

cPa DIXON, WALLER & CO., INC.

FALCON FIRE PROTECTION DISTRICT

EL PASO COUNTY, COLORADO

FINANCIAL STATEMENTS

DECEMBER 31, 2016



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DIXON, WALLER & CO., INC.

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FALCON FIRE PROTECTION DISTRICT

FINANCIAL STATEMENTS

DECEMBER 31, 2016

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FINANCIAL SECTION

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Independent Auditor's Report

**Board of Directors
Falcon Fire Protection District
El Paso County, Colorado**

We have audited the accompanying financial statements of the governmental activities and each major fund of Falcon 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, 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 financial position of the governmental activities and each major fund of the Falcon Fire Protection District as of December 31, 2016, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension trend data on pages i through vi, and pages 30 through 36 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



June 21, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

The "Management's Discussion and Analysis" (MD&A) is designed to provide an analysis of the District's financial condition and operating results. It also informs the reader on the District's financial issues and activities.

The MD&A should be read in conjunction with the District's basic financial statements.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise two components: 1) government-wide financial statements and fund financial statements, and 2) notes to the financial statements.

Combined Government-Wide and Fund Financial Statements

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

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

The *statement of activities* presents information showing how the government's net position changed during the past 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 the related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the District that will be principally supported by taxes and intergovernmental revenues. The functions of the District include fire protection and emergency medical services.

The government-wide financial statements are combined with the fund financial statements and can be found on pages 3 & 4 of this report.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial 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 balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District adopts an annual appropriated budgets for its General Fund, Rural Water System Special Revenue Fund and the Capital Projects Special Revenue Fund. Budgetary comparison statements have been provided for the General Fund, Rural Water System Special Revenue Fund and the Capital Projects Special Revenue Fund to demonstrate compliance with their budgets.

The basic governmental fund financial statements can be found on pages 5 & 7 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 9-29 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 by \$5,581,316 at the close of the year. In comparison assets had exceeded liabilities by \$4,876,110 in the previous year.

At the end of 2016, the District was able to report positive balances in all three categories of net position.

A large portion of the District's net position, \$2,299,340 (41% at December 31, 2016), is unrestricted and may be used to meet the District's ongoing obligations to its citizens and creditors. The State's Tabor laws require that \$147,700 (3% at December 31, 2016) of the District's net position be set aside and restricted for use in emergencies only. The remaining portion of the District's net position, \$3,134,276 (56% at December 31, 2016), reflects the District's current investment in capital assets. 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.

This section will explain the differences between the current and prior year's assets, liabilities, and changes in net position.

The following is a condensed summary of the District's net position at December 31:

	<u>2016</u>	<u>2014</u>
Current and Other Assets	7,467,215	5,253,185
Capital Assets (Net)	<u>3,134,276</u>	<u>2,609,560</u>
<u>Total Assets</u>	<u>10,601,491</u>	<u>7,862,745</u>
Deferred Outflows	<u>409,160</u>	126,756
<u>Total Assets & Deferred Outflow</u>	<u>11,010,651</u>	<u>7,989,501</u>
Long-Term Liabilities Outstanding	1,864,764	224,507
Other Liabilities	<u>674,561</u>	<u>116,346</u>
<u>Total Liabilities</u>	<u>2,539,325</u>	<u>340,853</u>
Deferred Inflows	<u>2,890,010</u>	2,772,538
<u>Total Liabilities & Deferred Inflow</u>	<u>5,429,335</u>	<u>3,113,391</u>
Net Position		
Invested in Capital Assets, Net of Related Debt	3,134,276	2,609,560
Restricted for Capital Outlay	-	-
Restricted for Emergencies	147,700	86,610
Unrestricted	<u>2,299,340</u>	<u>2,179,140</u>
<u>Total Net position</u>	<u>5,581,316</u>	<u>4,876,110</u>

The government's net position increased by \$705,206 during 2016 to \$5,581,316.

Additional information on the Districts Pension Plans and their effect on net position can be found in note 8.

Restatement of the prior year's net position can be found in note 10 of this report.

Governmental Activities

During 2016, key elements affecting the District's net position and ultimately contributing to overall increases in the District's net position are as follows:

Increases:

- Capital Outlay purchases of;
 - Land Purchases and began construction on new fire station #4,
 - 4 new radio base stations,
 - 1 new LUCAS mechanical CPR device and
 - One new Lanier Copier

The following is a condensed summary of the District's revenue and expenses:

	<u>2016</u>	<u>2015</u>
Revenues:		
Program Revenues		
Charges for Services	18,635	12,931
Grants & Contributions	<u>24,427</u>	<u>44,047</u>
Total	<u>43,062</u>	<u>56,978</u>
General Revenues:		
Property and Specific Ownership Taxes	3,086,968	2,824,465
Gain on Sale of Property	4,000	
Investment Earnings	20,697	4,528
Miscellaneous Revenues	7,602	3,710
Participation Fee		
Total	<u>3,119,267</u>	<u>2,832,703</u>
 Total Revenues	 <u>3,162,329</u>	 <u>2,889,681</u>
 Expenses		
Fire Protection – Operations	2,195,673	2,005,656
Depreciation	228,772	226,208
Debt Service - Interest	<u>32,678</u>	<u>720</u>
Total Expenses	<u>2,457,123</u>	<u>2,232,584</u>
 Change in Net Position	 705,206	 657,097
Net Position – Beginning of Year	<u>4,876,110</u>	<u>4,219,013</u>
Net Position – End of Year	<u>5,581,316</u>	<u>4,876,110</u>

Governmental Funds Budgetary Highlights

The District approved 2016 budget had estimated total revenues at \$3,067,346. The District amended the Capital Projects Fund portion of the 2016 budget to account for \$1,770,000 in lease purchase proceeds bring the amended total revenue estimates to \$4,837,346. The District completed the year with revenues at \$4,932,329. An unexpected increase of total revenue income for the year of \$94,983. 2016 revenue increases were due in part to the following:

- a. A rise in Special Ownership Taxes from resulted in an increase of revenue equaling \$23,888
- b. A rise in Interest from fund investment totaling \$16,183.
- c. A sale in Capital Assets of a 2001 GMC Yukon Command Vehicle totaling \$4,000
- d. A revenue increase of \$13,087 from unanticipated grant donations.
- e. State matching funds in the amount of \$11,340 were received on the Volunteer Pension Plan

Capital Assets and Debt Administration

Capital Assets

The District's investment in capital assets in December 31, 2016 amounts to 3,864,065 (net of accumulated depreciation). This investment in capital assets includes land, buildings, vehicles and equipment.

