

**Greater Eagle Fire Protection District
Eagle, Colorado**

**Financial Statements
December 31, 2016**



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**Greater Eagle Fire Protection District
Financial Report
December 31, 2016**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors Greater Eagle Fire Protection District

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

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.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Greater Eagle Fire Protection District, as of December 31, 2016, and the respective changes in financial position thereof and the respective budgetary comparisons for the general fund and the special revenue (impact fee) fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis in Section B, the Pension Trust Schedules of Funding Progress and Employer Contributions in Section E 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 Management's Discussion and Analysis in Section B, the Pension Trust Schedules of Funding Progress and Employer Contributions in Section E 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The individual fund budgetary comparison information in Section F is presented for purposes of additional analysis and is not a required part of the basic financial statements. The individual fund budgetary comparison is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

McMahan and Associates, L.L.C.

**McMahan and Associates, L.L.C.
May 17, 2017**

MANAGEMENT'S DISCUSSION AND ANALYSIS



Greater Eagle Fire Protection District

Management's Discussion and Analysis

December 31, 2016

As management of Greater Eagle Fire Protection District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2016.

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 are comprised of four components: 1) government-wide financial statements; 2) fund financial statements; 3) notes to the financial statements; and 4) required supplementary information.

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. Current year to prior year comparisons are presented below to help users evaluate the results of the District over the past two years.

The Statement of Net Position presents information on all the District's assets, deferred outflows, liabilities, and deferred inflows, 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 is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The governmental activities of the District relate to the general operations of the District and related equipment and facilities. The government-wide financial statements can be found on pages C1 and C2 of this report.

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

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, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term 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. The governmental funds provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Fiduciary fund: Fiduciary funds are used to account for funds held by the District for the benefit of other parties. The District uses a Pension Trust Fund to report the investments of the volunteer pension, the balances of which are held in trust for the beneficiaries. Since the balances reported in this fund are not for the benefit of the District they are not reported in the government-wide financial statements.

The District adopts an annual appropriated budget for each of its funds. A budgetary comparison statement has been provided for the General Fund, Impact Fund, Capital Fund, and Pension Trust Fund on pages C3 through C5 and F1 and F2 of this report to demonstrate compliance with these budgets.

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 starting on page D1 of this report.

Government-wide Financial Analysis: The following table shows a condensed statement of net position as of December 31, 2016 and December 31, 2015 derived from the government-wide financial statements.

**Greater Eagle Fire Protection District
Net Position**

	<u>Governmental Activities</u>	
	<u>2016</u>	<u>2015</u>
Assets:		
Current assets	4,999,517	5,293,880
Capital assets & deferred outflows	2,413,487	2,567,903
Total Assets & Def Outflows	7,413,004	7,861,783
Liabilities and Deferred Inflows:		
Current liabilities & deferred inflows	2,039,996	2,051,444
Long-term liabilities & deferred inflows	3,295	420,945
Total Liabilities & Def Inflows	2,043,291	2,472,389
Net Position:		
Net invested in capital assets	2,094,778	1,847,965
Restricted	761,476	1,069,059
Unrestricted	2,513,459	2,472,370
Total Net Position	5,369,713	5,389,394

The net asset balance for the investment in capital assets, net of related debt represents the land, buildings, vehicles, and equipment, net of the related debt owed from financing such assets. The District uses these assets to provide services to its citizens. Accordingly, these assets are not an available source for payment of future spending. A significant portion of the District's net position is reflected as restricted, the details of restrictions are presented at page C1. The District also has significant unrestricted net position which can be used for any lawful purpose of the District.

At the end of the current fiscal year, the District has positive net position in all categories.

The changes in net position for the years ended December 31, 2016 and December 31, 2015 is summarized in the following table:

**Greater Eagle Fire Protection District
Change in Net Position**

	<u>Governmental Activities</u>	
	<u>2016</u>	<u>2015</u>
Revenues:		
Property & Other Taxes	1,992,686	1,727,029
Resource Assignments	-	-
Interest and other income	131,690	197,589
Total Revenues	2,124,376	1,924,618
Expenses:		
Operations	459,110	550,947
Administration	234,174	262,813
Personnel	1,436,961	1,442,950
Interest	13,812	11,545
Total Expenses	2,144,057	2,268,255
Change in Net Position	(19,681)	(343,637)
Net Position- Beginning	5,389,394	5,487,540
Prior Period Adjustment	-	245,491
Net Position- Beginning (Restated)	-	5,733,031
Net Position- Ending	5,369,713	5,389,394

In 2016 and 2015 the District had a minor net loss as expenses exceeded revenues.

Financial Analysis of the Districts Funds

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

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

General Fund revenues exceeded expenditures in 2016 by \$32,236, which was primarily due to less than budgeted expenditures in fire operations.

Capital Fund expenditures exceeded revenues by \$218,492 primarily due to paying off the District's debt. This fund has significant fund balances for this purpose since its only source of revenue is transfers from other funds as their proportionate share of capital costs and debt service.

Impact Fee Fund expenditures exceeded revenues by \$104,520 primarily due to the transfer of funds to the Capital Fund to pay off the District's debt.

Fiduciary Funds: The Volunteer Pension Fund Net Position increased \$32,184 during the fiscal year and according to the actuarial study, as of December 31, 2016, the Volunteer Pension fund was actuarially sound.

Budget variances: The General Fund expenditures were less than budget primarily due to savings in fire operations. The Capital and Impact Funds budgets were amended to account for paying off the remaining balance of the District's long-term leases ahead of schedule to save the District money on future interest costs. Budget to actual statements for the each of the funds can be found on pages C3 through C5 and F1 through F2 of this report.

Capital assets: The Districts total net capital assets decreased by \$169,781 due to capital additions being less than depreciation expense. Additional information as well as a detailed classification of the Districts net capital assets can be found in Note C to the Financial Statements on page D11 of this report.

Long-term debt: The District paid off the capital lease ahead of schedule which leaves the District with no remaining debt other than compensated absences for accrued but unpaid employee vacation time. Details regarding the Districts long-term debt are located in Note D beginning on page D12 of this report.

Request for Information: This financial report is designed to provide a general overview of the Districts finances for all those with an interest in the governments finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Greater Eagle Fire Protection District, c/o Marchetti & Weaver, LLC, 28 Second Street, Suite 213, Edwards, CO 81632, (970) 926-6060.

