

NORTH ROUNT FIRE PROTECTION DISTRICT

Financial Statements

December 31, 2016



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NORTH ROUTH FIRE PROTECTION DISTRICT

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Independent Auditor's Report

The Board of Directors
North Routt Fire Protection District
Routt County, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the North Routt Fire Protection District (the 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 respective financial position of the governmental activities and each major fund of the North Routt Fire Protection District as of December 31, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Financial Information

We have previously audited the District's December 31, 2015 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated September 13, 2016. In our opinion, the summarized comparative financial information presented herein as of and for the year ended December 31, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3-5 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 the 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.

The General Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget Actual on page 28 and the defined benefit pension plan schedules on pages 29-32 as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. This requires supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Debt Service Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual on page 33 is presented for purpose of additional analysis and is not a required part of the basic financial statements. This supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or the basic financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Catterson + Company, P.C.

Steamboat Springs, Colorado
June 13, 2017

**North Routt Fire Protection District
Management Discussion and Analysis
For the Audited Financial Statements
December 31, 2016**

Overview of the District

The North Routt Fire Protection District was established to provide quality fire response, rescue, and emergency medical services to residents and visitors within the District's area. Its services include but are not limited to:

- Providing trained firefighters to preserve and protect life, personal property, and wildland areas when presented with fires caused by nature or human.
- Responding to mutual aid requests by other governmental agencies and special districts, including but not limited to local State Parks, Routt County Search and Rescue, and other fire departments within the county and state.
- Advising residents and visitors on the safe and proper methods of managing campfires/bonfires, slash pile burns, and agricultural burns.
- Providing trained rescuers and emergency medical technicians (EMTs) to aid, treat, and provide hospital transport for all people harmed as the result of accidents or medical conditions.
- Completing commercial building inspections for county food and liquor licensing.
- Promoting safety within the District through in-school programs and public classes and seminars.
- Overseeing the Community Wildfire Protection Plan for the District through coordination with State Parks, National Forest Service, and Routt County Emergency Management.

The District is governed under Colorado statute by an independently elected Board of Directors. The Fire Department is managed by a Fire Chief hired by the District Board who is responsible for the administration of all fire, rescue, medical services, and ancillary programs. The Fire Chief, in concert with the Board Treasurer, prepares and administers the budget that is adopted by the Board annually in accordance with Colorado statutory budget requirements.

Overview of Financial Statements

The North Routt Fire Protection District is in good financial condition as evidenced by the accompanying audited financial statements. Current debt can be met by current assets.

2016 Budgetary Highlights

The District's primary revenue source is from taxes levied against property included within the North Routt Fire Protection boundaries. Property and specific ownership taxes received in 2016, net of tax collection fees totaled \$202,524 for general operating purposes and \$93,378 for Debt Service/repayment of General Obligation bonds for capital construction.

The district's asset values increased by \$193,415 from December 31, 2015. This increase was primarily due to the new fire engine purchase and the liquidation of one of the older capital assets, and the additional reporting requirements for the Cost-sharing defined benefit plan amount of \$221.

The district's net position increased \$288,466 from the 2015 figures because of the new fire engine investment and the GASB reporting requiring inclusion of projected figures of the state-wide plans administered by FPPA. Overall the district improved its financial position as evidenced by the increase in the net position. The district has \$90,804 of its funds restricted for emergencies and debt service.

General Operating Fund

The primary categories of expenditures in the General Fund include personnel, fire suppression and medical supplies, training and wellness benefits aimed toward the volunteers, general operating or administrative expenses.

Overall, expenditures in the General Fund were on track with what was budgeted and varied very little from what was budgeted for 2016. Grant Revenue was under budget due to not receiving funding for a grant for fire fighter protective gear.

Donations increased considerably from budgeted projections by \$36,000 in 2016 which help offset un-funded grants that were slated for budgeted expenses.

Property tax values were projected to be flat for 2016 vs 2015; the district's revenue collection experienced a small increase in 2016 due to new construction, interest on unpaid taxes from past years. The District is in a good position to absorb a possible decline or flat recovery in revenues as evidenced by its strong current asset position. The District may be facing a levy increase if collection revenues do not recover to support adding personnel to ensure coverage of the District services during peak times. This situation is still pending and could be implemented by 2018 because of projected Gallagher Amendment impacts to tax assessment values.

Capital Assets Activity

In 2014, the District began the process of purchasing a new tactical tender. This purchase was approved by the Board of Directors during the November 2014 board meeting as part of the NRPD Capital Equipment Acquisition and Retirement Plan. In February 2015, the District received notification from the Colorado Department of Local Affairs that the District would be the recipient of a 50/50 matching grant for this purchase. Part of the expense was not incurred during 2015 as anticipated, the grant income/expenses were moved to the 2016 budget and the apparatus was received June 2016. Expenditures for maintenance of the buildings and equipment are included in the general operating fund.

In 2012, the Board created a capital project fund and designated \$140,000. Each year, the Board may, at its discretion, designate additional funds for this purpose.

Debt Service

A Debt Service Fund was created for the purpose of recording of principal and interest payment on General Obligation Bonds issued in January 2002. A separate tax levy is certified annually for this long-term debt. In 2011, the G.O. Bond was refinanced, resulting in a future savings to taxpayers of \$89,923. The actual principal paid in 2016 was \$60,000 and interest paid was \$29,050. The debt service is scheduled to be retired in 2026.

