

Eagle River Fire Protection District

Eagle County, Colorado

Comprehensive Annual Financial Report

For the Year Ended December 31, 2016



Eagle River Fire Protection District

Administration

90 Benchmark Road, Suite 101

Post Office Box 7980

Avon, Colorado 81620



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EAGLE RIVER FIRE PROTECTION DISTRICT
EAGLE COUNTY, COLORADO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE
YEAR ENDED DECEMBER 31, 2016

Prepared by:
Administrative Staff

EAGLE RIVER FIRE PROTECTION DISTRICT

LIST OF ELECTED AND APPOINTED OFFICIALS December 31, 2016

BOARD OF DIRECTORS

Clint Janssen, Chairperson
Al Bosworth, Vice Chair
Darell Wegert, Treasurer
John Halloran, Secretary
Cindy Moran, Assistant Secretary/Treasurer

MANAGEMENT

Karl Bauer, General Manager and Fire Chief
Kristen Nash, Human Resources Director
Jessica Costabile, Finance Director

INDEPENDENT AUDITORS

Hamblin and Associates, LLC
Certified Public Accountants
Evergreen, Colorado

EAGLE RIVER FIRE PROTECTION DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2016

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EAGLE RIVER FIRE PROTECTION DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2016

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June 15, 2017

To the Citizens and Board of Directors
of Eagle River Fire Protection District:

Colorado state statutes require all special districts with revenues in excess of \$500,000 to publish, within seven months following the close of their fiscal year, a complete set of financial statements. State statutes further require that such presentation conform to generally accepted accounting principles (GAAP) and be audited in accordance with generally accepted auditing standards by a firm of licensed independent certified public accountants. Pursuant to this requirement, we hereby issue this Comprehensive Annual Financial Report (CAFR) of the Eagle River Fire Protection District (the "District") for the fiscal year ended December 31, 2016.

The CAFR contains the following three sections: Introduction; Financial (comprised of the independent auditor's report, basic financial statements and required supplementary information, and combining and individual fund financial statements and schedules); and, Statistical. Because the CAFR consists of management's representations concerning the District's finances, management assumes full responsibility for the completeness and reliability of all of the information presented herein. To provide a reasonable basis for making these representations, District management has established a comprehensive internal control framework, designed to protect the District's assets from loss, theft, or misuse, and 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 provides reasonable rather than absolute assurance that the financial statements contain no 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.

To reasonably assure they contain no material misstatement, the District retained Hamblin and Associates, a firm of independent certified public accountants to audit its financial statements for the fiscal year ended December 31, 2016. On a test basis, the independent auditor examined evidence of the amounts and disclosures in the financial statements; assessed the accounting principles employed, and significant estimates made by, management; and, evaluated the overall financial statement presentation. Based upon their audit, the independent auditor rendered an unqualified opinion that the Eagle River Fire Protection District has fairly presented in conformity with GAAP its financial statements for the fiscal year ended December 31, 2016.

Letter of Transmittal
Eagle River Fire Protection District, Colorado
June 15, 2017

Required by GAAP, the CAFR also contains a narrative of the District's basic financial statements and required supplementary information in the form of Management's Discussion and Analysis (MD&A). Readers may find this MD&A immediately following the independent auditors report.

Written to complement, and not replace, the MD&A, this transmittal letter provides an overall profile of the District; a brief discussion of factors that affect District finances; an overview of its current initiatives; and a review of some of the awards it has received.

Profile of the District

A quasi-municipal corporation and political subdivision of the State of Colorado, the Eagle River Fire Protection District received authorization in 2000 to merge twelve municipal and metropolitan district fire protection entities into a single regional fire district. With the primary purpose of providing fire suppression, rescue, emergency medical treatment, hazardous materials response, fire prevention and public education to District residents, businesses, visitors, and taxpayers. The District's boundaries encompass a physical area of approximately 186 square miles in Eagle County; a majority of which the federal government owns. The total non-federal land served by the District totals approximately 76 square miles, and includes the Towns of Avon, Minturn and Red Cliff, along with the communities of Arrowhead, Bachelor Gulch, Cordillera, Eagle-Vail, Edwards, and portions of Wolcott. The District serves an estimated resident population of approximately 27,000 (based on United States census data), but this population increases significantly during the summer and winter tourist seasons. Additionally, the District serves the Beaver Creek Metropolitan District, including Beaver Creek Resort, pursuant to an Agreement for Fire Protection and Emergency Services.

Pursuant to the Special District Act, a Board of Directors, consisting of five members, governs the District. Board members must qualify as eligible electors of the District and reside in one of five wards as defined by State law. Elected in staggered biennial elections, each member serves a four-year term and may serve a total of two successive terms. Should a vacancy occur within a given term, remaining Board members may fill the open Board seat by appointment. In such cases the appointed Board member may serve their appointed seat until the next regular election, at which time the seat will become open to election for any remaining unexpired portion of the original term.

The Board has responsibility for the overall management and administration of the District including policy making, budget adoption, long-range planning, and hiring the District's General Manager/Fire Chief who oversees the District's day-to-day operations.

Letter of Transmittal
Eagle River Fire Protection District, Colorado
June 15, 2017

Directors hold regular Board meetings on the third Thursday of each month, and may schedule special meetings as needed. Each Director is entitled to one vote on all questions before the Board, provided a quorum is present.

The District operated four staffed fire stations and two reserve fire stations used to house equipment and periodically provide modest residences to employees; and, employed 64 uniformed and 5 administrative personnel at year-end. The District also staffed and operated a fifth station located outside district boundaries, under a multi-year contract with the Beaver Creek Metropolitan District.

The annual budget serves as the foundation for the District's financial planning and control. No later than October 15th, the General Manager/Fire Chief must submit to the Board of Directors a proposed budget for the calendar year that will commence the following January 1st. Organized by fund, program, activity and line item, the annual budget includes information on the prior year, current year budget, year-end estimates, and requested appropriations and estimated revenues for the upcoming year.

The Board must cause publication of notice that the public may inspect the proposed budget prior to its adoption. Also prior to its adoption, any elector of the District may object to the proposed budget during a budget hearing held by the District Board of Directors. The District must adopt its budget by passing a corresponding appropriation resolution prior to December 15th in order to certify its mill levy for collection in the following year.

In general, the District may not expend money in excess of the amount appropriated. However, in the case of an emergency or contingency not reasonably foreseeable, the Board may authorize the expenditure of funds in excess of the budget by adopting a resolution. If the District receives revenues not anticipated at the time of budget adoption, the Board may authorize the expenditure of such revenues by adopting a supplemental budget after providing public notice and holding a budget hearing.

To facilitate financial analyses of high fidelity, the CAFR provides budget to actual comparisons for all funds, constituting a level of detail greater than required by law.

Factors Affecting Financial Condition

Numerous economic factors combine to influence the District's financial condition. Insomuch as the local economy exercises a large effect on District finances, readers will likely gain a more complete understanding of the District's financial condition if they consider its financial statements from the perspective of broad economic drivers rather than just the annual budget by which the District operates.

Letter of Transmittal
Eagle River Fire Protection District, Colorado
June 15, 2017

Local Economy. Year-round tourism and winter recreation-related businesses account for a significant portion of the employment and earned income of area residents. Skier and snowboarder visits at Vail and Beaver Creek Resort account for almost 20% of the total such visits in Colorado. For the 2016-2017 season, Skinet.com ranked Vail as the #4 ski resort in the Western United States, while Beaver Creek Resort was ranked 6th.

In addition to skiing and associated winter-time activities, the area promotes a number of summer recreational pursuits. Popular summer activities include hiking, horseback riding, bicycling, kayaking and rafting; and, several communities within Eagle County have earned recognition on TravelandLeisure.com's list of the top 100 golfing communities in which to live, as well as other recreational sports.

Property Values. Property tax, which derives from the application of a mill rate to assessed property values, represents approximately eighty percent of the District's total revenues. Assessed values depend on a combination of market value and growth of real property, along with assessment ratios established by the State legislature.

Anticipating a loss of approximately \$1.7 million in property tax for 2012, the District asked voters in November, 2011, to approve a temporary mill levy replacement, which they rejected. The District went to the ballot again in November, 2012, asking voters to approve a supplemental mill levy increase designed to decrease as assessed values increase. District Voters approved this request and, as a consequence, subsequent budgets have reflected restoration of the District's property tax revenues to 2010 levels, adjusted for inflation and local growth.

In 2017, the State projects that, in accordance with the Gallagher Amendment, the residential assessment rate (RAR) will decrease from its current level of 7.96 to 7.20. The Gallagher Amendment requires the residential assessment rate to adjust to maintain a constant relationship between the statewide share of residential taxable value and the statewide share of non-residential taxable value. This decrease will effect the 2017 valuations and 2018 property tax revenues, statewide. Consequently, the District will take a conservative approach to the overall 2018 budget.

Current Initiatives

Long-term Financial Planning. At least annually, District staff and consultants update the District's long-range financial projections. Management and the Board of Directors regularly review these projections, ensuring integration of their implications into the annual budget process.

Letter of Transmittal
Eagle River Fire Protection District, Colorado
June 15, 2017

Capital Projects. In May, 2016, the District went to the ballot asking voters to approve a debt increase, and an increase in taxes up to \$1,300,000 annually, to pay debt for capital improvements that included the Joint Public Safety Facility, Edwards Fire Station and Training Facility Projects. The voters approved this request.

Joint Public Safety Facility. Having recognized for a number of years the need to relocate the Avon Fire Station to a site not impacted by growth within the Avon commercial core, the District in 2016, defeased the Certificates of Participation, Series 2015 (COP's), by which it had originally financed the acquisition of Lot 1B for the purpose of building a new fire station in Avon. Concurrently, it issued General Obligation Bonds, Series 2016, in the amount of \$23,450,000, by which to fund the aforementioned capital projects, including the relocation of the Avon Fire Station, and refund the outstanding 2015 COP's.

As part of this project, the District also acquired a portion of the adjacent Lot 1A. It then simultaneously conveyed a portion of the property to the Town of Avon, leaving the District owning a 55% undivided interest and the Town of Avon owning a 45% undivided interest, providing both entities sufficient land on which to construct a joint public safety facility, housing both Fire District and Avon Police Department operations. In August, 2016 the District, in partnership with the Town of Avon, began construction of the Joint Public Safety Facility, which, when complete, will enable the Fire District and the Avon Police Department to serve the community and surrounding region with greater effectiveness. With completion of the facility slated for the fall of 2017, the Fire District anticipates moving operations from the current Avon Fire Station to the new Joint Public Safety Facility prior to the end of 2017. Upon relocating operations to the new facility, the District will terminate its current fire station leases with the Town of Avon.

Edwards Fire Station and Training Facility. Designed to replace the original Edwards Fire Station, constructed in 1985, the District expects to begin in 2017 construction of a new Edwards Fire Station, essentially on the same site as the current Edwards Fire Station, but also on the adjacent Tract K, which it acquired in 2016. Additionally, and with the purpose of enabling its firefighters to train on mission-critical skills while remaining in-District and available for emergency response, the District will construct a training facility next to the new Edwards Fire Station. The District expects to complete construction of both projects by 2019.

The 2016 budget continued the District's focus on staffing its four operational fire and emergency response stations on a 24/7 basis, retaining personnel and increasing its number of fire prevention and community risk management personnel in order to rebuild its Prevention Bureau, coordinate wildfire mitigation projects, and develop community wildfire education strategies.

Letter of Transmittal
Eagle River Fire Protection District, Colorado
June 15, 2017

In order to encourage employee retention and remain competitive with fire departments of similar size and complexity, the District continued to implement conservative payroll adjustments. Moving forward, the District will evaluate the most cost effective ways to further address payroll inequities and keep its operational stations fully staffed.

Accreditation. Along with comprehensive financial and strategic planning, the District continues to pursue accreditation from the Center for Public Safety Excellence. This effort involves a detailed analysis of the District's services and processes so that the District continuously improves the match between its resources and community risk and where gaps in service levels may exist or could develop.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its CAFR for the fiscal year ended December 31, 2015. In order to receive a Certificate of Achievement, the District must publish an easily readable and efficiently organized CAFR, satisfying both GAAP and applicable legal requirements this latest recognition the GFOA constituted the seventh year in a row that the District received the Association's prestigious award.

A Certificate of Achievement is valid for a period of one year. Management believes its current CAFR continues to meet the Certificate of Achievement Program's requirements, and will submit it to the GFOA for consideration of yet another certificate.

Without a doubt, the successful preparation of this report depended on the professional and dedicated service of District administrative staff. I express my sincere appreciation to all members of the District who contributed to the preparation of this report, and offer due credit to the Board of Directors, whose support and leadership ensures the District serves the public responsibly and progressively.

Respectfully submitted,

Karl Bauer
General Manager/Fire Chief



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Eagle River Fire Protection District
Colorado

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

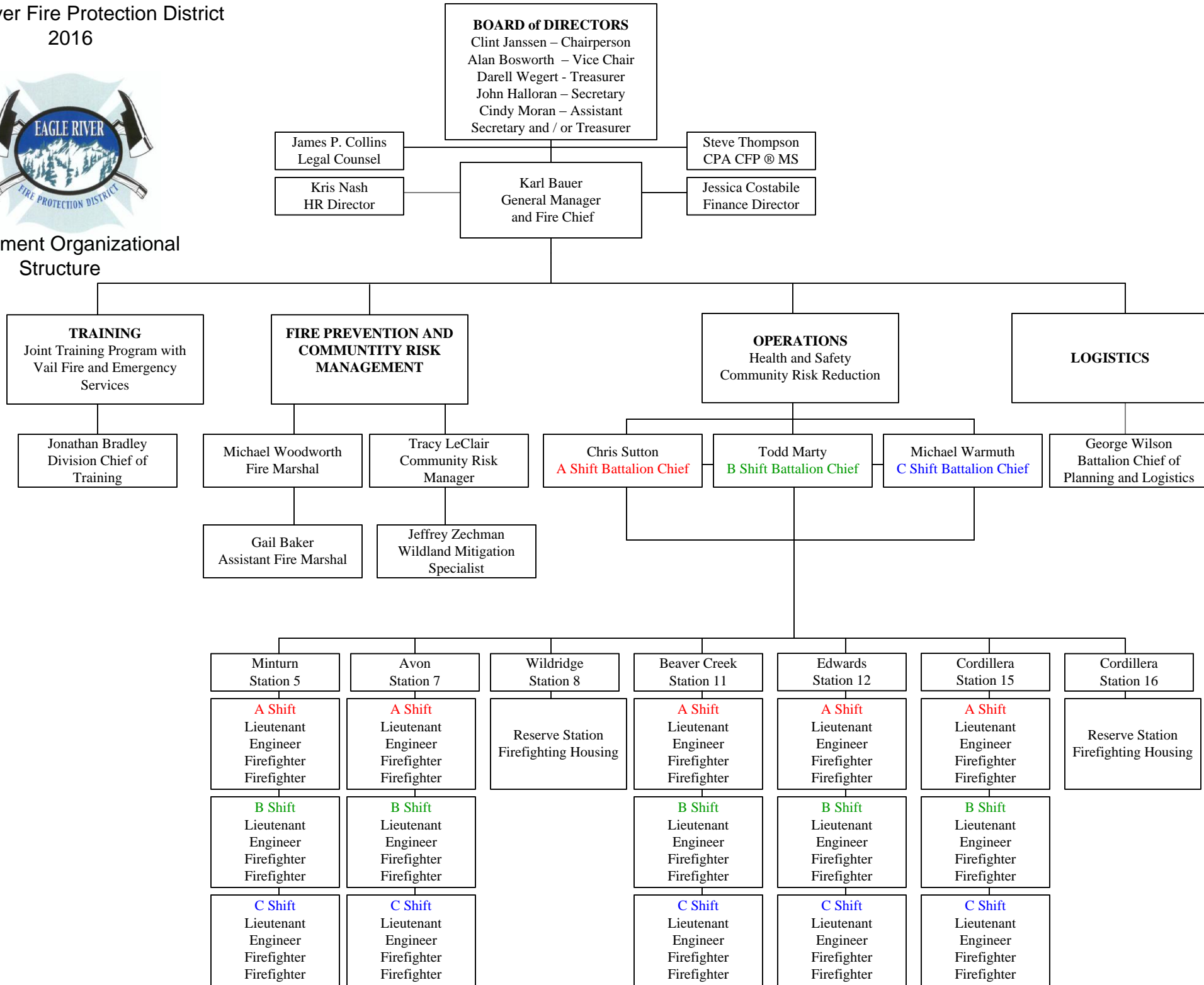
December 31, 2015

Executive Director/CEO

Eagle River Fire Protection District
2016



Department Organizational
Structure



* Beaver Creek Station 11 is owned by Beaver Creek Metropolitan District. Lieutenant and Engineer positions are staffed by ERFPD. Firefighter positions are staffed by Beaver Creek Public Safety.