GOVERNMENT-WIDE FINANCIAL STATEMENTS



Greater Eagle Fire Protection District
Balance Sheet/Statement of Net Position
December 31, 2016

	Primary Government				Adjustments	Statement of Net Position	Component Unit
	General Fund	Impact Fee Fund	Capital Fund	Total			Total
Assets:							
Cash and cash equivalents	2,246,558	82,125	41,333	2,370,016	-	2,370,016	59,524
Investments	392,102	50,019	199,437	641,558	-	641,558	-
Assessed taxes receivable	1,916,947	-	-	1,916,947	-	1,916,947	-
Property taxes receivable	8,078	-	-	8,078	-	8,078	-
Other receivables, net of allowance	850	-	-	850	-	850	-
Prepaid expenses	62,068	-	-	62,068	-	62,068	-
Due from (to) other funds	(2,315,230)	563,341	1,751,889	-	-	-	-
Net pension asset - cost share plan	-	-	-	-	2,791	2,791	-
Nondepreciable capital assets	-	-	-	-	90,000	90,000	-
Depreciable capital assets, net of accumulated depreciation	-	-	-	-	2,004,778	2,004,778	-
Total Assets	<u>2,311,373</u>	<u>695,485</u>	<u>1,992,659</u>	<u>4,999,517</u>	<u>2,097,569</u>	<u>7,097,086</u>	<u>59,524</u>
Deferred Outflows of Resources:							
Pension related deferred outflows	-	-	-	-	315,918	315,918	-
Total Deferred Outflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>315,918</u>	<u>315,918</u>	<u>-</u>
Total Assets and Deferred Outflow of Resources	<u>2,311,373</u>	<u>695,485</u>	<u>1,992,659</u>	<u>4,999,517</u>	<u>2,413,487</u>	<u>7,413,004</u>	
Liabilities:							
Accounts payable	34,987	-	-	34,987	-	34,987	-
Accrued compensation	37,874	-	-	37,874	50,188	88,062	-
Total Liabilities	<u>72,861</u>	<u>-</u>	<u>-</u>	<u>72,861</u>	<u>50,188</u>	<u>123,049</u>	<u>-</u>
Deferred Inflow of Resources:							
Unavailable property tax revenue	1,916,947	-	-	1,916,947	-	1,916,947	-
Pension related deferred inflows	-	-	-	-	3,295	3,295	-
Total Deferred Inflow of Resources:	<u>1,916,947</u>	<u>-</u>	<u>-</u>	<u>1,916,947</u>	<u>3,295</u>	<u>1,920,242</u>	<u>-</u>
Fund Balances/Net Position:							
Fund balance:							
Non-spendable	62,068	-	-	62,068	(62,068)		
Restricted for emergency	63,200	-	-	63,200	(63,200)		
Assigned for Impact Activity	-	695,485	-	695,485	(695,485)		
Assigned for Capital Projects	-	-	1,992,659	1,992,659	(1,992,659)		
Unassigned	196,297	-	-	196,297	(196,297)		
Total fund balance	<u>321,565</u>	<u>695,485</u>	<u>1,992,659</u>	<u>3,009,709</u>	<u>(3,009,709)</u>		
Total Liabilities, Deferred Inflow of Resources and Fund Balance	<u>2,311,373</u>	<u>695,485</u>	<u>1,992,659</u>	<u>4,999,517</u>			
Net Position:							
Net investment in capital assets					2,094,778	2,094,778	-
Restricted for emergency					63,200	63,200	-
Restricted for net pension asset					2,791	2,791	-
Restricted for impact activity					695,485	695,485	-
Unrestricted					2,513,459	2,513,459	59,524
Total Net Position					<u>5,369,713</u>	<u>5,369,713</u>	<u>59,524</u>

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

**Greater Eagle Fire Protection District
Statement of Revenues, Expenditures and
Changes in Fund Balances/Statement of Activities
For the Year Ended December 31, 2016**

	Primary Government					Statement of	Component
	General Fund	Impact Fee Fund	Capital Fund	Total	Adjustments	Activities	Unit Total
Revenues:							
Property taxes	1,902,249	-	-	1,902,249	-	1,902,249	-
Specific ownership taxes	90,437	-	-	90,437	-	90,437	-
Plan review fees	8,233	-	-	8,233	-	8,233	-
Impact fees	-	34,926	-	34,926	-	34,926	-
Investment income	10,356	11,196	22,890	44,442	-	44,442	-
Lease revenue	19,008	-	-	19,008	-	19,008	-
Grants and contributions	21	-	-	21	-	21	-
Resource assignment income	459	-	-	459	-	459	-
Other operating income	3,901	-	-	3,901	-	3,901	4,991
Total Revenues	<u>2,034,664</u>	<u>46,122</u>	<u>22,890</u>	<u>2,103,676</u>	<u>-</u>	<u>2,103,676</u>	<u>4,991</u>
Expenditures/Expenses:							
Operations	256,308	-	-	256,308	177,723	434,031	9,754
Administration	234,174	-	-	234,174	-	234,174	-
Personnel	1,461,243	-	-	1,461,243	(24,282)	1,436,961	-
Capital outlay	-	-	33,022	33,022	(7,943)	25,079	-
Debt service:							
Principal	-	-	416,593	416,593	(416,593)	-	-
Interest	-	-	13,812	13,812	-	13,812	-
Total Expenditures/Expenses	<u>1,951,725</u>	<u>-</u>	<u>463,427</u>	<u>2,415,152</u>	<u>(271,095)</u>	<u>2,144,057</u>	<u>9,754</u>
Excess (Deficiency) of Revenues Over Expenditures	82,939	46,122	(440,537)	(311,476)	271,095	(40,381)	(4,763)
Other Financing (Uses):							
Transfer In (Out)	(50,703)	(150,642)	201,345	-	-	-	-
Sale of capital asset	-	-	20,700	20,700	-	20,700	-
Total Other Financing (Uses)	<u>(50,703)</u>	<u>(150,642)</u>	<u>222,045</u>	<u>20,700</u>	<u>-</u>	<u>20,700</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Financing (Uses)	32,236	(104,520)	(218,492)	(290,776)	290,776		
Change in Net Position					(19,681)	(19,681)	(4,763)
Fund Balance / Net Position:							
January 1 (as restated)	289,329	800,005	2,211,151	3,300,485	2,088,909	5,389,394	64,287
December 31	<u>321,565</u>	<u>695,485</u>	<u>1,992,659</u>	<u>3,009,709</u>	<u>2,360,004</u>	<u>5,369,713</u>	<u>59,524</u>

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

FUND FINANCIAL STATEMENTS



Greater Eagle Fire Protection District
Statement of Revenues and Expenditures and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended December 31, 2016
(With Comparative Totals For the Year Ended December 31, 2015)