Contact Information

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NORTH ROUTH FIRE PROTECTION DISTRICT
Statement of Net Position
December 31, 2016
(with summarized financial information as of December 31, 2015)

	2016 Governmental Activities	2015 Governmental Activities
	<u> </u>	<u> </u>
Assets:		
Cash and cash equivalents	\$ 400,187	\$ 488,666
Due from other governments	1,803	1,823
Accounts receivable, net	16,698	7,427
Property taxes receivable	288,005	283,424
Capital assets, net	1,224,488	942,090
Net pension asset:		
Cost-sharing defined benefit plan	221	14,557
	<u> </u>	<u> </u>
Total assets	<u>1,931,402</u>	<u>1,737,987</u>
Deferred Outflows of Resources:		
Deferred outflows related to pensions	51,136	24,824
	<u> </u>	<u> </u>
Total deferred outflows of resources	<u>51,136</u>	<u>24,824</u>
Liabilities:		
Accounts payable and accrued expenses	17,396	16,991
Accrued interest payable	4,163	4,500
Noncurrent liabilities:		
General obligation refunding bonds:		
Due within one year	60,000	60,000
Due in more than one year	680,000	740,000
Net pension liability:		
Volunteer firefighters defined benefit plan	107,753	109,505
	<u> </u>	<u> </u>
Total liabilities	<u>869,312</u>	<u>930,996</u>
Deferred Inflows of Resources:		
Deferred property tax revenues	288,005	283,424
Deferred bond refunding premium	30,848	33,958
Deferred inflows related to pensions	17,167	25,693
	<u> </u>	<u> </u>
Total deferred inflows of resources	<u>336,020</u>	<u>343,075</u>
Net Position:		
Net investment in capital assets	484,488	142,090
Restricted for:		
Emergencies	13,346	7,517
Debt service	77,458	73,628
Unrestricted	201,914	265,505
	<u> </u>	<u> </u>
Total net position	<u>\$ 777,206</u>	<u>\$ 488,740</u>

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

NORTH ROUNT FIRE PROTECTION DISTRICT
Statement of Activities
For the Year Ended December 31, 2016
(with summarized financial information for the year ended December 31, 2015)

Functions/Programs	2016				Net (Expense) Revenue and Change in Net Position	2015 Net (Expense) Revenue and Change in Net Position
	Expenses	Program Revenues				
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
Governmental activities:						
Public safety:						
Personnel and volunteers	\$ 127,636	\$ -	\$ -	\$ -	\$ (127,636)	\$ (120,309)
Operations	52,643	31,329	56,504	175,000	210,190	15,807
Administration and general	42,049	-	-	-	(42,049)	(41,518)
Interest	26,101	-	-	-	(26,101)	(27,189)
Unallocated depreciation	67,602	-	-	-	(67,602)	(54,407)
Pension expense	(22,254)	-	-	-	22,254	23,242
Total governmental activities	<u>\$ 293,777</u>	<u>\$ 31,329</u>	<u>\$ 56,504</u>	<u>\$ 175,000</u>	<u>(30,944)</u>	<u>(204,374)</u>
General revenues:						
Taxes:						
Property					275,799	268,415
Specific ownership					20,103	19,776
Other					23,508	26,032
Total general revenues					<u>319,410</u>	<u>314,223</u>
Change in net position					288,466	109,849
Net position, beginning of year					488,740	497,950
Change in accounting principles					-	(119,059)
Net position, end of year					<u>\$ 777,206</u>	<u>\$ 488,740</u>

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

NORTH ROUTT FIRE PROTECTION DISTRICT
Governmental Funds
Balance Sheet
December 31, 2016
(with summarized financial information as of December 31, 2015)

	2016			2015
	General Fund	Debt Service Fund	Total Governmental Funds	Total Governmental Funds
Assets:				
Cash and cash equivalents	\$ 341,747	\$ 58,440	\$ 400,187	\$ 488,666
Due from other governments	1,228	575	1,803	1,823
Accounts receivable, net	16,698	-	16,698	7,427
Property taxes receivable	195,105	92,900	288,005	283,424
Due from other fund	-	18,443	18,443	18,568
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 554,778</u>	<u>\$ 170,358</u>	<u>\$ 725,136</u>	<u>\$ 799,908</u>
Liabilities, deferred inflows of resources and fund balances:				
Liabilities:				
Accounts payable and accrued expenses	\$ 17,396	\$ -	\$ 17,396	\$ 16,991
Due to other fund	18,443	-	18,443	18,568
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>35,839</u>	<u>-</u>	<u>35,839</u>	<u>35,559</u>
Deferred inflows of resources:				
Deferred property tax revenue	195,105	92,900	288,005	283,424
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total deferred inflows of resources	<u>195,105</u>	<u>92,900</u>	<u>288,005</u>	<u>283,424</u>
Fund balances:				
Restricted for:				
Emergencies	13,346	-	13,346	7,517
Debt service	-	77,458	77,458	73,628
Assigned	121,680	-	121,680	121,680
Unassigned	188,808	-	188,808	278,100
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>323,834</u>	<u>77,458</u>	<u>401,292</u>	<u>480,925</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 554,778</u>	<u>\$ 170,358</u>	<u>\$ 725,136</u>	<u>\$ 799,908</u>

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

NORTH ROUNT FIRE PROTECTION DISTRICT
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
December 31, 2016

Governmental funds total fund balance	\$	401,292
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
Capital assets used in governmental activities are not financial resources and, therefore are not reported in governmental funds.		1,224,488
Long-term liabilities and deferred bond refunding premiums are not due and payable in the current period and, therefore, are not reported in governmental funds:		
Interest payable		(4,163)
Bonds payable		(740,000)
Unamortized deferred bond refunding premium		(30,848)
Net pension asset and net pension liability are not financial resources and, therefore are not reported as assets and liabilities in the governmental funds:		
Net pension asset		221
Net pension liability		(107,753)
Deferred outflows related to pensions		51,136
Deferred inflows related to pensions		(17,167)
		(17,167)
Governmental activities net position	\$	777,206

