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***ADAMS COUNTY FIRE  
PROTECTION DISTRICT***  
*FINANCIAL STATEMENTS*  
*DECEMBER 31, 2016*

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## Independent Auditors' Report

Board of Directors  
Adams County Fire Protection District  
Denver, Colorado

### Report On The Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Adams County 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.

### *Auditors' Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

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

### ***Emphasis Of Matter***

As discussed in Note 1, the Department adopted the provisions of Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application*, effective for the year ended December 31, 2016. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i through iv, the budgetary comparison schedule, pension schedules and notes to required supplementary information on pages 51 through 61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in 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.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The individual fund budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

*RubinBrown LLP*

July 26, 2017

ADAMS COUNTY FIRE PROTECTION DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS FOR YEAR 2016

This Management Discussion and Analysis of the Adams County Fire Protection District provides an overall review of the District's financial activities for the year ended December 31, 2016. The purpose of this Management Discussion and Analysis is to look at the District's financial performance as a whole. Readers should also review the financial statements and the notes to the financial statements to broaden their understanding of the District's financial performance.

**Overview of Financial Statements:** The basic financials are introduced in this Management and Discussion Analysis. Three components comprise these basic financial statements: 1) Statement of Net Position; 2) Statement of Activities; 3) Financial Notes. This report contains other supplemental information in addition to the basic financial statements.

**Using the Basic Financial Statements:** These financial statements consist of management's discussion and analysis (this section) and a series of financial statements including notes to those statements. The statements are organized to enable the reader to understand the District as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position is the delta between both the short-term and the long-term position of the District's assets, deferred inflows/outflows and liabilities. Increases or decreases in the net position may be useful as an indicator if the District is improving or deteriorating in its financial position.

Statement of Activities shows how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event gives rise as the change occurs, regardless of the timing of related cash flows.

**Governmental-wide Financial Statements:** The government-wide financial statements detail District operations principally supported by property tax revenues, and charges for services. The governmental activity of the District is public safety, consisting of all hazards, fire, and EMS services. The District's government-wide financial statements can be found on pages 4 and 5 of this report.

**Fund Financial Statements:** Government funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances on current financial resources. The District reports the difference between governmental fund assets, deferred outflows of resources, liabilities and deferred inflows of resources as fund balance. Fund financial statements are presented on pages 6 through 11.

**Notes to Financial Statements:** The notes to the financial statements provide additional information to the reader to fully understand the data provided aforementioned statements and funds. The notes are found on pages 12 – 50 of this report.

**Financial Analysis for the District as a Whole:** The total net position for the District as of December 31, 2016 realized a gain of \$1,139,174. The predominate contributors are an increase to charges of services and permit fees for revenues and a decrease in expenditures for medical payments and truck maintenance. Management plans to utilize this surplus to strengthen the District's reserve accounts.

Condensed statement of net position and statement of activities comparisons for 2015 and 2016 are as follows:

<b>Condensed Statement of Net Position</b>		
	FY 2015	FY2016
Current Assets	\$23,475,625	\$21,619,606
Capital Assets, Net	7,870,595	12,065,804
Pension Assets Net	1,309,334	131,554
Other Assets	3,752	89,505
<b>Total Assets</b>	<b>32,659,306</b>	<b>33,906,469</b>
Deferred Outflows of Resources	939,942	2,827,947
Current Liabilities	1,480,998	2,185,990
Long-term Liabilities	6,681,013	6,711,571
<b>Total Liabilities</b>	<b>8,162,011</b>	<b>8,897,561</b>
Deferred Inflows of Resources	12,784,826	14,045,270
Net Position:		
Net Investment in Capital Assets	4,581,419	8,679,856
Restricted	821,821	830,677
Unrestricted	7,249,171	4,281,052
<b>Total Net Position</b>	<b>\$12,652,411</b>	<b>\$13,791,585</b>

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**Condensed Statement of Activities**

	FY 2015	FY2016
Program Revenues:		
Charges for Services	\$1,188,241	\$1,691,955
Operating Grants and Contributions	12,085	-
Capital Grants and Contributions	-	148,156
Total Program Revenues	1,200,326	1,840,111
General Revenues:		
Taxes	13,498,455	13,708,688
Interest	36,601	61,747
Miscellaneous	53,982	194,661
Gain on sale of Assets	518,665	-
Total General Revenues	14,107,703	13,965,096
Total Revenues	15,308,029	15,805,207
Expenses:		
Firefighting and Admin	13,808,419	14,521,161
Interest	156,071	144,872
Total Expenses	13,964,490	14,666,033
Change in Net Position	1,343,539	1,139,174
Net Position – Beginning of Year	10,003,601	12,652,411
Contribution of net assets and liabilities in connection with merger	1,305,271	
Net Position – End of Year	\$12,652,411	\$13,791,585

**Financial Analysis of District Funds:**

**NONDISPENDABLE FUND BALANCE:**

The District does not have any non-spendable funds.

**RESTRICTED FUND BALANCE:**

This restricted fund is entitled TABOR reserve. This fund was established to adhere to Tabor’s requirement that an emergency reserve of 3% of expenditures be set aside. This reserve at the end of year 2016 has a balance of \$707,758.

The Bond Debt Service fund maintains a fund balance to cover the obligation bond debt payment in the amount of \$122,919.

**COMMITTED TO:**

As of December 31, 2016 there are no committed fund balances. The Board of Directors may alter or remove the constraints placed upon these resources.

**ASSIGNED TO:**

The District maintains a reserve fund of \$775,000 for future purchase of major equipment. Radio equipment has an assignment of \$233,000. Funds to cover vested vacation and sick leave amount to \$1,000,000. Stations and grounds \$100,000 and the Health benefit \$100,000. The remaining funds are assigned to future years operating and capital expenditures.

**General Fund Budget Highlights:** Actual revenues exceeded expenditures in 2016. The total budget revenues actual had a favorable variance of \$562,983 where the expenditures also had a favorable variance of \$381,364 for a total of \$944,347. These monies will be allocated to the assigned funds as needed.

A supplemental budget was necessary in 2016 to transfer General fund balance monies to the Capital/Reserve fund for the following Capital projects;

Station 12 remodel:	\$ 1,165,118
Station 14 Admin Remodel:	\$ 1,244,522
Major Equipment:	\$ 1,540,349
Total:	\$3,950,000

It is important to note that these capital projects were funded with fund balance monies rather than seeking a long-term debt to finance them. This was a direct result of savings due to the merger that took place in 2015.

**Capital Assets Highlights:**

The District increased its total Capital Assets by \$5,048,823 with a total depreciation of (\$859,435) These additions were a result of two station remodels and purchases of apparatus and equipment. The total net capital assets as of December 31, 2016 is 12,065,804. See Note 5 for further information on the District's capital assets.

**Long-Term Debt:**

The General Obligation Bond principal debt, as of December 31, 2016, is \$2,710,000. See Note 6 for further details on the District's long-term debt.

**Economic Factors and Next Year's Budget and Rates:**

The District's property tax remains at 16.207 mills. The Gallagher bill will ratchet down the revenues for 2018 by as much as 10% due to the change of the residential assessment rate from 7.96 to 7.2%. Management anticipates an increase in assessed values as well as growth to assist in this decrease in revenues. A new station is planned to be built in 2018. Management is also working with the County to implement impact fees for new developments in the District to assist with Capital expenses.

**Requests for information:**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information in the report or requests for additional information should be addressed to:

Adams County Fire Protection District  
8055 Washington Street  
Denver, Colorado 80229.

# ADAMS COUNTY FIRE PROTECTION DISTRICT

## STATEMENT OF NET POSITION

December 31, 2016

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash, cash equivalents and investments (Note 2)	\$ 6,313,294
Restricted cash (Note 2)	707,758
Cash with County Treasurer	74,302
Deposits	2,876
Receivables:	
Property taxes	13,804,397
Medical billings accounts, net (Note 4)	715,128
Receivable from pension trust fund	1,851
Other	89,505
Capital assets (Note 5):	
Nondepreciable	248,529
Depreciable, net	11,817,275
Net pension asset - SWDBP (Note 7)	22,063
Net pension asset - Volunteer Plan (Note 9)	109,491
<b>Total Assets</b>	<u>33,906,469</u>
<b>Deferred Outflows Of Resources</b>	
Deferred charge on refunding	205,576
Deferred outflows pension - SWDBP (Note 7)	2,151,975
Deferred outflows pension - Old Hire (Note 8)	327,432
Deferred outflows pension - Volunteer Plan (Note 9)	7,895
Deferred outflows pension - SWAC Volunteer Plan (Note 10)	135,069
<b>Total Deferred Outflows Of Resources</b>	<u>2,827,947</u>
<b>Liabilities</b>	
Accounts payable	575,356
Accrued liabilities	27
Claims payable (Note 12)	93,736
Accrued interest payable	24,349
Noncurrent liabilities (Note 6):	
Due within one year	1,492,522
Due in more than one year	4,500,765
Net pension liability - Old Hire (Notes 6 and 8)	1,395,980
Net pension liability - SWAC Volunteer Plan (Notes 6 and 10)	814,826
<b>Total Liabilities</b>	<u>8,897,561</u>
<b>Deferred Inflows Of Resources</b>	
Unearned revenue - property taxes	13,804,397
Deferred inflows pension - SWDBP (Note 7)	240,873
<b>Total Deferred Inflows Of Resources</b>	<u>14,045,270</u>
<b>Net Position</b>	
Net investment in capital assets	8,679,856
Restricted for:	
Debt service	122,919
Emergencies (Note 13)	707,758
Unrestricted	4,281,052
<b>Total Net Position</b>	<u>\$ 13,791,585</u>

# ADAMS COUNTY FIRE PROTECTION DISTRICT

## STATEMENT OF ACTIVITIES For The Year Ended December 31, 2016

Function/Program	Expenses	Program Revenues			Net Revenue (Expense) And Changes In Net Position
		Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Governmental Activities
<b>Primary Government</b>					
<b>Governmental Activities</b>					
Firefighting	\$ 10,757,045	\$ 26,420	\$ —	\$ 79,287	\$ (10,651,338)
Administration	1,069,667	151,223	—	—	(918,444)
Communications	497,313	—	—	—	(497,313)
Medical	1,119,910	—	—	—	(1,119,910)
Station and grounds maintenance	256,662	—	—	—	(256,662)
Information technology	71,745	—	—	—	(71,745)
Ambulance	170,082	1,504,493	—	68,869	1,403,280
Training	92,323	9,819	—	—	(82,504)
Fire prevention	23,656	—	—	—	(23,656)
Truck and equipment maintenance	345,655	—	—	—	(345,655)
Special operations	117,103	—	—	—	(117,103)
Interest	144,872	—	—	—	(144,872)
<b>Total - Primary Government</b>	<b>\$ 14,666,033</b>	<b>\$ 1,691,955</b>	<b>\$ —</b>	<b>\$ 148,156</b>	<b>(12,825,922)</b>
<b>General Revenues</b>					
					12,661,985
					1,046,703
					61,747
					194,661
		<b>Total General Revenues</b>			<b>13,965,096</b>
		<b>Change In Net Position</b>			<b>1,139,174</b>
		<b>Net Position, Beginning Of Year</b>			<b>12,652,411</b>
		<b>Net Position, End Of Year</b>			<b>\$ 13,791,585</b>