	2016			Final Budget Variance Positive (Negative)	2015
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Property taxes	1,904,051	1,904,051	1,902,249	(1,802)	1,642,788
Specific ownership taxes	76,401	76,401	90,437	14,036	84,241
Plan review fees	3,000	3,000	8,233	5,233	7,190
Investment income	3,600	3,600	10,356	6,756	5,186
Lease revenue	19,008	19,008	19,008	-	16,704
Service income	2,000	2,000	-	(2,000)	798
Grants and contributions	-	-	21	21	50
Resource assignment income	-	-	459	459	-
Other operating income	22,475	22,475	3,901	(18,574)	24,071
Total Revenues	<u>2,030,535</u>	<u>2,030,535</u>	<u>2,034,664</u>	<u>4,129</u>	<u>1,781,028</u>
Expenditures:					
Operations:					
Fire fighting	125,753	125,753	68,835	56,918	86,506
Apparatus	70,000	70,000	56,950	13,050	50,444
Communication	52,665	52,665	49,769	2,896	47,283
Fire prevention	9,928	9,928	5,023	4,905	4,874
Insurance	35,888	35,888	30,579	5,309	31,073
General overhead	54,600	54,600	45,152	9,448	60,262
Resource assignment	-	-	-	-	419
Total Operations	<u>348,834</u>	<u>348,834</u>	<u>256,308</u>	<u>92,526</u>	<u>280,861</u>
Administration:					
Professional services	120,450	120,450	128,479	(8,029)	176,164
Board administration	10,280	10,280	8,818	1,462	7,386
Office equipment	21,025	21,025	12,347	8,678	9,741
General overhead	28,864	28,864	24,777	4,087	18,716
Treasurer's fees	57,302	57,302	57,212	90	49,405
Travel	-	-	1,400	(1,400)	90
Miscellaneous	1,500	1,500	1,141	359	1,311
Total Administration	<u>239,421</u>	<u>239,421</u>	<u>234,174</u>	<u>5,247</u>	<u>262,813</u>
Personnel:					
Payroll and benefits	1,309,098	1,309,098	1,306,157	2,941	1,358,981
Insurance	67,595	67,595	47,934	19,661	46,735
Volunteers	34,560	34,560	41,138	(6,578)	36,937
Pension	68,146	68,146	66,014	2,132	61,815
Total Personnel	<u>1,479,399</u>	<u>1,479,399</u>	<u>1,461,243</u>	<u>18,156</u>	<u>1,504,468</u>

(Continued)

Greater Eagle Fire Protection District
Statement of Revenues and Expenditures and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended December 31, 2016
(With Comparative Totals For the Year Ended December 31, 2015)
(Continued)

	2016			Final Budget Variance Positive (Negative)	2015
	Original Budget	Final Budget	Actual		Actual
Expenditures (continued):					
Total Expenditures	2,067,654	2,067,654	1,951,725	115,929	2,048,142
Excess (Deficiency) of Revenues Over Expenditures	(37,119)	(37,119)	82,939	120,058	(267,114)
Other Financing Sources (Uses):					
Transfers out	(50,703)	(50,703)	(50,703)	-	(50,703)
Sale of capital asset	-	-	-	-	48
Total Other Financing Sources (Uses):	(50,703)	(50,703)	(50,703)	-	(50,655)
Net Change in Fund Balance	(87,822)	(87,822)	32,236	120,058	(317,769)
Fund Balance - January 1	175,143	175,143	289,329	114,186	607,098
Fund Balance - December 31	87,321	87,321	321,565	234,244	289,329

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

Greater Eagle Fire Protection District
Statement of Revenues and Expenditures and Changes in Fund Balance - Budget and Actual
Special Revenue (Impact Fee) Fund
For the Year Ended December 31, 2016
(With Comparative Totals For the Year Ended December 31, 2015)

	<u>2016</u>			Final Budget Variance Positive (Negative)	<u>2015</u>
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Intergovernmental - Impact fees	7,500	7,500	34,926	27,426	54,707
Investment income	1,000	1,000	11,196	10,196	5,903
Total Revenues	<u>8,500</u>	<u>8,500</u>	<u>46,122</u>	<u>37,622</u>	<u>60,610</u>
Expenditures:					
Capital outlay	9,870	-	-	-	-
Total Expenditures	<u>9,870</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,370)	8,500	46,122	37,622	60,610
Other Financing Sources (Uses):					
Transfers out	(27,301)	(150,750)	(150,642)	108	(27,301)
Total Other Financing Sources (Uses):	<u>(27,301)</u>	<u>(150,750)</u>	<u>(150,642)</u>	<u>108</u>	<u>(27,301)</u>
Net Change in Fund Balances	(28,671)	(142,250)	(104,520)	37,730	33,309
Fund Balance - January 1	<u>802,858</u>	<u>802,858</u>	<u>800,005</u>	<u>(2,853)</u>	<u>766,696</u>
Fund Balance - December 31	<u>774,187</u>	<u>660,608</u>	<u>695,485</u>	<u>34,877</u>	<u>800,005</u>

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

**Greater Eagle Fire Protection District
Statement of Fiduciary Net Position
Pension Trust Fund
For the Year Ended December 31, 2016**

Assets:

Investments at fair value:	
Group annuity contracts on equity index account	<u>722,911</u>
Total Assets	<u><u>722,911</u></u>

Net Position:

Held in trust for pension benefits and administration	<u>722,911</u>
Total Net Position	<u><u>722,911</u></u>

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

**Greater Eagle Fire Protection District
Statement of Changes in Fiduciary Net Position
Pension Trust Fund
For the Year Ended December 31, 2016**

Additions:	
State grant	15,243
Investment income	20,437
District contribution/transfer	20,216
Cash Surrender of Life Insurance	1,059
Total Additions	<u>56,955</u>
Deductions:	
Administration	3,356
Benefits	21,415
Total Deductions	<u>24,771</u>
Change in Net Position	32,184
Net Position - January 1	<u>690,727</u>
Net Position - December 31	<u><u>722,911</u></u>

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

**Greater Eagle Fire Protection District
Statement of Net Position
Component Unit
December 31, 2016**

	Eagle Volunteer Fire Department
Assets:	
Current:	
Cash and investments - Unrestricted	<u>59,524</u>
Total Assets	<u><u>59,524</u></u>
Liabilities and Net Position:	
Net Position:	
Unrestricted	<u>59,524</u>
Total Liabilities and Net Position	<u><u>59,524</u></u>

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

**Greater Eagle Fire Protection District
Statement of Revenues, Expenses
and Changes in Net Position
Component Unit
For the Year Ended December 31, 2016**

	<u>Eagle Volunteer Fire Department</u>
Operating Revenues:	
Donations/fundraising	4,991
Total Operating Revenues	4,991
Operating Expenses:	
Operations and maintenance	9,754
Total Operating Expense	9,754
Change in Net Position	(4,763)
Net Position - January 1	64,287
Net Position - December 31	59,524

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

NOTES TO THE FINANCIAL STATEMENTS



Greater Eagle Fire Protection District
Notes to the Financial Statements
December 31, 2016

I. Summary of Significant Accounting Policies

The Greater Eagle Fire Protection District (the "District") is a quasi-municipal corporation organized and operated pursuant to provisions set forth in the Colorado Special District Act. The District was established to provide fire protection within its boundaries, which are located in Eagle County, Colorado.