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

NORTH ROUTT FIRE PROTECTION DISTRICT
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2016
(with summarized financial information for the year ended December 31, 2015)

	2016			2015
	General Fund	Debt Service Fund	Total Governmental Funds	Total Governmental Funds
Revenues:				
Taxes:				
Property	\$ 188,769	\$ 87,030	\$ 275,799	\$ 268,415
Specific ownership	13,755	6,348	20,103	19,776
Charges for services, net	31,329	-	31,329	19,617
Grants	187,504	-	187,504	-
Donations	44,000	-	44,000	45,260
Other	23,508	-	23,508	26,032
Total revenues	488,865	93,378	582,243	379,100
Expenditures:				
Public safety:				
Personnel and volunteers	127,636	-	127,636	120,309
Operations	52,643	-	52,643	49,070
Administration and general	42,049	-	42,049	41,518
Capital outlay	350,000	-	350,000	9,005
Debt service:				
Principal	-	60,000	60,000	50,000
Interest	-	29,548	29,548	30,050
Total expenditures	572,328	89,548	661,876	299,952
Excess (deficiency) of revenues over expenditures	(83,463)	3,830	(79,633)	79,148
Fund balance, beginning of year	407,297	73,628	480,925	401,777
Fund balance, end of year	\$ 323,834	\$ 77,458	\$ 401,292	\$ 480,925

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

NORTH ROUTT FIRE PROTECTION DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2016

Changes in fund balances - governmental funds	\$	(79,633)
<p style="margin-left: 40px;">Amounts reported for governmental activities in the statement of activities are different because:</p>		
Governmental funds report capital outlays as expenditures; however, they are capitalized and depreciated in the statement of activities.		282,398
Repayment of principal on noncurrent liabilities is reported as an expenditure in the governmental funds but reduces noncurrent liabilities in the statement of net position.		60,000
Interest payable on debt is not recorded in the governmental funds but rather recognized as an expenditure when due.		337
The deferred bond refunding premium is not reported in the governmental funds but is amortized as a component of interest expense in the statement of activities.		3,110
In the governmental funds, expenditures for the defined benefit pension plans are measured by the amount of the financial resources used, whereas in the statement of activities, they are measured as the liability is accrued according to actuarial estimates. This is the amount the net pension asset and liability and the related deferred inflows and outflows changed in the current year.		22,254
Change in net position of governmental activities	\$	288,466

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

NORTH ROUTT FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2016
(with summarized financial information as of December 31, 2015 and for the year then ended)

Note 1: Summary of Significant Accounting Policies

The North Routt Fire Protection District (the District) was organized in Routt County, Colorado as a local government entity under Colorado Revised Statutes (CRS) to provide fire protection and ambulance services to northern Routt County, Colorado.

The District's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP). The Governmental Accounting Standards Board (GASB) is the standard-setting body for the establishment of US GAAP in governmental entities. The following summary of the more significant accounting policies of the District is presented to assist the reader in interpreting these financial statements, and should be viewed as an integral part of this report.

Reporting Entity

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 has one component unit for which it is financially accountable. The North Routt Fire Station Building Condominiums Owners Association (the Association) is a Colorado not-for-profit common interest realty association established in June 2003 under the Colorado Common Interest Ownership Act. The District owns 83.21% of the allocated interest percentage of the Association. However, the Association has no material net assets at December 31, 2016 or material revenues and expenses for the year then ended. Therefore, the Association has been excluded from the District's financial statements.

The District has included its share of the fire station building as a capital asset in the statement of net position.

Measurement Focus and Basis of Accounting

The government-wide financial statements use a flow of economic resources measurement focus to determine net income and financial position. The accounting principles used are similar to those applicable to businesses in the private sector and, thus, maintained on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Governmental fund financial statements use a current financial resources measurement focus and are maintained on the modified accrual basis of accounting. Revenues are recognized when they become susceptible to accrual; that is, when they become both measurable and available to finance expenditures of the current period. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. The District considers revenues collected within 60 days after year end to be available and thus recognizes them as revenues in the current year.

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.

Financial Statement Presentation

Government-wide Financial Statements

The statement of net position and the statement of activities report information about the nonfiduciary activities of the District. The District's primary activities are categorized as governmental activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are clearly identified with a specific program. Program revenues include (a) charges for services, and (b) grants and contributions that are restricted for the operating or capital requirements of a specific program. All taxes and other revenues not meeting the criteria for classification as program revenues are reported as general revenues.

NORTH ROUNT FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2016
(with summarized financial information as of December 31, 2015 and for the year then ended)

Note 1: Summary of Significant Accounting Policies (continued)

Financial Statement Presentation (continued)

Fund Financial Statements

The fund financial statements report information about the District's funds.

The District reports the following major governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The *Debt Service Fund* is used to account for a mill levy restricted to making principal and interest payments on the District's general obligation refunding bonds.

Fund Balance Presentation

Fund balances of the governmental fund are classified as follows:

- Non-spendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- Restricted – includes amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation, or because of constraints that are externally imposed by creditors, grantors, contributors or the laws or regulations of other governments.
- Committed – includes amounts that can be spent only for specific purposes pursuant to constraints imposed by formal action of the District. Such formal action may be in form of an ordinance or resolution and may only be modified or rescinded by a subsequent formal action.
- Assigned – includes amounts that are intended by the District to be used for specific purposes, but are neither restricted nor committed. Assignments may be made only by the Board of Directors.
- Unassigned – represents the residual positive balance within the General Fund, which has not been restricted, committed or assigned.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

Cash

The District's cash balances consist of cash on hand and demand deposits.