# ADAMS COUNTY FIRE PROTECTION DISTRICT

## BALANCE SHEET - GOVERNMENTAL FUNDS December 31, 2016

	Assets				Total Governmental Funds
	General	Capital Reserve	Bond		
<b>Assets</b>					
Cash, cash equivalents and investments	\$ 6,313,198	\$ —	\$ 96	\$	6,313,294
Restricted cash	707,758	—	—		707,758
Cash with County Treasurer	74,302	—	—		74,302
Deposits	2,876	—	—		2,876
Receivables:					
Property taxes	13,283,145	—	521,252		13,804,397
Medical billing accounts (net)	715,128	—	—		715,128
Interfund	—	417,139	122,823		539,962
Due from pension trust fund	1,851	—	—		1,851
Other receivables	89,505	—	—		89,505
<b>Total Assets</b>	<b>\$ 21,187,763</b>	<b>\$ 417,139</b>	<b>\$ 644,171</b>	<b>\$</b>	<b>22,249,073</b>

### Liabilities, Deferred Inflows Of Resources And Fund Balance

<b>Liabilities</b>					
Accounts payable	\$ 158,217	\$ 417,139	\$ —	\$	575,356
Accrued liabilities	27	—	—		27
Claims payable	93,736	—	—		93,736
Interfund	539,962	—	—		539,962
<b>Total Liabilities</b>	<b>791,942</b>	<b>417,139</b>	<b>—</b>	<b>—</b>	<b>1,209,081</b>

#### Deferred Inflows Of Resources

Unavailable revenue - property taxes	13,283,145	—	521,252		13,804,397
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#### Fund Balances

Restricted:					
Debt service	—	—	122,919		122,919
Emergencies - TABOR reserve	707,758	—	—		707,758
Assigned:					
Radios	233,000	—	—		233,000
Major equipment	775,000	—	—		775,000
Station and grounds	100,000	—	—		100,000
Health	100,000	—	—		100,000
Sick leave	1,000,000	—	—		1,000,000
Unassigned	4,196,918	—	—		4,196,918
<b>Total Fund Balances</b>	<b>7,112,676</b>	<b>—</b>	<b>122,919</b>	<b>—</b>	<b>7,235,595</b>

#### Total Liabilities, Deferred Inflows Of Resources And Fund Balance

	<b>\$ 21,187,763</b>	<b>\$ 417,139</b>	<b>\$ 644,171</b>	<b>\$</b>	<b>22,249,073</b>
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**ADAMS COUNTY FIRE PROTECTION DISTRICT**

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

**Total Governmental Fund Balances** \$ 7,235,595

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

Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds. However, in the statement of net position, the cost of these assets is capitalized and expensed over their estimated lives through annual depreciation expense.

Cost of capital assets	\$ 19,782,328	
Accumulated depreciation	<u>(7,716,524)</u>	12,065,804

Pension plan accounts, such as deferred inflows/outflows and net pension assets (liabilities), are not receivable or payable in the current period and, therefore, are not reported in the governmental funds.

Net pension assets	131,554	
Net pension liabilities	(2,210,806)	
Deferred outflows of resources	2,622,371	
Deferred inflows of resources	<u>(240,873)</u>	302,246

Charges on advance refunding are not financial resources and, therefore, not reported in the funds. However, in the statement of net position, the amounts are deferred outflows of resources and are amortized over the life of the debt.

205,576

Liabilities, including bonds, accrued interest and compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds payable	(2,710,000)	
Bond premium	(53,267)	
Bond discount	15,798	
Capital leases	(844,055)	
Accrued interest payable	(24,349)	
Compensated absences payable	<u>(2,401,763)</u>	(6,017,636)

**Net Position Of Governmental Activities** \$ 13,791,585

# ADAMS COUNTY FIRE PROTECTION DISTRICT

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS For The Year Ended December 31, 2016

	General	Capital Reserve	Bond	Total Governmental Funds
<b>Revenues</b>				
Property taxes	\$ 12,146,797	\$ —	\$ 515,188	\$ 12,661,985
Specific ownership taxes	1,046,703	—	—	1,046,703
Grant revenue	68,869	79,287	—	148,156
Charges for services	1,504,493	—	—	1,504,493
Permit fees	151,223	—	—	151,223
Rental income	4,614	—	—	4,614
Insurance reimbursement	25,009	—	—	25,009
Interest	61,510	143	94	61,747
Miscellaneous	201,277	—	—	201,277
<b>Total Revenues</b>	<b>15,210,495</b>	<b>79,430</b>	<b>515,282</b>	<b>15,805,207</b>
<b>Expenditures</b>				
Current:				
Firefighting	10,276,480	—	—	10,276,480
Administration	1,055,281	14,386	—	1,069,667
Communications	497,313	—	—	497,313
Medical	1,119,910	—	—	1,119,910
Station and grounds maintenance	256,662	—	—	256,662
Information technology	71,745	—	—	71,745
Ambulance	170,082	—	—	170,082
Training	92,323	—	—	92,323
Fire prevention	23,656	—	—	23,656
Trucks and equipment	345,655	—	—	345,655
Special operations	117,103	—	—	117,103
Capital outlay	148,113	4,921,514	—	5,069,627
Debt service:				
Principal	62,834	58,268	405,000	526,102
Interest	12,142	—	102,136	114,278
<b>Total Expenditures</b>	<b>14,249,299</b>	<b>4,994,168</b>	<b>507,136</b>	<b>19,750,603</b>
<b>Excess (Deficiency) Of Revenues Over (Under) Expenditures</b>	<b>961,196</b>	<b>(4,914,738)</b>	<b>8,146</b>	<b>(3,945,396)</b>
<b>Other Financing Sources (Uses)</b>				
Proceeds from capital lease issuance	—	594,856	—	594,856
Transfer in	—	4,319,882	—	4,319,882
Transfer out	(4,319,882)	—	—	(4,319,882)
<b>Total Other Financing Sources (Uses)</b>	<b>(4,319,882)</b>	<b>4,914,738</b>	<b>—</b>	<b>594,856</b>
<b>Net Change In Fund Balance</b>	<b>(3,358,686)</b>	<b>—</b>	<b>8,146</b>	<b>(3,350,540)</b>
<b>Fund Balance, Beginning Of Year</b>	<b>10,471,362</b>	<b>—</b>	<b>114,773</b>	<b>10,586,135</b>
<b>Fund Balance, End Of Year</b>	<b>\$ 7,112,676</b>	<b>\$ —</b>	<b>\$ 122,919</b>	<b>\$ 7,235,595</b>

# ADAMS COUNTY FIRE PROTECTION DISTRICT

## RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES For The Year Ended December 31, 2016

**Net Change In Fund Balances - Total Governmental Funds** \$ (3,350,540)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expenses. This is the amount by which capital outlay exceeded depreciation expense in the current period.

Capital outlay	\$ 5,069,627	
Depreciation expense	<u>(859,435)</u>	4,210,192

The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to increase net position. Donations of capital assets increase net position in the statement of net position, but do not appear in the governmental funds because they are not financial resources. (14,983)

Interest expense accrued and reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as expenditures in governmental funds.

Liability at December 31, 2015	21,773	
Liability at December 31, 2016	<u>(24,349)</u>	(2,576)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Proceeds from capital lease issuance	(594,856)	
Principal payments made	526,102	
Amortization of premium, discount and deferred charge on refunding	<u>(28,018)</u>	(96,772)

Pension plan accounts, such as deferred inflows/outflows and net pension liabilities (assets), are not receivable or payable in the current period and, therefore, are not reported in the governmental funds.

Deferred outflow	1,843,198	
Deferred inflow	(246,756)	
Net pension assets	(1,177,780)	
Net pension liabilities	<u>219,125</u>	689,014

Compensated absences for nonvested employees reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Liability at December 31, 2015	2,106,602	
Liability at December 31, 2016	<u>(2,401,763)</u>	(295,161)

**Change In Net Position Of Governmental Activities** \$ 1,139,174

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**ADAMS COUNTY FIRE PROTECTION DISTRICT**

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**STATEMENT OF PLAN NET POSITION -  
PENSION TRUST FUND  
December 31, 2016**

	<u>Pension Trust Fund</u>
<b>Assets</b>	
Cash	\$ 12,067
Investments	1,488,115
Accounts receivable	8,100
<b>Total Assets</b>	<u>1,508,282</u>
<b>Liabilities</b>	
Accounts payable	855
Interfund payable	1,851
<b>Total Liabilities</b>	<u>2,706</u>
<b>Net Position Held In Trust For Pension Benefits</b>	<u>\$ 1,505,576</u>

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**ADAMS COUNTY FIRE PROTECTION DISTRICT**

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**STATEMENT OF CHANGES IN PLAN NET POSITION -  
PENSION TRUST FUND**

**For The Year Ended December 31, 2016**

	<u>Pension Trust Fund</u>
<b>Additions</b>	
Investment income	\$ 76,142
State contribution	8,100
Other income	92,637
<b>Total Additions</b>	<u>176,879</u>
<b>Deductions</b>	
Benefit payments	254,214
Administration	8,707
Miscellaneous	10,665
<b>Total Deductions</b>	<u>273,586</u>
<b>Net Decrease In Net Position Held In Trust For Pension Benefits</b>	(96,707)
<b>Net Position Held In Trust For Pension Benefits - Beginning Of Year</b>	<u>1,602,283</u>
<b>Net Position Held In Trust For Pension Benefits - End Of Year</b>	<u>\$ 1,505,576</u>

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# ADAMS COUNTY FIRE PROTECTION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

December 31, 2016

### 1. Summary Of Significant Accounting Policies

#### Organization

The Adams County Fire Protection District (the “District”) was organized to provide emergency services to the northeast metro area of Denver, Colorado. Effective May 7, 2014, the District’s legal name changed from North Washington Fire Protection District to Adams County Fire Protection District, also doing business as Adams County Fire Rescue. The name change occurred in connection with a merger between the District and the Southwest Adams County Fire Protection District (“SWAC”), effective January 1, 2015.

#### Reporting Entity

For financial reporting purposes, management has considered all potential component units in defining the District. The basic criterion for including a potential component unit is the District’s ability to exercise significant operational control or financial accountability over the potential component unit. Financial relationship or operational control is determined on the basis of the District’s obligation to fund deficits, responsibility for debt, budgetary authority, fiscal management, selection of governing authority and/or management and the ability to significantly influence operations.

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

#### Basis Of Presentation

The District’s basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities. The government-wide financial statements report information for the District as a whole.

Individual funds are not displayed at this financial reporting level. Internal balances and activity are eliminated at the government-wide level.

The statement of net position presents the financial position of the governmental activities of the District. The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are specifically associated with a function and, therefore, clearly identifiable to that particular function. The District does not allocate indirect expenses to functions in the statement of activities.

## ADAMS COUNTY FIRE PROTECTION DISTRICT

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### Notes To Financial Statements (*Continued*)

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity.