HAMBLIN AND ASSOCIATES, LLC

Certified Public Accountants

Member of the American Institute of Certified Public Accountants

3082 Evergreen Parkway, Suite 2
Evergreen, CO 80439
(303) 694-2727

Board of Directors
Eagle River Fire Protection District
Eagle County, Colorado

INDEPENDENT AUDITOR'S REPORT

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Eagle River Fire Protection District as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity 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 budgetary comparison schedules on pages 3 through 12 and 43 through 44 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, which 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Eagle River Fire Protection District's basic financial statements. The introductory section, comparative statements of revenue, expenditures, and changes in fund balances, and budgetary comparison schedules for the Capital Impact Fee Fund, Debt Service Fund, Equipment Replacement Fund, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The comparative statements of revenue, expenditures, and changes in fund balances and budgetary comparison schedules for the Capital Impact Fee Fund, Debt Service Fund, and Equipment Replacement Fund are the responsibility of management and were derived from and relate 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The introductory and statistical sections have 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 them.

Hamblin and Associates

Evergreen, Colorado
March 10, 2017

Management's Discussion and Analysis

As Management of Eagle River Fire Protection District (the "District"), we offer readers of the District's financial statements this discussion and analysis of the financial activities of the District for the fiscal years ended December 31, 2016 and 2015. Known as the Management's Discussion and Analysis (MD&A), this document provides information regarding District finances, best understood when read in conjunction with the District's basic financial statements.

Financial Highlights

- The assets of the District exceeded its liabilities and deferred inflows of resources at the close of its fiscal year ended December 31, 2016 by \$7,804,326 (net position). Of this amount, \$4,262,240 is unrestricted and may be used to meet the District's ongoing obligations to citizens and creditors in accordance with the District's fund designation and fiscal policies as more fully described below.
- The District's total net position increased by \$86,532.
- As of the close of the fiscal year, the District's governmental funds reported combined fund balances of \$24,712,732, an increase of \$20,915,580 in comparison to the prior year. Approximately fifteen percent (15%) of this amount (\$3,656,815) is available for spending at the District's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the general fund represents 28% of 2016 total general fund expenditures.
- The District's total long-term debt increased by a net \$22,651,266 during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis serves as introduction to the District's basic financial statements, comprised of the following three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information in addition to the basic financial statements.

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

The Statement of Net Position presents information on all of the District's assets, liabilities, and deferred inflows/outflows with the difference 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 has improved or deteriorated.

The Statement of Activities shows how the District'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. Consequently, revenues and expenses exhibited in this statement include items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the District principally supported by taxes and intergovernmental revenues (governmental activities) from other functions intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). Readers should note that the functions of the District include fire protection and emergency response which qualify as entirely governmental activities. The District conducts no business-type activities.

The government-wide financial statements can be found on pages 14-15 of this report.

Fund financial statements. A fund is a grouping of related accounts, used to maintain control over resources segregated for specific activities or objectives. Like other state and local governments, the District uses fund accounting to ensure, and demonstrate, compliance with finance-related legal requirements. The District categorizes all of its funds as governmental funds.

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

Because governmental funds provide a more narrow focus than government-wide financial statements, it may help readers to compare information pertaining to governmental funds with similar information regarding 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 financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances, provide a reconciliation that facilitates a comparison between governmental funds and governmental activities.

The District maintains the following four individual governmental funds: general, debt service, capital projects, capital impact fee. The District's financial statements provide information on each of the four funds in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances.

Proprietary funds. Proprietary funds account for business-like operations wherein the general public receives goods or services for a fee (enterprise fund), or to account for goods or services provided by one department or agency of a government to another department or agency on a cost-reimbursement basis (internal service fund). The District maintains one internal service fund. The District uses this internal service fund to account for the rental

of vehicles and equipment to District departments for the accumulation of funds in anticipation of their future replacement. Because activities of the internal service fund pertain only to governmental functions the government-wide financial statements include this fund's financial information.

Readers may find the basic governmental fund financial statements on pages 16-22 of this report.

Notes to the Financial Statements. The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. Readers will find notes to the financial statements on pages 24-41 of this report.

Required Supplemental Information. In addition to the basic financial statements and accompanying notes, this report also presents certain other required supplemental information. For instance, the District adopts an annual appropriated budget for its general fund; and, therefore, provides a comparison statement regarding the general fund by which to demonstrate budgetary compliance. Readers will find this comparison on page 43 of this report.

Other Supplemental Information. Individual fund statements and schedules can be found on pages 46-53 of this report.

Government-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 and deferred inflows of resources by \$7,804,326 as of December 31, 2016.

Since the District has unspent bond proceeds at December 31, 2016 the Net Investment in Capital Assets is a negative (\$17,513,123). 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 from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net position \$21,055,209 represents resources that are subject to external restriction on how they may be used. The amount of restricted assets exceeds the net position by (269.8%) due to unspent bond proceeds at December 31, 2016. The remaining balance of unrestricted net position (54.6%) may be used to meet the District's ongoing obligations to citizens and creditors.

Condensed Net Position

	<u>2016</u>	<u>2015</u>
Current and Other Assets	\$13,991,211	\$12,465,901
Restricted Assets	21,952,883	332,870
Capital Assets	9,324,702	7,311,623
Total Assets	<u>45,268,796</u>	<u>20,110,394</u>
Deferred Outflows of Resources	<u>29,297</u>	<u>-</u>
Current and Other Liabilities	1,976,849	303,460
Noncurrent Liabilities	25,849,240	3,931,502
Total Liabilities	<u>27,826,089</u>	<u>4,234,962</u>
Deferred Inflows of Resources	<u>9,667,678</u>	<u>8,157,638</u>
Net Position:		
Net Investment in Capital Assets	(17,513,123)	3,354,315
Restricted	21,055,209	627,088
Unrestricted	4,262,240	3,736,391
Total Net Position	<u>\$7,804,326</u>	<u>\$7,717,794</u>

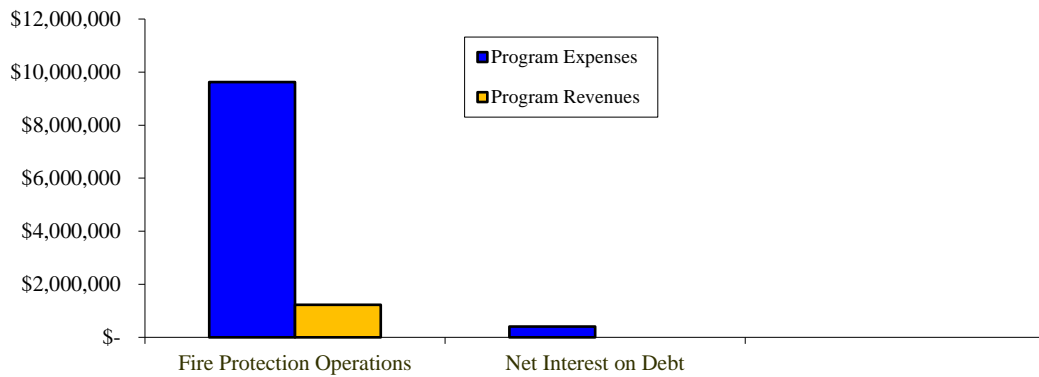
Changes in Net Position

	<u>2016</u>	<u>2015</u>
REVENUES		
Program Revenues:		
Charges for Services	\$ 1,228,536	\$ 1,334,128
General Revenues:		
Property and Specific Ownership Taxes	8,535,709	8,409,806
Intergovernmental	346,389	203,671
Unrestricted Investment Earnings	114,145	9,520
Miscellaneous	88,147	17,662
Refunding Escrow		(817,601)
Gain (Loss) on Disposal of Capital Assets	15,744	(410,133)
Total Revenues	<u>10,328,670</u>	<u>8,747,053</u>
EXPENSES		
Program Expenses:		
Fire Protection – Operations	9,617,772	9,471,294
Interest on Long-term Debt	400,400	161,463
Bond Issuance Costs	223,966	
Total Expenses	<u>10,242,138</u>	<u>9,632,757</u>
Change in Net Position	86,532	(885,704)
Net Position, Beginning of Year	7,717,794	8,603,498
Net Position – End of Year	<u>\$ 7,804,326</u>	<u>\$ 7,717,794</u>

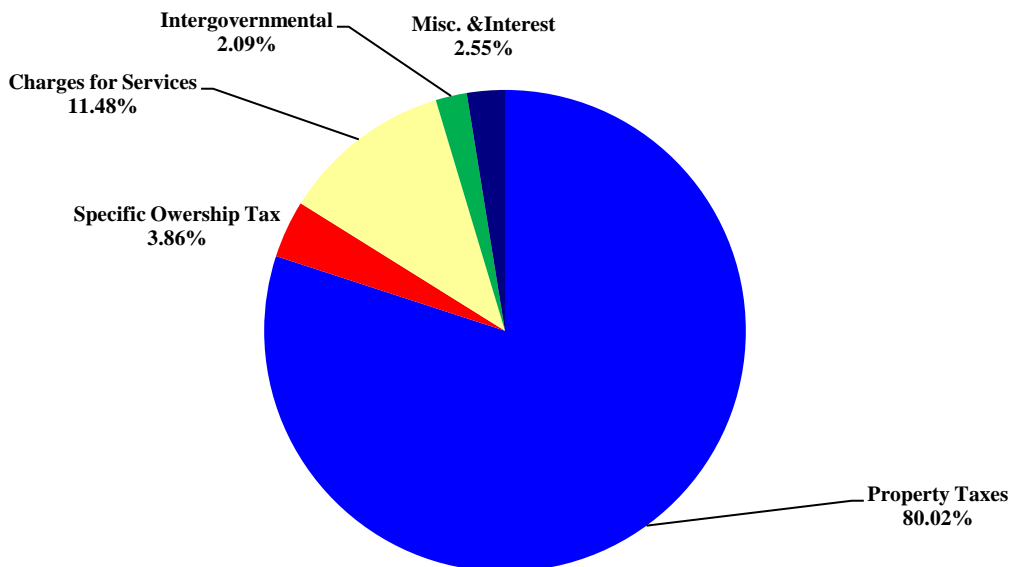
Analysis of the District's Operations

During the current fiscal year, the District's net position increased \$86,532 or 1.12% from the prior fiscal year for an ending balance of \$7,804,326. Management anticipated this modest increase because the original budget projected an increase in fund balance, the General Fund operating expenditures totaled less than the original budgeted amount by \$170,706 and the General Fund operating revenues exceeded the original budgeted amount by \$162,936. The District offset this increase in its net position through adjustments in the government-wide financial statements, including depreciation and accrued interest on debt. Readers will find this reconciliation on page 19 of this report.

Expenses and Program Revenues – Governmental Activities



General Revenues by Source – Governmental Activities



Financial Analysis of Governmental Funds

The following schedule presents a summary of governmental fund revenues for the year ended December 31, 2016 and the amount and percentage of increases and decreases in relation to the prior year.

<u>Revenues</u>	2016 <u>Amount</u>	Percent of <u>Total</u>	2015 <u>Amount</u>	Amount of <u>Increase</u>	Percent <u>Increase</u>
Taxes	\$8,535,709	83.88%	\$8,409,806	\$125,903	1.50%
Licenses and Permits	59,957	0.59%	47,519	12,438	26.17%
Intergovernmental	213,103	2.09%	156,152	56,951	36.47%
Charges for Services	1,168,579	11.48%	1,166,597	1,982	0.17%
Investment Earnings	110,918	1.09%	9,520	101,398	1065.11%
Miscellaneous	88,147	0.87%	17,662	70,485	399.08%
 Total	 <u>\$10,176,413</u>	 <u>100.00%</u>	 <u>\$9,807,256</u>	 <u>\$369,157</u>	

Because voters in November, 2012, approved an additional, adjustable mill levy restoring property tax revenues to 2010 levels, 2016 property tax revenues increased by \$199,558. Specific ownership tax collections and the property tax abatement levy declined from 2015 amounts by \$21,946 and \$48,302, respectively, resulting in net tax increase of \$125,903.

The net assessed value of all property within the District totaled \$994,227,650, an increase of \$143,418,430 from the previous year, causing the total general operating mill levy to automatically adjust from 9.392 mills to 8.205 mills.

Intergovernmental revenues increased \$56,951 or 36.47% in 2016 primarily due to an increase in reimbursements for deployments and impact fees.

Investment earnings increased in 2016 by \$101,398 or 1065.11% due to an increase in cash and cash equivalents from the 2016 bond proceeds.

Miscellaneous increased in 2016 by \$70,485 or 399.08% from 2015 due to the use of pension plan forfeitures to pay premiums, insurance refunds and insurance policy claims for damages.

The following schedule presents a summary of governmental fund expenditures for the year ended December 31, 2016, and the amount and percentage of increases and decreases in relation to the prior year.

<u>Expenditures</u>	2016 <u>Amount</u>	Percent of <u>Total</u>	2015 <u>Amount</u>	Amount of Increase <u>(Decrease)</u>	Percent Increase <u>(Decrease)</u>
Operating:					
Support Services	\$1,912,998	14.60%	\$1,838,198	\$74,800	4.07%
Operations	6,628,447	50.59%	6,532,771	95,676	1.46%
Health, Wellness And Safety	122,130	0.93%	112,597	9,533	8.47%
Fire Prevention and Risk Management	<u>346,519</u>	<u>2.64%</u>	<u>264,398</u>	<u>82,121</u>	31.06%
Total Operating	9,010,094	68.76%	8,747,964	262,130	3.00%
Debt Service:					
Principal	381,945	2.92%	455,512	(73,567)	(16.15%)
Interest, Bond Issue & Fiscal Charges	365,817	2.79%	275,659	90,158	32.71%
Capital Outlay	<u>3,344,466</u>	<u>25.53%</u>	<u>2,115,652</u>	<u>1,228,814</u>	58.08%
 Total	<u>\$13,102,322</u>	<u>100.00%</u>	<u>\$11,594,787</u>	<u>\$1,507,535</u>	

Overall, operating expenditures increased a total of \$262,130 or 3.00% from 2015, largely due to increases in wages and benefits

Debt service expenditures remained essentially the same in 2016 as in 2015 despite the issuance of new debt in 2016. Debt service payments on the General Obligation Bonds, Series 2016 do not begin until 2017.

Capital outlay increased in 2016 due to the use of the bond proceeds for the Joint Public Safety Facility, Edwards Fire Station and new Training Facility projects.