Accounts Receivable

The District's accounts receivable consist of charges for ambulance services. The District estimates an allowance for uncollectible accounts based on review of collection percentage trends and insurance coverage of the transported persons.

At December 31, 2016 and 2015, the District's net accounts receivable was as follows:

	2016	2015
Accounts receivable	\$ 29,698	\$ 12,427
Allowance for uncollectible accounts	(13,000)	(5,000)
	\$ 16,698	\$ 7,427

NORTH ROUTT FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2016
(with summarized financial information as of December 31, 2015 and for the year then ended)

Note 1: Summary of Significant Accounting Policies (continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

Capital Assets

Capital assets include land, buildings, vehicles and equipment. Capital assets are defined by the District as assets with an initial individual cost of \$3,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

	Years
Buildings and improvements	20-40
Equipment	10
Vehicles	5

Deferred Gain on Refunding of Debt

The District's deferred gain on refunding of debt is the difference between the reacquisition price and the net carrying amount of the defeased debt and is reported as a deferred inflow of resources and recognized as a component of interest expense over the remaining life of the new debt.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until that time. The District's deferred outflows of resources relate to the recording of the net pension asset and the net pension liability.

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The District's deferred inflows of resources consist of unavailable revenues from property taxes and the recording of the net pension asset and the net pension liability.

Property Taxes

Property taxes are levied on December 15 of each year and attach as an enforceable lien on property on January 1. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The Routt County Treasurer's office collects property taxes and remits collections to the District on a monthly basis. In accordance with US GAAP, the assessed but uncollected property taxes have been recorded as receivable and as deferred inflow of resources as property taxes are assessed in one year as a lien on the property, but not collected by the District until the subsequent year.

Pensions

For purposes of measuring the net pension asset/liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Fire & Police Statewide Defined Benefit Plan (SWDB) and Volunteer Firefighters Defined Benefit Plan and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Fire & Police Pension Association of Colorado (FPPA). 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.

NORTH ROUNT FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2016
(with summarized financial information as of December 31, 2015 and for the year then ended)

Note 1: Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires the District's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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.

Comparative Financial Statements

The financial statements include certain prior-year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with US GAAP. Accordingly, such information should be read in conjunction with the District's audited financial statements for the year ended December 31, 2015, from which the summarized information was derived.

New Accounting Pronouncements

Effective January 1, 2016, the District adopted the provisions of the following GASB Statements:

- GASB Statement No. 72, "*Fair Value Measurement and Application*." The effect of this adoption is to improve financial reporting by clarifying the definition of fair value for financial reporting purposes, establishing general principles for measuring fair value, and enhancing disclosures about fair value measurements.
- GASB Statement No. 77, "*Tax Abatement Disclosures*." The effect of this adoption is to improve disclosure of tax abatement information about (1) the District's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the District's tax revenues. This Statement defines a tax abatement as resulting from an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to the economic development or otherwise benefits the government or its citizens.

The District has not entered into any tax abatement agreements nor has any other government that reduces the District's tax revenues.

Note 2: Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with US GAAP for all governmental funds.

The District conforms to the following procedures, in compliance with CRS, Title 29, Article 1, in establishing the budgetary data reflected in the financial statements:

- Prior to October 15, the Treasurer submits to the Board of Directors a proposed operating budget for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted by the Board of Directors to obtain taxpayer comments.
- Prior to December 31, the budget is adopted by formal resolution.
- Expenditures may not legally exceed appropriations at the fund level. Revisions that alter the total expenditures must be approved by the Board of Directors.
- All appropriations lapse at the end of each fiscal year.

The District did not adopt any supplemental appropriations for the year ended December 31, 2016.

NORTH ROUNT FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2016
(with summarized financial information as of December 31, 2015 and for the year then ended)

Note 2: Stewardship, Compliance and Accountability (continued)

Compliance

Expenditures did not exceed appropriations in any fund during 2016.

TABOR 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 tax spending, revenue and debt limitations that apply to the State of Colorado and all local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

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 revenue increases with certain exceptions. Revenue in excess of the fiscal year spending limit must be refunded unless the voters approve retention of such revenue.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

TABOR requires local governments to establish emergency reserves. These reserves must be at least 3% of fiscal year spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. The District has reserved \$13,346 of the December 31, 2016 fund balance in the General Fund for this purpose.

The District's voters passed a ballot question in 1998 that permanently lifted TABOR restrictions on the amount of revenue that the District can collect and retain.

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 may require judicial interpretation.

Note 3: Detailed Notes on the Funds

Deposits

The carrying amount of the District's deposits at December 31, 2016 and 2015 was \$400,187 and \$488,666, respectively, and bank balances were \$347,885 and \$487,869, respectively. Of the bank balances, \$250,000 at December 31, 2016 and 2015 was covered by federal deposit insurance and \$97,885 and \$237,869, respectively, was uninsured but collateralized in accordance with provisions of the Colorado Public Deposit Protection Act (PDPA).

The PDPA requires that all units of local government deposit cash in eligible public depositories; eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The collateral pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must equal or exceed 102% of the aggregate uninsured deposits.