The financial statements of the District have been prepared in conformity with U.S. generally accepted accounting principles ("GAAP") as applied to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant aspects of the government's accounting policies are described below.

A. Reporting Entity/Component Unit

The reporting entity consists of (a) the primary government; i.e., the District, and (b) organizations for which the District is financially accountable. The District is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the District. Consideration is also given to other organizations which are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the District. Organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

As a result, the Eagle Volunteer Fire Department organization ("Volunteer Organization") is included in these financial statements as a component unit, as the sole purpose of the Volunteer Organization is to aid the District with needed funding to carry out operations.

B. Government-wide and Fund Financial Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type.

1. Government-wide Financial Statements

In the government-wide Statement of Net Position, the governmental activities columns are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in three parts – net investment in capital; restricted and unrestricted net position.

The government-wide focus is on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

2. Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflows, liabilities, deferred inflows, reserves, fund equity, revenues and expenditures/expenses. The fund focus is on current available resources and budget compliance.

Greater Eagle Fire Protection District
Notes to the Financial Statements
December 31, 2016
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

2. Fund Financial Statements (continued)

The District reports the following governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources not required to be accounted for in another fund.

The *Special Revenue Fund (Impact Fee Fund)* accounts for impact fees collected for legally restricted expenditures to provide the facilities necessary to accommodate growth within the District's boundaries.

The *Capital Fund* is used to account for apparatus replacements and capital projects.

The District reports the following fiduciary fund which is not included in the government-wide statements since the resources of the fund are not available to the District:

The *Pension Trust Fund* accounts for the volunteer pension investments.

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

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures or expenses are recognized in the accounts and reported in the financial statements.

1. Long-term Economic Focus and Accrual Basis

Governmental activities in the government-wide financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

2. Current Financial Focus and Modified Accrual Basis

The governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter (60 days) to be used to pay liabilities of the current period. Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, if any, is recognized when due.

Greater Eagle Fire Protection District
Notes to the Financial Statements
December 31, 2016
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts

1. Cash and Cash Equivalents

Cash and cash equivalents are defined as deposits that can be withdrawn at any time without notice or penalty and investments with maturities of three months or less.

Investments are stated at fair value. The change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

The District's investment policy permits investments in the following type of obligations which corresponds with state statutes:

- U.S. Treasury Obligations
- Federal Instrumentality Securities
- FDIC-insured Certificates of Deposit
- Corporate Bonds
- Prime Commercial Paper
- Eligible Bankers Acceptances
- Repurchase Agreements
- General Obligations and Revenue Obligations
- Local Government Investment Pools
- Money Market Mutual Funds

2. Restricted and Unrestricted 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.

3. Receivables

Receivables are reported net of an allowance for uncollectible accounts.

4. Property Taxes

Property taxes are assessed in one year as a lien on the property, but not collected by the governmental entities until the subsequent year. In accordance with generally accepted accounting principles, the assessed but uncollected property taxes have been recorded as a receivable and as deferred revenue.

5. Capital Assets

Capital assets, which include land, buildings, equipment, and vehicles, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost.

**Greater Eagle Fire Protection District
Notes to the Financial Statements
December 31, 2016
(Continued)**

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

5. Capital Assets (continued)

Capital expenditures for projects are capitalized when construction in progress is complete.

Buildings, vehicles and equipment are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	40
Vehicles	15
Fire equipment (excluding vehicles)	5-10
Office equipment	5

6. Pensions

The District participates in the Statewide Defined Benefit Plan (the "SWDB") administered by the Fire and Police Pension Association of Colorado ("FPPA"). The Statewide Defined Benefit Plan is a cost-sharing multiple-employer defined benefit plan. The District also sponsors a single employer defined benefit plan for its volunteer firefighters. The net pension asset (liability), 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 plans 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.

7. Compensated Absences

Earned but unused paid time off 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. Compensated absences are being paid from the General Fund.

8. Deferred Outflows and 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 one item that qualifies for reporting in this category, which is the pension-related deferred outflow reported in the government-wide statement of net position.

Greater Eagle Fire Protection District
Notes to the Financial Statements
December 31, 2016
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

8. Deferred Outflows and Inflows of Resources (continued)

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 two items that qualify for this type of reporting, pension-related deferred inflows and unavailable revenues from property taxes.

9. Fund Balance

The District classifies governmental fund balances as follows:

Non-spendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority which is the Board of Directors.

Assigned – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Board of Directors or its management designee.

Unassigned - includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The District uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the District first uses committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The District does not have a formal minimum fund balance policy. However, the District's budget includes a calculation of a targeted reserve positions and management calculates targets and reports them annually to Board of Directors.

Greater Eagle Fire Protection District
Notes to the Financial Statements
December 31, 2016
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

10. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures or expenses initially made from it that are properly applicable to another fund, are recorded as expenditures or expenses in the reimbursing fund and as reductions of expenditures or expenses in the fund that is reimbursed. All reimbursements are reported as transfers.

E. Significant Accounting Policies

1. Use of Estimates

The preparation of financial statements to conformity with U.S. 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 amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

II. Reconciliation of Government-wide and Fund Financial Statements

A. Explanation of differences between the governmental fund Balance Sheet and the government-wide Statement of Net Position

The governmental fund Balance Sheet and the government-wide Statement of Net Position includes a reconciling column. One element of the reconciling column accounts for capital assets used in governmental activities that are not financial resources and, therefore, are not reported in the funds. \$2,094,778 represents the net book value of capital assets of \$4,514,396 net of accumulated depreciation of \$2,419,618 at December 31, 2016. Another adjustment represents the net pension asset of \$2,791, representing the District's portion of the net pension asset of the cost-sharing multiple-employer defined benefit plan. This adjustment is required because long-term assets are not available for current period expenditures and therefore are not reported in the funds.

Another element of the reconciliation represents long-term liabilities that are not due and payable in the current period and, therefore, are not reported in the funds. The \$50,188 represents additional accrued compensation.

Deferred outflows of, \$315,918, and deferred inflows of, \$3,295, related to the District's pension plans, adjusted for changes in pension related actuarial assumptions, proportion of collective pension amounts, differences between actual and expected experience and investment earnings, and differences between actual and annualized contributions to the pension plan, are amortized over the average remaining service life of active and inactive plan participants.