Program revenues include: (1) charges for services which report fees and other charges to users of the District's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income and (3) capital grants and contributions which fund the acquisition, construction or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. For identifying to which function program revenue pertains, the determining factor for *charges for services* is which function *generates* the revenue. For *grants and contributions*, the determining factor is to which function the revenues are *restricted*.

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

### **Accounting Policies**

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The District uses funds to maintain its financial records during the year.

A fund is a fiscal and accounting entity with a self-balancing set of accounts.

***Governmental Funds*** - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. The District reports the difference between governmental fund assets, deferred outflows of resources, liabilities and deferred inflows of resources as fund balance. The following are the District's major governmental funds:

*General* - This fund accounts for general operations and for financial resources of the District that are not accounted for in other funds. Primary sources of revenue are property taxes and interest on deposits. The major expenditures are for personnel and services. The General Fund also accounts for the District's health benefit activity.

## ADAMS COUNTY FIRE PROTECTION DISTRICT

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### Notes To Financial Statements (*Continued*)

*Capital Reserve* - This fund is used to account for the accumulation of resources for and the purchase of capital improvements and equipment. The primary source of revenues is transfers from the General Fund and grant revenue.

*Bond* - This fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs. The primary sources of revenues are property taxes levied specifically to retire general obligation bonds and interest on deposits.

### **Measurement Focus**

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the District are included on the statement of net position. The statement of activities reports revenues and expenses.

All governmental funds are accounted for using a flow of current financial resources measurement focus. Within this measurement focus, only current assets, current liabilities and certain deferred outflows and inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

Proprietary funds, if any, are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, liabilities and deferred outflows and inflows of resources associated with the operation of these funds are included on the statement of net position. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

## **ADAMS COUNTY FIRE PROTECTION DISTRICT**

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### Notes To Financial Statements (*Continued*)

#### **Basis Of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. At the fund reporting level, the governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of certain deferred outflows of resources and in the presentation of expenses versus expenditures. Under the accrual basis of accounting, revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are considered to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on long-term debt and compensated absences, which are recognized when due.

Government-wide and proprietary funds use the accrual basis of accounting. Under this method, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred.

#### **Property Tax Revenue And Recognition**

Property taxes are levied on December 15 and attach as an enforceable lien on property the following January 1. They are payable in full by April 30, or in two equal installments due February 28 and June 15. Adams and Denver Counties bill and collect property taxes for the District. The property tax receipts collected by the Counties are remitted to the District in the subsequent month. Property taxes receivable not collected within 60 days of year end have been recorded as a deferred inflow of resources in the fund financial statements. Since property taxes are levied in December for the next calendar year's operations, the total levy is reported as taxes receivable and a deferred inflow of resources in the government-wide financial statements.

#### **Budgets**

Budgets are adopted on a basis consistent with generally accepted accounting principles. All annual appropriations are at the total fund level and lapse at fiscal year end.

## **ADAMS COUNTY FIRE PROTECTION DISTRICT**

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### Notes To Financial Statements (*Continued*)

The Fire Chief submits the proposed budget to the Board of Directors prior to the October 15 statutory deadline for the year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted to obtain taxpayer comments. Prior to December 15, the budget is legally enacted through passage of a resolution. Formal budgetary integration is employed as a management control tool during the year for the District's funds. The District approved a supplemental budget appropriation in March 2017.

#### **Cash And Cash Equivalents**

The District considers all highly liquid investment purchases with an original maturity of three months or less to be cash equivalents. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of these instruments.

#### **Investments**

Investments are measured at fair value in accordance with the Governmental Accounting Standard Board (GASB) Statement No. 72, *Fair Value Measurement and Application*.

#### **Short-Term Interfund Receivables/Payables**

During the course of operations, transactions may occur between individual funds for the goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. The interfund balances are eliminated at the government-wide level, except for the residual balances between the governmental activities and the pension trust fund.

#### **Capital Assets**

General capital assets are long-lived assets of the District as a whole. When purchased, such assets are recorded as expenditures in governmental funds. The District reports these assets in the governmental activities column of the government-wide statement of net position, but does not report these assets in the fund financial statements.

All capital assets are recorded at cost or estimated historical cost if actual cost is not available. Donated capital assets are recorded at acquisition value on the date donated. The District maintains a capitalization threshold of \$5,000. Improvements to capital assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed.

## ADAMS COUNTY FIRE PROTECTION DISTRICT

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### Notes To Financial Statements (*Continued*)

All capital assets, except for land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight line method over the following useful lives:

Buildings and improvements	10 - 30 years
Equipment and vehicles	5 - 20 years

### **Compensated Absences**

Accrued vacation and sick leave represent amounts earned, but not paid or taken, as of year end. The District's sick leave policy allows accumulation of up to 2,160 hours. Sick leave is earned at the rate of 0.667 per day during a calendar year. Employees are 50% vested after 10 years and 100% vested after 20 years. Unused sick hours are paid upon retirement after a minimum of 10 years of employment. The vested portion of accrued sick leave is shown as a liability in the governmental statement of net position. Vacation time is accrued on January 1 and must be taken within 1 year of the accrued date; therefore, no accrual is made for unused vacation time.

### **Deferred Outflows/Inflows Of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until that time. The deferred charge on advanced refunding is recorded as a deferred outflow. A deferred charge on advanced refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The District has recognized deferred outflows of resources in the government-wide financial statements in accordance with presentation requirements for GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27* ("GASB 68"), and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68* ("GASB 71").

## ADAMS COUNTY FIRE PROTECTION DISTRICT

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### Notes To Financial Statements (*Continued*)

In addition to liabilities, the statement of net position and governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. Property tax revenue that is related to a future period is recorded as a deferred inflow. These amounts are deferred and will be recognized as an inflow of resources in the period that the amounts become available, at both the governmental fund level and in the period the taxes are levied at the government-wide reporting level. The District has also recognized deferred inflows of resources in the government-wide financial statements in accordance with presentation requirements for GASB 68 and GASB 71.

#### **Fund Balance/Net Position**

Fund balance for governmental funds is reported in various categories based on the nature of limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment or an assignment. The following classifications describe the relative strength of the spending constraints.

***Nonspendable*** - includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact

***Restricted*** - includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation

***Committed*** - includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to motions or resolutions passed by the Board of Directors, the District's highest level of decision-making authority. Commitments may be modified or rescinded only through motions or resolutions approved by the Board of Directors.

***Assigned*** - includes amounts the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's adopted policy, amounts may be assigned by the Fire Chief or designee.

***Unassigned*** - includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund

## **ADAMS COUNTY FIRE PROTECTION DISTRICT**

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### Notes To Financial Statements (*Continued*)

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. Although not included in a formal policy, the District considers decreases to fund balance to first reduce committed, then assigned and then unassigned balances, in that order.

Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition or construction of improvements on those assets, excluding unspent bond proceeds. Net position is reported as restricted when there are limitations imposed on their use, either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, laws or regulations of other governments. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

#### **Pensions**

The District participates in four defined benefit pension plans. For purposes of measuring the net pension (assets) liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of pension plans and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plans. 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.

#### **Estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from these estimates. The District believes the techniques and assumptions used in establishing these estimates are appropriate.

## **ADAMS COUNTY FIRE PROTECTION DISTRICT**

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### Notes To Financial Statements (*Continued*)

## **2. Cash, Cash Equivalents And Investments**

### **Deposits**

The Colorado Public Deposit Protection Act (“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 specified by PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must equal at least 102% of the uninsured deposits. The State Regulatory Commissions for banks and savings and loan associations are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At December 31, 2016, the District had bank deposits of \$1,318,710 collateralized with securities held by the financial institution’s agent but not in the Department’s name.

Custodial credit risk is the risk that, in the event of a bank failure, the District’s deposits may not be returned to it. As of December 31, 2016, the District’s deposits were not exposed to credit risk, as all deposits were insured by the Federal Deposit Insurance Corporation or collateralized in accordance with PDPA.

### **Investments**

Colorado Revised Statutes (“C.R.S.”) and the District’s deposit and investment policy permit District funds to be invested in the following types of securities and transactions:

- Fully collateralized or insured interest-bearing checking accounts, savings accounts and time certificates of deposit in state or national banks doing business in Colorado, which have been designated as eligible public depositories by the Colorado Banking Board
- Fully collateralized or insured interest-bearing accounts or time certificates of deposit at state-chartered or federally chartered savings and loan associations in Colorado, which have been designated as eligible public depositories by the Colorado Banking Board
- Local government investment pools that are organized in conformity with Part 7 of Article 57 of Title 24, of C.R.S., which provides specific authority for pooling of local government funds

## ADAMS COUNTY FIRE PROTECTION DISTRICT

### Notes To Financial Statements (Continued)

- Securities and Exchange Commission-regulated money market funds which comply with Colorado state law
- U.S. Treasury obligations (Treasury bills, notes and bonds)

The District had invested \$5,545,891 in Colorado Government Liquid Asset Trust (“COLOTRUST”) as of December 31, 2016. COLOTRUST is an investment vehicle established for local government entities in Colorado to pool surplus funds. COLOTRUST is valued using the net asset value per share (or its equivalent) of the investments, which approximates fair value. COLOTRUST investments do not have any unfunded commitments, redemption restrictions or redemptions notice periods.

COLOTRUST operates similarly to a money market fund, and each share is equal in value to \$1.00. COLOTRUST offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. COLOTRUST PRIME and COLOTRUST PLUS+ are rated AAAM by Standard & Poor’s. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. The State Securities Commissioner administers and enforces all state statutes governing COLOTRUST. COLOTRUST financial statements may be obtained at [www.colotruster.com](http://www.colotruster.com).

The District also has the following investments reported in the pension trust fund as of December 31, 2016:

<u>Investment Type</u>	<u>Ratings</u>	<u>Fair Value</u>	<u>Less Than One Year</u>	<u>Allocation</u>
Cash	N/A	\$ 20,206	\$ 20,206	1%
Fixed Income Taxable	Various	408,118	408,118	27%
U.S. Equity	Various	378,692	378,692	26%
International Equity	Various	144,164	144,164	10%
Emerging Market	Various	28,134	28,134	2%
Real Asset Securities	Various	57,509	57,509	4%
Dynamic Asset Allocation Overlay	Various	447,477	447,477	30%
Unmanaged Fixed Income	Various	3,815	3,815	0%
<b>Total</b>		<b>\$ 1,488,115</b>	<b>\$ 1,488,115</b>	<b>100%</b>

## ADAMS COUNTY FIRE PROTECTION DISTRICT

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### Notes To Financial Statements (*Continued*)

***Interest Rate Risk*** - The District's investment policy states that investment maturities for operating funds shall be scheduled to coincide with projected cash flow needs. The period from the date of purchase of an investment to its maturity date will be three years or less, or as authorized by the District Board, as a means of limiting exposure to fair value losses arising from prevailing market interest rates.

***Credit Risk*** - The District's investment policy is to apply the prudent person rule, where investments are made as a prudent person would be expected to act. The District's investment policy requires that investments in local government investment pools and authorized money market fund investments must maintain an AAA rating from a nationally recognized independent rating agency.