NORTH ROUNT FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2016
(with summarized financial information as of December 31, 2015 and for the year then ended)

Note 3: Detailed Notes on the Funds (continued)

Capital Assets

Capital asset activity for the year ended December 31, 2016 is summarized below:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental activities:				
Land	\$ 9,490	\$ -	\$ -	\$ 9,490
Other capital assets:				
Buildings	1,084,023	-	-	1,084,023
Vehicles	913,309	350,000	(106,753)	1,156,556
Equipment	230,401	-	-	230,401
Total other capital assets at cost	<u>2,227,733</u>	<u>350,000</u>	<u>(106,753)</u>	<u>2,470,980</u>
Less accumulated depreciation for:				
Buildings	(345,533)	(28,940)	-	(374,473)
Vehicles	(783,303)	(38,662)	106,753	(715,212)
Equipment	(166,297)	-	-	(166,297)
Total accumulated depreciation	<u>(1,295,133)</u>	<u>(67,602)</u>	<u>106,753</u>	<u>(1,255,982)</u>
Other capital assets, net	<u>932,600</u>	<u>282,398</u>	<u>-</u>	<u>1,214,998</u>
Governmental activities capital assets, net	<u>\$ 942,090</u>	<u>\$ 282,398</u>	<u>\$ -</u>	<u>\$ 1,224,488</u>

Capital asset activity for the year ended December 31, 2015 is summarized below:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental activities:				
Land	\$ 9,490	\$ -	\$ -	\$ 9,490
Other capital assets:				
Buildings	1,084,023	-	-	1,084,023
Vehicles	911,729	9,005	(7,425)	913,309
Equipment	230,401	-	-	230,401
Total other capital assets at cost	<u>2,226,153</u>	<u>9,005</u>	<u>(7,425)</u>	<u>2,227,733</u>
Less accumulated depreciation for:				
Buildings	(316,593)	(28,940)	-	(345,533)
Vehicles	(765,261)	(25,467)	7,425	(783,303)
Equipment	(166,297)	-	-	(166,297)
Total accumulated depreciation	<u>(1,248,151)</u>	<u>(54,407)</u>	<u>7,425</u>	<u>(1,295,133)</u>
Other capital assets, net	<u>978,002</u>	<u>(45,402)</u>	<u>-</u>	<u>932,600</u>
Governmental activities capital assets, net	<u>\$ 987,492</u>	<u>\$ (45,402)</u>	<u>\$ -</u>	<u>\$ 942,090</u>

NORTH ROUNT FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2016
(with summarized financial information as of December 31, 2015 and for the year then ended)

Note 3: Detailed Notes on the Funds (continued)

Long-Term Liabilities

The District has the following long-term debt outstanding at December 31, 2016:

General Obligation Refunding Bonds Series 2011

On October 4, 2011, the District issued \$1,000,000 of General Obligation Refunding Bonds Series 2011 to refund \$1,015,000 of the General Obligation Bonds Series 2002. Through the refunding, the District reduced its debt service and had an economic gain of \$84,651. Conditions for defeasance have been met and assets were placed in escrow and the liability has been removed from the financial statements. The refunded bonds were paid from escrow on December 1, 2011.

Principal and interest on the General Obligation Refunding Bonds Series 2011 are payable in varying amounts, semi-annually at June 1 and December 1, at a net effective interest rate of 3.32% through maturity on December 1, 2026.

The District had issued \$1,250,000 General Obligation Bonds Series 2002, in February 2002 to acquire and construct fire protection improvements consisting of a new fire station and improvements to increase the level of fire protection and reduce the response time for emergency calls to areas within the District boundaries.

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
General obligation refunding bonds, series 2011	\$ 800,000	\$ -	\$ (60,000)	\$ 740,000	\$ 60,000
	<u>\$ 800,000</u>	<u>\$ -</u>	<u>\$ (60,000)</u>	<u>\$ 740,000</u>	<u>\$ 60,000</u>

Long-term liability activity for the year ended December 31, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
General obligation refunding bonds, series 2011	\$ 850,000	\$ -	\$ (50,000)	\$ 800,000	\$ 60,000
	<u>\$ 850,000</u>	<u>\$ -</u>	<u>\$ (50,000)</u>	<u>\$ 800,000</u>	<u>\$ 60,000</u>

NORTH ROUNT FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2016
(with summarized financial information as of December 31, 2015 and for the year then ended)

Note 3: Detailed Notes on the Funds (continued)

Long-Term Liabilities (continued)

Debt service requirements at December 31, 2016 were as follows:

	Principal	Interest	Total
2017	\$ 60,000	\$ 27,700	\$ 87,700
2018	65,000	25,900	90,900
2019	65,000	23,950	88,950
2020	70,000	22,000	92,000
2021	75,000	19,200	94,200
2022-2026	405,000	49,400	454,400
Total	\$ 740,000	\$ 168,150	\$ 908,150

Governmental Fund Balances

The District has restricted fund balance at December 31, 2016 for the following:

- Emergency reserve required by TABOR
- Debt service funds for repayment of its General Obligation Bonds

The District's board of directors has assigned \$121,680 of its general fund balance as of December 31, 2016 to maintain a capital reserve.

When expenditures are incurred and both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first, then unrestricted resources in the order of committed, assigned, and then unassigned, as they are needed.

Note 4: Pension Plans

Fire and Police 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 that they are not already covered by a statutorily exempt plan. As of August 1, 2003, the Plan may include clerical and other personnel from fire districts whose services are auxiliary to fire protection. The Plan became effective January 1, 1980 and as of December 31, 2015 has 194 participating employer fire and police departments.

Employers once had the option to elect to withdraw from the Plan, but a change in state statutes permitted no further withdrawals after January 1, 1988.

CRS Title 31, Article 31 grants the authority to establish and amend the benefit terms to FPPA Board of Directors. The FPPA issues a publicly available financial report that can be obtained at www.fppaco.org.

Benefits Provided

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 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 (CPI).

