648 in taxes for 2016. Since these taxes are levied for operations during 2017, the taxes are classified as deferred inflows of resources. Taxes are collected and remitted monthly to the District by the Treasurer's Offices of Jefferson and Clear Creek Counties.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

Non-exchange transactions, in which the District receives value without directly giving value in return, include grants and donations. On an accrual basis, revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized. Interest income, fees for providing ambulance services, and intergovernmental revenues are considered to be susceptible to accrual.

Budgets

In accordance with the Colorado Budget Law, the Board holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. The Board can modify the budget and appropriation resolutions upon completion of notification and publication requirements. The appropriation is at the total fund expenditures level and lapses at year end. Budgets are legally adopted for all funds on a basis consistent with U.S. generally accepted accounting principles. Prior to December 31, the budget is legally enacted through passage of a resolution. District management is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the Board.

For the year ended December 31, 2016, budgeted General Fund expenditures included \$500,495 in contractual ambulance allowances. For financial statement purposes these allowances are shown as a reduction of revenue. The approved budget showed total revenues of \$5,332,765 and budgeted expenditures of \$5,604,767. If the contractual allowance was included in expenditures, total expenditures would have been \$5,362,842.

Tax, spending, and debt limitations

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

In 1996, the District's voters approved changes that reduced certain limits imposed by TABOR. As a result, the District is permitted to retain all revenues from all resources. TABOR is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of TABOR. However, the District has made certain interpretations of TABOR's language in order to determine its compliance. The District has recorded \$158,485 restricted net position for emergencies at December 31, 2016, based on 3% of governmental expenditures.

EVERGREEN FIRE PROTECTION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

During 2016, the District implemented the following GASB pronouncements:

GASB Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. This statement provides guidance for determining a fair value measurement for financial reporting purposes and for applying fair value to certain investments and disclosures related to fair value measurements. This pronouncement resulted in expanded footnote disclosures around fair value. The District had no investments required to be reported under the fair value hierarchy.

GASB Statement No. 77, *Tax Abatement Disclosures*. This Statement requires state and local governments to disclose tax abatement agreements entered by itself or other governments that reduce the reporting government's tax revenues. The reduction in tax revenues can result from an agreement between one or more governments and an individual entity in which one or more governments promise to forgo tax revenues to which they are otherwise entitled. The individual or entity promises to take specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments. Neither the District or any other government has entered into an agreement which will result in an abatement of the Evergreen Fire Protection District's taxes.

NOTE 2 - CASH AND INVESTMENTS

A summary of deposits and investments at December 31, 2016, follows:

Cash deposits	\$ 1,318,496
Investments	<u>3,019,592</u>
Total cash and investments	<u>\$ 4,338,088</u>

Deposits

*Custodial Credit Risk – Deposits* - In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. 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 102% of the uninsured deposits. At December 31, 2016, the carrying amount and bank balance of the District's deposits were \$1,318,496 and \$1,395,523. Of the bank balances \$250,000 was covered by FDIC insurance and \$1,145,523 was covered by the PDPA.

The District has no policy regarding custodial risk for deposits.

EVERGREEN FIRE PROTECTION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Investments

The District invests funds in the Colorado Local Government Liquid Asset Trust (COLOTRUST), the Colorado Surplus Asset Fund Trust (CSAFE) and the Fidelity Investments Money Market Government Portfolio-Class I (Fidelity). As these funds are valued at a net asset value, there is not an investment component to be valued under GASB Statement No. 72, *Fair Value Measurement and Application*.

COLOTRUST is an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. 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. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST places no restrictions or limitations on withdrawals. COLOTRUST is rated AAAM by Standards & Poor's.