Fund Balances

The District's governmental funds focuses on near-term inflows, outflows, and balances of spendable resources. Such information may prove useful in assessing the District's financing requirements. In particular, a review of its unassigned fund balance may serve as a useful measure of the District's net resources that are available for discretionary use because they represent a portion of the governmental funds not limited to use for a particular purpose.

As of the end of the current fiscal year, the District's governmental funds reported combined fund balances of \$24,712,732, an increase of \$20,915,580 in comparison to the previous year. This substantial increase primarily derives from unspent general obligation bond proceeds in 2016. Of total fund balances, \$21,055,209 is restricted by external limitations on its use, such as debt covenants and legal restrictions. A total of \$708 is considered non-pendable because the District has assigned for prepaid items. The remaining \$3,656,815 remains unassigned and available for any lawful purpose.

The general fund constitutes the main operating fund of the District. As a measure of the general fund's liquidity, readers may find it useful to compare the unassigned fund balance and total fund balance to total fund expenditures and other financing sources. The unassigned fund balance represents approximately twenty-eight percent of total general fund expenditures, or 3 months of operations. This fulfills a Board objective of ensuring

adequate funds for maintaining emergency response capabilities during challenging economic conditions or large-scale disasters.

The capital impact fee fund saw an increase of \$128,198 in fund balance during the current fiscal year which put its unrestricted fund balance at \$461,068 as of December 31, 2016. This increase in fund balance primarily derived from impact fee collections and interest earned during 2016.

The capital projects fund had an increase of \$20,288,830 in fund balance due to unspent bond proceeds.

General Fund Budgetary Highlights

The 2016 budget focused on continuing to fully staff the District's four operational fire and emergency response stations on a 24/7 basis, retaining personnel, and increasing its number of fire prevention and community risk management personnel in order to rebuild its Prevention Bureau, coordinate wildfire mitigation projects, and develop community wildfire education strategies. In addition, the District continued its joint training program with neighboring fire agencies, which it started in 2013 and included sharing the cost of necessary training personnel.

Original budget compared to final budget. The Board approved a supplemental budget amendment during the year, increasing overall estimated revenues and other sources by \$26,061,103 and increasing appropriations by \$5,574,594. The major supplemental budget amendments recognized the general obligation bond proceeds, defeasance of outstanding certificates of participation and other bond related transactions.

Actual expenditures totaled less than the amended budgeted expenditures in the General Fund by \$406,156 or 3.80%, and in all the other governmental funds by minor amounts.

Capital Assets and Debt Administration

Capital Assets. The District's investment in capital assets at December 31, 2016 totals \$9,324,702 net of accumulated depreciation. This investment in capital assets includes land, buildings and improvements, construction-in-progress, vehicles and equipment. In total, the District purchased Capital assets in the amount of \$3,432,945.

Capital assets are classified as follows (net of depreciation):

	<u>2016</u>	<u>2015</u>
Land	\$1,540,485	\$1,777,647
Buildings and Improvements	1,951,366	2,088,769
Construction in Progress	3,136,973	399,165
Machinery and Equipment	517,365	564,874
Vehicles and Rolling Stock	<u>2,178,513</u>	<u>2,481,168</u>
Total	<u>\$9,324,702</u>	<u>\$7,311,623</u>

Readers may find additional information regarding the District’s capital assets in Note 4 on page 32-33 of this report.

Long-term Liabilities. As of December 31, 2016, the District had total outstanding long term liabilities of \$26,582,768. The majority of this debt, a total of \$25,228,135, lies in the form of General Obligation Bonds (including a bond premium of \$1,778,135). The District issued General Obligation Bonds in 2016 to finance the Joint Public Safety Facility, Edwards Fire Station and Training Facility projects and defeased the Certificates of Participation, Series 2015 which the District issued in 2015 to acquire land for the Joint Public Safety Facility. The remainder of the District’s debt represents capital lease obligations of \$1,168,781 and compensated absences of \$185,852.

The District’s long term liabilities increased by \$22,651,266 during the current fiscal year which includes the defeased \$1,635,000 of Certificates of Participation, Series 2015, the extinguishment of a promissory note by the Town of Avon in the amount of \$574,391 and an increase in compensated absences of \$14,467. Except for the above-mentioned General Obligation Bonds, the District issued no new debt and made all regularly scheduled debt service payments.

Colorado State statutes limit the amount of general obligation debt the District may issue to 50% of assessed valuation of all taxable property within the District. The current legal debt margin for the District stands at \$480,449,970.

Readers may find additional information on the District’s long-term debt in Note 5 on pages 33-36 of this report.

Economic Factors and Next Year’s Budgets and Rates

The District’s net total assessed valuation in 2016 (effective for taxes collectible in 2017) decreased by \$1,653,010 or .17% in comparison to the previous year, to a total value of \$992,574,640. The 2017 budget reflects the aforementioned 2012 voter approval of an additional adjustable supplemental mill levy over the base rate of 5.55 mills. Due to the decrease in the assessed valuation, the District’s mill rate for general operating purposes

will increase from the current 8.192 mills, including the base rate of 5.55 mills, to 8.404 mills for 2017. As designed, the supplemental mill levy has increased from its previous amount of 2.642 mills to 2.854 mills. The District anticipates this will result in 2017 a net property tax revenue increase of \$196,885 from 2016. In addition to the general operating mill levy, the District elected to certify an abatement/refund mill levy of 0.027 mills in order to recapture \$26,800 in 2016 property tax abatements identified by the Eagle County Assessor.

The 2017 budget also reflects the debt and associated mill levy approved by voters in May 2016 for the debt service on the General Obligation Bonds, Series 2016. The District's mill levy for debt service is 1.309. The amount budgeted for this revenue in 2017 is \$1,299,280.

The 2017 budget focuses on meeting ongoing service demands through staffing the District's four operational fire and emergency response stations 24/7, retaining personnel, and prioritizing essential capital needs.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest therein. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Karl Bauer, General Manager and Fire Chief, Eagle River Fire Protection District, P.O. Box 7980, Avon, Colorado 81620.

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EAGLE RIVER FIRE PROTECTION DISTRICT

STATEMENT OF NET POSITION DECEMBER 31, 2016

	Total Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 4,743,059
Receivables (net)	9,754,116
Other Assets	6,526
Prepaid Expenses	92,227
Restricted Assets - Cash and Cash Equivalents	21,348,166
Capital Assets, net of accumulated depreciation	
Nondepreciable	4,677,458
Depreciable	4,647,244
Total Assets	45,268,796
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Loss on Advance Refunding of Debt	29,297
LIABILITIES	
Accounts Payable	692,664
Accrued Liabilities	133,826
Accrued Interest Payable	376,581
Deposits and Reserves	5,250
Unearned Revenue	35,000
Noncurrent Liabilities:	
Due Within One Year	733,528
Due In More Than One Year	25,849,240
Total Liabilities	27,826,089
DEFERRED INFLOWS OF RESOURCES	
Deferred Revenue - Property Taxes	9,667,678
NET POSITION	
Net Investment in Capital Assets	(17,513,123)
Restricted For:	
Emergencies	305,311
Capital Improvements	20,749,898
Unrestricted	4,262,240
Total Net Position	\$ 7,804,326

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

EAGLE RIVER FIRE PROTECTION DISTRICT

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Total Governmental Activities</u>
Expenses	
Fire Protection:	
Support Services	\$ 1,918,243
Operations	7,230,072
Health, Wellness and Safety	122,938
Fire Prevention and Community Risk Management	346,519
Debt Service:	
Bond Issuance costs	223,966
Interest	400,400
Total Expenses	<u>10,242,138</u>
Program Revenues	
Charges for Services	<u>1,228,536</u>
Total Program Revenues	<u>1,228,536</u>
Net Program Expense	<u>9,013,602</u>
General Revenues	
Property and Specific Ownership Taxes	8,535,709
Intergovernmental	346,389
Investment Earnings	114,145
Miscellaneous	88,147
Gain on Sale of Land	15,744
Total General Revenues	<u>9,100,134</u>
Change in Net Position	86,532
Net Position, Beginning of Year	<u>7,717,794</u>
Net Position, End of Year	<u>\$ 7,804,326</u>

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

EAGLE RIVER FIRE PROTECTION DISTRICT

BALANCE SHEET GOVERNMENTAL FUNDS DECEMBER 31, 2016

	General Fund	Debt Service Fund	Capital Impact Fee Fund	Capital Projects Fund	Total
ASSETS					
Cash and Cash Equivalents	\$ 4,138,342	\$ -	\$ -	\$ -	\$ 4,138,342
Receivables:					
- Taxes	8,402,644	1,299,280	-	-	9,701,924
- Intergovernmental	-	-	15,707	-	15,707
- Accounts	36,485	-	-	-	36,485
Prepaid Items	708	-	-	-	708
Deposits	5,818	-	-	-	5,818
Restricted Assets - Cash and Cash Equivalents	-	-	445,361	20,902,805	21,348,166
Total Assets	\$ 12,583,997	\$ 1,299,280	\$ 461,068	\$ 20,902,805	\$ 35,247,150
LIABILITIES AND FUND BALANCES					
Accounts Payable	\$ 78,689	\$ -	\$ -	\$ 613,975	\$ 692,664
Accrued Liabilities	133,826	-	-	-	133,826
Deposits and Reserves	5,250	-	-	-	5,250
Unearned Revenues	35,000	-	-	-	35,000
Total Liabilities	252,765	-	-	613,975	866,740
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Property Taxes	8,368,398	1,299,280	-	-	9,667,678
FUND BALANCES					
Nonspendable:					
Prepaid Expenses	708	-	-	-	708
Restricted For:					
TABOR Emergency Reserve	305,311	-	-	-	305,311
Capital Improvements	-	-	461,068	20,288,830	20,749,898
Unassigned	3,656,815	-	-	-	3,656,815
Total Fund Balances	3,962,834	-	461,068	20,288,830	24,712,732
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 12,583,997	\$ 1,299,280	\$ 461,068	\$ 20,902,805	\$ 35,247,150

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

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2016**

Total Fund Balances - Governmental Fund \$ 24,712,732

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund balance sheet.

Capital Assets	13,890,955
Accumulated Depreciation	(5,124,845)
	8,766,110

Prepaid expenses, losses on refundings, and bond premiums are reflected as current charges or revenue in the governmental fund financial statements.

On the Statement of Activities these costs are capitalized and amortized over the life of the bonds.

Loss on Refundings	29,297
Prepaid Expenses - Bond Insurance	92,227
Bond Premium	(1,778,135)
	(1,656,611)

Some liabilities, including bonds, leases payable, and compensated absences are not due and payable in the current period and therefore are not reported in the fund balance sheet.

General Obligation Bonds Payable	(23,450,000)
Capital Leases	(1,168,781)
Compensated Absences	(185,852)
	(24,804,633)

Accrued interest payable is recognized for governmental activities, but is not due and payable in the current period and therefore is not reported as a liability in the governmental funds.

(376,581)

The internal service fund is used by management to charge the rental cost of certain vehicles and equipment to individual departments. The assets and liabilities of the internal service fund is included in governmental activities in the statement of net position.

1,163,309

Net Position of Governmental Activities

\$ 7,804,326

EAGLE RIVER FIRE PROTECTION DISTRICT

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2016

	General Fund	Debt Service Fund	Capital Impact Fee Fund	Capital Projects Fund	Total
Revenues					
Taxes	\$ 8,535,709	\$ -	\$ -	\$ -	\$ 8,535,709
Licenses and Permits	59,957	-	-	-	59,957
Intergovernmental	79,375	-	133,728	-	213,103
Charges for Services	1,168,579	-	-	-	1,168,579
Investment Earnings	31,081	1	2,530	77,306	110,918
Miscellaneous	88,147	-	-	-	88,147
Total Revenues	9,962,848	1	136,258	77,306	10,176,413
Expenditures					
Current:					
Support Services	1,904,938	-	8,060	-	1,912,998
Operations	6,628,447	-	-	-	6,628,447
Health, Wellness and Safety	122,130	-	-	-	122,130
Fire Prevention and Community Risk Mgmt.	346,519	-	-	-	346,519
Debt Service:					
Principal	310,146	71,799	-	-	381,945
Interest and Fiscal Charges	30,903	18,721	-	-	49,624
Bond Issuance	20,964	2,000	-	293,229	316,193
Capital Outlay	909,941	-	-	2,434,525	3,344,466
Total Expenditures	10,273,988	92,520	8,060	2,727,754	13,102,322
Excess (Deficiency) of Revenues Over (Under) Expenditures	(311,140)	(92,519)	128,198	(2,650,448)	(2,925,909)
Other Financing Sources (Uses)					
Debt Issuance	1,682,895	-	-	23,545,240	25,228,135
Disposition of Capital Assets	277,651	-	-	-	277,651
Payment to Refunding Escrow Agent	(1,664,297)	-	-	-	(1,664,297)
Transfers In	605,962	92,519	-	-	698,481
Transfers Out	(92,519)	-	-	(605,962)	(698,481)
Total Other Financing Sources (Uses)	809,692	92,519	-	22,939,278	23,841,489
Net Change in Fund Balances	498,552	-	128,198	20,288,830	20,915,580
Fund Balances, Beginning of Year	3,464,282	-	332,870	-	3,797,152
Fund Balances, End of Year	\$ 3,962,834	\$ -	\$ 461,068	\$ 20,288,830	\$ 24,712,732

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

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016**

Net change in fund balances - Total Governmental Funds \$ 20,915,580

*Amounts reported for governmental activities in the
statement of activities are different because:*

Governmental funds report capital outlays as expenditures. However, for governmental activities, those capital outlays other than noncapitalizable items are shown in the Statement of Activities and the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Assets Sold or Retired	(277,651)
Capital Outlay	3,336,943
Depreciation	<u>(471,952)</u>
	<u>2,587,340</u>

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated Absences	<u>(14,463)</u>
----------------------	-----------------

Proceeds received from the issuance of capital leases and certificates of participation provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Activities.

<u>(25,228,135)</u>

Repayment of principal on debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Certificate of Participation Retirements	1,664,297
Capital Lease Principal Payments	310,146
Loan Principal Retirements	71,799
	<u>2,046,242</u>

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.

<u>(350,776)</u>

Insurance on the General Obligation bonds is recorded as a prepaid expense and amortized over the life of the bonds in the Statement of Activities

92,227

The sale of land is recognized as a gain in the Statement of Activities

15,744

The internal service fund is used by management to charge the rental cost of certain vehicles and equipment to individual departments. The increase in net position of the internal service fund is included in governmental activities.