NORTH ROUTH FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2016
(with summarized financial information as of December 31, 2015 and for the year then ended)

Note 4: Pension Plans (continued)

Fire and Police Statewide Defined Benefit Plan (continued)

Benefits Provided (continued)

In addition, upon retirement a member may receive additional benefits credited to the member's "Separate Retirement Account" (SRA) 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 SRA 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 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 Fire & Police 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.

A member may elect to participate in the deferred retirement option plan (DROP) after reaching eligibility for normal retirement, early retirement, or vested retirement and age 55. A member can continue to work while participating in the DROP, but must terminate employment within 5 years of entry into DROP. The member's percentage of retirement benefit is determined at the time of entry into the DROP. The monthly payments that begin at entry into the DROP are accumulated in a DROP account until the member terminates service, at which time the DROP accumulated benefits can be paid as periodic installments, a lump sum, or if desired, a member may elect to convert the DROP to a lifetime monthly benefit with survivor benefits. While participating in the DROP, the member continues to make pension contributions that are credited to the DROP. Effective January 1, 2003, the member shall self-direct the investments of their DROP funds. The DROP balance invested with the asset custodian at December 31, 2015 was \$55,176,831. This amount was not included in the Plan Net Position.

Contributions

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 this 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 this Plan and their employers are contributing at the rate of 8.5% and 8.0%, respectively, of base salary for a total contribution rate of 16.5% in 2015. In 2014, the members elected to increase the member contribution rate to the Plan beginning in 2015. Member contribution rates will increase 0.5% annually 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 reentering the system are established by resolution and approved by the FPPA Board of Directors. The reentry group has a combined contribution rate of 20.5% of base salary in 2015. 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% in 2022.

NORTH ROUNT FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2016
(with summarized financial information as of December 31, 2015 and for the year then ended)

Note 4: Pension Plans (continued)

Fire and Police Statewide Defined Benefit Plan (continued)

Contributions (continued)

The contribution rate for members and employers of affiliated social security employers is 4.25% and 4.00%, respectively, of base salary for a total contribution rate of 8.25% in 2015. Per the 2014 member election, the affiliated social security group will also have their required member contribution rate increase 0.25% annually beginning in 2015 through 2022 to a total of 6% of base salary. Employer contributions will remain at 4% resulting in a combined contribution rate of 10% in 2022.

Contributions to the Plan from the District were \$5,027 and \$4,850, respectively, for the years ended December 31, 2016 and 2015.

Pension Liabilities/Assets, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

At December 31, 2016 and 2015, the District reported an asset of \$221 and \$14,557, respectively, for its proportionate share of the collective net pension asset of the Plan. The net pension asset was measured as of December 31, 2015 and 2014, respectively, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The District's proportion of the net pension asset was based on the District's contributions to the Plan for the years ended December 31, 2015 and 2014 relative to the total contributions of participating employers to the Plan. At December 31, 2015 and 2014, the District's proportion was 0.0012465% and 0.0012898%, respectively.

For the years ended December 31, 2016 and 2015, the District recognized pension expense of (\$1,618) and (\$4,079), respectively. 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	\$ 1,518	\$ -
Changes of assumptions or other inputs	3,451	-
Net difference between projected and actual investment earnings	11,183	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	531	-
Contributions subsequent to the measurement date	5,027	-
Total	\$ 21,710	\$ -

NORTH ROUTH FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2016
(with summarized financial information as of December 31, 2015 and for the year then ended)

Note 4: Pension Plans (continued)

Fire and Police Statewide Defined Benefit Plan (continued)

Pension Liabilities/Assets, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

\$5,027 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability 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:

Year Ended December 31,		
2016	\$	3,403
2017		3,461
2018		3,461
2019		3,183
2020		595
Thereafter		2,580
	<u>\$</u>	<u>16,683</u>

Actuarial Assumptions

The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	7.5%, compounded annually net of operating expenses, and including inflation
Projected salary increases	4.0% - 14.0%
Cost of Living Adjustment (COLA)	0.0%
Inflation	2.5%

Mortality rates were based on the RP-2000 Combined Mortality Table with Blue Collar Adjustment projected with Scale AA, 40 percent multiplier for off-duty mortality. On-duty related mortality is assumed to be 0.00020 per year for all members.

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 weighting 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 Plan's target asset allocation as of December 31, 2015, are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Global Equity	37.0%	6.5%
Equity Long/Short	10.0%	4.7%
Illiquid Alternatives	20.0%	8.0%
Fixed Income	16.0%	1.5%
Absolute Return	11.0%	4.1%
Managed Futures	4.0%	3.0%
Cash	2.0%	0.0%
Total	<u>100.0%</u>	

NORTH ROUNT FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2016
(with summarized financial information as of December 31, 2015 and for the year then ended)

Note 4: Pension Plans (continued)

Fire and Police Statewide Defined Benefit Plan (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. 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 FPPA Board of Director's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the 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.

Sensitivity of the District's Proportionate Share of the Collective Net Pension Liability/Asset to Changes in the Discount Rate

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

	Sensitivity of the NPL/(NPA)		
Discount Rate:	6.50%	7.50%	8.50%
Proportionate share of the NPL/(NPA)	\$ 30,782	\$ (221)	\$ (25,935)

Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued FPPA financial report.

Volunteer Firefighters Pension Fund

Plan Description

FPPA administers an agent multiple-employer Public Retirement System (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 www.fppaco.org.

The District contributes, on behalf of its volunteers, to an agent multiple-employer defined benefit pension plan included in the PERS. Title 31, Article 30 of CRS, as amended, establishes basic benefit provisions under the plan. The Plan covers 21 members at the measurement date of December 31, 2015.