The major capital assets purchased during the year were equipment in the form:

- 4 new base unit radios,
 - 1 new LUCAS mechanical CPR device,
 - 1- New Lanier Copier,
 - 1- New 2016 Chevy Tahoe Command Vehicle and
- Land Purchase and construction began on a new fire station #4.

Capital assets (net of Accumulated Depreciation) are as follows:

	<u>2016</u>	<u>2015</u>
Land & (New Construction in Progress)	588,757	473,682
New Construction in Progress	1,067,067	-
Buildings & Improvements	1,660,252	1,745,273
Equipment	69,656	85,179
Vehicles	<u>478,333</u>	<u>305,426</u>
	<u>3,864,065</u>	<u>2,609,560</u>

Additional information on the District's capital assets can be found in Note 2 on page 16 of this report.

Long Term Debt

At December 31, 2016, the District had a balance of \$1,770,000 for capital leases in the form of a new lease on the purchase of land and the construction of Fire Station #4.

Additional information on the District's long-term debt can be found in Note 3 on pages 17 of this report.

Economic Factors and Next Year's Budget and Rates

The District budgeted for 2017 property tax revenue of \$2,885,799 (based on an assessed valuation for the District of \$335,090,480 and a mill levy of 8.612), Special ownership taxes in the amount of \$323,578 and charges for services of \$9,735 (which represents the fees charged for mandatory inspections on compliance with the International Fire Code as adopted and amended by the District).

Overall, the 2017 District Budget is balanced and will not result in an increase or decrease in the general fund balance as adopted.

Long term economic factors indicate a continued growth in the rate of assessed value realized from new residential and commercial construction resulting in an increase in residential and commercial property assessed value. The residential assessment increase will be offset to some degree in 2017 as determined by the State as it adjusts for the Gallagher Amendment. As such, the District estimated an overall increase in assessed values of 4 percent in 2016 and an equal increase going into 2017.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Trent Harwig, District Fire Chief, Falcon Fire Protection District, 7030 Old Meridian Rd, Falcon, Colorado 80831.

BASIC FINANCIAL STATEMENTS

FALCON FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION
December 31, 2016

	<u>Governmental</u> <u>Activities</u>	<u>Total</u>
<u>ASSETS</u>		
Cash	1,419,427	1,419,427
Investments	2,371,823	2,371,823
Receivables (Net of Allowance where Applicable)		
Property Tax	2,885,799	2,885,799
Fixed Assets	6,773,051	6,773,051
Accumulated Depreciation	(2,908,986)	(2,908,986)
Net Pension Asset	3,566	3,566
Prepaid Expense	56,811	56,811
<u>Total Assets</u>	<u>10,601,491</u>	<u>10,601,491</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
District Contribution Subsequent to Pension		
Measurement Date	111,640	111,640
Pension Plan	<u>297,520</u>	<u>297,520</u>
<u>Total Deferred Outflows of Resources</u>	<u>409,160</u>	<u>409,160</u>
<u>LIABILITIES</u>		
Accounts Payable	401,100	401,100
Accrued Wages & Benefits	52,010	52,010
Accrued Interest Payable	32,678	32,678
Capital Lease Payable – Current	152,272	152,272
Non-Current Liabilities:		
Capital Lease Payable	1,617,728	1,617,728
Pension Liability	247,036	247,036
Compensated Absences	<u>36,501</u>	<u>36,501</u>
<u>Total Liabilities</u>	<u>2,539,325</u>	<u>2,539,325</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Property Tax	2,885,799	2,885,799
Pension Plan	<u>4,211</u>	<u>4,211</u>
<u>Total Deferred Inflows of Resources</u>	<u>2,890,010</u>	<u>2,890,010</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	3,134,276	3,134,276
Restricted for:		
TABOR	147,700	147,700
Unrestricted	<u>2,299,340</u>	<u>2,299,340</u>
<u>Total Net Position</u>	<u>5,581,316</u>	<u>5,581,316</u>

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

**FALCON FIRE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES
Year Ended December 31, 2016**

<u>Functions/Programs</u>	Program Revenues				Net (Expense) Revenue and Changes In Net Position	
	<u>Expenses</u>	Charges for	Operating	Capital	<u>Governmental</u>	<u>Total</u>
		Services	Grants & Contributions	Grants & Contributions		
<u>Governmental Activities</u>						
Public Safety	2,392,536	18,635	11,340	-	(2,362,561)	(2,362,561)
Capital Outlay	97,839	-	-	13,087	(84,752)	(84,752)
Pension Costs	(33,252)	-	-	-	33,252	33,252
Total Governmental Activities	<u>2,457,123</u>	<u>18,635</u>	<u>11,340</u>	<u>13,087</u>	<u>(2,414,061)</u>	<u>(2,414,061)</u>
Total Primary Government	<u>2,457,123</u>	<u>18,635</u>	<u>11,340</u>	<u>13,087</u>	<u>(2,414,061)</u>	<u>(2,414,061)</u>
<u>General Revenues:</u>						
					2,768,425	2,768,425
					318,543	318,543
					20,697	20,697
					4,000	4,000
					7,602	7,602
					<u>3,119,267</u>	<u>3,119,267</u>
					705,206	705,206
					<u>4,876,110</u>	<u>4,876,110</u>
					<u>5,581,316</u>	<u>5,581,316</u>

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

**FALCON FIRE PROTECTION DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2016**

	<u>General</u>	<u>Rural Water System - Special Revenue Fund</u>	<u>Capital Projects Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<u>ASSETS:</u>				
Cash	379,216	-	1,040,211	1,419,427
Investments	1,820,475	21,742	529,606	2,371,823
Receivables (Net, of Allowance where Applicable):				
Property Tax	2,885,799	-	-	2,885,799
Due from Other Funds	-	-	-	-
<u>Total Assets</u>	<u>5,085,490</u>	<u>21,742</u>	<u>1,569,817</u>	<u>6,677,049</u>
<u>DEFERRED OUTFLOW OF RESOURCES</u>				
	-	-	-	-
<u>LIABILITIES:</u>				
Accounts Payable	51,109	-	349,991	401,100
Accrued Wages and Benefits	52,010	-	-	52,010
Due to Other Funds	-	-	-	-
<u>Total Liabilities</u>	<u>103,119</u>	<u>-</u>	<u>349,991</u>	<u>453,110</u>
<u>DEFERRED INFLOW OF RESOURCES</u>				
Property Tax	2,885,799	-	-	2,885,799
<u>FUND BALANCES:</u>				
Restricted for:				
TABOR	147,700	-	-	147,700
Assigned for:				
Capital Outlay	-	21,742	1,219,826	1,241,568
Unassigned	1,948,872	-	-	1,948,872
<u>Total Fund Balances</u>	<u>2,096,572</u>	<u>21,742</u>	<u>1,219,826</u>	<u>3,338,140</u>
<u>TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</u>				
	<u>5,085,490</u>	<u>21,742</u>	<u>1,569,817</u>	<u>6,677,049</u>