22,773

Change in Net Position of Governmental Activities

<u><u>\$ 86,532</u></u>

EAGLE RIVER FIRE PROTECTION DISTRICT

STATEMENT OF NET POSITION PROPRIETARY FUNDS DECEMBER 31, 2016

	Governmental Activities - Internal Service Fund
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 604,717
Total Current Assets	<u>604,717</u>
Capital Assets:	
Machinery and Equipment	1,209,052
Accumulated Depreciation	<u>(650,460)</u>
Net Capital Assets	<u>558,592</u>
Total Assets	<u>1,163,309</u>
LIABILITIES	
Current Liabilities:	
Total Current Liabilities	<u>-</u>
Noncurrent Liabilities	<u>-</u>
Total Liabilities	<u>-</u>
NET POSITION	
Net Investment in Capital Assets	558,592
Unrestricted	<u>604,717</u>
Total Net Position	<u><u>\$ 1,163,309</u></u>

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

EAGLE RIVER FIRE PROTECTION DISTRICT

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN NET POSITION PROPRIETARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2016

	Governmental Activities - Internal Service Fund
Operating Revenues:	
Charges for Services	\$ 133,286
Total Operating Revenues	<u>133,286</u>
Operating Expenses	
Depreciation	<u>113,740</u>
Total Operating Expenses	<u>113,740</u>
Operating Income	19,546
Non-Operating Revenues:	
Investment Earnings	<u>3,227</u>
Change in Net Position	<u>22,773</u>
Net Position, Beginning of Year	<u>1,140,536</u>
Net Position, End of Year	<u><u>\$ 1,163,309</u></u>

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

EAGLE RIVER FIRE PROTECTION DISTRICT

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2016

	Governmental Activities - Internal Service Fund
Cash Flows From Operating Activities	
Cash Received from Interfund Services Provided	\$ 133,286
Net Cash Provided by Operating Activities	<u>133,286</u>
Cash Flows From Capital and Related Financing Activities	
Purchase of Capital Assets	<u>(98,124)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(98,124)</u>
Cash Flows From Investing Activities	
Interest received	<u>3,227</u>
Net Cash Provided by Investing Activities	<u>3,227</u>
Net Increase in Cash and Cash Equivalents	38,389
Cash and Cash Equivalents, Beginning of Year	<u>566,328</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 604,717</u></u>

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating Income	<u>\$ 19,546</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation	<u>113,740</u>
Total Adjustments	<u>113,740</u>
Net Cash Provided by Operating Activities	<u><u>\$ 133,286</u></u>

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

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EAGLE RIVER FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2016

The financial statements of Eagle River Fire Protection District (the “District”) have been prepared in conformity with generally accepted accounting principles (“GAAP”) as applied to governmental entities. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting board for establishing governmental accounting and financial reporting principles. The following notes are an integral part of the District’s Comprehensive Annual Financial Report (“CAFR”).

Note 1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

The District, a quasi-municipal corporation was organized on May 2, 2000, and is governed pursuant to provisions of the Colorado Special District Act. The District’s service area is located in Eagle County, Colorado. The District was established for the purpose of providing fire suppression, fire protection, emergency medical, rescue, and hazardous materials response to its residents and taxpayers.

The District follows GASB accounting pronouncements, which 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 is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

B. Government-wide and Fund Financial Statements

Government-wide Financial Statements. The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the District. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements. The fund financial statements provide detailed information about the District's funds. Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds are presented as separate columns in the governmental fund financial statements. The District's single internal service fund is presented in a single column on the face of the proprietary fund statements.

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

Measurement Focus and Basis of Accounting. The government-wide financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements. Revenues are recognized when earned and expenses are recognized when the liability is incurred regardless of the timing of related cash flows. Depreciation is computed and recorded as an operating expense. Expenditures for property, plant and equipment are shown as increases in assets and redemption of capital lease obligations are recorded as a reduction in liabilities.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which is typically 60 days. The major sources of revenue which are susceptible to accrual are property taxes and certain miscellaneous revenues. Expenditures generally are recorded when the liability is incurred, as under full accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Financial Statement Presentation – Fund Accounting. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts which are segregated for the purpose of accounting for specific activities. The District uses funds to report results of operations and financial position, and demonstrate compliance with legal, contractual and regulatory requirements.

The District reports the following major governmental funds:

- *General Fund* - This is the District's primary operating fund. It is used to account for all activities and financial resources of the District not required to be accounted for in another fund.
- *Capital Impact Fee Fund* – This fund accounts for the accumulation of resources from the District's emergency services impact fee and the use of these resources for capital expenditures associated with service level demands related to growth within the District.
- *Debt Service Fund* – This fund is used to account for the accumulation of resources and payment of principal and interest on the District's bonded indebtedness.
- *Capital Projects Fund* – This fund was created in 2016 to account for the bond proceeds and related project costs of the new facilities.

EAGLE RIVER FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED DECEMBER 31, 2016

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District's only proprietary fund is the Equipment Replacement internal service fund. This fund is used to account for the rental of certain vehicles and equipment to other departments for the accumulation of funds for future replacement.

D. Capital Assets

Capital assets, which include land, buildings, and certain equipment, are reported 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 of more than one year. Such assets are recorded at cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. Major outlays for capital improvement projects are capitalized as projects are completed.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation of property, plant and equipment is computed using the straight-line method over the following estimated useful lives:

Buildings and Facilities	10-30 years
Vehicles and Rolling Stock	3-17 years
Machinery and Equipment	3-10 years

E. 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. The District has only one type of item that qualifies for reporting in this category. Accordingly, the item, *Deferred Loss on Advance Refunding of Debt*, is reported in the government-wide statement of net position. These amounts are deferred and recognized as an outflow of resources in the period that the amounts become expendable.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue – property taxes*, is reported in the government-wide statement of net position and in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

F. Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the District. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The General Fund has been the fund used in prior years to liquidate the liability for compensated absences.

G. Fund Equity

The following fund balance classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in a spendable form (such as inventory or prepaid/deferred charges) or are required to be maintained intact;
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or an official or body to which the governing body delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

The District establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by the Board of Directors through adoption or

EAGLE RIVER FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED DECEMBER 31, 2016

amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or other purposes).

When fund balance resources are available for a specific purpose in more than one classification, it is the District's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed. The District considers all unassigned fund balances to be "reserves" for future operations or capital replacement as defined within Article X, Section 20 of the Constitution of the State of Colorado (see Note 8).

The Board of Directors has adopted a minimum fund balance policy for the General Fund which requires the District to maintain an unassigned fund balance sufficient to fund District operations for a period of three months. Unassigned fund balance shall be calculated annually with the adoption of the annual budget and is calculated as 25% of the District's General Fund operating expenditures excluding capital budgeted for that fiscal year.

H. Budgetary Information

Budgets are adopted on a basis consistent with GAAP for all funds. According to Colorado Local Government Budget Law, the legal level of appropriation is at the total fund expenditure level and lapse at year-end. During the year, the District's Board of Directors may modify the budget by line item within a fund's total appropriation without notification. Upon meeting notification and publication requirements, supplemental amendments increasing appropriations may be passed by resolution of the Board of Directors.

I. Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the Eagle County Assessor generally as of January 1, of each year. The levy is normally set by December 15, by certification to the Eagle County Commissioners to place the tax lien on the individual properties as of January 1, of the following year. The Eagle County Treasurer collects the determined taxes during the ensuing calendar year. Taxes are payable by April 30, or if at the taxpayer's election paid in equal installments, by February 28 and June 15, respectively. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows of resources in the year they are levied and measurable. The deferred property tax revenues are recorded as revenue in the year they are available or collected.

J. Restricted Assets

Capital Impact Fee Fund. Restricted assets in the amount of \$445,361 are reported in the Capital Impact Fee Fund. Colorado State statutes and the District's resolution establishing the Capital

Impact Fee Fund require that impact fees collected be accounted for in a separate fund. These assets are held in a separate interest-bearing account in COLOTRUST.

Capital Projects Fund. Restricted assets in the amount of \$20, 902,805 are reported in the Capital Projects Fund. The use of the bond proceeds are restricted by the bondholders. These assets are held in a separate interest-bearing account in COLOTRUST.

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted, as they are needed.

K. Statements of Cash Flows

For purposes of the Statement of Cash Flows, the District considers all highly liquid investments with a maturity when purchased of three months or less and all local government investment pools to be cash equivalents.

L. Long-term Obligations

In the government-wide Statement of Net Position, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the interest method. Bonds payable are reported net of any applicable bond premium or discount.

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 are reported as debt service expenditures.

Note 2. Deposits and Investments

Cash and investments as of December 31, 2016 are classified in the accompanying financial statements as follows:

	Governmental Funds	Proprietary Funds	Total
Cash and Cash Equivalents	\$ 4,138,342	\$ 604,717	\$ 4,743,059
Restricted Assets – Cash and Cash Equivalents	21,348,166	-	21,348,166
Total	<u>\$ 25,486,508</u>	<u>\$ 604,717</u>	<u>\$ 26,091,225</u>
Deposits With Financial Institutions	\$ 162,185	\$ -	\$ 162,185
Deposits With Local Government Investment Pools	25,324,323	604,717	25,929,040
Total	<u>\$ 25,486,508</u>	<u>\$ 604,717</u>	<u>\$ 26,091,225</u>

EAGLE RIVER FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED DECEMBER 31, 2016

Investments Authorized by District Investment Policy. The table below identifies the investment types that are authorized for the District by its investment policy. The table also identifies certain provision of the District’s investment policy that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Of Portfolio</u>	<u>Maximum Investment In One Issuer</u>
U.S. Treasury Obligations	5 years	None	None
Federal Agency Securities	5 years	None	None
Federal Instrumentality Securities	5 years	None	None
Local Government Investment Pools	N/A	None	None
Money Market Funds	N/A	None	None
Time Certificates of Deposit	1 year	None	None

Interest Rate Risk. Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair market value to changes in market interest rates. The investment policy of the District states that, to the extent possible, investments shall be matched with anticipated cash flow requirements and known future liabilities. Unless matched to a specific cash flow requirement, the District will not invest in securities maturing more than five years from the date of purchase. In addition, the District shall maintain at least 15% of its total investment portfolio in investments maturing in 120 days or less. At least 10% of the portfolio shall be invested in overnight investments or securities that can be sold to raise cash on one day’s notice.

Credit Risk. Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. U.S Treasury securities and securities of the Government National Mortgage Association are not considered to have credit risk exposure. Nor are obligations implicitly guaranteed by the U.S. government for government sponsored entities such as securities the Federal Farm Credit Bank, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, and Federal National Mortgage Association.

Presented below is the minimum rating, as required by the District’s investment policy, for investments of the District as of December 31, 2016.

<u>S&P Rating</u>	<u>Local Government Investment Pool</u>
AAAm	<u>\$ 25,929,040</u>

Concentration of Credit Risk. The investment policy of the District contains no limitations on the amount that can be invested in any one issuer.

Custodial Credit Risk. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District would not be able to recover its deposits or would not be able to recover collateral securities that are in the possession of an outside party.

The Colorado Public Deposit Protection Act (PDPA) requires that cash be deposited in eligible public depositories and that deposits in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds with the District being a named participant in the single institution collateral pool. The minimum pledging requirement is 102% of the uninsured deposits. The Colorado State Banking Board verifies the market value at least monthly. Bank assets (usually securities) are required by PDPA to be delivered to a third-party institution for safekeeping, and pledged to the Colorado Division of Banking. Based on the above, the Colorado State Auditor has concluded that there is no custodial risk for public deposits collateralized under PDPA.

Investments. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, the District would not be able to recover the value of its investment or collateral securities that are in the possession of another party. The District's investment policy provides that all investment securities, except certificates of deposit, local government investment pools, and money market funds purchased by the District shall be settled on a delivery versus payment basis and will be delivered by either book entry or physical delivery and will be held in third-party safekeeping by the District's approved custodian bank, its correspondent bank or the Depository Trust Company. An approved Safekeeping Agreement must be executed with each custodian bank prior to utilizing that bank's safekeeping services and to be eligible, a financial institution must have an average Highline Banking Data Services Rating of 40 or better.

Local Government Investment Pools. Local government investment pools are trusts established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the trusts. The trusts operate similarly to a money market fund and each share is equal in value to \$1.00. A designated custodial bank serves as custodian pursuant to a custodian agreement. The custodian acts as safekeeping agent for the trusts' 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 trusts.

As of December 31, 2016, the District held investments in the Colorado Local Government Liquid Asset Trust (COLOTRUST). COLOTRUST offers shares in two portfolios, Prime and 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. At December 31, 2016, the District had a balance of \$25,929,040 for both its fair value and carrying value in the COLOTRUST Plus portfolio. Both portfolios are rated AAAM by Standard & Poor's.

EAGLE RIVER FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED DECEMBER 31, 2016

In addition, at December 31, 2016, the District had \$34,246 held by the Eagle County Treasurer.

Note 3. Legal Compliance – Budgets

No later than October 15th, the General Manager/Fire Chief submits to the Board of Directors a proposed budget for the calendar year commencing the following January 1st. The budget is prepared by fund, program, activity, and object and includes information on the prior year, current year estimates and requested appropriations and estimated revenues for the upcoming year.

The Board of Directors holds public hearings and must adopt the budget by resolution prior to December 15th. Once adopted, the Board may at any time, by resolution, amend the budget. The District had one supplemental appropriations during the year ended December 31, 2016.

Expenditures may not legally exceed budgeted appropriations at the fund level. Budgetary comparisons in the accompanying combined financial statements and in the individual fund statements are presented with a higher level of detail than legally required in order to facilitate closer financial analysis.

Note 4. Capital Assets

Capital asset activity for the year ended December 31, 2016, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,777,647	\$ 597,013	\$ 834,175	\$ 1,540,485
Construction in Progress	<u>399,165</u>	<u>2,737,808</u>	<u>-</u>	<u>3,136,973</u>
Total Capital Assets, Not being Depreciated	<u>\$ 2,176,812</u>	<u>\$3,334,821</u>	<u>\$834,175</u>	<u>\$ 4,677,458</u>
Capital Assets, Being Depreciated:				
Buildings and Improvements	3,862,638	-	-	3,862,638
Machinery and Equipment	1,023,626	58,683	74,416	1,007,893
Vehicles and Rolling Stock	<u>5,512,576</u>	<u>39,441</u>	<u>-</u>	<u>5,552,017</u>
Total Capital Assets, Being Depreciated	<u>10,398,840</u>	<u>98,124</u>	<u>74,416</u>	<u>10,422,548</u>
Less Accumulated Depreciation:				
Buildings	(1,773,869)	(137,403)	-	(1,911,272)
Machinery and Equipment	(458,752)	(106,192)	74,416	(490,528)
Vehicles and Rolling Stock	<u>(3,031,408)</u>	<u>(342,096)</u>	<u>-</u>	<u>(3,373,504)</u>
Total Accumulated Depreciation	<u>(5,264,029)</u>	<u>(585,691)</u>	<u>74,416</u>	<u>(5,775,304)</u>
Total Capital Assets Being Depreciated, Net	<u>5,134,811</u>	<u>(487,567)</u>	<u>148,832</u>	<u>4,647,244</u>
Governmental Activities Capital Assets, Net	<u>\$ 7,311,623</u>	<u>\$ 2,847,254</u>	<u>\$ 983,007</u>	<u>\$ 9,324,702</u>

Depreciation expense in the amount of \$585,691 was charged to the operations function in the Statement of Activities for the year ended December 31, 2016. Of this amount, amortization expense on assets acquired under existing capital leases was \$168,216.

Note 5. Long-term Debt

General Obligation Bonds. On July 26, 2016, the District issued \$23,450,000 in General Obligation Bonds. The proceeds from the bond issuance were used to refund the outstanding Certificates of Participation, Series 2015 and to acquire land, build new fire stations in Avon and Edwards, construct a training facility and to pay costs of issuing the bonds. The interest rate on the bonds is variable from 2% to 4%. Interest on the bonds is payable semiannual on June 1 and December 1, commencing on June 1, 2017 and ending on December 1, 2046. The bonds constitute a general obligation of the district of which all of the taxable property in the district is subject to an ad valorem tax to pay principal and interest on the bonds. The bonds maturing on or after December 1, 2027 are subject to redemption prior to maturity. The bonds maturing on December 1, 2036, 2041 and 2046 are subject to a mandatory sinking fund redemption at a redemption price equal to the principal amount of such Bonds redeemed, plus accrued interest to the redemption date, without a redemption premium. The bonds are insured by the Assured Guaranty Municipal Corp. (AGM). The property tax revenue assessed for bond payments may not exceed \$1,300,000 in any year. The bonds were issued at a premium of \$1,778,135.

Total interest expense on General Obligation Bonds in the amount of \$358,818 was charged to expense in the Statement of Activities for the year ended December 31, 2016.