NORTH ROUNT FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2016
(with summarized financial information as of December 31, 2015 and for the year then ended)

Note 4: Pension Plans (continued)

Volunteer Firefighters Pension Fund (continued)

Benefits Provided

The following were the benefit provisions used to determine the total pension liability as of December 31, 2015 (measurement date of the plan):

1. Normal Retirement Benefit at Age 50 with 20 years of Service (monthly):	
a. Regular	\$300.00
b. Extended Service Amount Per Year of Service	\$10.00
2. Vested Retirement Benefit (monthly):	
a. With 10 to 20 Years of Service Amount Per Year of Service per Minimum Vesting Years	\$15.00
b. Minimum Vesting Years	10
3. Disability Retirement Benefit (monthly):	
a. Short Term Disability for line of duty injury Amount payable for not more than 1 year	\$150.00
b. Long Term Disability for line of duty injury Lifetime Benefit	\$150.00
4. Survivor Benefits (monthly):	
a. Following Death before Retirement Eligible; Due to death in line of duty as volunteer firefighter	\$0.00
b. Following Death after Normal Retirement	\$0.00
c. Following Death after Normal Retirement with Extended Service Amount Per Year of Service	\$0.00
d. Following Death after Vested Retirement with 10 to 20 Years of Service Amount Per Year of Service per Minimum Vesting Years	\$0.00
e. Following Death after Disability Retirement	\$0.00
f. Optional Survivor Benefit Following Death before or after Retirement Eligible; Due to death on or off duty as a volunteer firefighter (Purchase of Life Insurance Required)	\$0.00
5. Funeral Benefits (Required Benefit):	
a. Funeral Benefit Lump Sum, one time only	\$300.00

Contributions

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.

The contribution to the Plan from the District was \$16,730 and \$17,000 for the years ended December 31, 2016 and 2015, respectively. Plan members do not make contributions.

NORTH ROUNT FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2016
(with summarized financial information as of December 31, 2015 and for the year then ended)

Note 4: Pension Plans (continued)

Volunteer Firefighters Pension Fund (continued)

Net Pension Liability, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

At December 31, 2016 and 2015, the District reported a net pension liability of \$107,753 and \$109,505, respectively. The net pension liability was measured as of December 31, 2015 and 2014, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

For the years ended December 31, 2016 and 2015, the District recognized pension expense of (\$20,636) and (\$19,163), respectively. At December 31, 2015, 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	\$ -	\$ 17,167
Changes of assumptions or other inputs	-	-
Net difference between projected and actual investment earnings	12,696	-
Contribution subsequent to the measurement date	16,730	-
 Total	 \$ 29,426	 \$ 17,167

\$16,730 reported as deferred outflows of resources related to pensions resulting from the District's contribution subsequent to the measurement date will be recognized as a reduction of the net pension liability 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:

Year Ended December 31,	
2017	\$ (4,942)
2018	(4,942)
2019	2,569
2020	2,844
	\$ (4,471)

NORTH ROUTT FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2016
(with summarized financial information as of December 31, 2015 and for the year then ended)

Note 4: Pension Plans (continued)

Volunteer Firefighters Pension Fund (continued)

Actuarial Assumptions

The following methods and assumptions were used to determine contribution rates to the Plan as of December 31, 2015:

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%
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

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 weighting 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 Plan's target asset allocation as of December 31, 2015, are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Global Equity	37.0%	6.5%
Equity Long/Short	10.0%	4.7%
Illiquid Alternatives	20.0%	8.0%
Fixed Income	16.0%	1.5%
Absolute Return	11.0%	4.1%
Managed Futures	4.0%	3.0%
Cash	2.0%	0.0%
Total	<u>100.0%</u>	

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 sufficient to pay benefits).

For the purpose the Plan's actuarial valuation, the long-term 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 and local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting single discount rate is 7.50%. December 31, 2115 is the end of the projection period for which projected benefit payments are fully funded.

NORTH ROUTT FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2016
(with summarized financial information as of December 31, 2015 and for the year then ended)

Note 4: Pension Plans (continued)

Volunteer Firefighters Pension Fund (continued)

Sensitivity of the Net Pension Liability/Asset to Changes in the Discount Rate

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

Discount Rate:	Sensitivity of the NPL/(NPA)		
	6.50%	7.50%	8.50%
Proportionate share of the NPL/(NPA)	\$ 145,517	\$ 107,753	\$ 75,665

Note 5: Other Information

Agreement for Participation in Development of the North Routt Fire Station

In December 2002, the District entered into an agreement with Routt County, Colorado (the County) whereby the County purchased one bay of the new fire station to store road maintenance vehicles.

In June 2003, the Association was established under the Colorado Common Interest Ownership Act. The County's allocated interest percentage for its portion of the building purchased is 16.79% and also represents the County's voting percentage in Association matters. In October 2003, the Association's Board of Directors approved the following common expenses to be shared proportionately by the District and the County: property insurance, trash and exterior building repairs and maintenance. Total Association common expenses during the year ended December 31, 2016 are not material to the District's financial statements.

Lease Agreement

The District leases the land under its new fire station from the State of Colorado, Department of Natural Resources, Division of Parks and Outdoor Recreation (DPOR). The lease is for an initial 25 year term expiring in May 2027 and shall automatically renew for an additional 25 years assuming the District's compliance with terms of the lease. The District's use of the land is limited to fire protection, emergency medical and rescue services and equipment storage and services for Routt County Road Department (see Agreement for Participation in Development of North Routt Fire Station). The District is required to pay a \$100 fee quarterly for water and sewer services provided by DPOR.

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees, and natural disasters. The District maintains commercial insurance for these risks of loss, including workers compensation. No claims have been filed in the past three fiscal years.

Subsequent Events

The District has evaluated subsequent events through June 13, 2017, the date these financial statements were available to be issued.