Greater Eagle Fire Protection District
Notes to the Financial Statements
December 31, 2016
(Continued)

II. Reconciliation of Government-wide and Fund Financial Statements (continued)

B. Explanation of differences between the governmental fund Statement of Revenue, Expenditures and Changes in Fund Balance and the government-wide Statement of Activities

The governmental fund Statement of Revenue, Expenditures and Changes in Fund Balances and the government-wide Statement of Activities includes a reconciling column. One element of the reconciliation column accounts for governmental funds reporting capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Depreciation expense of \$170,507 and loss on disposal of capital assets of \$7,216 are reported. Additionally, the adjustment for capital outlay is \$7,943.

Additionally, a change to personnel costs of \$(24,282) is due the change in the accrual for accrued compensation which resulted in an adjustment of \$(7,861) and the net adjustment for pension expense (revenue) of \$(16,421).

Another element of the reconciling column accounts for debt activity. Repayment of principal debt is reported as expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. The District's principal repayment included \$416,593 which paid off the remaining balance for the lease purchase agreement.

III. Stewardship, Compliance, and Accountability

A. Budgets and Budgetary Accounting

In the fall of each year, the District's Board of Directors formally adopts a budget with appropriations by fund for the ensuing year pursuant to the Colorado Local Budget Law. The budget for the governmental fund and the fiduciary fund are adopted on a basis consistent with U.S. generally accepted accounting principles (GAAP).

- (1) For the 2016 budget, prior to August 25, 2015, the County Assessor sent to the District a certified assessed valuation of all taxable property within the District's boundaries. The County Assessor may change the assessed valuation on or before December 10, 2015 only once by a single notification to the District.
- (2) On or before October 15, 2015 the District's accountant submitted to the District's Board of Directors a recommended budget which detailed the necessary property taxes needed along with other available revenues to meet the District's operating requirements.
- (3) For the 2016 budget, prior to December 15, 2015, the District computed and certified to the County Commissioners a rate of a levy that derived the necessary property taxes as computed in the proposed budget.

Greater Eagle Fire Protection District
Notes to the Financial Statements
December 31, 2016
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

A. Budgets and Budgetary Accounting (continued)

- (4) After a required publication of "Notice of Proposed Budget" and a public hearing, the District adopted the proposed budget and an appropriating resolution, which legally appropriated expenditures for the upcoming year.
- (5) After adoption of the budget resolution, the District may make the following changes: (a) it may transfer appropriated monies between funds or between spending agencies within a fund, as determined by the original appropriation level; (b) supplemental appropriations to the extent of revenues in excess of the estimated in the budget; (c) emergency appropriations; and (d) reduction of appropriations for which originally estimated revenues are insufficient.
- (6) All appropriations lapse at a year-end.

Taxes levied in one year are collected in the succeeding year. Thus taxes certified in 2015 were collected in 2016 and taxes certified in 2016 will be collected in 2017. Taxes are due on January 1st in the year of collection; however, they may be paid in either one installment (no later than April 30th) or two equal installments (not later than February 28th and June 15th) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 15th.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the District because it is at present considered not necessary to assure effective budgetary control or to facilitate effective cash planning and control.

B. TABOR Amendment - Revenue and Spending Limitation Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding section 20, commonly known as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax and debt limitation which apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increases, a mill levy above that of the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending (excluding bonded debt service) for the fiscal year ended December 31, 2016. The District has reserved a portion of its December 31, 2016, year-end fund balance in the General Fund for emergencies as required under TABOR in the amount of \$63,200, which is the approximate required reserve at December 31, 2016.

**Greater Eagle Fire Protection District
Notes to the Financial Statements
December 31, 2016
(Continued)**

III. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment - Revenue and Spending Limitation Amendment (continued)

The initial base for local government spending and revenue limits is December 31, 1992, fiscal year spending. Future spending and revenue limits are determined based on the prior year's fiscal year spending adjusted for inflation in the prior calendar year plus annual local growth. Fiscal year spending is generally defined as expenditures and reserve increases with certain exceptions. Revenue, if any, in excess of the fiscal year spending limit must be refunded in the next fiscal year unless voters approve retention of such revenue.

In May 2006, the District's electorate approved an increase to the District's annual ad valorem property tax mill levy to allow up to a total of 10 mills and approved an exemption from the TABOR limitation on revenue.

The District's management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

IV. Detailed Notes on All Funds

A. Deposits and Investments

Pursuant to its charter, the District has adopted, by ordinance, an investment policy governing the types of institutions and investments with which it may deposit funds and transact business. Under this policy, the District may invest in federally insured banks, debt obligations of the U. S. Government, its agencies and instrumentalities, governmental mutual fund and pools including 2a7-like pools, and repurchase agreements subject to policy requirements.

The District's deposits are entirely covered by federal depository insurance ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first \$250,000 of balances of the District's deposits at each financial institution. Deposit balances over \$250,000 are collateralized as required by PDPA. At year end, the District had the following deposits, investments and maturities:

	Standard and Poor's Rating	Carrying amounts	Maturities	
			Less than one year	Less than five years
Deposits:				
Checking	Not rated	\$ 123,128	-	-
Savings and money market	Not rated	139,888	-	-
Investments:				
Certificates of Deposit	Not rated	2,107,000	-	2,107,000
Investment pools	AAA-m	641,558	641,558	-
		<u>\$ 3,011,574</u>	<u>641,558</u>	<u>2,107,000</u>

Greater Eagle Fire Protection District
Notes to the Financial Statements
December 31, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

The District's holdings in investment pools are comprised of balances with COLOTRUST, which is an investment vehicle, established for local government entities in Colorado to pool surplus funds. They operate similarly to money market funds, whereby each share is equal in value to \$1. Investments of the trusts consist of U. S. Treasury bills, notes and note strips, and repurchase agreements collateralized by U. S. Treasury securities. The District has no regulatory oversight for the pools.

There were no investments as of December 31, 2016 requiring disclosure of the fair value hierarchy.

Interest Rate Risk: As a means of limiting its exposure to interest rate risk, the District diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer. The District coordinates its investments maturities to closely match cash flow needs and restricts the maximum investments term to less than five years from the purchase date. As a result of the limited length on maturities, the District has limited its interest rate risk.

Credit Risk: State law and District policy limit investments to those authorized by State statutes including U.S. Agencies and 2a7-like pools. The District's general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would expect to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

Concentration of Credit Risk: The District diversifies its investments by security type and institution. Investment may only be made in those financial institutions which are insured by the Federal Deposit Insurance Corporation, the Federal Home Mortgage Association, the Federal Savings and Loan Insurance Corporation, congressionally authorized mortgage lenders and investments that are federally guaranteed. Financial institutions holding District funds must provide the District with a statement of collateral in the form of a listing of securities pledged, and a copy of the certificate from the Banking Authority that states that the institution is an eligible depository.