Annual debt service requirements to maturity for the General Obligation Bonds outstanding at December 31, 2016, are as follows:

Year Ending <u>December 31</u>	Governmental Activities	
	Principal	Interest
2017	\$ 180,000	\$ 1,116,915
2018	470,000	825,450
2019	480,000	816,050
2020	500,000	796,850
2021-2025	2,790,000	3,695,050
2026-2030	3,395,000	3,090,650
2031-2035	4,080,000	2,404,200
2036-2040	4,745,000	1,745,550
2041-2045	5,560,000	923,450
2046	1,250,000	50,000
Total General Obligation Bonds	<u>\$ 23,450,000</u>	<u>\$ 15,464,165</u>

EAGLE RIVER FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED DECEMBER 31, 2016

Certificates of Participation. On June 8, 2015, the District issued \$1,715,000 in Certificates of Participation, Series 2015. The proceeds from the issuance were used to finance the cost of acquiring land for the District and to pay costs of issuing the Certificates. On July 26, 2016 the Certificates were refunded by the issuance of the General Obligation Bonds. A portion of the general obligation bond proceeds of \$1,682,895 were used to pay fees and the balance was used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the Certificates of Participation, Series 2015. As a result the Certificates of Participation, Series 2015 are considered to be defeased and a liability for these Certificates has been removed from the government-wide liabilities. At December 31, 2016 \$1,635,000 are considered defeased.

The intent of the refunding was not to save money by obtaining a favorable interest rate and issuing similar debt. The purpose of the refunding was to provide affordable long term financing for the overall construction project that the District could afford. Because the refunded certificates were not replaced with similar debt, a calculation of the cost or savings cannot be readily determined.

Total interest expense on Certificates of Participation in the amount of \$15,541 was charged to expense in the Statement of Activities for the year ended December 31, 2016.

Note Payable. The District entered into a note payable with the Town of Avon on June 8, 2015. The proceeds were used to defease the Certificates of Participation, Series 2010. In 2016 the Town of Avon forgave the balance of the note, \$574,391 in exchange for their portion of the land cost for the Joint Public Safety Facility in Avon (see Note 6).

Capital Lease Obligations. The following leases are renewable on an annual basis, at the option of the District, for consecutive one year periods. Upon final payment, title to the leased assets will pass to the District. The gross amount of assets acquired under existing capital leases is \$2,444,728. Accumulated amortization on these assets total \$872,273 at December 31, 2016. All of the accumulated amortization falls within the asset class of vehicles and rolling stock.

- Lease obligation for a Pierce Quantum 100' Aerial Platform fire truck due in two remaining annual installments of \$111,679 through February, 2018. Amortization is based on an interest rate of 2.31%. The District may terminate the lease by paying the applicable purchase option price on any scheduled payment date. Balance at December 31, 2016 is \$215,760.
- Lease obligation for a Pierce Wildland Type 3 vehicle due in seven annual installments of \$47,741 through March, 2020. Amortization is based on an interest rate of 1.66%. The District may terminate the lease by paying the applicable purchase option price on any scheduled payment date. Balance at December 31, 2016 is \$183,296.
- Lease obligation for a Pierce Arrow XT PUC Pumper truck due in seven annual installments of \$92,695 through July, 2020. Amortization is based on an interest rate of 2.03%. The District may terminate the lease by paying the applicable purchase option price on any scheduled payment date. Balance at December 31, 2016 is \$352,717.

- Lease obligation for a Pierce Arrow XT PUC Pumper truck due in seven annual installments of \$88,934 through February, 2021. Amortization is based on an interest rate of 2.18%. The District may terminate the lease by paying the applicable purchase option price on any scheduled payment date. Balance at December 31, 2016 is \$417,007.

Total interest expense on capital lease obligations in the amount of \$26,041 was charged to expense in the Statement of Activities for the year ended December 31, 2016.

Annual debt service requirements to maturity for capital lease obligations outstanding at December 31, 2016, are as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 316,717	\$ 24,333
2018	323,428	17,622
2019	218,604	10,766
2020	222,994	6,376
2021	87,038	1,897
Total Capital Lease Obligations	<u>\$ 1,168,781</u>	<u>\$ 60,994</u>

Prior Year Defeasance of Debt. In prior years, the District defeased Certificates of Participation (COP's) by placing proceeds of the new COP's or bonds in an irrevocable trust to provide for all future debt service payments on the old COP's. Accordingly, the trust accounts and the liability for the defeased COP's are not included in the District's financial statements. At December 31, 2016, the following Certificates outstanding are considered defeased:

	<u>Governmental Activities</u>
Certificates of Participation:	
Series 2010	\$ 3,860,000
Series 2015	1,635,000
Total Certificates of Participation:	<u>\$ 5,495,000</u>

EAGLE RIVER FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED DECEMBER 31, 2016

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

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	Ending <u>Balance</u>	Due Within <u>One Year</u>
Governmental Activities:					
Certificates of Participation	\$1,635,000	\$ -	\$1,635,000	\$ -	\$ -
General Obligation Bonds	-	23,450,000	-	23,450,000	180,000
Bond Premium	-	1,778,135	-	1,778,135	50,959
Capital Lease Obligations	1,478,927	-	310,146	1,168,781	316,717
Note Payable	646,190	-	646,190	-	-
Compensated Absences	<u>171,385</u>	<u>14,467</u>	<u>-</u>	<u>185,852</u>	<u>185,852</u>
Total Long-term Liabilities	<u>\$3,931,502</u>	<u>\$25,242,602</u>	<u>\$2,591,336</u>	<u>\$ 26,582,768</u>	<u>\$ 733,528</u>

Total interest incurred and charged as an expense in the statement of activities during the year ended December 31, 2016 was \$400,400.

Note 6. Intergovernmental Agreements

General. The District is a party to numerous intergovernmental agreements, including: various emergency management and mutual aid agreements with other fire protection agencies, Eagle County, State of Colorado and federal agencies; a dispatch contract with the Town of Vail; vehicle maintenance and refueling contracts with the Town of Avon and Cordillera Metropolitan District; a plan review and fire code inspection and enforcement agreement with Eagle County; and a wildfire mitigation memorandum of understanding with various agencies.

The District leases some of its fire stations pursuant to 99-year lease terms with the municipalities and metropolitan districts in which they are located. Pursuant to the leases, the stations revert to the owner if they cease to be used for emergency services purposes. The fire station leases with the Town of Avon are subject to termination upon 60 day notice from either party.

Regional Hazardous Materials Association of Eagle County (RHMAEC). The District is an Operational Member of the Regional Hazardous Materials Association of Eagle County which was formed as a separate governmental entity pursuant to an intergovernmental agreement dated as of October 21, 2002, and subsequently amended on October 9, 2012, among the District, the Town of Vail, the Greater Eagle Fire Protection District, the Gypsum Fire Protection District, the Eagle County Sheriff and the Colorado State Patrol (each an Operating Member). RHMAEC was formed to act as the designated emergency response authority responsible for hazardous substance incidents occurring within the jurisdictions of the member agencies. Member contributions are proposed annually by the RHMAEC Board of Directors and approved by the governing body of each Operating Member. The District also currently provides financial management services for RHMAEC. The financial management agreement was terminated on December 31, 2016.

Emergency Service Impact Fees. The District has entered into substantially similar intergovernmental agreements with Eagle County, the Town of Avon, the Town of Red Cliff and the Town of Minturn for the collection of emergency service impact fees. Subject to specified refund provisions, the funds collected must be transferred to the District within 60 days of receipt, less a 6% administrative fee. Impact fees are required to be accounted for in a separate interest-bearing fund. The impact fee is currently imposed based upon the size of the water meter required for the development and range from \$1,671 for a ¾-inch meter to \$55,147 for a six-inch meter. The impact fee may be reviewed and revised annually based upon specified Consumer Price Index criteria. Waivers may be granted by the applicable governing body with respect to the development of low or moderately priced housing units for sale or lease to low or moderate income persons; provided that the parties to the development must restrict the future use of the applicable units.

Pursuant to each agreement, impact fees are collected at the time a building permit is issued. Unpaid impact fees constitute a prior, perpetual lien upon each lot or parcel subject to the fee; unpaid fees are certified to the Eagle County Treasurer for collection in the same manner as delinquent property taxes. Certificates of occupancy also may be withheld until the impact fees are paid. Impact fees collected must be used, in conjunction with District funds, to fund capital facilities, vehicles, and equipment necessary to provide emergency services needed to serve development as specified in the currently applicable impact fee study adopted by the respective municipality or Eagle County.

Beaver Creek Metropolitan District Agreement. The District entered into an Agreement for Fire Protection and Emergency Services with Beaver Creek Metropolitan District (BCMD) dated as of January 1, 2005, and amended as of May 8, 2008 (the “BCMD Agreement”). The BCMD Agreement was approved by BCMD voters as a multiple-fiscal year obligation for purposes of Article X, Section 20 of the State Constitution.

Pursuant to the BCMD Agreement, the District provides contracted fire protection and emergency services within the BCMD service area. BCMD provides an existing fire station for the District’s use, together with specified firefighting and communication equipment and two full-time public safety officers holding specified firefighting and/or emergency medical technician certifications. BCMD retains ownership of the fire station and its equipment and generally is responsible for purchasing additional vehicles and equipment needed to provide services. The District is responsible for repair and maintenance of the fire station and for maintaining equipment.

The BCMD Agreement had a ten year term, which ended on December 31, 2014. BCMD paid the District, as compensation for fire services, an annual fee (\$839,000 in 2005) that increased annually based upon a specified Consumer Price Index (CPI) formula. The District has entered into a new agreement with BCMD effective January 1, 2015, for a five year term with three additional two-year optional renewals. The terms are generally similar to the previous agreement. The fee was \$1,168,579 for the year ended December 31, 2016.

EAGLE RIVER FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED DECEMBER 31, 2016

Cooperative Use of a Training Chief. In January 2013, the District entered into an agreement with Vail Fire and Emergency Services (VFES) acting through the Town of Vail, for the purpose of providing training chief services to both parties. The agreement provides that the training chief will be employed solely by the District, with VFES to pay one-fourth of the compensation package for training services to be provided by the District through the training chief. The primary function of the training chief will be to oversee a joint training program for the parties. The term of the agreement is for five years, with the option to renew for one additional five year term. This agreement was terminated on December 31, 2016.

Facilities Management Agreement. The District entered into an Intergovernmental Agreement (IGA) with the Town of Avon on April 28, 2015 for the purpose of jointly designing, financing, and constructing a Joint Public Safety Facility in the Town of Avon. The IGA expires on June 2, 2020. The IGA provides for a number of covenants and mutual agreements including temporary financing, design, construction bid process, construction financing, sale and conveyance of land, and construction. As of December 31, 2016 there have been three amendments to the IGA including entering into a memorandum of agreement regarding cost sharing, and the waiver of various fees by both parties.

Note 7. 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 maintains commercial insurance for significant insurable risks. Settled claims did not exceed this commercial coverage in any of the past three fiscal years.

Note 8. Commitments and Contingencies

Litigation. The District is not aware of any pending or threatened lawsuits.

Tax, Spending and Debt Limitations. Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR) contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

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

TABOR also requires local governments to establish emergency reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. The District has established an emergency reserve for the year ended December 31, 2016 in the amount of \$305,311.

On May 2, 2000, a majority of the District’s electors authorized the District to collect and spend, or retain in a reserve, all taxes related to a mill levy of 3.8 mills and other fees of the District without regard to any limitations under TABOR, or the statutory 5.5% property tax levy limitation contained in Colorado Revised Statutes Section 29-1-301. On May 4, 2006, a majority of the District’s electors authorized a mill levy increase from the 3.8 mills to 5.55 mills. On November 6, 2012, a majority of the District’s electors authorized a supplemental mill levy that may increase up to 3.77 mills over and above the existing mill levy of 5.55 mills (total of 9.32 mills). It is expected that this supplemental mill levy will generate property tax revenues equal to the 2010 property tax revenues as adjusted by inflation and local growth.

The District’s management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including interpretations of how to calculate Fiscal Year Spending limits may require judicial interpretation.

On May 3, 2016 a majority of the District’s electors authorized an annual tax increase not to exceed \$1,300,000 annually to pay for the General Obligation Bonds, Series 2016.

Construction Contracts. The District had various building projects in process with remaining estimated costs of \$8.1 million as of December 31, 2016.

Note 9. Interfund Transfers

The District makes interfund transfers to move unrestricted revenues or fund balances that have been collected or accumulated in the General Fund to the Debt Service Fund in order to meet the annual debt service requirements. It is the District’s policy to eliminate interfund transfers within governmental activities in the Statement of Activities.

Interfund Transfers:

<u>Fund</u>	Transfers <u>In</u>	Transfers <u>Out</u>
General Fund	\$ 605,962	\$ 92,519
Capital Projects Fund	-	605,962
Debt Service Fund	<u>92,519</u>	<u>-</u>
Total	<u>\$ 698,481</u>	<u>\$ 698,481</u>

Note 10. Employee Retirement Plans

Full-time Employees. The District, under the authority granted it by Colorado Revised Statute Title 32, Article 1, has established and maintains two single-employer, defined contribution pension plans for full-time employees: (1) Eagle River Fire Protection District Firefighters Money Purchase Pension Plan, and (2) Eagle River Fire Protection District Administrative Employees Money Purchase Pension Plan. Effective May 1, 2012, these plans are administered by OneAmerica.

EAGLE RIVER FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED DECEMBER 31, 2016

A defined contribution pension plan has terms that specify how contributions to an individual's account are to be determined rather than the amount of pension benefits the individual is to receive. In a defined contribution plan, the pension benefits a participant will receive depend only on the amount contributed to the participant's account, earnings on investments of those contributions, and forfeitures of other participant's benefits that may be allocated to the participant's account.

All full-time employees are required to participate in one of the above retirement plans upon employment with the District. The type of plan that an employee participates in is dependent on the type of employee (firefighter or administrative). Each plan provides that both the employee and the District will contribute an amount equal to 11% of the employee's base salary each month.

Employees start partial vesting after two years of service and are fully vested after five years of service. In addition, if an employee reaches normal retirement age, dies, or becomes totally and permanently disabled his account becomes fully vested regardless of length of service. Forfeitures by employees who leave employment before being fully vested are applied, first, to offset administrative expenses of the plans, and second, to reduce matching employer contributions.

During the year ended December 31, 2016 there were no differences between contribution requirements and contributions actually made by plan participants or the District. Contributions made by plan members and the District for the three years ended December 31, 2016, are as follows:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Employees	<u>\$ 458,886</u>	<u>\$ 458,618</u>	<u>\$ 426,864</u>
District	<u>\$ 458,886</u>	<u>\$ 458,618</u>	<u>\$ 426,864</u>

Both the District and the covered employees each made the required 11% contributions to the plans. There are no liabilities for benefits beyond the District's matching payments. No major changes in the various plan's provisions occurred in 2016. As of December 31, 2016 there were 3 participants in the Administrative plan and 76 participants in the Firefighters plan.

Part-time, Temporary and Seasonal Employees. On December 31, 2000, the District adopted a PTS Retirement Plan (PTS plan) established under Section 457 of the Internal Revenue Code that pertains to deferred compensation plans. Effective May 1, 2012, this plan is administered by OneAmerica.

The PTS Plan is designed specifically for employees who are part-time, temporary, or seasonal, and is defined as a Social Security replacement retirement plan. The PTS plan allows qualifying participants to defer federal and state income taxes on savings until retirement. Part-time employees are automatically enrolled in the PTS plan and do not have an option to contribute

additional amounts. The PTS plan requires a contribution of 7.5% of an employee's salary per plan year. This 7.5% may be the employee's contribution, the employer's contribution or a combination of both. The District has elected to have 3.75% contributed by each employee and 3.75% matched by the District. As of December 31, 2016 there were 6 participants in the PTS plan.