***Concentration Of Credit Risk*** - It is the policy of the District to diversify its use of investment instruments. Investments shall be diversified to avoid incurring unreasonable risks of loss inherent in over-concentration of assets in a specific maturity, a specific issuer or a specific class of securities. The asset allocation in the portfolio should, however, be flexible, depending on the outlook of the economy, the securities market and the District's anticipated cash flow needs.

### **Restricted Cash**

The District has reserved portions of its cash, cash equivalents and investments, as allowed under Article X, Section 20, of the State Constitution, otherwise known as the Taxpayer Bill of Rights ("TABOR"). As of December 31, 2016, \$707,758 was restricted for General Fund reserve for emergencies.

TABOR has several limitations including revenue increases, spending abilities and other specific requirements of state and local governments. This section of the Constitution is complex and subject to judicial interpretation. However, the District has made certain interpretations of the provisions of this section and believes it is in compliance with the requirements. Also refer to Note 13.

# ADAMS COUNTY FIRE PROTECTION DISTRICT

## Notes To Financial Statements (Continued)

### Presentation

Cash, cash equivalents and investments presented in the financial statements at December 31, 2016 are as follows:

Cash, cash equivalents - unrestricted - statement of net position	\$	6,313,294
Cash, restricted - statement of net position		707,758
Cash, pension trust fund		12,067
Investments, pension trust fund		<u>1,488,115</u>
<b>Total</b>	<b>\$</b>	<b><u><u>8,521,234</u></u></b>
Cash and cash equivalents	\$	1,487,228
Investments		<u>7,034,006</u>
<b>Total</b>	<b>\$</b>	<b><u><u>8,521,234</u></u></b>

### Fair Value

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District's investments in the pension trust fund have a Level 1 fair value measurement as of December 31, 2016.

### 3. Interfund Transactions

The District had the following interfund receivables and payables in 2016.

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 1,851	\$ 539,962
Capital Fund	417,139	—
Bond Fund	122,823	—
Pension Fund	—	1,851
<b>Total</b>	<b>\$ 541,813</b>	<b>\$ 541,813</b>

# ADAMS COUNTY FIRE PROTECTION DISTRICT

## Notes To Financial Statements (Continued)

### 4. Accounts Receivable

The District considers all receivables, other than medical billing receivables, to be fully collectible. The allowance for doubtful medical billing accounts totaled \$674,840 as of December 31, 2016. The allowance is estimated using past collection rates and trends for emergency medical revenue billed, net of contractually adjusted write-offs.

### 5. Capital Assets

Capital asset activity for governmental activities for the year ended December 31, 2016 is as follows:

	Balance December 31, 2015		Additions	Deletions	Balance December 31, 2016	
<b>Governmental Activities</b>						
Nondepreciable capital assets:						
Land	\$	217,725	\$ —	\$ —	\$	217,725
Construction in progress		10,000	20,804	—		30,804
<b>Total Nondepreciable Capital Assets</b>		<b>227,725</b>	<b>20,804</b>	<b>—</b>		<b>248,529</b>
Depreciable capital assets:						
Buildings and improvements		8,614,481	2,638,911	—		11,253,392
Transportation equipment		4,637,621	2,017,378	(79,210)		6,575,789
Furniture, fixtures and equipment		1,342,050	392,534	(29,966)		1,704,618
<b>Total Depreciable Capital Assets</b>		<b>14,594,152</b>	<b>5,048,823</b>	<b>(109,176)</b>		<b>19,533,799</b>
Accumulated depreciation		(6,951,282)	(859,435)	94,193		(7,716,524)
<b>Total Depreciable Capital Assets - Net</b>		<b>7,642,870</b>	<b>4,189,388</b>	<b>(14,983)</b>		<b>11,817,275</b>
<b>Total Capital Assets - Net</b>	\$	<b>7,870,595</b>	\$ <b>4,210,192</b>	\$ <b>(14,983)</b>	\$	<b>12,065,804</b>

Depreciation expense for the year ended December 31, 2016 was charged to functions/programs of the primary government, as follows:

<b>Governmental Activities</b>	
Firefighting	\$ 859,435

# ADAMS COUNTY FIRE PROTECTION DISTRICT

## Notes To Financial Statements (Continued)

### 6. Long-Term Liabilities

During the year ended December 31, 2016, the following changes occurred in liabilities reported for governmental activities:

	Balance December 31, 2015	Additions	Deletions	Balance December 31, 2016	Current
G.O. Refunding Bonds Series 2011	\$ 3,115,000	\$ —	\$ (405,000)	\$ 2,710,000	\$ 420,000
Premium	62,144	—	(8,877)	53,267	—
Discount	(18,431)	—	2,633	(15,798)	—
Fire Apparatus Capital Lease	232,807	—	(29,881)	202,926	30,941
Bunker Gear Capital Lease	137,494	—	(32,953)	104,541	33,882
PNC Apparatus Capital Lease	—	303,517	—	303,517	56,828
Motorola Radio Equipment Lease	—	291,339	(58,268)	233,071	58,268
Net Pension Liability - Old Hire	1,457,599	606,622	(668,241)	1,395,980	—
Net Pension Liability - SWAC Volunteer	876,318	197,309	(258,801)	814,826	—
Compensated absences	2,106,602	417,969	(122,808)	2,401,763	892,603
<b>Total</b>	<b>\$ 7,969,533</b>	<b>\$ 1,816,756</b>	<b>\$ (1,582,196)</b>	<b>\$ 8,204,093</b>	<b>\$ 1,492,522</b>

### General Obligation Bonds

In August 2002, the District issued \$5,500,000 General Obligation Bonds, Series 2002. The proceeds of the issue were placed in a project account to provide funds to improve fire safety and emergency response capabilities of the District, to purchase a municipal bond insurance policy and to pay the costs of issuing the bonds. The bonds pay 2.5% to 5.0% interest per annum. Principal payments are due semiannually on November 1 and May 1, and payments range from \$35,000 to \$500,000.

On February 22, 2011, the District issued General Obligation Refunding Bonds, Series 2011, in the amount of \$4,095,000, with interest rates ranging from 2% to 4%. The bonds were issued to advance refund a portion of the outstanding Series 2002 General Obligation Bonds.

The advance refunding resulted in a difference between the reacquisition price and the carrying amount of the old debt of \$376,886. This difference is reported in the statement of net position as a deferred outflow of resources and is amortized over the new debt's life using the effective interest method.

The bonds constitute general obligations of the District. All of the taxable property in the District is subject to the levy of a separate ad valorem property tax to pay the principal and interest on the bonds.

## ADAMS COUNTY FIRE PROTECTION DISTRICT

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### Notes To Financial Statements (Continued)

As of December 31, 2016, debt service requirements through the maturity date of November 1, 2022 are as follows:

<u>Series 2011</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 420,000	\$ 92,525	\$ 512,525
2018	435,000	75,725	510,725
2019	445,000	62,675	507,675
2020	455,000	48,213	503,213
2021	470,000	33,425	503,425
2022	485,000	16,975	501,975
<b>Total</b>	<b>\$ 2,710,000</b>	<b>\$ 329,538</b>	<b>\$ 3,039,538</b>

The District entered into a capital lease for fire apparatus dated September 7, 2012. Total acquisition cost of the fire apparatus was \$577,936, and the total amount financed was \$316,442. Payments are to be made in annual installments of \$38,145 beginning September 8, 2013, with final payment due September 8, 2022. The following is a summary of debt service principal and interest requirements to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 30,941	\$ 7,204	\$ 38,145
2018	32,040	6,105	38,145
2019	33,177	4,968	38,145
2020	34,356	3,789	38,145
2021	35,575	2,570	38,145
2022	36,837	1,308	38,145
<b>Total</b>	<b>\$ 202,926</b>	<b>\$ 25,944</b>	<b>\$ 228,870</b>

## ADAMS COUNTY FIRE PROTECTION DISTRICT

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### Notes To Financial Statements (Continued)

The District entered into a capital lease agreement for bunker gear on December 31, 2014. Total acquisition cost of the bunker gear is \$202,500, and the total amount financed is \$172,500. Payments are to be made in annual installments of \$36,830 beginning May 15, 2015, with final payment due May 15, 2019. The following is a summary of debt service principal and interest requirements to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 33,882	\$ 2,948	\$ 36,830
2018	34,838	1,992	36,830
2019	35,821	1,010	36,831
<b>Total</b>	<b>\$ 104,541</b>	<b>\$ 5,950</b>	<b>\$ 110,491</b>

The District entered into a capital lease agreement for a PNC apparatus on May 12, 2016. Total acquisition cost of the apparatus is \$588,517, and the total amount financed was \$305,517. Payments are to be made in annual installments of \$66,031 beginning June 12, 2017, with final payment due June 12, 2021. The following is a summary of debt service principal and interest requirements to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 56,828	\$ 9,203	\$ 66,031
2018	59,151	6,880	66,031
2019	60,801	5,230	66,031
2020	62,497	3,534	66,031
2021	64,240	1,791	66,031
<b>Total</b>	<b>\$ 303,517</b>	<b>\$ 26,638</b>	<b>\$ 330,155</b>

## ADAMS COUNTY FIRE PROTECTION DISTRICT

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### Notes To Financial Statements (Continued)

The District entered into a capital lease agreement for Motorola radio equipment on December 31, 2015, and took possession of the equipment in January 2016. Total acquisition cost of the equipment is \$291,339, and the total amount financed is \$291,339. Payments are to be made in annual installments of \$58,268 beginning December 15, 2016, with final payment due December 15, 2020. The lease has a zero percent nominal annual rate of interest. The following is a summary of debt service requirements to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 58,268	\$ —	\$ 58,268
2018	58,268	—	58,268
2019	58,268	—	58,268
2020	58,267	—	58,267
<b>Total</b>	<b>\$ 233,071</b>	<b>\$ —</b>	<b>\$ 233,071</b>

Total assets under these lease agreements, with a cost of \$1,488,633 and accumulated amortization (included with depreciation) of \$126,369 as of December 31, 2016, are recorded in the District's governmental activities.

## 7. FPPA Statewide Cost-Sharing Defined Benefit Pension Plan

### SWDBP Plan Description

Eligible employees of the District are provided with pensions through the Statewide Defined Benefit Plan ("SWDBP"), a cost-sharing multiple-employer defined benefit pension plan administered by the Fire & Police Pension Association of Colorado ("FPPA"). FPPA issues a publicly available comprehensive annual financial report that can be obtained on FPPA's website at <http://www.fppaco.org>.

### Benefits Provided

SWDBP provides retirement and disability, annual increases and death benefits for members or their beneficiaries. A member is eligible for a normal retirement pension once the member has completed 25 years of credited service and has attained the age of 55.

## **ADAMS COUNTY FIRE PROTECTION DISTRICT**

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### Notes To Financial Statements (*Continued*)

The annual normal retirement benefit is 2% of the average of the member's highest 3 years' base salary for each year of credited service up to 10 years, plus 2.5% 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 SWDBP. Benefits paid to retired members are evaluated and may be redetermined every October 1. The amount of any increase is at the FPPA Board's discretion and can range from 0% to the higher of 3% or the Consumer Price Index.