B. Receivables

The District had the following receivables, net of applicable uncollectible accounts:

	General Fund
Current Receivables:	
Property taxes, net	\$ 1,925,025
Accrued interest receivable	850
Gross Receivables	1,925,875
Less: Allowance for uncollectible	-
Total per Government-wide Financial Statements	\$ 1,925,875

Greater Eagle Fire Protection District
Notes to the Financial Statements
December 31, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

B. Receivables (continued)

Governmental funds report unearned revenue in connection with receivables for inflows of resources that are not considered to be available to liquidate liabilities of the current period. Unearned revenue is comprised of the following:

	General Fund
Deferred Inflow of Resources:	
Unavailable property tax revenue	\$ 1,916,947

C. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 90,000	-	-	90,000
Total capital assets, not being depreciated	90,000	-	-	90,000
Capital assets, being depreciated:				
Fire stations and improvements	1,061,688	-	-	1,061,688
Vehicles	2,933,986	-	(16,659)	2,917,327
Equipment	437,438	7,943	-	445,381
Total capital assets, being depreciated	4,433,112	7,943	(16,659)	4,424,396
Less accumulated depreciation for:				
Fire stations and improvements	358,087	30,028	-	388,115
Vehicles	1,617,388	115,371	(9,442)	1,723,317
Equipment	283,078	25,108	-	308,186
Total accumulated depreciation	2,258,553	170,507	(9,442)	2,419,618
Total capital assets, being depreciated, net	2,174,559	(162,564)	(7,217)	2,004,778
Total capital assets, net	\$ 2,264,559	(162,564)	(7,217)	2,094,778

Depreciation expense was charged to functions of the District as follows:

Operations	\$ 170,507
	\$ 170,507

Greater Eagle Fire Protection District
Notes to the Financial Statements
December 31, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

D. Long-term Obligations

1. Lease and Purchase Option Agreement 2013

On June 7, 2013 the District entered into a lease and purchase option agreement with Alpine Bank the proceeds of which paid a portion of the 2009 Lease and Purchase Option Agreement with the remainder paid using cash reserves of the District. The Alpine Bank lease is \$625,000 with an interest rate of 2.39% to lease two fire trucks. The lease calls for annual payments of \$78,004 due July 1st beginning 2013 and ending 2021. At the end of the term of the lease, all rights, titles, and interest of the fire trucks will be conveyed to the District upon payment of \$1. During 2016 the District paid in full the remaining outstanding balance of \$416,593.

2. Changes in Long-term Obligations

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Lease purchase-2013	\$ 416,593	-	(416,593)	-	-
Compensated absences	58,049	-	(7,861)	50,188	-
	<u>\$ 474,642</u>	<u>-</u>	<u>(424,454)</u>	<u>50,188</u>	<u>-</u>

E. Interfund Activity

Transfers between funds are as follows on the fund financials:

<u>Transferred From:</u>	<u>Transferred To:</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Capital Fund	\$ 50,703	Capital reserve funding
Impact Fee Fund	Capital Fund	150,642	A portion of lease purchase payments and capital outlay
Total		<u>\$ 201,345</u>	

Balances due between funds at December 31, 2016 are as follows:

<u>Due to:</u>	<u>Due from:</u>	<u>Amount</u>	<u>Purpose</u>
Capital Fund	General Fund	\$ 1,567,367	Capital outlay
Impact Fee Fund	General Fund	747,863	Short-term posting
Capital Fund	Impact Fee Fund	184,522	Capital outlay
Total		<u>\$ 2,499,752</u>	

Greater Eagle Fire Protection District
Notes to the Financial Statements
December 31, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Pension Asset (Liability), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

1. FPPA Statewide Defined Benefit Plan

Plan Description: The Plan is a cost-sharing multiple-employer defined benefit pension plan covering substantially all full-time employees of participating fire or police departments in Colorado hired on or after April 8, 1978 (New Hires), provided they are not already covered by a statutorily exempt plan. As of August 1, 2003, the SWDB may include clerical and other personnel from fire districts whose services are auxiliary to fire protection.

Contributions: Determined by state statute or by election of the members, contributions are set at a level that enables all benefits to be fully funded at the retirement date of all members. Employees and employers are contributing at a rate of 8% and 8.5%, respectively of base salary for a total contribution rate of 16.5% through 2015. In 2014, the members elected to increase the member contribution rate 0.5% annually from 2015 through 2022 to a total of 12% of base salary. Employer contributions will remain at 8% resulting in a combined contribution rate of 20% in 2022. Contributions from members and employers of plans re-entering the system are established by resolution and approved by the FPPA Board of Directors. The reentry group has a combined contribution rate of 20% of base salary through 2014. It is a local decision on who pays the additional 4% contribution. Per the 2014 member election, the reentry group will also have their required member contribution rate increase 0.5% annually beginning in 2015 through 2022 for a total combined member and employer contribution rate of 24%.

Benefits: On May 23, 1983, the Colorado Revised Statutes were amended to allow the Trustees of the Plan to change the retirement age on an annual basis, depending upon the results of the actuarial valuation and other circumstances. The amended statutes state that retirement age should not be less than age 55 or more than age 60. The Trustees subsequently elected to amend the retirement provisions, effective July 1, 1983, such that any member with at least 25 years of service may retire at any time after age 55 and shall be eligible for a normal retirement pension.

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. 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.

Greater Eagle Fire Protection District
Notes to the Financial Statements
December 31, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Pension Asset (Liability), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

1. FPPA Statewide Defined Benefit Plan (continued)

Benefits (continued): In addition, upon retirement a member may receive additional benefits credited to the member's "Separate Retirement Account" each year after January 1, 1988. These are attributable to contributions in excess of the actuarially determined pension cost and the allocation of the net Fire & Police Members' Benefit Investment Fund earnings and losses thereon. Members do not vest in amounts credited to their Separate Retirement Account until retirement, and the Plan may use such stabilization reserve amounts to reduce pension cost in the event such cost exceeds contributions. It was previously mentioned that reentry members have a higher contribution rate. As a result their Separate Retirement Account ("SRA") has two components; the standard SRA and the reentry SRA.

The component of a member's SRA attributable to the higher contribution rate is considered the reentry SRA. The reentry SRA cannot be used to subsidize the costs for the non-reentry members. Effective July 1, 2014, the standard Separate Retirement Account contribution rate for members of the Statewide Defined Benefit Plan was set at 0 percent. The reentry Separate Retirement Account contribution rate was set at 3.60 percent.