CSAFE is a local government investment pool trust fund organized under C.R.S. §24-75-701, et seq., registered as such with the Colorado Securities Commissioner pursuant to the Local Government Investment Pool Trust Fund Administration and Enforcement Act, C.R.S. §11-51-901, et seq. As such a trust, CSAFE pools and invests the funds of Colorado local government participants within the investment policies and limitations set forth in CSAFE's Indenture of Trust and C.R.S. §24-75-601, et seq. The Trust invests primarily in securities of the United States Treasury, United States Agencies, Primary Dealer Repurchase Agreements, AAAM rated money market funds, approved Colorado Banks and highly rated commercial paper. Asset allocation will be in full conformance with S&P AAAM credit rating guidelines. CSAFE places no restrictions or limitations on withdrawals. CSAFE is rated AAAM by Standards & Poor's.

Fidelity is fund that invests 99.5% of its total assets in cash, U.S. Government securities or repurchase agreements which are collateralized fully by cash or U.S. Government securities.

As of December 31, 2016, the District's investments consisted of amounts in investment pools. At December 31, 2016, the District had the following investments:

CSAFE	\$ 1,768,020
COLOTRUST	1,244,552
Fidelity	<u>7,020</u>
Total	<u>\$ 3,019,592</u>

*Interest Rate Risk* - Colorado Statutes require that no investment may have a maturity in excess of five years from the date of purchase.

EVERGREEN FIRE PROTECTION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

The District has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates, other than those contained in the statutes. The District has interest rate risk related to its investments in COLOTRUST, CSAFE and Fidelity. At December 31, 2016, COLOTRUST had a weighted average maturity of 56 days to reset and 73 days to final maturity. At December 31, 2016, the best information available, CSAFE had a weighted average maturity of 38 days and a 61 weighted average life of days. At May 7, 2017, the information available, Fidelity had a weighted average maturity of 27 days and a weighted average life of 79 days.

*Concentration of Credit Risk* - The District places no limit on the amount that may be invested in any one issuer.

*Credit Risk* - The District is required to comply with State statutes which specify instruments meeting defined rating, maturity and concentration risk criteria in which local governments may invest. State statutes do not address custodial risk.

NOTE 3 - CAPITAL ASSETS

The following is a summary of changes in governmental fixed assets during 2016.

	<u>Balances</u> <u>12/31/15</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>12/31/16</u>
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 896,888	\$ 0	\$ 0	\$ 896,888
Construction in Progress	<u>0</u>	<u>94,158</u>	<u>0</u>	<u>94,158</u>
Total Capital Assets, Not Being Depreciated	<u>896,888</u>	<u>94,158</u>	<u>0</u>	<u>991,046</u>
Capital assets, being depreciated				
Buildings	9,756,405	16,800	0	9,773,205
Machinery and Equipment	3,616,572	161,927	0	3,778,499
Vehicles	<u>6,448,078</u>	<u>0</u>	<u>0</u>	<u>6,448,078</u>
Total Capital Assets, Being Depreciated	<u>19,821,055</u>	<u>178,727</u>	<u>0</u>	<u>19,999,782</u>
Less Accumulated Depreciation				
Buildings	(2,609,366)	(171,929)	0	(2,781,295)
Machinery and Equipment	(2,164,577)	(295,566)	0	(2,460,143)
Vehicles	<u>(3,454,257)</u>	<u>(267,140)</u>	<u>0</u>	<u>(3,721,397)</u>
Total Accumulated Depreciation	<u>(8,228,200)</u>	<u>(734,635)</u>	<u>0</u>	<u>(8,962,835)</u>
Total Capital Assets, Being Depreciated, Net	<u>11,592,855</u>	<u>(555,908)</u>	<u>0</u>	<u>11,036,947</u>
Governmental Activities Capital Assets, Net	<u>\$ 12,489,743</u>	<u>\$ (461,750)</u>	<u>\$ 0</u>	<u>\$ 12,027,993</u>

Depreciation was charged to the general government program of the District. The District received \$94,158 in donated assets from various sources in 2016.

EVERGREEN FIRE PROTECTION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 - LONG-TERM DEBT

The following is a summary of long-term debt transactions for the governmental activities of the District for the year ended December 31, 2016.