A member is eligible for an early retirement at age 50 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% as interest, returned as a lump sum distribution. Alternatively, a member with at least 5 years of accredited service may leave contributions with SWDBP and remain eligible for a retirement pension at age 55 equal to 2% of the member's average highest 3 years' base salary for each year of credited service up to 10 years, plus 2.5% for each year of service thereafter.

### **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 are established 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 SWDBP and their employers are contributing at the rate of 8.5% and 8%, 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 SWDBP 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 8.0% resulting in a combined contribution rate of 20% in 2022.

Contributions from members and employers or departments re-entering the system are established by resolution and approved by the FPPA Board of Directors. The re-entry group has a combined contribution rate of 20.5% of base salary through 2015. It is a local decision as to whether the member or employer pays the additional 4% contribution. Per the 2014 member election, the re-entry group could 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.

## **ADAMS COUNTY FIRE PROTECTION DISTRICT**

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### Notes To Financial Statements (*Continued*)

The contribution rate for members and employers of affiliated Social Security employers is 4.25% and 4%, respectively, of base salary for a total contribution rate of 8.25% through 2015. Per the 2014 member election, members of the affiliate Social Security group will have their required 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.

Employer contributions are recognized by SWDBP in the period in which the compensation becomes payable to the member, and the District is statutorily committed to pay the contributions to SWDBP. Employer contributions recognized by SWDBP from the District were \$516,761 for the year ended December 31, 2016.

#### **Pension Assets, Pension Expense, Deferred Outflows Of Resources And Deferred Inflows Of Resources Related To Pensions**

At December 31, 2016, the District reported a net pension asset of \$22,063 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2015, and the total pension asset was determined by an actuarial valuation as of January 1, 2016. The District's proportion of the net pension asset was based on District contributions to SWDBP for the calendar year 2015, relative to the total contributions of participating employers.

At December 31, 2016, the District's proportion was 1.25157%, which was an increase of 0.19034% from its proportion measured as of December 31, 2015.

# ADAMS COUNTY FIRE PROTECTION DISTRICT

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## Notes To Financial Statements (Continued)

For the year ended December 31, 2016, the District recognized a pension benefit of \$207,954. At December 31, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to SWDBP from the following sources:

<b>Deferred Outflows Of Resources</b>	
Net difference between projected and actual earnings on pension plan investments	\$ 1,110,219
Changes of assumptions	346,554
Differences between expected and actual experience	178,441
Contributions subsequent to measurement date	<u>516,761</u>
<b>Total Deferred Outflows Of Resources</b>	<b><u><u>\$ 2,151,975</u></u></b>
<b>Deferred Inflows Of Resources</b>	
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 218,783
Differences between expected and actual experience	<u>22,090</u>
<b>Total Deferred Inflows Of Resources</b>	<b><u><u>\$ 240,873</u></u></b>

The amount of \$516,761 was reported as deferred outflows of resources related to SWDBP, resulting from contributions subsequent to the measurement date, and will be recognized as an increase of the net pension asset in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to SWDBP will be recognized in pension expense as follows:

<b>For The Year</b>	
<b>Ended December 31,</b>	
<hr/>	
2017	\$ 313,918
2018	313,918
2019	313,918
2020	290,310
2021	30,461
Thereafter	<u>131,816</u>
<b>Total</b>	<b><u><u>\$ 1,394,341</u></u></b>

## ADAMS COUNTY FIRE PROTECTION DISTRICT

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### Notes To Financial Statements (*Continued*)

#### Actuarial Assumptions

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

	<u>Total Pension Liability</u>	<u>Actuarially Determined Contributions</u>
Valuation date	January 1, 2016	January 1, 2015
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level % Payroll, Open	Level % Payroll, Open
Remaining amortization period	30 Years	30 Years
Actuarial assumptions:		
Investment rate of return*	7.5%	7.5%
Projected salary increases*	4.0% - 14.0%	4.0% - 14.0%
Cost of living adjustments	0.0%	0.0%
* Includes inflation at:	2.5%	3.0%

For determining the total pension liability, the RP-2014 Mortality Tables for Blue Collar Employees, projected with Scale BB, 55% 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.

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

## ADAMS COUNTY FIRE PROTECTION DISTRICT

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### Notes To Financial Statements (*Continued*)

At least every five years, the FPPA'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 actuary, based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2016 and were used in the rollforward 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 benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate Of Return</u>
Global Equity	37.00%	6.5%
Equity Long/Short	10.00%	4.7%
Illiquid Alternatives	20.00%	8.0%
Fixed Income	16.00%	1.5%
Absolute Return	11.00%	4.1%
Managed Futures	4.00%	3.0%
Cash	2.00%	0.0%
<b>Total</b>	<b>100.00%</b>	

## ADAMS COUNTY FIRE PROTECTION DISTRICT

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### Notes To Financial Statements (Continued)

The discount rate used to measure the total pension asset was 7.5%. 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 SWDBP fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset.

#### 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 the valuation, the expected rate of return on pension plan investments is 7.50%, the municipal bond rate is 3.57% (based on the weekly rate closest to but not later than the measurement date of the "state and local bonds" rate from Federal Reserve statistical release (H.15)) and the resulting single discount rate is 7.50%.

#### Sensitivity Of The District's Proportionate Share Of The Net Pension Asset To Changes In The Discount Rate

Regarding the sensitivity of the net pension (asset) liability to changes in the single discount rate, the following presents the plan's net pension asset, calculated using a single discount rate of 7.50%, as well as what the plan's net pension asset would be if it were calculated using a single discount rate that is one percent lower (6.50%) or one percent higher (8.50%):

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Proportionate share of the net pension (asset) liability	\$ 3,090,757	\$ (22,063)	\$ (2,604,041)

**Pension Plan Fiduciary Net Position**

Detailed information about SWDBP's fiduciary net position is available in FPPA's comprehensive annual financial report, which can be obtained on FPPA's website at <http://www.fppaco.org>.

**8. Old Hire Defined Benefit Pension Plan (Hired Prior To April 8, 1978)**

**Plan Description**

The Old Hire Plan is an agent multiple-employer defined benefit pension plan, established by resolution of the District. All assets are held and invested by FPPA. Firefighters hired prior to April 8, 1978 who elected not to SWDBP are covered by this plan. Any changes to this plan are referred to the membership by the Pension Trustee Board and voted upon. The Old Hire Plan is closed to new entrants as of April 8, 1978.

**Benefits Provided**

The member's normal retirement date for the Old Hire Plan is based on the date a member has completed 20 years of credited service and attained the age of 50. A member that retires after the normal retirement date shall be eligible for a monthly pension equal to one-half of the monthly salary at the date of retirement. For each full year a member continues working past eligibility for normal retirement, the member's benefit increases by 4% of the monthly salary.

There is no maximum benefit. Severance benefits are offered for contributions plus interest, up to 5.00% per annum, to members who terminate employment prior to being eligible for retirement. If a retired member dies, the surviving spouse shall receive, until death or remarriage, a monthly pension equal to one-third of the salary of a firefighter of the same rank held by the deceased firefighter including rank escalation.

## ADAMS COUNTY FIRE PROTECTION DISTRICT

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### Notes To Financial Statements (*Continued*)

#### **Members Covered By Benefit Terms**

Membership of the Old Hire Plan consists of the following at December 31, 2016:

	<u>Old Hire Plan</u>
Retirees and beneficiaries receiving benefits	10

#### **Contributions**

The District is required by statute to contribute the remaining amounts necessary to pay benefits when due using the actuarial basis specified by statute. In 2009, legislation was adopted to defer the State of Colorado contributions for the Old Hire Plan for 2009 through 2011 and resume in 2012 through 2015. In 2011, legislation was adopted to change payment dates to 2012 until 2019. Senate Bill 13-234 authorized the State of Colorado to fulfill its obligation during 2013. A payment of \$1,456,060 was made into the Old Hire Plan during 2013. As a result, the Old Hire Plan will receive no further payments from the State of Colorado, and all future funding is the requirement of the District. Legislation passed during 2014 requires the District to begin funding an actuarially appropriate amount annually beginning no later than 2016, calculated by the actuary as \$196,745 for 2016.

#### **Net Pension Liability**

The District's Old Hire Plan net pension liability was measured as of December 31, 2015, and the total pension liability was determined by an actuarial valuation as of January 1, 2016. This measurement date is within one year of the plan sponsor's fiscal year end of December 31, 2016 and may be used for December 31, 2016 reporting purposes.

## ADAMS COUNTY FIRE PROTECTION DISTRICT

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### Notes To Financial Statements (Continued)

#### Actuarial Methods And Assumptions

The actuarial valuations for SWDBP were used to determine the total pension liability and actuarially determined contributions for the fiscal year ending December 31, 2016. The valuations used the following actuarial assumption and other inputs:

	<u>Total Pension Liability</u>	<u>Actuarially Determined Contributions</u>
Valuation date	January 1, 2016	January 1, 2015
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level % Payroll, Open	Level % Payroll, Open
Remaining amortization period	30 Years	30 Years
Actuarial assumptions:		
Investment rate of return*	7.5%	7.5%
Projected salary increases*	4.0% - 14.0%	4.0% - 14.0%
Cost of living adjustments	0.0%	0.0%
 * Includes inflation at:	 2.5%	 3.0%

#### Single 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 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%. Projected cash flows used in determining the single discount rate are available upon request.

## ADAMS COUNTY FIRE PROTECTION DISTRICT

### Notes To Financial Statements (Continued)

#### Sensitivity Of The District's Net Pension Liability To Changes In The Discount Rate

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 7.50%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is one percent lower (6.50%) or one percent higher (8.50%):

	1% Decrease (6.5%)	Current (7.5%)	1% Increase (8.5%)
Net pension liability	\$ 1,634,897	\$ 1,395,980	\$ 1,182,366

#### Change In Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>Balances At December 31, 2014</b>	\$ 4,362,576	\$ 2,904,977	\$ 1,457,599
<b>Changes For The Year</b>			
Service cost	—	—	—
Interest	307,681	—	307,681
Differences between expected and actual experience	(569,630)	—	(569,630)
Changes of assumptions	294,822	—	294,822
Contributions - employer	—	45,912	(45,912)
Contributions - member	—	—	—
Net investment income	—	52,699	(52,699)
Benefit payments	(529,897)	(529,897)	—
Administrative expense	—	(4,119)	4,119
<b>Net Changes</b>	(497,024)	(435,405)	(61,619)
<b>Balances At December 31, 2015</b>	\$ 3,865,552	\$ 2,469,572	\$ 1,395,980

## ADAMS COUNTY FIRE PROTECTION DISTRICT

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### Notes To Financial Statements (*Continued*)

#### **Pension Expense, Deferred Outflows Of Resources And Deferred Inflows Of Resources Related To Pensions**

For the year ended December 31, 2016, the District recognized pension benefit of \$325,904. At December 31, 2016, the District reported deferred outflows of resources related to the Old Hire Plan from the following sources:

##### **Deferred Outflows Of Resources**

Net difference between projected and actual earnings on pension plan investments	\$ 130,687
Contributions subsequent to measurement date	<u>196,745</u>
<b>Total Deferred Outflows Of Resources</b>	<b><u><u>\$ 327,432</u></u></b>

The amount of \$196,745 reported as deferred outflows of resources related to the Old Hire Plan, resulting from contributions subsequent to the measurement date, will be recognized as a decrease in the net pension liability for the year ended December 31, 2016. Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

<b>For The Year</b>	
<b><u>Ended December 31,</u></b>	
2017	\$ 33,749
2018	33,749
2019	33,749
2020	<u>29,440</u>
<b>Total</b>	<b><u><u>\$ 130,687</u></u></b>

#### **Pension Plan Fiduciary Net Position**

Detailed information about Old Hire Plan's fiduciary net position is available in FPPA's comprehensive annual financial report, which can be obtained on FPPA's website at <http://www.fppaco.org>.