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

Net Pension Asset (Liability): At December 31, 2016, the District reported an asset of \$2,791 for its proportionate share of the net pension (liability) asset. The Plan's fiduciary net position currently exceeds the total pension liability, resulting in an asset reported by the District. The net pension (liability) asset was measured at of December 31 2015, and the total pension liability used to calculate the net pension (liability) asset was determined by an actuarial valuation as of January 1, 2016. The District's proportion of the net pension (liability) asset was based on the District's contributions to the Plan for calendar year 2015, relative to the total contributions of participating employers to the Plan.

**Greater Eagle Fire Protection District
Notes to the Financial Statements
December 31, 2016
(Continued)**

IV. Detailed Notes on All Funds (continued)

F. Pension Asset (Liability), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

1. FPPA Statewide Defined Benefit Plan (continued)

Net Pension (Liability) Asset (continued): At December 31, 2015, The District's proportionate share was 0.158319%, compared to 0.187187% at December 31, 2014.

For the year ended December 31, 2016, the District recognized net pension (revenues) expense of \$(16,421).

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 22,572	3,295
Change of assumptions or other inputs	43,838	-
Net difference between projected and actual earnings on pension plan investments	142,045	-
Changes in proportionate share of contributions	41,074	-
Difference between actual and reported contributions recognized	375	-
Contributions subsequent to measurement date	66,014	-
	\$ 315,918	3,295

Contributions subsequent to the measurement date of December 31, 2015, which are reported as deferred outflows of resources related to pensions, will be recognized as an adjustment against the net pension (liability) asset in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as a component of pension expense as follows:

Year Ended December 31,	Amortization
2017	\$ (47,793)
2018	(47,793)
2019	(47,793)
2020	(44,271)
2021	(11,401)
thereafter	(47,558)
	\$ (246,609)

**Greater Eagle Fire Protection District
Notes to the Financial Statements
December 31, 2016
(Continued)**

IV. Detailed Notes on All Funds (continued)

F. Pension Asset (Liability), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

1. FPPA Statewide Defined Benefit Plan (continued)

Actuarial Assumptions: The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial Assumptions	Total Pension Liability	Actuarially Determined Contributions
	2016	2015
Actuarial Valuation Date - January 1	Entry Age	Entry Age
Actuarial method	Normal	Normal
Amortization Method	Level % of Payroll, open	Level % of Payroll, open
Amortization Period	30 years	30 years
Asset Valuation Method	5-Year Smoothed Fair Value	5-Year Smoothed Fair Value
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 (COLA)	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.

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 2015 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.

**Greater Eagle Fire Protection District
Notes to the Financial Statements
December 31, 2016
(Continued)**

IV. Detailed Notes on All Funds (continued)

F. Pension Asset (Liability), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

1. FPPA Statewide Defined Benefit Plan (continued)

Actuarial Assumptions (continued): The assumption changes were effective for actuarial valuations beginning January 1, 2016 and were used in the roll-forward calculation of total pension liability as of December 31, 2015. Actuarial assumptions effective for actuarial valuations 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 benefits 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Rate of Return</u>
Global Equity	37.00%	6.50%
Equity Long / Short	10.00%	4.70%
Illiquid Alternatives	20.00%	8.00%
Fixed Income	16.00%	1.50%
Absolute Return	11.00%	4.10%
Managed Futures	4.00%	3.00%
Cash	2.00%	0.0%*
Total	<u>100.00%</u>	

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

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the 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 liability.

**Greater Eagle Fire Protection District
Notes to the Financial Statements
December 31, 2016
(Continued)**

IV. Detailed Notes on All Funds (continued)

F. Pension Asset (Liability), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

1. FPPA Statewide Defined Benefit Plan (continued)

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 7.50 percent; the municipal bond rate is 3.57 percent (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 percent.

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%)
Collective net pension liability (asset)	\$ 246,949,671	\$ (1,762,854)	\$(208,061,345)
Proportionate share of net pension liability (asset)	\$ 390,969	\$ (2,791)	\$ (329,401)

Pension plan fiduciary net position: Detailed information about the Plan's fiduciary net position is available in FPPA's comprehensive annual financial report which can be obtained at http://www.fppaco.org/annual_reports.htm

2. Volunteer Firemen's Pension Plan

Plan Description: The District established a length of service award to provide retirement income for volunteer fire fighters in recognition of their service to the District. The plan provides for a monthly retirement benefit of \$22.50 for each year of past and future service up to a maximum monthly benefit of \$450. The plan also provides that the District is liable for the monthly retirement benefit of volunteers who have served in other districts. The plan, in addition to the monthly retirement benefit, provides \$10,000 of life insurance for each volunteer. The normal retirement date is age 50 and the completion of twenty years of service.

The plan provides for early retirement in the event of disability and provides for a death benefit of \$10,000 to the survivors in the event of death. The volunteers become fully vested at the end of ten years of service and reaching the age of 50 (normal retirement age).

Greater Eagle Fire Protection District
Notes to the Financial Statements
December 31, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Pension Asset (Liability), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

2. Volunteer Firemen's Pension Plan (continued)

Plan Description (continued): The plan has no funding obligation, nor has a trust been created by setting aside plan assets.

Actuarial Information: The following is the Pension Trust Fund obligation based on an actuarial study dated August 1, 2015 the most recent actuarial studies available. The rate of return was assumed to be 4.75%.

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Net assets available for benefits	\$ 691,217	660,856	627,094	583,529
Actuarial accrued liability	(514,933)	(529,581)	(509,561)	(494,594)
Surplus	<u>176,284</u>	<u>131,275</u>	<u>117,533</u>	<u>88,935</u>
Net pension obligation	-	-	-	-
Number of plan participants	28	35	33	33

V. Other Information

A. Risk Management

The District is exposed to various risks of loss related to workers compensation; general liability, unemployment, torts, theft of, damage to, and destruction of assets; and errors and omissions. The District has acquired commercial coverage for these risks and claims, if any, are not expected to exceed the commercial insurance coverage.

B. Deferred Compensation Plan – Section 457 Plan

The District offers its employees an additional voluntary deferred compensation plan created in accordance with IRC section 457 (the "457 Plan"). The plan is administrated by FPPA. The 457 Plan is available to all paid staff and permits participants to defer a portion of their salary to future years. All compensation deferred under the 457 Plan, together with all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are to be held in trust for the exclusive benefit of the participants and their designated beneficiaries. Compensation deferred under the 457 Plan is not available to participants until termination, retirement, death, or unforeseeable emergency.

Employees may elect to defer any percentage of their annual compensation, provided that the total annual contribution does not exceed limitations established by the Internal Revenue Service. The District does not contribute to the 457 Plan.