	Balance <u>12/31/2015</u>	<u>Additions</u>	<u>Payments</u>	Balance <u>12/31/2016</u>	Due Within <u>One Year</u>
2012 Refunding Bonds	\$ 4,580,000	\$ 0	\$ (535,000)	\$ 4,045,000	\$ 545,000
2012 Bond Premium	156,027	0	(19,503)	136,524	19,503
Compensated Absences	<u>40,393</u>	<u>98,733</u>	<u>(85,852)</u>	<u>53,274</u>	<u>15,982</u>
Total	<u>\$ 4,776,420</u>	<u>\$ 98,733</u>	<u>\$ (640,355)</u>	<u>\$ 4,234,798</u>	<u>\$ 580,485</u>

Accrued compensated absences are being paid from resources generated by the General Fund.

Interest paid during the year totaled \$99,337.

2012 Refunding Bonds

The District issued 2012 Refunding Bonds, dated December 26, 2012, with principal and interest payments due semiannually on June 1 and December 1, through 2023. Interest accrues at rates ranging from 2.00% to 3.70%. Current Interest Bonds, maturing on or after December 1, 2014, are subject to early redemption at the option of the District, in whole or in part in integral multiples of \$5,000, with no redemption premium. Current Interest Bonds maturing on December 1, 2020 are subject to mandatory sinking fund redemption, beginning on December 1, 2019 without any redemption premium.

Advance Refunding

The net proceeds of \$6,069,620 from the issuance of the 2012 Refund Bonds were used to advance refund the 2003 Series Bonds with a total principal amount of \$5,855,000. The net proceeds were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded bonds. As a result, the refundable bonds are considered to be defeased, and the related liability for the bonds has been removed from the District's liabilities.

Future Debt Service Requirements

Annual debt service requirements for the bonds at December 31, 2016 are as follows.

Year Ended December 31,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 545,000	\$ 88,637	\$ 633,637
2018	555,000	77,737	632,737
2019	565,000	70,800	635,800
2020	575,000	59,500	634,500
2021	585,000	45,125	630,125
2022-2023	<u>1,220,000</u>	<u>45,875</u>	<u>1,265,875</u>
Total Debt Service Requirements	<u>\$ 4,045,000</u>	<u>\$ 387,674</u>	<u>\$ 4,432,674</u>

EVERGREEN FIRE PROTECTION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains insurance through a commercial carrier for these risks of loss. Settled claims have not exceeded insured amounts in the last three years.

NOTE 6 - PENSION PLANS

The District maintains the following separately administered pension plans:

Plan Name	Plan Type
Volunteer Firefighters' Pension Plan	Agent multiple-employer defined benefit
Statewide Defined Benefit Plan	Cost-sharing multiple-employer defined benefit plan
Paid Staff Pension Plan	Defined contribution

The defined benefit plans are administered by the Fire and Police Pension Association of Colorado (FPPA). It is reported in the FPPA comprehensive annual financial report (CAFR). The CAFR of the FPPA may be obtained by contacting FPPA at 5290 DTC parkway, Suite 100, Greenwood Village, Colorado 80111-2721.

Volunteer Firefighters' Pension Plan

Plan Description- The District has established the Volunteer Firefighters' Pension Plan (the Volunteer Plan), an agent multiple-employer defined benefit pension plan for volunteer firefighters as authorized by State of Colorado Statute.

Benefits Provided- Any firefighter who has both attained the age of fifty and completed twenty years of active service shall be eligible for a full benefit monthly pension of \$600. In addition, firefighters receive \$30 per month for each year of service exceeding 20 years. Any firefighter who has completed ten to twenty years of active service shall be eligible for a benefit of \$30 for each year served. The Volunteer Plan also provides for a lump-sum burial benefit upon the death of an active or retired firefighter. Spouses of deceased firefighters receive benefits equal to one-half those of a firefighter. Benefits are determined by the Volunteer Firefighter Pension Board.