# ADAMS COUNTY FIRE PROTECTION DISTRICT

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## Notes To Financial Statements (*Continued*)

### 9. Volunteer Firefighters Defined Benefit Pension Plan

#### Plan Description

The District established the Volunteer Firefighters Pension Plan (the “Volunteer Plan”) in 1964. In January 1990, the District funded its Volunteer Plan through FPPA as an agent multiple-employer defined benefit noncontributing pension plan. The Volunteer Plan was closed to new members in 1974. The Volunteer Plan is administered by a seven-member Board of Trustees that includes the District’s Board of Directors and two volunteer firefighters. Investment decisions are made by FPPA. The District Board has the authority to establish or amend benefit provisions, including contribution levels, in accordance with the biennial actuarial study.

#### Benefits Provided

The benefit provisions and the Volunteer Plan requirements were established according to C.R.S. The Board of Trustees has adopted the following schedule of monthly benefits that was in effect at December 31, 2016:

<b>Normal Retirement Benefit Age 50 With 20 Years Of Service</b>	
Regular, monthly benefit	\$ 100
<b>Survivor Benefits</b>	
After age and service retirement	50
Following death after vested retirement with 10 to 20 years of service amount per year of service per minimum vesting years	2.50
<b>Vested Retirement Benefit</b>	
With 10 to 20 years of service amount per year of service per minimum 10 vesting years	5.00
<b>Funeral Benefits</b>	
Lump-sum benefit, one time	100

#### Members Covered By Benefit Terms

Membership of the Volunteer Plan consists of the following at December 31, 2016:

	<b>Volunteer Firefighters Plan</b>
Retirees and beneficiaries receiving benefits	<hr/> 11

# ADAMS COUNTY FIRE PROTECTION DISTRICT

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## Notes To Financial Statements (Continued)

### Contributions

There are no paid employees within the Volunteer Firefighters Pension Plan, and employees do not contribute to the plan. The District is required by statute to contribute the amounts remaining necessary to pay benefits when due using the actuarial basis specified by statute.

### Net Pension Asset

The District's Volunteer Plan net pension asset was measured as of December 31, 2015, and the total pension liability was determined by an actuarial valuation as of January 1, 2015. This measurement date is within one year of the plan sponsors fiscal year end of December 31, 2016 and may be used for December 31, 2016 reporting purposes.

### Actuarial Methods And Assumptions

The total pension asset in the January 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied in all periods included in the measurement:

Valuation date	January 1, 2015
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar, Open
Remaining amortization period	14 Years
Asset valuation method	5-Year Smoothed Fair Value
Actuarial assumptions:	
Investment rate of return*	7.5%
Projected salary increase*	N/A
Cost of living adjustments	None
* Includes inflation at:	3.0%

# ADAMS COUNTY FIRE PROTECTION DISTRICT

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## Notes To Financial Statements (Continued)

### Single 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 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%. Projected cash flows used in determining the single discount rate are available upon request.

### Sensitivity Of The District's Net Pension Asset To Changes In The Discount Rate

Regarding the sensitivity of the net pension asset to changes in the single discount rate, the following presents the plan's net pension asset, calculated using a single discount rate of 7.50%, as well as what the plan's net pension asset would be if it were calculated using a single discount rate that is one percent lower (6.50%) or one percent higher (8.50%):

	1% Decrease (6.5%)	Current (7.5%)	1% Increase (8.5%)
Net pension asset	\$ (106,771)	\$ (109,491)	\$ (111,948)

**ADAMS COUNTY FIRE PROTECTION DISTRICT**

Notes To Financial Statements (*Continued*)

**Change In Net Pension Asset**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (a) - (b)
<b>Balances At December 31, 2014</b>	\$ 54,033	\$ 165,686	\$ (111,653)
<b>Changes For The Year</b>			
Service cost	—	—	—
Interest	3,770	—	3,770
Differences between expected and actual experience	—	—	—
Changes of assumptions	—	—	—
Contributions - employer	—	—	—
Contributions - member	—	—	—
Net investment income	—	2,991	(2,991)
Benefit payments	(7,660)	(7,660)	—
Administrative expense	—	(1,383)	1,383
<b>Net Changes</b>	(3,890)	(6,052)	2,162
<b>Balances At December 31, 2015</b>	\$ 50,143	\$ 159,634	\$ (109,491)

**Pension Expense, Deferred Outflows Of Resources And Deferred Inflows Of Resources Related To Pensions**

For the year ended December 31, 2016, the District recognized a pension benefit of \$4,916. At December 31, 2016, the District reported deferred outflows of resources related to the Volunteer Plan from the following sources:

	<u>Governmental Activities</u>
<b>Deferred Outflows Of Resources</b>	
Net difference between projected and actual earnings on pension plan investments	\$ 7,895
<b>Total Deferred Outflows Of Resources</b>	<u>\$ 7,895</u>

## ADAMS COUNTY FIRE PROTECTION DISTRICT

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### Notes To Financial Statements (Continued)

Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

<b>For The Year</b>	
<b>Ended December 31,</b>	
2016	\$ 2,024
2017	2,024
2018	2,024
2019	1,823
<b>Total</b>	<b>\$ 7,895</b>

### **Pension Plan Fiduciary Net Position**

Detailed information about the Volunteer Plan's fiduciary net position is available in FPPA's comprehensive annual financial report, which can be obtained on FPPA's website at <http://www.fppaco.org>.

## **10. Southwest Adams County Volunteer Firefighters Pension Plan**

### **Plan Description**

The Southwest Adams County Volunteer Firefighters Pension Plan (the "SWAC Volunteer Plan") is a single-employer defined benefit pension plan. The SWAC Volunteer Plan is administered by the Volunteer Pension Board of Trustees. Assets are held and administered by an independent third party.

### **Benefits Provided**

The SWAC Volunteer Plan provides retirement benefits for members and beneficiaries according to plan provisions as enacted by the Board of Directors of SWAC (now the "District"). C.R.S., as amended, establishes basic benefit provisions. Retirees are eligible to receive full retirement benefits of \$800 per month after 20 years of service and reaching the age of 50. Retirees may also receive 50% of retirement benefits after 10 years of service and reaching the age of 50. Pro-rated pension can be vested between 10 and 20 years of eligible volunteer service.

## ADAMS COUNTY FIRE PROTECTION DISTRICT

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### Notes To Financial Statements (*Continued*)

#### **Members Covered By Benefit Terms**

Membership of the SWAC Volunteer Plan consists of the following at December 31, 2016:

	<b>SWAC Volunteer Plan</b>
Retirees and beneficiaries receiving benefits	38
Terminated vested members	2

#### **Contributions**

There are no paid employees within the SWAC Volunteer Plan, and employees do not contribute to the plan. Contributions consist of contributions determined by the District Board of Directors and a matching contribution by the State of Colorado based on statute.

#### **Net Pension Liability**

The SWAC Volunteer Plan total pension liability, net pension liability and certain sensitivity information is based on an actuarial valuation performed as of January 1, 2015. The total pension liability was rolled forward from the January 1, 2015 actuarial valuation to a measurement date of December 31, 2016, using generally accepted actuarial principles. An actuarial valuation is performed every two years.

## ADAMS COUNTY FIRE PROTECTION DISTRICT

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### Notes To Financial Statements (*Continued*)

#### **Actuarial Methods And Assumptions**

The total pension liability in the January 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied in all periods included in the measurement:

Valuation date	January 1, 2015
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar, Open
Remaining amortization period	12 Years
Asset valuation method	5-Year Smoothed Fair Value
Actuarial assumptions:	
Investment rate of return*	7.0%
Projected salary increase*	N/A
Cost of living adjustments	None
* Includes inflation at	3.0%

#### **Single Discount Rate**

A single discount rate of 7.00% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7.00%. The projection of cash flows used to determine this single discount rate assumed that contributions from both the District and the State will be made at the current contribution levels. The projection of cash flows also includes an estimate of life insurance proceeds expected to be payable to the plan as named beneficiary of certain life insurance policies held in the name of some current retirees of the plan. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all 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.

## ADAMS COUNTY FIRE PROTECTION DISTRICT

### Notes To Financial Statements (Continued)

#### Sensitivity Of The District's Net Pension Liability To Changes In The Discount Rate

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 7.00%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is one percent lower (6.00%) or one percent higher (8.00%):

	1% Decrease (6.0%)	Current (7.0%)	1% Increase (8.0%)
Net pension liability	\$ 1,032,466	\$ 814,826	\$ 627,416

#### Change In Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>Balances At December 31, 2015</b>	\$ 2,478,601	\$ 1,602,283	\$ 876,318
<b>Changes For The Year</b>			
Service cost	—	—	—
Interest	188,602	—	188,602
Differences between expected and actual experience	(92,587)	—	(92,587)
Changes of assumptions	—	—	—
Contributions - employer	—	56,000	(56,000)
Contributions - state	—	8,100	(8,100)
Contributions - member	—	—	—
Net investment income	—	76,142	(76,142)
Benefit payments	(254,214)	(254,214)	—
Professional fees	—	(8,707)	8,707
Other	—	25,972	(25,972)
<b>Net Changes</b>	(158,199)	(96,707)	(61,492)
<b>Balances At December 31, 2016</b>	\$ 2,320,402	\$ 1,505,576	\$ 814,826

## ADAMS COUNTY FIRE PROTECTION DISTRICT

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### Notes To Financial Statements (Continued)

#### **Pension Expense, Deferred Outflows Of Resources And Deferred Inflows Of Resources Related To Pensions**

For the year ended December 31, 2016, the District recognized a pension benefit of \$150,240. At December 31, 2016, the District reported deferred outflows of resources related to the SWAC Volunteer Plan from the following sources:

	<u>Governmental Activities</u>
<b>Deferred Outflows Of Resources</b>	
Net difference between projected and actual earnings on pension plan investments	\$ 135,069
<b>Total Deferred Outflows Of Resources</b>	<u>\$ 135,069</u>

There were no contributions subsequent to the measurement date of December 31, 2016. Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

<b>For The Year Ended December 31,</b>	
2017	\$ 40,421
2018	40,421
2019	40,421
2020	13,806
<b>Total</b>	<u>\$ 135,069</u>

#### **11. Deferred Compensation Plans**

The District participates in a deferred compensation plan (the "457 Plan") as defined under the Internal Revenue Code Section 457, which allows employees to make an elective deferral of a portion of earned compensation to the 457 Plan. The 457 Plan is a multi-employer plan administered by FPPA. Amendments to the 457 Plan may be made by the plan trustee. The District does not match employee contributions to the 457 Plan. For the years ended December 31, 2016 and 2015, participating employees contributed \$242,516 and \$233,366, respectively.