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

**FALCON FIRE PROTECTION DISTRICT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
December 31, 2016**

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

<u>Total Fund Balance – Governmental Funds</u>	3,338,140
Prepaid expenses are not reported as an asset in the Governmental Funds.	56,811
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$6,773,051 and the accumulated depreciation is \$2,908,986.	3,864,065
Net pension asset, net pension liability, deferred outflows, and deferred inflows related to pensions are not current financial resources and therefore are not reported as assets or liabilities in the governmental funds.	161,479
Long-term liability for lease purchase and accrued interest payable are not due and payable in the current period and therefore are not reported in the Governmental Funds.	
Lease Purchase Payable	(1,770,000)
Accrued Interest Payable	<u>(32,678)</u>
Compensated absences are not reported as a liability in the Governmental Funds.	<u>(36,501)</u>
<u>Total Net Position – Governmental Activities</u>	<u>5,581,316</u>

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

FALCON FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2016

	<u>General</u>	<u>Rural Water System - Special Revenue Fund</u>	<u>Capital Projects Special Revenue Fund</u>	<u>Total Governmental Funds</u>
REVENUES:				
Taxes	3,086,968	-	-	3,086,968
Intergovernmental Revenues	11,340	-	13,087	24,427
Charges for Services	18,635	-	-	18,635
Insurance Proceeds	-	-	-	-
Interest	13,080	141	7,476	20,697
Miscellaneous Revenues	<u>7,602</u>	<u>-</u>	<u>4,000</u>	<u>11,602</u>
Total Revenues	<u>3,137,625</u>	<u>141</u>	<u>24,563</u>	<u>3,162,329</u>
EXPENDITURES:				
Current:				
General Administrative	130,315	-	-	130,315
Fire	2,738	-	-	2,738
Operations	1,884,338	-	-	1,884,338
Supplies and Maintenance	96,160	421	-	96,581
Training and Association Fee	32,097	-	-	32,097
Debt Service – Principal	-	-	-	-
Debt Service – Interest	-	-	-	-
Capital Outlay	<u>78,372</u>	<u>-</u>	<u>1,502,744</u>	<u>1,581,116</u>
Total Expenditures	<u>2,224,020</u>	<u>421</u>	<u>1,502,744</u>	<u>3,727,185</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>913,605</u>	<u>(280)</u>	<u>(1,478,181)</u>	<u>(564,856)</u>
OTHER FINANCING SOURCES (USES):				
Transfers In (Out)	(635,000)	-	635,000	-
Lease Purchase Closing Costs	-	-	(15,061)	(15,061)
Lease Purchase Proceeds	<u>-</u>	<u>-</u>	<u>1,770,000</u>	<u>1,770,000</u>
Total Other Financing Sources (Uses)	<u>(635,000)</u>	<u>-</u>	<u>2,389,939</u>	<u>1,754,939</u>
NET CHANGE IN FUND BALANCES	278,605	(280)	911,758	1,190,083
FUND BALANCES – Beginning	<u>1,817,967</u>	<u>22,022</u>	<u>308,068</u>	<u>2,148,057</u>
FUND BALANCES - Ending	<u>2,096,572</u>	<u>21,742</u>	<u>1,219,826</u>	<u>3,338,140</u>

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

FALCON FIRE PROTECTION DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENT FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2016

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

Net Change in Fund Balances – Total Governmental Funds 1,190,083

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$2,500 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense.

	Capital outlays more than \$2,500	1,483,277	
	Depreciation Expense	<u>(228,772)</u>	
			1,254,505

The governmental funds report debt proceeds as an other financing source, while repayment of debt principal is reported as an expenditure. Interest expense is recognized as it accrues in the statement of activities regardless of when it is due. The net effect of these differences follows:

	Lease Purchase Proceeds	(1,770,000)	
	Repayment of Debt Principal	-	
	Change in Accrued Interest	<u>(32,678)</u>	(1,802,678)

Pension Expense was reported in the governmental funds but is reported based on the changes in net pension assets/liabilities in the entity-wide statements. 33,252

In the statement of activities compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amount paid). During the year, compensated absences increased by this amount. (3,968)

In the statement of activities prepaid expenses are not reported as expenditures until consumed, while these costs are recognized when paid in governmental funds. 34,012

Change in Net Position of Governmental Activities 705,206

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

FALCON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Falcon Fire Protection District conform to generally accepted accounting principles applicable to governmental units. The following is a summary of significant accounting policies:

A. Reporting Entity

Governmental Accounting Standards board (GASB) Statement No. 14 (as amended by Statement No. 34, No. 39 and No. 61), "*The Financial Reporting Entity*" (GASB No. 14) describes the financial reporting entity as it relates to governmental accounting. According to this Statement, the financial reporting entity consists of a) the primary government, b) organization for which the primary government is financially accountable, and c) other organizations whose exclusion from the reporting entity's financial statements would cause those statements to be misleading or incomplete. Any organizations that can be described by these last two items are included with the primary government in the financial statements as component units.

This District is not included in any other governmental "reporting entity" as defined in GASB No. 14 and does not include any other component unit as part of its "reporting entity". As required by accounting principles generally accepted in the USA, these basic financial statements present the District (the primary government) and its component units.

B. Government – Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or identifiable activity are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or identifiable activity. *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*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

FALCON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the District's governmental and business-type activities. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, operating statements present increases and decreases in net current assets and unassigned fund balance as a measure of available spendable resources. This means that only current liabilities are generally included on their balance sheets.

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

All governmental fund types use the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period, or soon enough thereafter, to pay liabilities of the current period. Revenues are considered to be available to collect within 60 days after year-end.

Property taxes are reported as receivables and unearned revenue when levied and as revenues when due for collection in the following year and determined to be available.