Contributions- In addition to contributions from the District, the Volunteer Plan received contributions from the State in an amount not to exceed one-half mill of property tax revenue. The contributions are not actuarially determined. An actuary is used to determine the adequacy of contributions. Amounts to be contributed are determined by the District as part of its budget process. The actuarial study as of January 1, 2016, indicated that the current level of contributions to the fund, approximately \$305,000 per year, is adequate to support, on an actuarially sound basis, the prospective benefits for the present Volunteer Plan. For the year ended December 31, 2016 the District and State actual contributions of \$225,000 and \$80,000, respectively, were equal to the required contributions to the Volunteer Plan. The State contribution is included in the financial statements as an on-behalf payment.

State of Colorado Fire and Police Pension Association-Defined Benefit Plan

Plan Description- The District contributes to a the Statewide Defined Benefit Plan (SWDB), a cost pension plan administered by the FPPA for the Fire Chief.

EVERGREEN FIRE PROTECTION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 - PENSION PLANS (CONTINUED)

The SWDB provides retirement benefits for member and beneficiaries. Death and disability coverage is provided for plan members through the Statewide Death and Disability Plan, which is also administered by the FPPA. All paid permanent firefighters are members of the Statewide Death and Disability Plan.

Plan Benefits- The benefits requirements of plan members and the District are established by State statute. A member is eligible for a normal retirement pension once the member has completed twenty-five years of credited service and has attained the age of 55.

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

A member is eligible for an early retirement at age 50 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% 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% of the member's average highest three years' base salary for each year of credited service up to ten years, plus 2.5% for each year of service thereafter.

Plan Contributions- Contribution rates for the SWDB 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 election of the membership.

The contribution rate is 8.5% of covered salary for all plan members and 8% for the District. Member contribution rates will increase 0.5% annually through 2022 to a total of 12% percent of base salary. The District's contribution will remain at 8% resulting in a combined rate of 20% in 2022.

The District's contributions were \$6,428 for the year ended December 31, 2016.

All Defined Benefit Plans

Employees Covered by Benefit Terms- Employee membership data related to the Volunteer Plan, as of January 1, 2016 was as follows:

Retirees and beneficiaries currently receiving benefits	65
Terminated employees entitled to but not yet receiving benefits	8
Active plan members	<u>80</u>
Total	<u><u>153</u></u>

Pension Assets and Liabilities- At December 31, 2016, the Volunteer Plan reported a net pension liability of \$1,393,502. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2015.

EVERGREEN FIRE PROTECTION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 - PENSION PLANS (CONTINUED)

At December 31, 2016, the District reported an asset of \$306 for its proportionate share of the SWDB net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At December 31, 2015, the District's proportion was 0.0174%, which was a decrease of 0.0011% from its proportion measured as of December 31, 2014.

*Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resource-* For the year ended December 31, 2016, the District recognized revenue of \$72,778 related to the Volunteer Plan and \$1,552 related to the SWDB. In addition, the District reported deferred outflows of resources and deferred inflows of resources from the following sources for each plan:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflows of Resources</u>
<u>Volunteer Plan</u>		
Differences between expected and actual experience	\$ 0	\$ 65,823
Net difference between projected and actual earnings on Plan investments	215,089	0
District contributions subsequent to the measurement date	<u>225,000</u>	<u>0</u>
 Total	 <u>\$ 440,089</u>	 <u>\$ 65,823</u>

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflows of Resources</u>
<u>SWDB</u>		
Differences between expected and actual experience	\$ 2,476	\$ 362
Net difference between projected and actual earnings on Plan investments	15,579	0
Changes in assumptions	4,808	0
Changes in proportion and differences between District contributions and proportionate share of contributions	1,855	0
District contributions subsequent to the measurement date	<u>6,428</u>	<u>0</u>
 Total	 <u>\$ 31,146</u>	 <u>\$ 362</u>

The District's contributions subsequent to the measurement date were \$225,000 for the volunteer plan and \$6,428 for SWDB plan respectively, and will be recognized as a reduction of the net pension liability in the year ending December 31, 2017.