## ADAMS COUNTY FIRE PROTECTION DISTRICT

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### Notes To Financial Statements (*Continued*)

The District provides a money purchase pension plan for full-time firefighting, prevention and maintenance SWAC personnel who elected to stay with the plan as part of the merger with the District. The District contributes 8% of covered salary to the money purchase pension plan. There are no employee voluntary contributions. The District contributed \$134,635 to the plan during 2016.

## 12. 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 carries commercial insurance for the risks of loss, including worker's compensation and employee accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. Limits of insurance coverage remain unchanged in the past three years.

The District administers a self-insurance program for medical and dental insurance that covers the premiums for District employees and medical claims up to \$30,000 per year per person. Amounts over \$30,000 per year are covered by the District's re-insurance policy. The estimated liability for pending and incurred but not reported claims at December 31, 2016 are reported as claims payable in the financial statements. Claims incurred but not reported for the past two years are as follows:

<u>Year Ended December 31,</u>	<u>Claims Payable January 1,</u>	<u>Claims And Changes In Estimates</u>	<u>Claims Paid</u>	<u>Claims Payable December 31,</u>
2015	\$ 50,300	\$ 1,443,984	\$ 1,352,332	\$ 141,952
2016	141,952	917,898	966,114	93,736

## 13. Tax, Spending And Debt Limitations

In November 1992, Colorado voters passed TABOR, which limits the revenue-raising and spending abilities of state and local governments. The limits on property taxes, revenue and fiscal year spending include allowable annual increases tied to inflation and local growth in construction valuation. Fiscal year spending, as defined by the amendment, excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfers, damage awards and fund reserves (balances).

## **ADAMS COUNTY FIRE PROTECTION DISTRICT**

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### Notes To Financial Statements (*Continued*)

TABOR requires voter approval for any increase in mill levies or tax rates, new taxes or creation of multi-year debt. Revenue earned in excess of the spending limit must be refunded or approved to be retained by the District under specified voting requirements by the entire electorate. The amendment also requires that reserves of 1% of 1993 fiscal year spending, excluding bonded debt service, be established for declared emergencies, with 2% of fiscal year spending required in 1994 and 3% thereafter.

As of December 31, 2016, the District reported \$707,758 as restricted net position and restricted fund balance in the governmental activities and General Fund, respectively, to comply with the reserve for emergencies.

In 2002, the voters of the District approved a ballot issue to authorize the District to collect, retain and spend all revenue generated by its existing mill levy, which cannot be increased without voter approval, and from all other sources of revenue in excess of the limitations provided in TABOR for the general operations and capital construction. The District's management believes that it has legally removed itself from TABOR's revenue and spending limitations. However, TABOR is complex and subject to future judicial interpretation.

#### **14. Related Party Transactions**

The District entered into a contract for purchase of land with the Adams County School District 50. The purchase price of the property is \$750,000. The real estate agent is a family member of the Fire Chief, which fact was disclosed to and authorized by the District Board of Directors. The purchase of the property did not occur by December 31, 2016.

#### **15. Subsequent Event**

On February 8, 2017, the District entered into a ground lease for renovation of a fire station and administration offices. The total amount financed is \$1,500,000 at a fixed rate of 2.9% per annum. Payments begin April 30, 2017, with the final payment due on April 30, 2026.

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**Required Supplementary Information**

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# ADAMS COUNTY FIRE PROTECTION DISTRICT

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL - GENERAL FUND

For The Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>				
Property taxes	\$ 12,207,617	\$ 12,207,617	\$ 12,146,797	\$ (60,820)
Specific ownership taxes	1,000,000	1,000,000	1,046,703	46,703
Grant revenue	6,895	6,895	68,869	61,974
Charges for services	1,124,000	1,124,000	1,504,493	380,493
Permit fees	232,000	232,000	151,223	(80,777)
Rental income	—	—	4,614	4,614
Insurance reimbursement	—	—	25,009	25,009
Interest	7,000	7,000	61,510	54,510
Miscellaneous	70,000	70,000	201,277	131,277
<b>Total Revenues</b>	<b>14,647,512</b>	<b>14,647,512</b>	<b>15,210,495</b>	<b>562,983</b>
<b>Expenditures</b>				
Current:				
Firefighting	9,861,997	9,861,997	10,276,480	(414,483)
Administration	1,036,608	1,036,608	1,055,281	(18,673)
Communications	507,000	507,000	497,313	9,687
Medical payments	1,742,500	1,742,500	1,119,910	622,590
Stations and grounds maintenance	306,175	306,175	256,662	49,513
Information technology	—	—	71,745	(71,745)
Ambulance	138,450	138,450	170,082	(31,632)
Training	126,593	126,593	92,323	34,270
Fire prevention	37,390	37,390	23,656	13,734
Truck and equipment maintenance	467,044	467,044	345,655	121,389
Special projects	171,306	171,306	117,103	54,203
Capital outlay	235,600	235,600	148,113	87,487
Debt service:				
Principal	—	—	62,834	(62,834)
Interest	—	—	12,142	(12,142)
<b>Total Expenditures</b>	<b>14,630,663</b>	<b>14,630,663</b>	<b>14,249,299</b>	<b>381,364</b>
<b>Excess Of Revenues Over Expenditures</b>	<b>16,849</b>	<b>16,849</b>	<b>961,196</b>	<b>944,347</b>
<b>Other Financing Sources (Uses)</b>				
Transfers out	(6,140,398)	(10,090,398)	(4,319,882)	5,770,516
<b>Excess (Deficit) Of Revenues And Other Financing Sources Over (Under) Expenditures And Other Financing Uses</b>	<b>\$ (6,123,549)</b>	<b>\$ (10,073,549)</b>	<b>(3,358,686)</b>	<b>\$ 6,714,863</b>
<b>Fund Balance, Beginning Of Year</b>			<b>10,471,362</b>	
<b>Fund Balance, End Of Year</b>			<b>\$ 7,112,676</b>	

Note to Required Supplementary Information:

This budgetary comparison schedule is presented on a basis in conformity with generally accepted accounting principles.

**ADAMS COUNTY FIRE PROTECTION DISTRICT**

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**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE  
OF THE NET PENSION (ASSET) LIABILITY - SWDBP  
For The Year Ended December 31, 2015 (Measurement Date)  
Employee Pension Plan  
Year Two<sup>1</sup>**

	<b>2015</b>	<b>2014</b>
District's portion of the net pension asset	0.012515737	0.010612325
District's proportionate share of the net pension asset	\$ 22,063	\$ 1,197,681
District's covered-employee payroll	\$ 6,071,376	\$ 4,611,454
District's proportionate share of the net pension asset as a percentage of its covered payroll	0.36%	25.97%
Plan fiduciary net position as a percentage of the total pension asset	100.1%	106.8%

(1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District is presenting information for those years for which information is available.

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# ADAMS COUNTY FIRE PROTECTION DISTRICT

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## SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS TO THE PENSION PLAN - SWDBP For The Year Ended December 31, 2016 Employee Pension Plan Year Two<sup>1</sup>

	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 516,761	\$ 485,709
Contributions in relation to the contractually required contribution	516,761	485,709
<b>Contribution (Excess) Deficiency</b>	<b>\$ —</b>	<b>\$ —</b>
District's covered-employee payroll	\$ 6,459,505	\$ 6,071,376
Contributions as a percentage of covered-employee payroll	8.00%	8.00%

(1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District is presenting information for those years for which information is available.

# ADAMS COUNTY FIRE PROTECTION DISTRICT

## SCHEDULE OF CHANGES IN THE DISTRICT'S NET PENSION LIABILITY AND RELATED RATIOS - OLD HIRE PLAN

Last Two Fiscal Years<sup>1</sup>

Measurement Period Ending December 31,	2015	2014
<b>Total Pension Liability</b>		
Service cost	\$ —	\$ —
Interest	307,681	324,580
Changes to benefit terms	—	—
Differences between expected and actual experience in the measurement of the total pension liability	(569,630)	—
Changes of assumptions	294,822	—
Benefit payments, including lump sums	(529,897)	(569,183)
<b>Net Change In Total Pension Liability</b>	<b>(497,024)</b>	<b>(244,603)</b>
<b>Total Pension Liability - Beginning</b>	<b>4,362,576</b>	<b>4,607,179</b>
<b>Total Pension Liability - Ending {a}</b>	<b>\$ 3,865,552</b>	<b>\$ 4,362,576</b>
<b>Plan Fiduciary Net Position</b>		
Contributions - employer	\$ 45,912	\$ 45,912
Contributions - employees	—	—
Net investment income	52,699	201,507
Benefit payments, including lump sums	(529,897)	(569,183)
Administrative expenses	(4,119)	(8,200)
<b>Net Change In Fiduciary Net Position</b>	<b>(435,405)</b>	<b>(329,964)</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>2,904,977</b>	<b>3,234,941</b>
<b>Plan Fiduciary Net Position - Ending {b}</b>	<b>\$ 2,469,572</b>	<b>\$ 2,904,977</b>
<b>Plan Fiduciary Net Pension Liability - Ending {a} - {b}</b>	<b>\$ 1,395,980</b>	<b>\$ 1,457,599</b>
<b>Plan Fiduciary Net Position As A Percentage Of The Total Pension Liability {b} / {a}</b>	<b>63.89%</b>	<b>66.59%</b>
<b>Covered Employee Payroll</b>	<b>N/A</b>	<b>N/A</b>
<b>Plan's Net Pension Liability As A Percentage Of Covered Employee Payroll</b>	<b>N/A</b>	<b>N/A</b>

(1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District is presenting information for those years for which information is available.

# ADAMS COUNTY FIRE PROTECTION DISTRICT

## SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS - OLD HIRE PLAN Last Two Fiscal Years<sup>1</sup>

<b>Fiscal Year Ending (a)</b>	<b>Actuarially Determined Contribution* (b)</b>	<b>Actual Contribution* (c)</b>	<b>Contribution Deficiency (Excess) (d) = (b) - (c)</b>	<b>Covered Payroll (e)</b>	<b>Actual Contribution As A % Of Covered Payroll (f)</b>
2014	\$ 375,468	\$ 45,912	\$ 329,556	N/A	N/A
2015	196,745	45,912	150,833	N/A	N/A

\* Actuarially determined contribution is net of employee contributions, if any. Actual contribution is from the employer only and does not include employee amounts.

N/A = Information not applicable.

(1) This schedule will be completed prospectively until a full 10-year trend is compiled. The District is presenting information for those years for which information is available.