**FALCON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)**

Grants and entitlement revenues are recognized when compliance with matching requirements is met. A receivable is established when the related expenditures exceed revenue receipts.

Expenditures are recorded when the related fund liability is incurred with the exception of general obligation and capital lease debt service which is recognized when due and certain accrued sick and personal pay which are accounted for as expenditures when expected to be liquidated with expendable available financial resources.

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

D. Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred flows, fund equity, revenues and expenditures, or expenses, as appropriate. Resources are allocated to and accounted for in individual funds bases upon the purposes for which they are to be spent and the means by which spending activities are controlled. The major funds presented in the accompanying basic financial statements are as follows:

• **Major Governmental Funds**

1. **General Fund** – the general operating fund of the District; used to account for all resources that are not required legally or by sound financial management to be accounted for in another fund.
2. **Special Revenue Funds** – are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
 - a. **Rural Water System Fund** – This fund is provided to maintain a separate accounting for expenditures to meet minimum fire flow (water supply) requirements of applicable fire codes.
 - b. **Capital Projects Fund** – This fund provides for the acquisition of sites, buildings, vehicles and other capital related expenditures.

**FALCON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the assets constructed. No such interest expense was incurred during the current fiscal year.

Capital assets of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Equipment	5-7
Buildings	20-30
Vehicles	5-10

F. Budgets and Budgetary Accounting

The District has set procedures to be followed in establishing the budgetary data reflected in the financial statements:

1. Prior to October 1, a proposed operating budget for the fiscal year commencing the following January 1 is developed. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to December 31, the budget is legally enacted through passage of an ordinance or resolution.
4. Budgets for the General Fund and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

G. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies, is not used by the Falcon Fire Protection District, Inc..

**FALCON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Inventory

Inventory is valued at the lower of cost (first-in, first-out) or market. The costs of inventories are recorded as expenditures when they are used.

I. Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefits Amounts

Accumulated unpaid vacation, sick pay, and other employee benefits amounts should be accrued when incurred in proprietary funds (using the accrual basis of accounting). Such amounts would not be accrued in governmental funds (using the modified accrual basis of accounting). Accrued vacation and sick leave payable has been reflected in the statement of net position for all governmental activities.

J. Property Taxes

Property taxes represent ad valorem taxes levied by the District, which are payable to the County Treasurer, and are recognized as revenue by the District in the year for which they are levied.

Property taxes are levied in December for collection in the subsequent year.

Property taxes attach as an enforceable lien on property as of January 1. Taxes may be paid without penalty in either of two ways: (a) Full payment by April 30, or (b) First half must be paid by last day of February, and second half must be paid by June 15.

K. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expense during the reporting period. Actual results could differ from those estimates.

L. Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the District to deposit in the accounts of federally insured banks, credit unions, and savings and loan associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers acceptances, and mutual funds composed of otherwise legal investments.

M. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position.

In the fund financial statements, governmental fund types recognize debt issued as other financing sources.

**FALCON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. GASB Statement No. 54

The Government Accounting Standards Board (GASB) has issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54). This statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

1. Nonspendable such as fund balances associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned).
2. Restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
3. Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Board of Directors (the District's highest level of decision-making authority).
4. Assigned fund balance classification is intended to be used by the government for specific purposes that do not meet the criteria to be classified as restricted or committed.
5. Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

Fund Balance Classification Policies and Procedures

Committed Fund Balance Policy:

The District's Committed Fund Balance is fund balance reporting required by the District, either because of a District Policy in the District Policy Manual, or because of motions that passed at District meetings.

Assigned Fund Balance Policy:

The District's Assigned Fund Balance is fund balance reporting occurring by District Administration authority, under the direction of the Chief Business Officer.

Order of Fund Balance Spending Policy

The District's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year by adjusting journal entries.

First, non-spendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then unrestricted fund balances are determined following the order of committed, assigned, and unassigned.

**FALCON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. GASB Statement No. 54 (continued)

Order of Fund Balance Spending Policy (Continued)

Fund Balance Classification by Fund:

	<u>General Fund</u>	<u>Special Revenue Rural Water System Fund</u>	<u>Special Revenue Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<u>Nonspendable:</u>	-	-	-	-
<u>Restricted:</u>				
Emergencies	147,700	-	-	147,700
<u>Committed:</u>	-	-	-	-
<u>Assigned:</u>				
Capital Outlay	-	21,742	1,219,826	1,241,568
<u>Unassigned</u>	<u>1,948,872</u>	<u>-</u>	<u>-</u>	<u>1,948,872</u>
<u>Total Fund Balances</u>	<u>2,096,572</u>	<u>21,742</u>	<u>1,219,826</u>	<u>3,338,140</u>

O. Deferred Outflows / Inflows of Resources

In addition to assets, the statement of financial position and the balance sheet 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.

In addition to liabilities, the statement of financial position and the balance sheet 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.

**FALCON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 2 CAPITAL ASSETS

Capital assets 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>
<u>Governmental Activities</u>				
Capital Assets Not Being Depreciated:				
Land	473,682	115,075	-	588,757
Construction in Progress	<u>-</u>	<u>1,067,067</u>	<u>-</u>	<u>1,067,067</u>
Total Capital Assets Not Being Depreciated:	<u>473,682</u>	<u>1,182,142</u>	<u>-</u>	<u>1,655,824</u>
Capital Assets Being Depreciated:				
Building and Improvements	2,346,795	4,543	-	2,351,338
Equipment	825,094	37,121	-	862,215
Vehicles	<u>1,676,274</u>	<u>259,471</u>	<u>32,071</u>	<u>1,903,674</u>
Total Capital Assets Being Depreciated	<u>4,848,163</u>	<u>301,135</u>	<u>32,071</u>	<u>5,117,227</u>
Less Accumulated Depreciation for:				
Buildings	601,522	89,564	-	691,086
Equipment	739,915	52,644	-	792,559
Vehicles	<u>1,370,848</u>	<u>86,564</u>	<u>32,071</u>	<u>1,425,341</u>
Total Accumulated Depreciation	<u>2,712,285</u>	<u>228,772</u>	<u>32,071</u>	<u>2,908,986</u>
Total Capital Assets Being Depreciated, Net	<u>2,135,878</u>	<u>72,363</u>	<u>-</u>	<u>2,208,241</u>
<u>Governmental Activities</u>				
Capital Assets, Net	<u>2,609,560</u>	<u>1,254,505</u>	<u>-</u>	<u>3,864,065</u>

Beginning in 2004, general infrastructure assets are recorded prospectively in these financial statements, at cost. Retroactive reporting of general infrastructure assets is not required by standards for the District (Phase 3 entity).