NORTH ROUTT FIRE PROTECTION DISTRICT
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2016

	Original and Final Budget	Actual	Variance
Revenues:			
Taxes:			
Property, net of tax collection fees of \$5,827	\$ 193,871	\$ 188,769	\$ (5,102)
Specific ownership	-	13,755	13,755
Charges for services, net of provision for uncollectible accounts of \$10,055	12,000	31,329	19,329
Grants	200,000	187,504	(12,496)
Contributions	8,000	44,000	36,000
Other	4,300	23,508	19,208
Total revenues	<u>418,171</u>	<u>488,865</u>	<u>70,694</u>
Expenditures:			
Personnel and volunteers:			
Wages and benefits	86,565	86,944	(379)
Contract labor	9,000	9,090	(90)
Volunteer benefits	23,500	14,872	8,628
Volunteer pension contribution	15,000	16,730	(1,730)
Operations:			
Equipment and supplies	38,250	22,396	15,854
Vehicle	11,500	11,614	(114)
Building maintenance and utilities	23,050	18,633	4,417
Administration and general:			
Insurance	20,755	24,851	(4,096)
Professional fees	8,500	8,354	146
Fundraising	3,750	-	3,750
Other	7,450	8,844	(1,394)
Capital outlay	350,000	350,000	-
Total expenditures	<u>597,320</u>	<u>572,328</u>	<u>24,992</u>
Excess (deficiency) of revenues over expenditures	(179,149)	(83,463)	<u>\$ 95,686</u>
Fund balance, beginning of year	<u>407,297</u>	<u>407,297</u>	
Fund balance, end of year	<u>\$ 228,148</u>	<u>\$ 323,834</u>	

NORTH ROUTH FIRE PROTECTION DISTRICT
Required Supplementary Information
Schedule of the District's Proportionate Share
of the Net Pension Liability (Asset)
FPPA Statewide Defined Benefit Pension Plan (SWDB)
Last 10 Years

	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.0125%	0.0129%
District's proportionate share of the net pension liability (asset)	\$ (221)	\$ (14,557)
District's covered-employee payroll	\$ 62,840	\$ 60,622
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-0.35%	-24.01%
Plan fiduciary net position as a percentage of the total pension liability	100.1%	106.8%

NORTH ROUNT FIRE PROTECTION DISTRICT
Required Supplementary Information
Schedule of the District Contributions
FPPA Statewide Defined Benefit Pension Plan (SWDB)
Last 10 Years

	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 5,027	\$ 4,850
Contributions in relation to the contractually required contribution	<u>\$ (5,027)</u>	<u>\$ (4,850)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 62,840	\$ 60,622
Contributions as a percentage of covered-employee payroll	8.00%	8.00%

NORTH ROUTH FIRE PROTECTION DISTRICT
Required Supplementary Information
Schedule of Changes in Net Pension Liability
and Related Ratios Multiyear
FPPA Volunteer Firefighter Defined Benefit Pension Plan
Last 10 Years

Measurement period ending December 31,	2015	2014
Total Pension Liability		
Service Cost	\$ 7,493	\$ 9,585
Interest on the Total Pension Liability	25,867	27,410
Benefit Changes	-	-
Difference between Expected and Actual Experience	-	(33,619)
Assumption Changes	-	-
Benefit Payments	(23,389)	(22,465)
Net Change in Total Pension Liability	9,971	(19,089)
Total Pension Liability - Beginning	352,701	371,790
Total Pension Liability - Ending	\$ 362,672	\$ 352,701
Plan Fiduciary Net Position		
Employer Contributions	\$ 17,000	\$ 17,000
Net Investment Income	4,301	14,588
Benefit Payments	(23,389)	(22,465)
Pension Plan Administrative Expense	(1,489)	(724)
State of Colorado supplemental discretionary payment	15,300	15,300
Net Change in Plan Fiduciary Net Position	11,723	23,699
Plan Fiduciary Net Position - Beginning	243,196	219,497
Plan Fiduciary Net Position - Ending	\$ 254,919	\$ 243,196
Net Pension Liability	\$ 107,753	\$ 109,505
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	70.29%	68.95%
Covered Employee Payroll	N/A	N/A
Net Pension Liability as a Percentage of Covered Employee Payroll	N/A	N/A

NORTH ROUTT FIRE PROTECTION DISTRICT
Required Supplementary Information
Schedule of Contributions Multiyear
FPPA Volunteer Firefighter Defined Benefit Pension Plan
Last 10 Years

FY Ending December 31,	Actuarially Determined Contribution	Actual Contribution*	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2014	\$ 25,144	\$ 32,300	\$ (7,156)	N/A	N/A
2015	\$ 25,144	\$ 32,300	\$ (7,156)	N/A	N/A

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

NORTH ROUNTT FIRE PROTECTION DISTRICT
Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2016

	Original and Final Budget	Actual	Variance
Revenues:			
Taxes:			
Property, net of tax collection fees of \$2,692	\$ 89,550	\$ 87,030	\$ (2,520)
Specific ownership	-	6,348	6,348
Total revenues	<u>89,550</u>	<u>93,378</u>	<u>3,828</u>
Expenditures:			
Professional fees	-	-	-
Debt service:			
Principal	60,000	60,000	-
Interest	<u>29,550</u>	<u>29,548</u>	<u>2</u>
Total expenditures	<u>89,550</u>	<u>89,548</u>	<u>2</u>
Excess of revenues over expenditures	-	3,830	<u>\$ 3,830</u>
Fund balance, beginning of year	<u>73,628</u>	<u>73,628</u>	
Fund balance, end of year	<u>\$ 73,628</u>	<u>\$ 77,458</u>	