Upon separation of service, participants may roll the account balance over into another 457 plan. If not rolled over, balances are automatically paid-out to the participant. Taxes are paid when funds are withdrawn from the plan. Contributions actually made by plan members and the District for the three years ended December 31, 2016, are as follows:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Employees	<u>\$ 1,191</u>	<u>\$ 4,329</u>	<u>\$ 1,685</u>
District	<u>\$ 1,191</u>	<u>\$ 4,329</u>	<u>\$ 1,685</u>

Both the District and the covered employees each made the required 3.75% contributions to the plan. There are no liabilities for benefits beyond the District's matching payments.

Note 11. 457 Deferred Compensation Plan

The District offers its full-time employees an optional supplemental deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is administered by OneAmerica and allows eligible participants the opportunity to accumulate additional retirement savings with certain tax advantages. Deposits into the 457 plan are not subject to state or federal income taxes at the time of deposit, and earnings on these deposits are deferred until withdrawn. As of December 31, 2016 there were 48 participants in the 457 plan.

REQUIRED SUPPLEMENTARY INFORMATION

EAGLE RIVER FIRE PROTECTION DISTRICT

REQUIRED SUPPLEMENTAL INFORMATION

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

(BUDGETARY BASIS) - BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 8,528,570	\$ 8,552,500	\$ 8,535,709	\$ (16,791)
Licenses and Permits	48,000	48,000	59,957	11,957
Intergovernmental	30,674	79,651	79,375	(276)
Charges for Services	1,174,577	1,171,079	1,168,579	(2,500)
Investment Earnings	8,091	32,000	31,081	(919)
Miscellaneous	10,000	85,446	88,147	2,701
Total Revenues	9,799,912	9,968,676	9,962,848	(5,828)
Expenditures				
Current:				
Support Services	2,055,232	2,115,524	1,904,938	210,586
Operations	6,562,318	6,768,385	6,628,447	139,938
Health, Wellness and Safety	147,358	144,458	122,130	22,328
Fire Prevention and Community Risk Mgmt.	407,832	378,494	346,519	31,975
Debt Service:				
Principal	310,146	310,146	310,146	-
Interest	30,903	30,903	30,903	-
Bond Issuance and Fiscal Charges	-	21,550	20,964	586
Capital Outlay	107,645	910,684	909,941	743
Total Expenditures	9,621,434	10,680,144	10,273,988	406,156
Excess (Deficiency) of Revenues Over (Under) Expenditures	178,478	(711,468)	(311,140)	400,328
Other Financing Sources (Uses)				
Debt Issuance	-	1,682,895	1,682,895	-
Disposition of Capital Assets	-	277,651	277,651	-
Payment to Refunding Escrow Agent	-	(1,664,297)	(1,664,297)	-
Transfers In	-	605,962	605,962	-
Transfers Out	(149,597)	(92,519)	(92,519)	-
Total Other Financing Sources (Uses)	(149,597)	809,692	809,692	-
Net Change in Fund Balances	28,881	98,224	498,552	400,328
Fund Balances, Beginning of Year	3,191,244	3,464,282	3,464,282	-
Fund Balances, End of Year	\$ 3,220,125	\$ 3,562,506	\$ 3,962,834	\$ 400,328

EAGLE RIVER FIRE PROTECTION DISTRICT

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION DECEMBER 31, 2016

Note 1. Budgetary Information

An annual budget is legally adopted on a basis consistent with generally accepted accounting principles for all funds. Appropriations lapse at fiscal year-end. The budget is prepared by fund, program, activity, and object. Expenditures may not legally exceed budgeted appropriations at the fund level.

The Board of Directors holds public hearings and may change appropriations except for expenditures required by law for debt service or for estimated cash deficits. No change to the budget may increase the authorized expenditures to any amount greater than the total amount of funds available. The Board must adopt the budget by resolution prior to December 15th. Once adopted, the Board can modify the budget by line item within a fund's total appropriation without notification. Upon meeting notification and publication requirements, supplemental amendments increasing appropriations may be passed by resolution of the Board of Directors.

OTHER SUPPLEMENTAL INFORMATION

EAGLE RIVER FIRE PROTECTION DISTRICT

DEBT SERVICE FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (BUDGETARY BASIS) - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Investment Earnings	\$ -	\$ 1	\$ 1	\$ -
Total Revenues	<u>-</u>	<u>1</u>	<u>1</u>	<u>-</u>
Expenditures				
Debt Service:				
Principal	308,598	71,799	71,799	-
Interest	37,441	18,721	18,721	-
Fiscal Agent Fees	6,000	2,000	2,000	-
Total Expenditures	<u>352,039</u>	<u>92,520</u>	<u>92,520</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(352,039)	(92,519)	(92,519)	-
Other Financing Sources (Uses)				
Transfers In	352,039	92,519	92,519	-
Total Other Financing Sources (Uses)	<u>352,039</u>	<u>92,519</u>	<u>92,519</u>	<u>-</u>
Net Change in Fund Balances	-	-	-	-
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

EAGLE RIVER FIRE PROTECTION DISTRICT

DEBT SERVICE FUND COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE YEARS ENDING DECEMBER 31, 2016 AND 2015

	2016	2015
Revenues		
Investment Earnings	\$ 1	\$ 21
Other Revenue	-	55
Total Revenues	<u>1</u>	<u>76</u>
Expenditures		
Debt Service:		
Principal	71,799	151,799
Interest	18,721	147,073
Fiscal Charges	2,000	11,250
Total Expenditures	<u>92,520</u>	<u>310,122</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(92,519)	(310,046)
Other Financing Sources (Uses)		
Transfers In	92,519	296,541
Payment to Refunding Escrow Agent	-	(386,000)
Total Other Financing Sources (Uses)	<u>92,519</u>	<u>(89,459)</u>
Net Change in Fund Balances	-	(399,505)
Fund Balances, Beginning of Year	-	399,505
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>

EAGLE RIVER FIRE PROTECTION DISTRICT

CAPITAL IMPACT FEE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (BUDGETARY BASIS) - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 140,247	\$ 140,247	\$ 133,728	\$ (6,519)
Investment Earnings	885	2,400	2,530	130
Total Revenues	141,132	142,647	136,258	(6,389)
Expenditures				
Current:				
General and Administrative	8,415	8,415	8,060	355
Total Expenditures	8,415	8,415	8,060	355
Excess (Deficiency) of Revenues Over (Under) Expenditures	132,717	134,232	128,198	(6,034)
Other Financing Sources (Uses)				
Transfers Out	(202,442)	-	-	-
Total Other Financing Sources (Uses)	(202,442)	-	-	-
Net Change in Fund Balances	(69,725)	134,232	128,198	(6,034)
Fund Balances, Beginning of Year	354,589	332,870	332,870	-
Fund Balances, End of Year	\$ 284,864	\$ 467,102	\$ 461,068	\$ (6,034)

EAGLE RIVER FIRE PROTECTION DISTRICT

CAPITAL IMPACT FEE FUND COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE YEARS ENDING DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Revenues		
Intergovernmental	\$ 133,728	\$ 117,146
Investment Earnings	<u>2,530</u>	<u>496</u>
Total Revenues	<u>136,258</u>	<u>117,642</u>
Expenditures		
Current:		
General and Administrative	<u>8,060</u>	<u>7,028</u>
Total Expenditures	<u>8,060</u>	<u>7,028</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	128,198	110,614
Other Financing Sources		
Transfers Out	<u>-</u>	<u>-</u>
Net Change in Fund Balances	128,198	110,614
Fund Balances, Beginning of Year	<u>332,870</u>	<u>222,256</u>
Fund Balances, End of Year	<u><u>\$ 461,068</u></u>	<u><u>\$ 332,870</u></u>

EAGLE RIVER FIRE PROTECTION DISTRICT

CAPITAL PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (BUDGETARY BASIS) - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Investment Earnings	\$ -	\$ 65,000	\$ 77,306	\$ 12,306
Total Revenues	-	65,000	77,306	12,306
Expenditures				
Capital Outlay	-	2,448,104	2,434,525	13,579
Total Expenditures	-	2,448,104	2,434,525	13,579
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(2,383,104)	(2,357,219)	25,885
Other Financing Sources (Uses)				
Debt Issuance	-	23,545,240	23,545,240	-
Cost of Debt Issuance	-	(301,377)	(293,229)	8,148
Transfers Out	-	(605,962)	(605,962)	-
Total Other Financing Sources (Uses)	-	22,637,901	22,646,049	8,148
Net Change in Fund Balances	-	20,254,797	20,288,830	34,033
Fund Balances, Beginning of Year	-	-	-	-
Fund Balances, End of Year	\$ -	\$ 20,254,797	\$ 20,288,830	\$ 34,033

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EAGLE RIVER FIRE PROTECTION DISTRICT

EQUIPMENT REPLACEMENT FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (BUDGETARY BASIS) - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services:				
Equipment Replacement Charges	\$ 161,256	\$ 133,286	\$ 133,286	\$ -
Investment Earnings	1,310	2,875	3,227	352
Total Revenues	<u>162,566</u>	<u>136,161</u>	<u>136,513</u>	<u>352</u>
Expenditures:				
Capital Outlay	<u>83,000</u>	<u>98,183</u>	<u>98,124</u>	<u>59</u>
Total Expenditures	<u>83,000</u>	<u>98,183</u>	<u>98,124</u>	<u>59</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	79,566	37,978	38,389	411
Net Change in Fund Balances	79,566	37,978	38,389	411
Fund Balances, Beginning of Year	<u>524,063</u>	<u>566,328</u>	<u>566,328</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 603,629</u>	<u>\$ 604,306</u>	<u>\$ 604,717</u>	<u>\$ 411</u>

Fund Balances at December 31, 2016, is computed as follows:

Current Assets	\$ 604,717
Less: Current Liabilities	<u>-</u>
Fund Balances - December 31, 2016	<u>\$ 604,717</u>

**RECONCILIATION OF NET CHANGE IN FUND BALANCES (BUDGETARY BASIS)
TO CHANGE IN NET ASSETS (GAAP BASIS)**

Net Change in Fund Balances (Budgetary Basis) \$ 38,389

**Adjustments to Reconcile Budgetary
Basis to GAAP Basis**

Capital Outlay 98,124
Depreciation (113,740)

Total Adjustments (15,616)

Change in Net Position (GAAP Basis) \$ 22,773

STATISTICAL SECTION

STATISTICAL SECTION

This section of the District's Comprehensive Annual Financial Report ("CAFR") presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the District's overall financial health.

Financial Trends (Pages 56-64) – These schedules contain trend information to help readers understand how the District's financial performance and well-being have changed over time.

Revenue Capacity (Pages 65-68) – These schedules contain information to help readers understand and assess the factors affecting the District's ability to generate its own-source revenues, specifically property taxes.

Debt Capacity (Pages 69-72) – These schedules present information to help readers understand and assess the District's debt burden and ability to issue additional debt.

Demographic and Economic Information (Pages 73-74) – These schedules offer demographic and economic information to help readers understand the environment in which the District's financial activities take place and to provide information that facilitates comparisons of financial statement information over time and among other local governments.

Operating Information (Pages 76-81) – These schedules contain service and infrastructure information to help readers understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

EAGLE RIVER FIRE PROTECTION DISTRICT

NET POSITION BY COMPONENT LAST TEN FISCAL YEARS

	Fiscal Year			
	2007	2008	2009	2010
Governmental Activities				
Net Investment in Capital Assets	\$ 3,682,473	\$ 3,379,466	\$ 3,531,904	\$ 3,719,037
Restricted:				
Emergencies	141,721	197,096	234,598	231,775
Debt Service	-	-	-	-
Capital Improvements	-	-	76,888	135,866
Unrestricted	1,209,057	2,091,544	2,359,711	2,289,620
Total Governmental Activities Net Position	<u>\$ 5,033,251</u>	<u>\$ 5,668,106</u>	<u>\$ 6,203,101</u>	<u>\$ 6,376,298</u>

Source: Eagle River Fire Protection District

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 2,877,089	\$ 3,385,240	\$ 2,896,348	\$ 4,168,600	\$ 3,354,315	\$(17,513,123)
245,695	206,954	256,148	286,905	294,218	305,311
403,918	403,898	403,898	399,505	-	-
188,365	3,152	103,318	222,256	332,870	20,749,898
<u>3,153,116</u>	<u>3,344,517</u>	<u>4,261,890</u>	<u>3,526,232</u>	<u>3,736,391</u>	<u>4,262,240</u>
<u>\$ 6,868,183</u>	<u>\$ 7,343,761</u>	<u>\$ 7,921,602</u>	<u>\$ 8,603,498</u>	<u>\$ 7,717,794</u>	<u>\$ 7,804,326</u>

EAGLE RIVER FIRE PROTECTION DISTRICT

CHANGES IN NET POSITION LAST TEN FISCAL YEARS

	Fiscal Year			
	2007	2008	2009	2010
Expenses				
Governmental Activities:				
Fire Protection - Operations	\$ 4,147,703	\$ 5,083,556	\$ 6,495,518	\$ 6,918,462
Capital Improvements	228,009	338,942	65,053	224,956
Depreciation	375,140	484,730	583,382	557,380
Bond Issuance Costs	-	-	-	-
Interest on Long-term Debt	26,270	28,769	123,582	80,448
Total Governmental Activity Expenses	4,777,122	5,935,997	7,267,535	7,781,246
Program Revenues				
Governmental Activities:				
Charges for Services	1,023,657	1,030,822	916,436	954,516
Licenses and Permits	49,661	77,968	46,666	33,298
Capital Grants and Contributions	283,770	-	-	-
Operating Grants	7,997	2,734	7,005	233,024
Total Governmental Activity Program Revenues	1,365,085	1,111,524	970,107	1,220,838
Total Governmental Activity Net Program Revenue (Expense) - Primary Government	(3,412,037)	(4,824,473)	(6,297,428)	(6,560,408)
General Revenues				
Governmental Activities:				
Property and Specific Ownership Taxes	3,454,388	5,119,006	6,553,435	6,632,087
Intergovernmental	70,488	153,572	153,532	66,572
Unrestricted Investment Earnings	104,986	153,945	95,542	17,259
Miscellaneous	12,843	32,805	47,314	17,687
Refunding Escrow	-	-	-	-
Gain (Loss) on Disposal of Capital Assets	38,111	-	(17,400)	-
Total Governmental Activity General Revenues	3,680,816	5,459,328	6,832,423	6,733,605
Change in Net Position - Primary Government	\$ 268,779	\$ 634,855	\$ 534,995	\$ 173,197

Source: Eagle River Fire Protection District

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 7,133,289	\$ 6,388,155	\$ 7,245,745	\$ 8,075,972	\$ 8,880,198	\$ 9,032,081
-	-	-	-	-	-
477,444	466,468	462,349	571,717	591,096	585,691
-	-	-	-	-	223,966
370,563	314,939	298,609	307,597	161,463	400,400
7,981,296	7,169,562	8,006,703	8,955,286	9,632,757	10,242,138
952,902	993,517	1,000,138	1,097,767	1,286,609	1,228,536
24,108	28,135	43,006	53,019	47,519	-
-	-	-	-	-	-
225,067	173,955	50,500	-	-	-
1,202,077	1,195,607	1,093,644	1,150,786	1,334,128	1,228,536
(6,779,219)	(5,973,955)	(6,913,059)	(7,804,500)	(8,298,629)	(9,013,602)
7,030,746	5,443,919	7,316,232	8,210,770	8,409,806	8,535,709
148,998	282,100	145,326	250,456	203,671	346,389
5,093	11,569	6,380	6,214	9,520	114,145
96,577	114,641	23,990	18,956	17,662	88,147
-	-	-	-	(817,601)	-
257,614	2,679	(1,028)	-	(410,133)	15,744
7,539,028	5,854,908	7,490,900	8,486,396	7,412,925	9,100,134
\$ 759,809	\$ (119,047)	\$ 577,841	\$ 681,896	\$ (885,704)	\$ 86,532