Depreciation expense was charged to functions/programs of the primary government as follows:

<u>Governmental Activities:</u>	
Public Safety – Firefighting & Ambulance	<u>228,772</u>
<u>Total Depreciation Expense – Governmental Activities</u>	<u>228,772</u>

**FALCON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 3 CAPITAL LEASES

The following is a summary of changes in Capital Leases of the District for the year ended December 31, 2016.

	<u>Balance</u> <u>Jan. 1, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Due Within</u> <u>One Year</u>
<u>Governmental</u>					
<u>Fund</u>					
General Fund:					
Fire Station - Building #4	-	<u>1,770,000</u>	-	<u>1,770,000</u>	<u>152,272</u>
<u>Total</u>	<u>-</u>	<u>1,770,000</u>	<u>-</u>	<u>1,770,000</u>	<u>152,272</u>

Fire Station

In 2016, the District entered into a lease purchase agreement for the purpose of financing the construction of a new fire station. The agreement qualifies as a capital lease for accounting purposes. Lease payments are subject to annual appropriation of funds by the District. The lease obligation dated June 10, 2016 includes ten annual payments of \$210,739.33, including interest at 3.250% beginning June 10, 2017. The annual lease purchase payment schedule is as follows:

<u>Fiscal</u> <u>Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Annual</u> <u>Payment</u>
2017	58,467	152,272	210,739
2018	53,437	157,302	210,739
2019	48,241	162,498	210,739
2020	42,993	167,746	210,739
2021	37,333	173,407	210,740
2022	31,605	179,135	210,740
2023	25,687	185,052	210,739
2024	19,629	191,110	210,739
2025	13,262	197,478	210,740
2026	<u>6,739</u>	<u>204,000</u>	<u>210,739</u>
Total Minimum Payments	<u>337,393</u>	<u>1,770,000</u>	2,107,393
Less Amount Representing Interest			<u>(337,393)</u>
Net Present Value of Future Minimum Payments			<u>1,770,000</u>

**FALCON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 4 CASH AND INVESTMENTS

The District's deposits at year end were covered by Federal depository insurance or secured under the Public Deposit Protection Act of the State of Colorado, whereby the custodial bank pledges collateral for amounts on deposit in excess of the amount guaranteed by the FDIC for governmental entities.

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Insured	250,000	250,000
Uninsured, Collateralized Under the Public Deposit Protection Act of the State of Colorado	<u>1,177,056</u>	<u>1,141,645</u>
<u>Sub-Total</u>	<u>1,427,056</u>	<u>1,391,645</u>
Cash with County Treasurer	-	<u>27,782</u>
<u>Total Cash and Deposits</u>	<u>1,427,056</u>	<u>1,419,427</u>

Cash of \$147,700 is restricted as Emergency Reserves as required by Article X, Section 20 of the Constitution of the State of Colorado. (See Note 6)

As presented above, deposits with a bank balance of \$1,177,056 and a carrying balance of \$1,141,645 as of December 31, 2016 are uninsured, are exposed to custodial risk, and are collateralized with securities held by the pledging financial institution.

Investments

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest:

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities.
- Bankers' acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

At December 31, 2016, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Investments Fair Value</u>
COLO Trust Plus	41 Day Average	2,371,823

**FALCON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 4 CASH AND INVESTMENTS (Continued)

Interest Rate Risk – The District does not have a formal investment policy that limits investment maturities for managing possible fair value losses due to increasing interest rates.

Credit Risk – State Law limits the type of investments allowable. The ratings by Standard & Poor for each investment are disclosed above.

Concentration of Credit Risk – The District has no policy restricting the amount that can be invested in any issuer.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District has the following recurring fair value measurements as of December 31, 2016:

- **COLOTRUST Investment Pool of \$2,371,823 is valued using quoted market prices (Level 1 inputs)**

NOTE 5 COMPENSATED ABSENCES

Personal Leave Time: The District leave program operates on a concept of personal leave that combines vacation and sick time. Full-time employees accrue personal leave with each pay period and may accrue and carry a maximum of hours as approved in the current approved pay leave and allowance schedule. Any personal leave in excess of this limit will be lost if not used, except where the employee has scheduled leave in any month and has been denied the leave due to administrative or operations requirements in which case the scheduled leave may be carried over to the next month in excess of the hour limit. Personal leave may not be used in advance of accrual. All operations personnel leave time that can be projected must be applied for one month in advance to permit rescheduling of operations personnel to maintain coverage. Administrative personnel must schedule leave at least two weeks in advance. No employee is guaranteed the requested vacation time off. Accrued leave payable as of December 31, 2016 was \$36,501.

NOTE 6 CONTINGENCIES - TAX, SPENDING AND DEBT LIMITATIONS

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

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR.

**FALCON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 6 CONTINGENCIES - TAX, SPENDING AND DEBT LIMITATIONS (Continued)

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

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

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

Except for bond refinancing at lower interest rates or adding employees to existing pension plans, TABOR specifically prohibits the creation of multiple-fiscal year debt or other financial obligations without voter approval or without irrevocable pledging present cash reserves for all future payments.

In 1998 the voters of the District approved that the District be able to collect, retain and spend all tax revenue collected from a tax rate of 2.702 mills, and all other revenue received from any sources, commencing January 1, 1998 and continuing thereafter.

On November 7, 2000, the voters of the District approved that the mill levy may be increased from 2.702 mills to 5.712 beginning in 2001 and each year thereafter.

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 the interpretation of how to calculate Fiscal Year Spending Limits (and qualifications as an Enterprise) will require judicial interpretation.

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 all risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

**FALCON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 8 PENSION PLANS

The District has two plans covering members. The plans are:

- Fire and Police Pension Plan – Statewide Defined Benefit Plan (FPPA SWDB)
- Falcon Fire Protection District Volunteer Fire Defined Benefit Plan

<u>Plan</u>	<u>Net Pension Liability</u>	<u>Net Pension Asset</u>	<u>Pension Expense</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
FPPA Statewide Plan	-	3,566	(28,996)	346,669	4,211
Falcon Fire Protection District Volunteer Fire	<u>247,036</u>	<u>-</u>	<u>(4,256)</u>	<u>62,491</u>	<u>-</u>
Totals	<u>247,036</u>	<u>3,566</u>	<u>(33,252)</u>	<u>409,160</u>	<u>4,211</u>

FPPA Statewide Defined Benefit Plan

The District participates in the Statewide Defined Benefit Plan (SWDB), a cost-sharing multiple-employer defined benefit pension fund administered by the FPPA. The net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the SWDB have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Eligible employees of the District are provided with pensions through SWDB. FPPA issues a publicly available comprehensive annual financial report that can be obtained on FPPA's website at <http://fppaco.org>.