The individual participants determine investment decisions within the 457 Plan and, therefore, the 457 Plan's investment concentration varies between participants. FPPA, as Trustee of the 457 Plan, has the duty of due care that would be required of an ordinary prudent investor, but has no liability for losses under the 457 Plan. Consequently, the 457 Plan is not part of the District's financial statements.

REQUIRED SUPPLEMENTARY INFORMATION



**Greater Eagle Fire Protection District
Pension Trust Fund
Schedule of Funding Progress
December 31, 2016**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Funded (Unfunded) AAL/(UAAL) (b - a)	Funded Ratio (a/b)
12/31/2007	402,922	257,817	145,105	156%
12/31/2008	427,233	328,035	99,198	130%
12/31/2009	455,560	365,798	89,762	125%
12/31/2010	437,688	361,746	75,942	121%
12/31/2011	514,957	375,995	138,962	137%
12/31/2012	552,720	365,661	187,059	151%
12/31/2013	583,529	494,594	88,935	118%
12/31/2014	627,094	509,561	117,533	123%
12/31/2015	660,856	529,581	131,275	125%
12/31/2016	691,217	514,933	176,284	134%

Note: There is no payroll in for volunteer participants in the pension fund; therefore, information on covered payroll has been omitted.

**Greater Eagle Fire Protection District
Pension Trust Fund
Schedule of Employer Contributions
December 31, 2016**

<u>Year Ended December 31,</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2007	24,135	112%
2008	24,292	173%
2009	20,154	242%
2010	10,453	439%
2011	22,772	136%
2012	22,772	173%
2013	44,794	85%
2014	44,611	47%
2015	50,117	55%
2016	33,044	107%

The accompanying notes are an integral part of these financial statements

Greater Eagle Fire Protection District
Schedule of Employer's Proportionate Share of Net Pension (Asset) Liability
Statewide Defined Benefit Plan
Fire and Police Pension Association of Colorado
Last 10 Fiscal Years *

Fiscal year ending December 31,	2015	2014	2013
District's portion of the net pension (asset) liability	0.158319%	0.187187%	0.197674%
District's proportionate share of the net pension (asset) liability	2,791	211,254	176,757
District's covered-employee payroll	825,175	772,688	859,175
District's proportionate share of the net pension asset as a percentage of its covered-employee payroll	0.34%	27.34%	20.57%
Plan fiduciary net position as a percentage of the total pension asset	100.10%	106.80%	105.80%

* Information is only available beginning in measurement year 2013.

**Notes to the Schedule of Employer's Proportionate Share of the Net Pension
Asset / Liability for the year ended December 31, 2015**

Note 1. Changes of assumptions.

Changes to assumptions or other inputs since the January 1, 2015 actuarial valuation are as follows:

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 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.

Note 2. Changes of benefit terms.

No changes during the years presented above.

Note 3. Changes of size or composition of population covered by benefit terms.

No changes during the years presented above.

**Greater Eagle Fire Protection District
Schedule of District Contributions
Fire and Police Pension Association of Colorado
Last 10 Fiscal Years ***

<u>Fiscal year ending December 31,</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	61,815	68,734
Contributions in relation to the contractually required contribution	<u>(61,815)</u>	<u>(68,734)</u>
Contribution deficiency (excess)	<u> -</u>	<u> -</u>
District's covered-employee payroll	772,688	859,175
Contributions as a percentage of covered-employee payroll	8.00%	8.00%

* Information is only available beginning in measurement year 2014.

Notes to the Schedule of District Contributions for the Year Ended December 31, 2015

Note 1. Changes of assumptions.

No changes during the years presented above.

Note 2. Changes of benefit terms.

No changes during the years presented above.

Note 3. Changes of size or composition of population covered by benefit terms.

No changes during the years presented above.

SUPPLEMENTARY INFORMATION



Greater Eagle Fire Protection District
Schedule of Revenues and Expenditures and Changes in Fund Balance - Budget and Actual
Capital Fund
For the Year Ended December 31, 2016
(With Comparative Totals For the Year Ended December 31, 2015)

	2016			Final Budget Variance Positive (Negative)	2015
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Grant proceeds	-	-	-	-	70,585
Investment income	2,750	2,750	22,890	20,140	12,347
Total Revenues	<u>2,750</u>	<u>2,750</u>	<u>22,890</u>	<u>20,140</u>	<u>82,932</u>
Expenditures:					
Capital outlay	84,599	84,599	33,022	51,577	198,120
Debt Service:					
Interest expense	9,956	14,081	13,812	269	11,545
Principal	68,048	416,593	416,593	-	66,460
Total Expenditures	<u>162,603</u>	<u>515,273</u>	<u>463,427</u>	<u>51,846</u>	<u>276,125</u>
Excess (Deficiency) of Revenues Over Expenditures	(159,853)	(512,523)	(440,537)	71,986	(193,193)
Other Financing Sources (Uses):					
Sale of capital asset	-	-	20,700	20,700	-
Transfers in	87,874	201,453	201,345	(108)	78,004
Total Other Financing Sources (Uses):	<u>87,874</u>	<u>201,453</u>	<u>222,045</u>	<u>20,592</u>	<u>78,004</u>
Net Change in Fund Balances	(71,979)	(311,070)	(218,492)	92,578	(115,189)
Fund Balance - January 1	<u>2,190,458</u>	<u>2,190,458</u>	<u>2,211,151</u>	<u>20,693</u>	<u>2,326,340</u>
Fund Balance - December 31	<u><u>2,118,479</u></u>	<u><u>1,879,388</u></u>	<u><u>1,992,659</u></u>	<u><u>113,271</u></u>	<u><u>2,211,151</u></u>

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

Greater Eagle Fire Protection District
Schedule of Additions, Deductions and Changes in Net Position - Budget and Actual
Pension Trust Fund
For the Year Ended December 31, 2016
(With Comparative Totals For the Year Ended December 31, 2015)

	2016			Final Budget Variance Positive (Negative)	2015
	Original Budget	Final Budget	Actual		Actual
Additions:					
State grant	15,063	15,063	15,243	180	10,778
Investment income	19,700	19,700	20,437	737	19,808
District contribution/transfer	12,560	12,560	20,216	7,656	16,937
Cash Surrender of Life Insurance	-	-	1,059	1,059	-
Total Additions	47,323	47,323	56,955	9,632	47,523
Deductions:					
Administration	3,171	3,171	3,356	(185)	3,079
Benefits	24,941	24,941	21,415	3,526	23,356
Total Deductions	28,112	28,112	24,771	3,341	26,435
Change in Net Position - Budget Basis	19,211	19,211	32,184	12,973	21,088
Net Position - January 1	689,381	689,381	690,727	1,346	669,639
Net Position - December 31	708,592	708,592	722,911	14,319	690,727

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