EVERGREEN FIRE PROTECTION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 - PENSION PLANS (CONTINUED)

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

<u>Year ending December 31:</u>	<u>Volunteer Plan</u>	<u>SWDB</u>
2017	\$ 19,543	\$ 4,947
2018	25,146	4,947
2019	55,256	4,947
2020	49,321	4,561
2021	0	956
Thereafter	0	3,995

Actuarial Assumptions - The significant actuarial assumptions used to measure the total pension liability are as follows. For the SWDB the inflation rate was changed from 3% to 2.5% for the January 1, 2016 valuation. This change will be made for the Volunteer plan for the January 1, 2018 actuarial valuation.

	<u>Volunteer Plan</u>	<u>SWDB</u>
Measurement date	December 31, 2015	December 31, 2015
Actuarial valuation date	January 1, 2016	January 1, 2016
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level percentage of payroll, open	Level percentage of payroll, open
Remaining amortization period	17 years	30 years
Asset valuation method	5 year smoothed market	5 year smoothed market
Inflation	3.00%	2.50%
Salary increases	N/A	4.0%-14.0%
Investment rate of return	7.50%	7.50%

Volunteer Plan Mortality- Pre and Post-retirement: RP-2000 Combined Mortality Table with Blue Collar adjustment, and pre-retirement 40% multiplier for off-duty mortality. Disabled retirement: RP-2000 Disabled Mortality Table for males and females. All tables projected with Scale AA.

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

For the SWDB plan, FPPA's Board of Directors, reviews its economic and demographic actuarial assumptions. This last happened in 2011. The assumptions changes were effective for actuarial valuations beginning January 1, 2012. The actuarial assumptions impacted actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used. The date the new actuarial assumptions were effective for benefit purposes was October 1, 2012. Effective for the January 1, 2013 valuations, the Board adopted a five-year smoothing methodology in the determination of the actuarial value of assets.

EVERGREEN FIRE PROTECTION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 - PENSION PLANS (CONTINUED)

Beginning in the January 1, 2014 valuations, the married assumption for active members was increased from 80% to 85% to reflect the passage of the Colorado Civil Unions Act.

For both plans, the long-term expected rate of return on investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Global Equity	37.0%	6.5%
Equity Long/Short	10.0%	4.7%
Illiquid Alternatives	20.0%	8.0%
Fixed Income	16.0%	1.5%
Absolute Return	11.0%	4.1%
Managed Futures	4.0%	3.0%
Cash	2.0%	0%

Discount Rate - The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that, where applicable, employer, employee and state contributions will be made at the current contribution rate and will also be made at the current statutorily required or actuarially determined rates. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Department's Net Pension Liability

Changes in the Department's net pension liability for the Volunteer Plan for the year ended December 31, 2016 were as follows:

EVERGREEN FIRE PROTECTION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 - PENSION PLANS (CONTINUED)

	Increase (Decrease)		
	Total Pension Liability [a]	Plan Fiduciary Net Position [b]	Net Pension Liabilities [a] - [b]
<u>Volunteer Plan</u>			
Balance, December 31, 2015	\$ 5,640,133	\$ 4,400,915	\$ 1,239,218
Changes for the year:			
Service cost	107,685	0	107,685
Interest	412,004	0	412,004
Net investment income	0	79,037	(79,037)
Contributions - employer	0	225,000	(225,000)
Benefit payments including refunds of employee contributions	(406,585)	(406,585)	0
Administrative expense	0	(18,632)	18,632
State of Colorado supplemental discretionary payment	0	80,000	(80,000)
Net changes	113,104	(41,180)	154,284
Balance, December 31, 2016	\$ 5,753,237	\$ 4,359,735	\$ 1,393,502

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the District's net pension liability or the District's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	Discount rate	Volunteer Plan	SWDB
1% decrease	6.5%	\$ 2,031,923	\$ 42,880
Current discount rate	7.5%	1,393,502	(306)
1% increase	8.5%	859,083	(36,127)

Paid Staff Pension Plan

*Plan Description* – The District provides pension benefits for its employees through a defined contribution plan. Employees are eligible to participate following completion of 1,000 hours of service. The District's contributions for each employee are vested 20% after 2 years of service, plus 20% for each year of service thereafter. Employees are fully vested after 6 years of service. Plan assets are held at John Hancock Life Insurance Company.