FPPA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714. A member is eligible for a normal retirement pension once the member has completed twenty-five years of credited service and has attained the age of 55.

The annual normal retirement benefit is 2 percent of the average of the member's highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter. The benefit earned prior to January 1, 2007 for members of affiliated Social Security employers will be reduced by the amount of Social Security income payable to the member annually. Effective January 1, 2007, members currently covered under Social Security will receive half the benefit when compared to the Statewide Defined Benefit Plan. Benefits paid to retired members are evaluated and may be re-determined every October 1. The amount of any increase is based on the Board's discretion and can range from 0 to the higher of 3 percent or the Consumer Price Index.

**FALCON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 8 PENSION PLANS (Continued)

A member is eligible for an early retirement at age 50 or after 30 years of service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, an employee may elect to have member contributions along with 5 percent as interest, returned as a lump sum distribution. Alternatively, a member with at least five years of accredited service may leave contributions with the Plan and remain eligible for a retirement pension at age 55 equal to 2 percent of the member's average highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter.

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

Members of the SWDB plan and their employers are contributing at the rate of 8 percent of base salary for a total contribution rate of 16 percent through 2014. In 2014, the members elected to increase the member contribution rate to the SWDB plan beginning in 2016. Member contribution rates will increase 0.5 percent annually through 2022 to a total of 12 percent of base salary. Employer contributions will remain at 8 percent resulting in a combined contribution rate of 20 percent in 2022.

Employer contributions recognized by the SWDB from the district were \$80,300 for the year ended December 31, 2016.

At December 31, 2016, the District reported an asset of \$3,566 for its proportionate share of the net pension asset of SWDB. The net pension asset was measured as of December 31, 2015, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2016. The collective total pension asset as of December 31, 2014 is based upon the January 1, 2015 actuarial valuation.

At December 31, 2015, the District's proportion was 0.2023037 percent, which was a decrease of 0.0016896 percent from its proportion measured as of December 31, 2014.

At December 31, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to the SWDB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	210,352	-
Changes in Assumptions	56,017	-
Difference between actual and expected experience	-	4,211
The employer's contributions to the plan subsequent to the measurement date of the collective net pension liability	80,300	-
Total	346,669	4,211

**FALCON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 8 PENSION PLANS (Continued)

The deferred outflows and deferred inflows related to pensions are included with total deferred outflows and total deferred inflows on the statement of net position. Deferred outflows of resources of \$80,300 related to FPPA pensions, resulting from contributions subsequent to the measurement date, will be recognized as an increase in the net pension asset in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For the years ending December 31,	Amounts recognized in Pension Expense
2017	\$ 55,225
2018	\$ 55,225
2019	\$ 55,225
2020	\$ 50,725
2021	\$ 8,723
Thereafter	\$ 37,035

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

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

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

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

**FALCON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 8 PENSION PLANS (Continued)

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

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

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

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

Discount rate. The discount rate used to measure the total pension asset was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board’s funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the SWDB plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset.

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

**FALCON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 8 PENSION PLANS (Continued)

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.57% (based on the weekly rate closest to but not later than the measurement date of the “state & local bonds” rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.50%.

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate. Regarding the sensitivity of the net pension asset to changes in the Single Discount Rate, the following presents the plan’s net pension asset, calculated using a Single Discount Rate of 7.5%, as well as what the plan’s net pension asset would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension (asset) liability	499,588	(3,566)	(420,916)

Pension plan fiduciary net position. Detailed information about the SWDB’s fiduciary net position is available in FPPA’s comprehensive annual financial report which can be obtained at www.coFPPA.org/investments/FPPA-financial-reports.

Volunteer Firefighters

The FPPA administers an agent multiple-employer PERS. The PERS represents the assets of numerous separate plans that have been pooled for investment purposes. The pension plans have elected to affiliate with FPPA for plan administration and investment only. FPPA issues a publicly available comprehensive annual financial report that can be obtained at:

http://www.fppaco.org/pdfs/annual_audit_actuarial_reports/annual%20reports/2014%20cafr.pdf

The plan provides normal retirement benefits, disability retirement and survivor benefits. Firefighters who have attained both 50 years of age and completed 20 years of active service in any fire department in the State of Colorado are eligible for a monthly pension. Upon death, the surviving spouse receives a monthly pension equal to 50% of the benefit previously received, payable until death or remarriage. The District has twenty-five retirees and two inactive, nonretired members in this plan as of December 31, 2015 (measurement date) and December 31, 2016 (reporting date).

At December 31, 2016, the District reported a net pension liability of \$247,036. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016.

At December 31, 2016 the total pension liability was \$848,193 and the plan fiduciary net position was \$601,157. For the year ended December 31, 2016, the district recognized pension expense of \$(33,252).

At December 31, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to the Volunteer pension from the following sources:

**FALCON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 8 PENSION PLANS (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	-	-
Net difference between expected and actual earnings on pension plan investments	31,151	-
The employer's contributions to the plan subsequent to the measurement date of the collective net pension liability	31,340	-
Total	62,491	-

The deferred outflows and deferred inflows related to pensions are included with total deferred outflows and total deferred inflows on the statement of net position. Deferred outflows of resources of \$31,340 related to the Volunteer pension, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability or increase in the net pension asset in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For the years ending December 31,	
2017	\$ 8,060
2018	\$ 8,060
2019	\$ 8,062
2020	\$ 6,969
2021	-
Thereafter	-

Employer contributions are recognized by FPPA in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to FPPA. Employer contributions recognized by the FPPA from the District were \$31,340 for the year ended December 31, 2016.

Actuarially determined contribution rates are calculated as of January 1 of odd numbered years. The contribution rates have a one-year lag, so the actuarial valuation as of January 1, 2015, determines the contribution amounts for 2016 and 2017.