EAGLE RIVER FIRE PROTECTION DISTRICT

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS

	Fiscal Year			
	2007	2008	2009	2010
Revenues				
Taxes	\$ 5,119,006	\$ 6,553,435	\$ 6,632,087	\$ 7,111,566
Licenses and Permits	77,968	46,666	33,298	33,587
Intergovernmental	156,306	160,537	299,596	390,667
Charges for Services	1,030,822	916,436	954,516	936,621
Investment Earnings	153,945	95,542	17,259	11,387
Miscellaneous	31,805	47,314	17,687	32,036
Total Revenues	6,569,852	7,819,930	7,954,443	8,515,864
Expenditures				
Current:				
General and Administrative	1,231,129	1,394,594	1,412,775	1,398,537
Emergency Response	3,313,535	4,430,253	4,758,312	5,094,544
Fire Prevention	292,098	325,919	363,723	322,928
Training	174,249	292,729	308,197	282,965
Resident Program	38,081	36,891	65,039	65,507
Support Services	-	-	-	-
Operations	-	-	-	-
Health, Wellness and Safety	-	-	-	-
Fire Prevention and Community Risk Mgmt.	-	-	-	-
Capital Improvements	1,662,217	1,602,025	497,888	3,689,772
Debt Service:				
Principal	250,115	281,566	360,184	474,030
Interest and Fiscal Charges	20,929	66,248	91,610	341,571
Bond Issuance Costs	-	-	-	182,572
Total Expenditures	6,982,353	8,430,225	7,857,728	11,852,426
Excess (Deficiency) of Revenues Over (Under) Expenditures	(412,501)	(610,295)	96,715	(3,336,562)
Other Financing Sources (Uses)				
Transfers In	-	-	-	767,668
Transfers Out	-	-	-	(767,668)
Bond Issuance	-	-	-	4,465,000
Capital Lease Issuance	1,390,000	953,922	-	-
Payment to Refunding Escrow	-	-	-	-
Disposal of Capital Assets/Insurance Recovery	1,000	-	-	-
Total Other Financing Sources (Uses)	1,391,000	953,922	-	4,465,000
Net Change in Fund Balances	\$ 978,499	\$ 343,627	\$ 96,715	\$ 1,128,438
Debt Service as a Percentage of Noncapital Expenditures	5.09%	5.09%	6.14%	9.99%

Source: Eagle River Fire Protection District

Note: In 2014 the District revised the organization of its budget and accounting system to a program/activity-based structure.

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 7,030,746	\$ 5,443,919	\$ 7,316,232	\$ 8,210,770	\$ 8,409,806	\$ 8,535,709
24,108	28,135	43,006	53,019	47,519	59,957
374,065	456,055	195,826	250,456	156,152	213,103
952,902	993,517	1,000,138	1,024,069	1,166,597	1,168,579
5,093	11,569	6,380	6,214	9,520	110,918
96,577	114,641	23,990	18,956	17,662	88,147
8,483,491	7,047,836	8,585,572	9,563,484	9,807,256	10,176,413
1,311,730	1,282,945	1,294,661	-	-	-
5,283,087	4,803,392	5,652,215	-	-	-
115,920	89,451	107,071	-	-	-
182,756	156,338	163,972	-	-	-
84,046	3,187	-	-	-	-
-	-	-	1,770,798	1,838,198	1,912,998
-	-	-	6,180,777	6,532,771	6,628,447
-	-	-	48,925	112,597	122,130
-	-	-	170,691	264,398	346,519
171,434	543,238	823,527	1,602,466	2,115,652	3,344,466
489,007	505,532	366,190	499,335	455,512	381,945
351,190	338,196	296,081	301,060	195,659	49,624
-	-	-	-	80,000	316,193
7,989,170	7,722,279	8,703,717	10,574,052	11,594,787	13,102,322
494,321	(674,443)	(118,145)	(1,010,568)	(1,787,531)	(2,925,909)
402,744	406,295	404,264	397,558	296,541	698,481
(402,744)	(406,295)	(404,264)	(731,530)	(296,541)	(698,481)
-	-	-	-	2,432,989	25,228,135
-	-	913,346	571,620	-	-
-	-	-	-	(4,677,602)	(1,664,297)
-	2,679	-	-	3,593,613	277,651
-	2,679	913,346	237,648	1,349,000	23,841,489
\$ 494,321	\$ (671,764)	\$ 795,201	\$ (772,920)	\$ (438,531)	\$ 20,915,580
10.75%	11.75%	8.40%	8.92%	6.87%	4.42%

EAGLE RIVER FIRE PROTECTION DISTRICT

FUND BALANCES, GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS

	Fiscal Year				
	2007	2008	2009	2010	2011
General Fund					
Nonspendable	\$ -	\$ 113,352	\$ 1,850	\$ 1,879	\$ 26,322
Restricted	197,096	234,598	231,775	245,695	258,170
Committed	-	-	-	-	156,118
Unassigned	2,281,641	2,508,922	2,549,588	3,207,659	3,968,531
Total General Fund	2,478,737	2,856,872	2,783,213	3,455,233	4,409,141
All Other Governmental Funds					
Restricted	-	76,888	135,866	592,283	476,025
Total All Other Governmental Funds	\$ -	\$ 76,888	\$ 135,866	\$ 592,283	\$ 476,025

	Fiscal Year				
	2012	2013	2014	2015	2016
General Fund					
Nonspendable	\$ 13,163	\$ 61,380	\$ 56,825	\$ 5,375	\$ 708
Restricted	206,954	256,148	286,905	294,218	305,311
Committed	-	-	-	-	-
Unassigned	3,586,235	4,183,859	3,270,192	3,164,689	3,656,815
Total General Fund	3,806,352	4,501,387	3,613,922	3,464,282	3,962,834
All Other Governmental Funds					
Restricted	407,050	507,216	621,761	332,870	20,749,898
Total All Other Governmental Funds	\$ 407,050	\$ 507,216	\$ 621,761	\$ 332,870	\$ 20,749,898

Source: Eagle River Fire Protection District

Note:

(1) Fiscal years 2007 through 2011 have been reclassified with implementation of GASB Statement No. 54 in fiscal year 2011.

EAGLE RIVER FIRE PROTECTION DISTRICT

TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS

Year	Property Taxes				Specific Ownership Tax	Total
	Current	Delinquent	Interest	Abatements		
2007	4,812,126	1,502	4,743	-	300,635	5,119,006
2008	6,234,834	386	10,207	-	308,008	6,553,435
2009	6,331,030	34,357	21,851	(15,897)	260,746	6,632,087
2010	6,927,743	247	18,801	(69,055)	233,830	7,111,566
2011	6,877,886	5,797	15,201	(90,724)	222,586	7,030,746
2012	5,240,799	(1,229)	11,232	(13,018)	206,135	5,443,919
2013	7,018,843	2,592	14,724	(7,576)	287,649	7,316,232
2014	7,835,306	742	15,647	(39,626)	398,701	8,210,770
2015	7,981,854	586	15,792	(3,230)	414,804	8,409,806
2016	8,133,111	1,309	16,080	(7,649)	392,858	8,535,709

Source: Eagle County Treasurer

EAGLE RIVER FIRE PROTECTION DISTRICT

CAPITAL IMPACT FEES COLLECTED LAST NINE FISCAL YEARS (1)

Year	Collection Entity				Collection Fees	Net Capital Impact Fees Received
	Eagle County	Town of Avon	Town of Minturn	Town of Red Cliff		
2008	\$ 67,180	\$ 14,205	\$ -	\$ -	\$ (5,224)	\$ 76,161
2009	50,135	5,682	6,684	-	(3,911)	58,590
2010	22,226	31,584	1,671	-	(3,329)	52,152
2011	39,104	23,395	5,013	-	(4,051)	63,461
2012	32,519	11,196	-	-	(2,623)	41,092
2013	20,320	82,887	1,671	-	(6,391)	98,487
2014	96,426	28,242	-	1,671	(7,580)	118,759
2015	93,250	23,896	-	-	(7,028)	110,118
2016	101,477	13,870	1,671	16,710	(8,060)	125,668

Source: Eagle River Fire Protection District Finance Office

Note:

(1) The resolution establishing Emergency Services Impact Fee Capital Impact Fund was adopted on September 20, 2007.

EAGLE RIVER FIRE PROTECTION DISTRICT

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY LAST TEN FISCAL YEARS

Levy Year	Collection Year	Vacant Land	Residential Property	Commercial Property	Other Property	Total Gross Assessed Value
2006	2007	115,962,030	545,092,570	198,898,890	11,044,070	870,997,560
2007	2008	152,101,310	737,903,270	232,817,110	12,569,340	1,135,391,030
2008	2009	133,519,570	774,792,910	235,187,080	12,628,960	1,156,128,520
2009	2010	140,246,760	872,845,620	248,261,130	13,190,250	1,274,543,760
2010	2011	131,095,740	881,085,550	237,951,110	12,943,210	1,263,075,610
2011	2012	74,752,560	672,664,670	186,073,100	13,847,620	947,337,950
2012	2013	69,844,450	675,783,260	181,422,120	16,619,750	943,669,580
2013	2014	62,936,990	599,821,820	175,685,410	24,742,070	863,186,290
2014	2015	60,248,270	604,343,130	175,994,400	21,725,320	862,311,120
2015	2016	62,043,910	729,341,490	195,498,440	20,916,100	1,007,799,940

Levy Year	Collection Year	Less TIF District Increment (1)	Total Net Assessed Value	Direct Tax Rate	Actual Taxable Value	Value as a Percentage of Actual Value
2006	2007	-	870,997,560	5.550	7,865,380,130	11.07%
2007	2008	2,257,820	1,133,133,210	5.550	10,548,878,270	10.74%
2008	2009	10,266,600	1,145,861,920	5.550	10,951,905,710	10.46%
2009	2010	17,517,540	1,257,026,220	5.550	12,288,069,840	10.23%
2010	2011	17,481,590	1,245,594,020	5.550	12,328,954,040	10.10%
2011	2012	12,538,960	934,798,990	5.650	9,339,867,530	10.01%
2012	2013	12,511,160	931,158,420	7.553	9,354,165,960	9.95%
2013	2014	12,105,380	851,080,910	9.238	8,363,651,680	10.18%
2014	2015	11,501,900	850,809,220	9.392	8,396,651,350	10.13%
2015	2016	16,476,380	991,323,560	8.205	10,122,751,780	9.79%

Source: Eagle County Assessor's Office, Selected Authority Abstract

Notes: Property tax rates are stated in mills per \$1,000 of assessed valuation. Other property includes industrial, natural resources, state assessed, agricultural, and abatements and corrections.

(1) The Avon Urban Renewal Authority was established in August, 2007.

EAGLE RIVER FIRE PROTECTION DISTRICT

DIRECT AND OVERLAPPING PROPERTY TAX RATES LAST TEN FISCAL YEARS

Taxing Entity	Collection Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Eagle River Fire Protection District	3.800	5.550	5.550	5.550	5.550	5.650	7.553	9.238	9.392	8.205
Cities and Towns										
Town of Avon	13.287	12.271	11.392	11.208	11.220	12.072	11.983	12.258	12.207	11.765
Town of Minturn	17.934	17.934	17.934	17.934	17.934	17.934	17.934	17.934	17.934	17.934
Town of Red Cliff	51.687	38.827	37.820	33.878	33.878	33.878	33.878	33.878	33.878	31.409
Counties										
Eagle County	8.499	8.499	8.499	8.499	8.499	8.499	8.499	8.499	8.499	8.499
Colleges and School Districts										
Colorado Mountain College	3.997	3.997	3.997	3.997	3.997	3.997	3.997	3.997	3.997	3.997
Eagle County School District RE-50J	23.050	20.051	20.414	19.402	19.474	21.601	21.362	20.826	21.517	20.331
Metropolitan Districts										
Arrowhead Metro.	20.000	17.000	17.000	17.000	17.000	17.000	17.000	17.000	17.000	18.500
Avon Metro.	3.281	3.281	2.705	2.535	0.000	0.000	0.000	0.000	0.000	0.000
Avon Station Metro.	45.000	45.000	45.000	45.000	45.000	58.000	58.000	58.000	58.000	58.000
Bachelor Gulch Metro.	27.000	24.000	21.000	21.000	20.000	20.000	20.000	19.000	19.000	17.000
Bellyache Ridge Metro.	22.500	22.500	18.000	18.000	18.000	22.500	22.500	22.500	22.500	14.068
Berry Creek Metro.	15.746	14.496	14.496	13.177	13.177	17.055	16.627	18.172	18.331	18.172
Confluence Metro.	45.000	45.000	45.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Cordillera Metro.	27.035	23.165	23.165	19.663	19.663	26.535	22.720	25.480	25.740	21.574
Cordillera Metro. Consolidated	24.306	22.900	22.933	20.691	21.135	31.478	31.579	39.691	42.091	36.111
Cordillera Mtn Metro.	50.981	37.220	37.220	33.273	33.273	60.728	56.804	57.011	54.928	41.589
Cordillera Valley Club Metro.	25.000	25.000	25.000	25.000	25.000	25.000	26.297	25.000	26.440	25.000
Eagle-Vail Metro.	14.835	14.835	14.835	19.719	19.720	20.774	20.766	21.937	21.936	20.720
Edwards Metro.	1.691	1.691	1.691	1.515	1.515	1.691	1.691	1.691	1.691	1.691
Holland Creek Metro.	45.000	45.000	45.000	45.000	45.000	45.000	45.000	45.000	45.000	45.000
Lake Creek Metro.	10.014	7.942	8.256	7.684	7.605	8.588	8.829	10.458	10.458	9.000
Mountain Vista Metro.	33.000	33.000	25.000	25.000	25.000	25.000	25.000	25.000	25.000	25.000
Red Sky Ranch Metro.	45.000	45.000	45.000	45.000	45.000	65.000	65.000	69.000	69.000	64.000
Smith Creek Metro.	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Village Metro.	15.000	15.000	15.000	15.000	40.000	50.000	50.000	50.000	50.000	50.000
Other Special Districts										
Eagle Valley Library District	2.750	2.750	2.750	2.750	2.750	2.750	2.750	2.750	2.750	2.750
Eagle River Water and Sanitation District	1.111	0.826	0.826	0.795	0.796	0.932	0.931	0.946	0.954	0.852
Colorado River Water Conservancy District	0.221	0.191	0.199	0.166	0.188	0.228	0.242	0.242	0.253	0.243
Eagle County Health Services District	2.006	2.019	2.055	1.780	1.768	1.764	2.023	2.006	2.019	2.008
Avon General Improvement District No. 1	0.000	0.000	9.396	9.396	9.396	15.288	15.288	17.557	17.557	14.077
Minturn Cemetery District	0.450	0.450	0.450	0.450	0.450	0.450	0.450	0.450	0.450	0.450
W. Eagle County Health Services District	5.136	5.136	5.136	5.000	5.195	5.195	5.039	5.029	0.000	0.000
W. Eagle County Metropolitan Recreation District	3.650	3.650	3.650	3.650	3.650	3.650	3.650	3.650	3.650	3.650

Source: Eagle County Assessor's Office, Abstract of Assessment

Notes: Property tax rates are stated in mills per \$1,000 of assessed valuation. Not all overlapping tax rates apply to all areas of the District.