*Funding Policy* – The plan requires that the District contribute an amount equal to 7.5% of the employee's gross annual salary. District contributions and earnings forfeited by employees who leave the District prior to fully vesting are allocated to the remaining participants or are used to reduce the District's contribution requirement for the subsequent year.

EVERGREEN FIRE PROTECTION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 - PENSION PLANS (CONTINUED)

The District contributions to the Plan for the year ending December 31, 2016 were \$163,696 equal to the required contribution. Total forfeitures for the year ended December 31, 2016 were \$6,970.

NOTE 7 - FUTURE OPERATIONS-DISPATCH SERVICES

During April, 2016, the District's Board of Directors approved joining the Jefferson County Regional Communications Center (Center). The Center is anticipated to begin operations in January, 2018. At that time the District will transfer its dispatch capital assets to the Center and will no longer receive revenues for dispatch services from other fire departments.

**REQUIRED SUPPLEMENTARY INFORMATION**

EVERGREEN FIRE PROTECTION DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL  
GENERAL FUND

For the Year Ended December 31,

2016

	<u>Original And Final Budget</u>	<u>Actuals</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>			
Taxes:			
Property taxes	\$ 3,654,765	\$ 3,636,297	\$ (18,468)
Specific ownership taxes	254,350	323,516	69,166
Ambulance billing	676,650	833,264	156,614
Interest income	5,000	21,951	16,951
Donations	141,000	85,404	(55,596)
Intergovernmental	80,000	80,000	0
Vehicle maintenance	55,000	117,992	62,992
Other	<u>26,000</u>	<u>124,003</u>	<u>98,003</u>
Total revenues	<u>4,892,765</u>	<u>5,222,427</u>	<u>329,662</u>
<u>Expenditures/Expenses</u>			
Current			
Salaries and benefits	3,269,626	3,236,869	32,757
Professional services	243,304	186,344	56,960
Commodities and supplies	352,337	395,829	(43,492)
General and administrative	440,500	422,219	18,281
Treasurer's fee	56,500	61,465	(4,965)
Elections	100,000	59,706	40,294
Bad debt expense	60,000	141,431	(81,431)
Utilities	95,000	78,254	16,746
Capital Outlay	<u>547,500</u>	<u>178,727</u>	<u>368,773</u>
Total expenditures	<u>5,164,767</u>	<u>4,760,844</u>	<u>403,923</u>
Net change in fund balance	<u>\$ (272,002)</u>	461,583	<u>\$ 733,585</u>
Fund balances – January 1		<u>3,914,720</u>	
Fund balances – December 31		<u>\$ 4,376,303</u>	

EVERGREEN FIRE PROTECTION DISTRICT  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
VOLUNTEER PENSION TRUST FUND  
LAST 10 FISCAL YEARS\*