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open*
Remaining Amortization Period	20 Years*
Asset Valuation Method	5-Year Smoothed Market
Inflation	3.00%
Salary Increases	N/A
Investment Rate of Return	7.50%
Retirement Age	50% per year of eligibility until 100% at age 65
Mortality	Pre-retirement: RP-2000 Combined Mortality Table with Blue Collar Adjustment, 40% multiplier for off-duty mortality; Post-retirement: RP-2000 Combined Mortality Table, with Blue Collar Adjustment; Disabled: RP-2000 Disabled Mortality Table; All tables projected with Scale AA

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

**FALCON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 8 PENSION PLANS (Continued)

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

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

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

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.5%; the municipal bond rate is 3.65% (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.5%.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension liability (asset)	314,172	247,036	188,782

**FALCON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 8 PENSION PLANS (Continued)

FPPA Statewide Money Purchase Plan (Defined Contribution Plan)

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

Employers may not withdraw from the Plan one affiliated. The Plan assets associated with the Money Purchase component are included in the Fire & Police Member's Self-Directed Investment Fund.

Contributions: The Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. The members of this Plan and their employers are currently each contributing at the rate determined by the individual employer, however, the rate for both employer and member must be at least 8 percent of the member's base salary. Excess contributions fund the Money Purchase Component of the Plan. The District's contributions to the Money Purchase Plan for the year ending December 31, 2016 was \$7,530, equal to its required contributions for the year.

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

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

Benefits: The Plan document states that any member may retire from further service and become eligible for a normal retirement pension at any time after age 55, if the member has at least 25 years of service. A member is eligible for early retirement at age 50 or after 30 years of service.

Alternatively, a member with at least 5 years of accredited service may leave contributions with the Defined Benefit Component of the Plan and remain eligible for a retirement pension at age 55 equal to 1.5 percent of the average of the member's highest 3 years' base salary for each year of credited service. In addition, upon termination, the vested account balance within the Money Purchase Component becomes available to the member.

**FALCON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 8 PENSION PLANS (Continued)

FPPA Deferred Compensation Retirement Plan

The District offers its employees a deferred compensation plan administered by FPPA created in accordance with Internal Revenue Code Section 457. The Plan, available to all District employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) held in the Deferred Compensation Plan Trusts for the exclusive benefit of participants and their beneficiaries. FPPA is trustee of the trusts. The District has no ownership interest in the Plan nor is the District liable for losses under the Deferred Compensation Plan.

The employee's contributions to the Deferred Compensation Plan for the year ending December 31, 2016, was \$23,877.

NOTE 9 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The governmental funds balance sheet includes reconciliation between *fund balances – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. Additionally, the governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net change in fund balances – total government funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities.

These reconciliations detail items that require adjustment to convert from the current resources measurement and modified accrual basis for governmental fund statements to the economic resources measurement and full accrual basis used for government-wide statements.

However, certain items having no effect on measurement and basis were eliminated from the government fund statements during the consolidation of governmental activities. The items which were eliminated are as follows:

Governmental Funds – Interfund Transfers	\$ 635,000
Governmental Funds – Interfund Receivables/Payables	\$ -

NOTE 10 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

<u>District:</u>	<u>Due From</u>	<u>Due To</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds:				
General	-	-	-	635,000
Rural Water System-Special Revenue Fund	-	-	-	-
Capital Projects-Special Revenue Fund	-	-	635,000	-
Total	<u>-</u>	<u>-</u>	<u>635,000</u>	<u>635,000</u>

Due to and due from accounts are to be repaid within three months after year end. Transfers were for operational purposes.

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparisons

Pension Trend Data

MAJOR GOVERNMENTAL FUNDS

General Fund

The General Fund accounts for all transactions of the District not accounted for in other funds. This fund represents an accounting for the District's ordinary operations financed from property taxes and other general revenues. It is the most significant fund in relation to the District's overall operations.

Special Revenue Funds

Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Rural Water System Fund – This fund is provided to maintain a separate accounting for participation agreement fees received for the purpose of meeting minimum fire flow (water supply) requirements of applicable fire codes.

Capital Projects Fund – This fund accounts for the acquisition of sites, buildings, vehicles, equipment and other capital related expenditures. Grants and fund transfers are used to finance these purchases.

**FALCON FIRE PROTECTION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2016**

	Budgeted Amounts		Variance with
	Original & Final	Actual	Final Budget- Favorable (Unfavorable)
<u>REVENUES</u>			
<u>Local Sources</u>			
Property Taxes	2,768,293	2,768,425	132
Specific Ownership Tax	294,655	318,543	23,888
Interest	3,696	13,080	9,384
Intergovernmental Revenue	-	11,340	11,340
Charges for Services	10,006	18,635	8,629
Miscellaneous Revenues	1,100	7,602	6,502
<u>Total Revenues</u>	3,077,750	3,137,625	59,875
 <u>EXPENDITURES</u>			
<u>Current</u>			
General and Administrative	157,258	130,315	26,943
Fire	4,067	2,738	1,329
Operations	2,010,944	1,884,338	126,606
Supplies and Maintenance	72,618	96,160	(23,542)
Training and Association Fees	35,634	32,097	3,537
Capital Outlay	162,229	78,372	83,857
<u>Total Expenditures</u>	2,442,750	2,224,020	218,730
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	635,000	913,605	
 <u>OTHER FINANCING SOURCES (USES)</u>			
Proceeds From Sale of Property	-	-	-
Transfers (Out)	(635,000)	(635,000)	-
<u>Total Other Financing Sources (Uses)</u>	(635,000)	(635,000)	-
 <u>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>			
	-	278,605	
<u>FUND BALANCE, Beginning of Year</u>	1,863,645	1,817,967	
<u>FUND BALANCE, End of Year</u>	1,863,645	2,096,572	

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

**FALCON FIRE PROTECTION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
RURAL WATER SYSTEM – SPECIAL REVENUE FUND
For the Year Ended December 31, 2016**

	<u>Budgeted Amounts</u>	<u>Actual</u>	<u>Variance with Final Budget- Favorable (Unfavorable)</u>
	<u>Original & Final</u>		
<u>REVENUES</u>			
Interest Revenue	25	141	116
<u>Total Revenues</u>	<u>25</u>	<u>141</u>	<u>116</u>
<u>EXPENDITURES</u>			
System Maintenance	1,000	421	579
System Improvements	<u>10,000</u>	-	<u>10,000</u>
<u>Total Expenditures</u>	<u>11,000</u>	<u>421</u>	<u>10,579</u>
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	(10,975)	(280)	
<u>FUND BALANCE, Beginning</u>	<u>21,092</u>	<u>22,022</u>	
<u>FUND BALANCE, Ending</u>	<u>10,117</u>	<u>21,742</u>	