EAGLE RIVER FIRE PROTECTION DISTRICT

PRINCIPAL PROPERTY TAX PAYERS CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2015 Levy Year			2006 Levy Year		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed Value
Vail Associates Inc.	\$ 13,204,230	1	1.33%	\$ 10,732,140	2	1.23%
Vail Corp.	11,791,910	2	1.19%	10,271,730	3	1.18%
Public Service Co. of Colorado	10,174,030	3	1.03%	-	NA	0.00%
CSB Properties Holdings LLC	9,554,910	4	0.96%	-	NA	0.00%
Traer Creek - WMT LLC	6,121,680	5	0.62%	6,882,680	4	0.79%
Bachelor Gulch Properties LLC	5,011,830	6	0.51%	11,089,690	1	1.27%
Ritz-Carlton Dev Co Inc.	4,895,370	7	0.49%	4,248,350	7	0.49%
Holy Cross Electric Assoc Inc.	4,463,780	8	0.45%	2,467,970	14	0.28%
Cordillera Lodge & SPA LLC	4,382,860	9	0.44%	2,562,950	11	0.29%
Wind Rose Properties LLC	4,192,860	10	0.42%	-	NA	0.00%
Traer Creek - HD LLC	4,147,000	11	0.42%	4,933,990	5	0.57%
Beaver Creek Vacation Ownership Plan	3,489,410	12	0.35%	-	NA	0.00%
Points of Colorado Inc.	3,435,420	13	0.35%	-	N/A	0.00%
Levine S. Robert	3,131,960	14	0.32%	4,673,110	6	0.54%
Vail/Arrowhead Inc.	3,084,110	15	0.31%	-	NA	0.00%
Avon Partners II LLC				3,786,620	8	0.43%
Eagle Golf LLC				3,175,620	9	0.36%
Chapel Square Ventures LP				2,694,950	10	0.31%
Traer Creek -RP LLC				2,525,430	12	0.29%
Avon Wynfield LLC				2,482,130	13	0.28%
Valley Golf LLC				2,466,930	15	0.28%
Total Assessed Value of the Fifteen Largest Taxpayers	91,081,360		9.19%	74,994,290		8.61%
Total Gross Assessed Value of Other Taxpayers	900,242,200		90.81%	796,003,270		91.39%
Total Gross Assessed Value of All Taxpayers	\$ 991,323,560		100.00%	\$ 870,997,560		100.00%

Source: Eagle County Assessor's Office, Selected Authority Abstract

EAGLE RIVER FIRE PROTECTION DISTRICT

PROPERTY TAX LEVIES AND COLLECTIONS LAST TEN FISCAL YEARS

Levy Year	Collection Year	(1) Total Tax Levy	Current Tax Collections	Percent of Current Taxes Collected	(2) Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections To Total Tax Levy
2006	2007	4,834,036	4,812,126	99.55%	1,502	4,813,628	99.58%
2007	2008	6,288,889	6,234,834	99.14%	386	6,235,220	99.15%
2008	2009	6,359,534	6,331,030	99.55%	34,357	6,365,387	100.09%
2009	2010	6,976,495	6,927,743	99.30%	247	6,927,990	99.30%
2010	2011	6,913,047	6,877,886	99.49%	5,797	6,883,683	99.58%
2011	2012	5,281,614	5,240,799	99.23%	(1,229)	5,239,570	99.20%
2012	2013	7,033,039	7,018,843	99.80%	2,592	7,021,435	99.84%
2013	2014	7,862,286	7,835,306	99.66%	742	7,836,048	99.67%
2014	2015	7,990,800	7,981,854	99.89%	586	7,982,440	99.90%
2015	2016	8,157,638	8,133,111	99.70%	1,309	8,134,420	99.72%

Source: Eagle River Fire Protection District

Notes:

(1) Taxes are due and payable on January 1 based on the prior year's assessed valuation.

(2) Information on outstanding delinquent taxes is not available.

EAGLE RIVER FIRE PROTECTION DISTRICT

RATIOS OF OUTSTANDING DEBT BY TYPE LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities				Total Primary Government	Percentage of Eagle Co. Personal Income
	General Obligation Bonds	Certificates of Participation	Capital Leases	Note Payable		
2007	-	-	1,714,628	-	1,714,628	0.06%
2008	-	-	2,386,984	-	2,386,984	0.09%
2009	-	-	2,026,800	-	2,026,800	0.08%
2010	-	4,365,000	1,652,770	-	6,017,770	0.24%
2011	-	4,250,000	1,278,763	-	5,528,763	0.22%
2012	-	4,125,000	898,231	-	5,023,231	0.20%
2013	-	3,995,000	1,575,387	-	5,570,387	0.28%
2014	-	3,860,000	1,782,640	-	5,642,640	0.21%
2015	-	1,635,000	1,478,927	646,190	3,760,117	0.12%
2016	23,450,000	-	1,168,781	-	24,618,781	0.75%

Source: Eagle River Fire Protection District, Bureau of Economic Analysis

EAGLE RIVER FIRE PROTECTION DISTRICT

RATIO OF GENERAL BONDED DEBT OUTSTANDING AND LEGAL DEBT MARGIN LAST TEN FISCAL YEARS

	Fiscal Year			
	2007	2008	2009	2010
General Bonded Debt Outstanding General Obligation Bonds	\$ -	\$ -	\$ -	\$ -
Actual Taxable Property Value	7,865,380,130	10,548,878,270	10,951,905,710	12,288,069,840
Total Gross Assessed Value	870,997,560	1,135,391,030	1,156,128,520	1,274,543,760
Percentage of General Bonded Debt Outstanding to Actual Taxable Property Value	0.00%	0.00%	0.00%	0.00%
Debt Limit - 50% of Total Assessed Value	\$ 435,498,780	\$ 567,695,515	\$ 578,064,260	\$ 637,271,880
Total Debt Applicable to Limit	-	-	-	-
Legal Debt Margin	<u>\$ 435,498,780</u>	<u>\$ 567,695,515</u>	<u>\$ 578,064,260</u>	<u>\$ 637,271,880</u>
Percentage of Total Debt Applicable to the Limit as a Percentage of Debt Limit	0.00%	0.00%	0.00%	0.00%

Source: Eagle County Assessor's Office, Selected Authority Abstract

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,450,000
12,328,954,040	9,339,867,530	9,354,165,960	8,363,651,680	8,396,651,350	10,122,751,780
1,263,075,610	947,337,950	943,669,580	863,186,290	862,311,120	1,007,799,940
0.00%	0.00%	0.00%	0.00%	0.00%	0.23%
\$ 631,537,805	\$ 473,668,975	\$ 471,834,790	\$ 431,593,145	\$ 431,155,560	\$ 503,899,970
-	-	-	-	-	23,450,000
<u>\$ 631,537,805</u>	<u>\$ 473,668,975</u>	<u>\$ 471,834,790</u>	<u>\$ 431,593,145</u>	<u>\$ 431,155,560</u>	<u>\$ 480,449,970</u>
0.00%	0.00%	0.00%	0.00%	0.00%	4.88%

EAGLE RIVER FIRE PROTECTION DISTRICT

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT DECEMBER 31, 2016

	Total General Obligation Debt Outstanding	Estimated Percentage Applicable to District ^a	Estimated Amount Applicable to District
Direct Debt: (1)			
Eagle River Fire Protection District	\$ 24,618,781	100.00%	\$ 24,618,781
Total Direct Debt	<u>24,618,781</u>		<u>24,618,781</u>
Overlapping Debt:			
Arrowhead Metropolitan District	12,480,000	100.00%	12,480,000
Bachelor Gulch Metropolitan District	13,569,999	100.00%	13,569,999
Berry Creek Metropolitan District	3,235,000	100.00%	3,235,000
Confluence Metropolitan District	22,475,000	100.00%	22,475,000
Cordillera Metropolitan District	8,430,000	100.00%	8,430,000
Cordillera Mountain Metropolitan District	4,810,000	100.00%	4,810,000
Eagle County School District RE-50J	130,840,000	38.40%	50,242,560
Eagle River Water and Sanitation District (Wastewater)	31,550,000	42.35%	13,361,425
Eagle-Vail Metropolitan District	5,725,000	100.00%	5,725,000
Lake Creek Metropolitan District	50,000	100.00%	50,000
Red Sky Ranch Metropolitan District	7,140,000	100.00%	7,140,000
The Village Metropolitan District	6,766,776	100.00%	6,766,776
Traer Creek Metropolitan District	36,609,000	100.00%	36,609,000
W. Eagle County Metropolitan Recreation District	2,770,000	47.39%	1,312,703
Total Overlapping Debt	<u>286,450,775</u>		<u>186,207,463</u>
Total Direct and Overlapping Debt	<u>\$ 311,069,556</u>		<u>\$ 210,826,244</u>

Source: Information obtained from individual entities, Eagle County Finance Department

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the District. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and business should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(1) Certificates of Participation and Capital Leases are considered direct debt of the District, but are not General Obligation debt and do not require voter approval.

EAGLE RIVER FIRE PROTECTION DISTRICT

DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN FISCAL YEARS

Year	Town of Avon Population	Eagle County Population	Eagle County Per Capita Personal Income	Eagle County Median Age	Eagle County RE-50J School Enrollment	Denver / Boulder Consumer Price Index	Eagle County Unemployment Rate
2007	6,838	52,517	47,511	35.20	5,405	202.0	3.10%
2008	6,919	53,898	49,635	35.70	5,445	209.9	3.60%
2009	6,720	55,269	45,430	36.30	6,249	208.5	7.30%
2010	6,447	52,197	44,709	36.60	6,181	212.4	8.80%
2011	6,388	51,854	48,618	34.00	6,147	220.3	8.60%
2012	6,393	51,874	48,485	35.70	6,408	224.6	8.10%
2013	6,434	52,460	50,416	36.00	6,524	230.8	5.40%
2014	6,478	52,920	57,927	37.10	6,713	237.2	4.20%
2015	6,536	53,580	61,522	36.50	6,804	240.0	3.10%
2016	NA	NA	NA	NA	6,901	246.6	2.80%

Notes: N/A = Information not available. Population information was compiled by the demographic section of the Colorado Division of Local Government and the U.S. Census Bureau. CPI and unemployment information was obtained from the U.S. Bureau of Labor Statistics. School district enrollment was obtained from the Eagle County School District administration office based on October Enrollment. Per Capita Personal Income obtained from Bureau of Economic Analysis, Regional Economic Accounts.

EAGLE RIVER FIRE PROTECTION DISTRICT

PRINCIPAL EMPLOYERS CURRENT YEAR

Employer	2016	
	Employees	Rank
Vail Resorts, Inc.	3,500	1
Eagle County School District RE50J	899	2
Gallegos Masonry Inc.	321	3
Hyatt Corporation	305	4
Wal-Mart	276	5
Westin Riverfront Resort & Spa	264	6
The Ritz-Carlton Hotel CO LLC	250	7
Home Depot	232	8
Vail Valley Medical Center (Avon and Edwards)	187	9
The Club at Cordillera	150	10
Maya	149	11
City Market	128	12
Christie Lodge	102	13
The Charter at Beaver Creek	87	14
Town of Avon	84	15

Sources: Various Town of Avon Businesses, Department of Labor, Economic Council of Eagle County

Notes:

- (1) The District did not begin collecting this data until 2009.
- (2) Due to the seasonal nature of the majority of the businesses in the District, these employers have provided estimated employee figures based on the ski season.
- (3) Total employment information on the District is not available.

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EAGLE RIVER FIRE PROTECTION DISTRICT

FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION/PROGRAM LAST TEN FISCAL YEARS

Function / Program	Full-time Equivalent Employees as of December 31			
	2007	2008	2009	2010
Support Services	3.00	2.00	3.00	3.00
Operations	44.00	43.00	52.00	50.00
Resident Intern Firefighter	10.00	21.00	15.00	12.00
Fire Prevention and Community				
Risk Management	3.00	3.00	3.00	1.00
Training	2.00	2.00	2.00	2.00
Total FTE	62.00	71.00	75.00	68.00

Source: Eagle River Fire Protection District

Note: Full-time equivalent employees include ERFDP staffing for the Beaver Creek Metropolitan District service area.

Full-time Equivalent Employees as of December 31

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
3.00	4.00	4.00	4.00	4.00	4.00
50.00	50.00	58.00	59.00	60.00	59.00
17.00	1.00	-	-	-	-
1.00	1.00	1.00	2.00	3.00	3.00
<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>
<u>72.00</u>	<u>57.00</u>	<u>64.00</u>	<u>66.00</u>	<u>68.00</u>	<u>67.00</u>

EAGLE RIVER FIRE PROTECTION DISTRICT

OPERATING INDICATORS BY FUNCTION/PROGRAM LAST TEN FISCAL YEARS

	Fiscal Year			
	2007	2008	2009	2010
Field Operations				
- Non-fire Calls	1,550	1,768	1,496	1,419
- Fire Calls	59	61	49	57
- Emergency Medical Calls	860	1,026	717	691
Support Services				
- Square Footage of Buildings Maintained	31,637	31,637	31,637	38,738
Fire Prevention Services				
- Fire Investigations	2	3	1	1
- Plan Reviews	253	204	111	152
- Burn/Firework Permits	14	14	25	13
- Company Inspections	277	138	189	178
- Public Education	54	23	44	59
Training Hours by Rank				
- Firefighter Training Hours	4,782	9,397	5,438	6,223
- Engineer Training Hours	3,314	3,349	3,223	2,009
- Officer Training Hours	5,141	4,618	4,249	3,449

Source: Eagle River Fire Protection District

Note: Training hours include ERFPD employees for the Beaver Creek Metropolitan District Service area.

Fiscal Year					
2011	2012	2013	2014	2015	2016
1,492	1,410	1,496	1,465	1,361	1,571
44	51	63	66	64	62
662	628	685	826	894	928
38,738	38,738	38,738	37,198	43,172	43,172
7	8	10	14	17	11
147	124	141	160	90	151
19	27	31	11	13	10
53	97	81	38	56	108
86	57	56	58	53	39
11,033	3,055	3,383	4,188	3,767	4,709
2,014	1,588	2,224	2,758	2,537	2,944
2,424	2,219	3,095	3,062	2,267	2,769

EAGLE RIVER FIRE PROTECTION DISTRICT

CAPITAL ASSET STATISTICS BY FUNCTION / PROGRAM LAST TEN FISCAL YEARS

	Fiscal Year			
	2007	2008	2009	2010
Field Operations				
- Fire Stations	8	8	8	8
- Chief Vehicles	2	3	3	2
- Pumpers	9	9	9	9
- Tender	1	1	1	1
- Brush / Wildfire Trucks	4	4	4	4
- Rescue	1	1	1	1
- Ladder Trucks	1	1	1	1
Support Services				
- Administrative Offices	0	1	1	1
- Chief Vehicles	0	1	1	1
- Station Vehicles	3	4	4	7
Fire Prevention Services				
- Vehicles	2	3	3	1
- Public Education Display	1	1	1	1
Training				
- Vehicles	0	1	1	1
- Academy Staff Vehicle	0	1	1	1
Special operations				
- Tech Rescue trailer	1	1	1	1

Source: Eagle River Fire Protection District

Notes:

- (1) Four fire stations are staffed 24/7 year round. Three fire stations are used for employee housing. One is neither staffed nor used for housing.
- (2) Beaver Creek Metropolitan District fire station and vehicles are not included.

Fiscal Year					
2011	2012	2013	2014	2015	2016
8	8	8	7	6	6
2	2	3	3	3	3
8	7	6	8	7	7
1	1	1	1	1	1
4	3	4	4	3	3
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
1	2	2	2	2	2
7	6	5	7	6	7
1	1	1	2	3	3
1	1	1	1	1	1
1	1	1	1	1	1
1	0	0	0	0	0
1	1	1	1	1	1

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