Measurement period ending December 31,	<u>2015</u>	<u>2014</u>
<u>Total Pension Liability</u>		
Service cost	\$ 107,685	\$ 110,075
Interest on total pension liability	412,004	413,410
Differences between expected and actual experience	0	(137,249)
Benefit payments	<u>(406,585)</u>	<u>(401,140)</u>
Net change in total pension liability	113,104	(14,904)
Total pension liability-beginning	<u>5,640,133</u>	<u>5,655,037</u>
Total pension liability-ending (a)	<u>\$ 5,753,237</u>	<u>\$ 5,640,133</u>
 <u>Plan Fiduciary Net Position</u>		
Employer contributions	225,000	\$ 221,455
Pension plan net investment income	79,037	283,221
Benefit payments	(406,585)	(401,140)
Pension plan administrative expense	(18,632)	(6,881)
State of Colorado discretionary payment	<u>80,000</u>	<u>80,000</u>
Net change in plan fiduciary net position	(41,180)	176,655
Plan fiduciary net position-beginning	<u>4,400,915</u>	<u>4,224,260</u>
Plan fiduciary net position-ending (b)	<u>\$ 4,359,735</u>	<u>\$ 4,400,915</u>
Net pension liability-ending (a)-(b)	\$ 1,393,502	\$ 1,239,218
Plan fiduciary net position as a percentage of total pension liability	75.78%	78.03%
Covered employee payroll	N/A	N/A
Net pension liability as percentage of covered employee payroll	N/A	N/A

\*Fiscal year 2015 was the first year of implementation, therefore only available years are shown.

EVERGREEN FIRE PROTECTION DISTRICT  
SCHEDULE OF CONTRIBUTIONS  
VOLUNTEER PENSION TRUST FUND  
 LAST 10 FISCAL YEARS\*

Measurement period ending December 31,	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 263,611	\$ 263,611
Actual contribution	<u>305,000</u>	<u>301,455</u>
Contribution excess	<u>\$ (41,389)</u>	<u>\$ (37,844)</u>
Covered payroll	N/A	N/A
Actual contribution as a percentage of covered employee payroll	N/A	N/A

\*Fiscal year 2015 was the first year of implementation, therefore only available years are shown.

EVERGREEN FIRE PROTECTION DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET PENSION  
LIABILITY  
STATEWIDE DEFINED BENEFIT PLAN  
LAST 10 FISCAL YEARS\*

Measurement period ending December 31,	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's proportion (percentage) of the collective net pension liability	0.0174%	0.0185%	0.0194%
District's proportionate share of the collective net pension liability	\$ 306	\$ 20,855	\$ 17,331
Covered-employee payroll	84,175	83,101	84,184
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.36%	25.1%	20.6%
Plan fiduciary net pension as a percentage of the total pension liability	100.10%	106.80%	105.80%

\*Fiscal year 2015 was the first year of implementation, therefore only available years are shown.

EVERGREEN FIRE PROTECTION DISTRICT  
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS AND RELATED RATIOS  
LAST 10 FISCAL YEARS

Reporting period ending December 31,	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Statutorily required contributions	\$ 6,428	\$ 6,734	\$ 6,648	\$ 6,735
Contributions in relation to the statutorily required contributions	<u>6,428</u>	<u>6,734</u>	<u>6,648</u>	<u>6,735</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered-employee payroll	\$ 80,351	\$ 84,175	\$ 83,101	\$ 84,184
Contribution as a percentage of covered of employee payroll	8.0%	8.0%	8.0%	8.0%

\*Fiscal year 2015 was the first year of implementation, therefore only available years are shown.

**OTHER SUPPLEMENTARY INFORMATION**

EVERGREEN FIRE PROTECTION DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL –  
DEBT SERVICE FUND

For the Year Ended December 31,

2016

	<u>Original and Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Property taxes	\$ 650,859	\$ 647,599	\$ (3,260)
Total revenues	<u>650,859</u>	<u>647,599</u>	<u>(3,260)</u>
<u>Expenditures</u>			
Current:			
Treasurer's fee	11,004	10,961	43
Debt service			
Principal	535,000	535,000	0
Interest and fiscal charges	<u>104,587</u>	<u>99,338</u>	<u>5,249</u>
Total expenditures	<u>650,591</u>	<u>645,299</u>	<u>5,292</u>
Net change in fund balances	<u>\$ 268</u>	2,300	<u>\$ 2,032</u>
Fund balances – January 1		<u>49,728</u>	
Fund balances – December 31		<u>\$ 52,028</u>	