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

**FALCON FIRE PROTECTION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
CAPITAL PROJECTS – SPECIAL REVENUE FUND
For the Year Ended December 31, 2016**

	<u>Budgeted Amounts</u>			Variance with Final Budget- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>REVENUES</u>				
Interest Revenue	677	677	7,476	6,799
Sale of Capital Assets	-	-	4,000	4,000
Grants	-	-	13,087	13,087
<u>Total Revenues</u>	<u>677</u>	<u>677</u>	<u>24,563</u>	<u>23,886</u>
<u>EXPENDITURES</u>				
Capital Outlay	496,000	2,266,000	1,502,744	763,256
<u>Total Expenditures</u>	<u>496,000</u>	<u>2,266,000</u>	<u>1,502,744</u>	<u>763,256</u>
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(495,323)</u>	<u>(2,265,323)</u>	<u>(1,478,181)</u>	
<u>OTHER FINANCING SOURCES (USES)</u>				
Lease Purchase Proceeds	-	1,770,000	1,770,000	-
Lease Purchase Closing Costs	-	-	(15,061)	(15,061)
Transfers In	635,000	635,000	635,000	-
<u>TOTAL OTHER FINANCING SOURCES (USES)</u>	<u>635,000</u>	<u>2,405,000</u>	<u>2,389,939</u>	<u>(15,061)</u>
<u>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>	<u>139,677</u>	<u>139,677</u>	<u>911,758</u>	
<u>FUND BALANCE, Beginning of Year</u>	<u>308,068</u>	<u>308,068</u>	<u>308,068</u>	
<u>FUND BALANCE, End of Year</u>	<u>447,745</u>	<u>447,745</u>	<u>1,219,826</u>	

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

PENSION TREND DATA

**FALCON FIRE PROTECTION DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
 OF THE NET PENSION ASSET OF THE STATEWIDE DEFINED BENEFIT PLAN –
 A COST SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
 ADMINISTERED BY THE FIRE & POLICE PENSION ASSOCIATION
 AS OF DECEMBER 31, 2016***

	<u>2015</u>
District's proportion of the net pension asset	.2023037%
District's proportionate share of the net pension asset	\$3,566
District's covered-employee payroll	\$1,006,044
District's proportionate share of the net pension asset as a percentage of its covered employee payroll	.35%
Plan fiduciary net position as a percentage of the total pension asset	100.10%

* The amounts presented for the year shown above were determined as of and for the calendar year ended December 31, 2015 (the Plan's measurement period) occurring within the District's fiscal years ended December 31, 2016 and 2015 in accordance with Government Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

**FALCON FIRE PROTECTION DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS TO THE STATEWIDE DEFINED BENEFIT PLAN –
A COST SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
ADMINISTERED BY THE FIRE & POLICE PENSION ASSOCIATION
AS OF DECEMBER 31, 2016**

	<u>2016</u>
Contractually required contribution	\$ 80,300
Contributions in relation to the contractually required contribution	<u>\$ 80,300</u>
Contribution deficiency (excess)	<u>\$ -</u>
District's covered-employee payroll	\$1,006,044
Contributions as a percentage of covered-employee payroll	8%

FALCON FIRE PROTECTION DISTRICT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY/(ASSET) AND RELATED RATIOS MULTI-YEAR
 Last 10 Fiscal Years (As Available)

Measurement period ending December 31,	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Total Pension Liability	-	-	-	-	-	-	-	-	-	-
Service Cost	62,377	55,748	-	-	-	-	-	-	-	-
Interest on the Total Pension Liability	-	122,774	-	-	-	-	-	-	-	-
Benefit Changes	-	(434)	-	-	-	-	-	-	-	-
Difference Between Expected and Actual Experience	-	-	-	-	-	-	-	-	-	-
Assumption Changes	(90,122)	(89,286)	-	-	-	-	-	-	-	-
Benefit Payments	(27,745)	88,802	-	-	-	-	-	-	-	-
Net Change in Total Pension Liability	875,938	787,136	-	-	-	-	-	-	-	-
Total Pension Liability – Beginning	848,193	875,938	-	-	-	-	-	-	-	-
Total Pension Liability – Ending	-	-	-	-	-	-	-	-	-	-
Plan Fiduciary Net Position	-	-	-	-	-	-	-	-	-	-
Employer Contributions	20,000	20,000	-	-	-	-	-	-	-	-
Pension Plan Net Investment Income	11,729	42,479	-	-	-	-	-	-	-	-
Benefit Payments	(90,122)	(89,286)	-	-	-	-	-	-	-	-
Pension Plan Administrative Expense	(3,221)	(1,359)	-	-	-	-	-	-	-	-
State of Colorado Supplemental Discretionary Payment	11,340	11,340	-	-	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	(50,274)	(16,826)	-	-	-	-	-	-	-	-
Plan Fiduciary Net Position – Beginning	651,431	668,257	-	-	-	-	-	-	-	-
Plan Fiduciary Net Position – Ending	601,157	651,431	-	-	-	-	-	-	-	-
Net Pension Liability/(Asset) – Ending	247,036	224,507	-	-	-	-	-	-	-	-
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	70.88%	74.37%	-	-	-	-	-	-	-	-
Covered Employee Payroll	N/A	N/A	-	-	-	-	-	-	-	-
Net Pension Liability as a Percentage of Covered Employee Payroll	N/A	N/A	-	-	-	-	-	-	-	-

**FALCON FIRE PROTECTION DISTRICT
VOLUNTEER SCHEDULE OF CONTRIBUTIONS MULTI-YEAR
LAST 10 YEARS
For the Year Ended DECEMBER 31, 2016**

<u>FY Ended December 31,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Actual Contribution as a % of Covered Payroll</u>
2015	13,358	31,340	(17,982)	N/A	N/A
2014	13,358	31,340	(17,982)	N/A	N/A
2013	-	-	-	-	-
2012	-	-	-	-	-
2011	-	-	-	-	-
2010	-	-	-	-	-
2009	-	-	-	-	-
2008	-	-	-	-	-
2007	-	-	-	-	-
2006	-	-	-	-	-

* Includes both employer and State of Colorado Supplemental Discretionary Payment.