# ADAMS COUNTY FIRE PROTECTION DISTRICT

## SCHEDULE OF CHANGES IN THE DISTRICT'S NET PENSION (ASSET) LIABILITY AND RELATED RATIOS - VOLUNTEER PLAN Last Two Fiscal Years<sup>1</sup>

Measurement Period Ending December 31,	2015	2014
<b>Total Pension Liability</b>		
Service cost	\$ —	\$ —
Interest	3,770	3,688
Changes to benefit terms	—	—
Differences between expected and actual experience in the measurement of the total pension liability	—	5,594
Changes of assumptions	—	—
Benefit payments, including lump sums	(7,660)	(8,685)
<b>Net Change In Total Pension Liability</b>	(3,890)	597
<b>Total Pension Liability - Beginning</b>	54,033	53,436
<b>Total Pension Liability - Ending {a}</b>	\$ 50,143	\$ 54,033
<b>Plan Fiduciary Net Position</b>		
Contributions - employer	\$ —	\$ —
Net investment income	2,991	10,941
Benefit payments, including lump sums	(7,660)	(8,685)
Administrative expenses	(1,383)	(634)
<b>Net Change In Fiduciary Net Position</b>	(6,052)	1,622
<b>Plan Fiduciary Net Position - Beginning</b>	165,686	164,064
<b>Plan Fiduciary Net Position - Ending {b}</b>	\$ 159,634	\$ 165,686
<b>Plan Fiduciary Net Pension Asset - Ending {a} - {b}</b>	\$ (109,491)	\$ (111,653)
<b>Plan Fiduciary Net Position As A Percentage Of The Total Pension Asset {b} / {a}</b>	318.36%	306.64%
<b>Covered Employee Payroll</b>	N/A	N/A
<b>Plan's Net Pension Asset As A Percentage Of Covered Employee Payroll</b>	N/A	N/A

(1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District is presenting information for those years for which information is available.

# ADAMS COUNTY FIRE PROTECTION DISTRICT

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## SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS - VOLUNTEER PLAN Last Two Fiscal Years<sup>1</sup>

<b>Fiscal Year Ending (a)</b>	<b>Actuarially Determined Contribution (b)</b>	<b>Actual Contribution (c)</b>	<b>Contribution Deficiency (Excess) (d) = (b) - (c)</b>	<b>Covered Payroll (e)</b>	<b>Actual Contribution As A % Of Covered Payroll (f)</b>
2014	\$ —	\$ —	\$ —	N/A	N/A
2015	—	—	—	N/A	N/A

N/A = Information not applicable.

(1) This schedule will be completed prospectively until a full 10-year trend is compiled.  
The District is presenting information for those years for which information is available.

# ADAMS COUNTY FIRE PROTECTION DISTRICT

## SCHEDULE OF CHANGES IN THE DISTRICT'S NET PENSION LIABILITY AND RELATED RATIOS - SWAC VOLUNTEER PLAN Last Three Fiscal Years<sup>1</sup>

	2016	2015	2014
<b>Total Pension Liability</b>			
Service cost	\$ —	\$ —	\$ —
Interest	188,601	188,602	188,602
Changes to benefit terms	—	—	—
Differences between expected and actual experience in the measurement of the total pension liability	(92,587)	(92,587)	(92,587)
Changes of assumptions	—	—	—
Benefit payments, including lump sums	(254,214)	(269,026)	(277,441)
<b>Net Change In Total Pension Liability</b>	<b>(158,200)</b>	<b>(173,011)</b>	<b>(181,426)</b>
<b>Total Pension Liability - Beginning</b>	<b>2,478,601</b>	<b>2,651,612</b>	<b>2,833,038</b>
<b>Total Pension Liability - Ending {a}</b>	<b>\$ 2,320,401</b>	<b>\$ 2,478,601</b>	<b>\$ 2,651,612</b>
<b>Plan Fiduciary Net Position</b>			
Contributions - employer	\$ 56,000	\$ 56,000	\$ 46,000
Contributions - state	8,100	8,100	8,100
Contributions - employees	—	—	—
Net investment income	76,141	12,099	102,011
Benefit payments, including lump sums	(254,214)	(269,026)	(277,441)
Administrative expenses	(8,707)	(20,897)	(40,342)
Other	25,972	4,367	22,328
<b>Net Change In Fiduciary Net Position</b>	<b>(96,708)</b>	<b>(209,357)</b>	<b>(139,344)</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>1,602,283</b>	<b>1,811,640</b>	<b>1,950,984</b>
<b>Plan Fiduciary Net Position - Ending {b}</b>	<b>\$ 1,505,575</b>	<b>\$ 1,602,283</b>	<b>\$ 1,811,640</b>
<b>Plan Fiduciary Net Pension Liability - Ending {a} - {b}</b>	<b>\$ 814,826</b>	<b>\$ 876,318</b>	<b>\$ 839,972</b>
<b>Plan Fiduciary Net Position As A Percentage Of The Total Pension Liability {b} / {a}</b>	<b>64.88%</b>	<b>64.64%</b>	<b>68.32%</b>
<b>Covered Employee Payroll</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Plan's Net Pension Liability As A Percentage Of Covered-Employee Payroll</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

(1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District is presenting information for those years for which information is available.

# ADAMS COUNTY FIRE PROTECTION DISTRICT

## SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS - SWAC VOLUNTEER PLAN Last Three Fiscal Years<sup>1</sup>

<b>Fiscal Year Ending (a)</b>	<b>Actuarially Determined Contribution (b)</b>	<b>Actual Contribution (c)</b>	<b>Contribution Deficiency (Excess) (d) = (b)-(c)</b>	<b>Covered Payroll (e)</b>	<b>Actual Contribution As A % Of Covered Payroll (f)</b>
2014	\$ 61,667	\$ 54,100	\$ 7,567	N/A	N/A
2015	48,178	56,000	(7,822)	N/A	N/A
2016	48,178	56,000	(7,822)	N/A	N/A

N/A = Information not applicable.

(1) This schedule will be completed prospectively until a full 10-year trend is compiled.  
The District is presenting information for those years for which information is available.

# ADAMS COUNTY FIRE PROTECTION DISTRICT

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## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2016

### 1. Budgets And Budgetary Accounting

The District Board adopts an annual budget for all funds as required by C.R.S., as amended. Budgeted amounts for all funds are based on legally adopted budgets, including supplemental budget appropriations, if any, which are on a basis consistent with generally accepted accounting principles for each fund type. The Fire Chief is authorized to transfer budgeted amounts within and among departments; however, any revisions that alter total expenditures for any of the funds must be approved by the District Board.

The budgetary comparison schedule included in the required supplementary information presents a comparison of budgetary data to actual results of operations for the General Fund, for which an annual operating budget is legally adopted. This fund utilizes the same basis of accounting for both budgetary purposes and actual results.

Expenditures may not legally exceed appropriations at the fund level. Budget amounts included in the financial statements are based on the final amended budget. After budget approval, the District Board may approve supplemental appropriations if an occurrence, condition or need exists which was not known at the time the budget was adopted.

On or before October 15 of each year, the District's budget officer must prepare and submit a proposed budget to the District Board for the next fiscal year. Thereupon, notice must be published stating, among other things, that the budget is open to inspection by the public and that interested electors may file or register any objection to the budget.

Subject to certain exceptions and exclusions discussed hereafter, the District must submit a request for property tax increases in excess of the statutory limitation to the Division of Local Government (if within TABOR limits) or submit the question of an increased level directly to the electors of the District at a general or special election. State law requires that the District adopt a budget prior to the certification of its mill levy to the County and file a certified copy of its budget with the Division of Local Government within 30 days of such adoption.

# ADAMS COUNTY FIRE PROTECTION DISTRICT

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## Notes To Required Supplementary Information (Continued)

Failure to do so can result in the County Treasurer's withholding future property tax revenues pending compliance by the District. Budget appropriations lapse at the end of each year. The encumbrance method is not used.

## 2. Pension Plan Actuarial Assumptions

	<b>Old Hire Plan</b>	<b>Volunteer Firemen's Plan</b>	<b>SWAC Volunteer Firemen's Plan</b>
Valuation date	January 1, 2016	January 1, 2015	January 1, 2015
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level Dollar, Open	Level Dollar, Open	Level Dollar, Open
Remaining amortization period	11 Years	12 Years	30 Years
Asset valuation method	5-Year Smoothed Fair Value	5-Year Smoothed Fair Value	Market Value
Actuarial assumptions:			
Investment rate of return	7.5%	7.5%	7.0%
Projected salary increases	4.0%	N/A	N/A
Inflation	2.5%	3.0%	3.0%
Cost of living adjustments	3.0%	None	None

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## Supplementary Information

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# ADAMS COUNTY FIRE PROTECTION DISTRICT

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## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL - CAPITAL RESERVE FUND

For The Year Ended December 31, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>				
Grant revenue	\$ —	\$ —	\$ 79,287	\$ 79,287
Interest income	1,000	1,000	143	(857)
<b>Total Revenues</b>	<b>1,000</b>	<b>1,000</b>	<b>79,430</b>	<b>78,430</b>
<b>Expenditures</b>				
Administration	—	—	14,386	(14,386)
Capital outlay	5,340,000	9,290,000	4,921,514	4,368,486
Debt service:				
Principal	70,000	70,000	58,268	11,732
<b>Total Expenditures</b>	<b>5,410,000</b>	<b>9,360,000</b>	<b>4,994,168</b>	<b>4,365,832</b>
<b>Excess (Deficiency) Of Revenues Over (Under) Expenditures</b>	<b>(5,409,000)</b>	<b>(9,359,000)</b>	<b>(4,914,738)</b>	<b>4,444,262</b>
<b>Other Financing Sources</b>				
Proceeds from capital leases	—	—	594,856	594,856
Transfers in	6,140,398	6,140,398	4,319,882	(1,820,516)
<b>Total Other Financing Sources</b>	<b>6,140,398</b>	<b>6,140,398</b>	<b>4,914,738</b>	<b>(1,225,660)</b>
<b>Net Change In Fund Balance</b>	<b>\$ 731,398</b>	<b>\$ (3,218,602)</b>	<b>—</b>	<b>\$ 3,218,602</b>
<b>Fund Balance - Beginning Of Year</b>			<b>—</b>	
<b>Fund Balance - End Of Year</b>			<b>\$ —</b>	

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**ADAMS COUNTY FIRE PROTECTION DISTRICT**

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**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL -  
BOND FUND**

**For The Year Ended December 31, 2016**

	<b>Original And Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues</b>			
Property taxes	\$ 515,638	\$ 515,188	\$ (450)
Interest	500	94	(406)
<b>Total Revenues</b>	<b>516,138</b>	<b>515,282</b>	<b>(856)</b>
<b>Expenditures</b>			
Administration	9,000	—	9,000
Debt service:			
Principal	405,000	405,000	—
Interest	101,638	102,136	(498)
<b>Total Expenditures</b>	<b>515,638</b>	<b>507,136</b>	<b>8,502</b>
<b>Net Change In Fund Balance</b>	<b>\$ 500</b>	<b>8,146</b>	<b>\$ 7,646</b>
<b>Fund Balance - Beginning Of Year</b>		<b>114,773</b>	
<b>Fund Balance - End Of Year</b>		<b>\$ 122,919</b>	

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# ADAMS COUNTY FIRE PROTECTION DISTRICT

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## SCHEDULE OF CHANGES IN NET POSITION - BUDGET TO ACTUAL - PENSION TRUST FUND For The Year Ended December 31, 2016

	<b>Original And Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Additions</b>			
General property taxes	\$ 56,000	\$ —	\$ (56,000)
Investment income	130,000	76,142	(53,858)
State contribution	8,100	8,100	—
Other	7,500	92,637	85,137
<b>Total Additions</b>	<b>201,600</b>	<b>176,879</b>	<b>(24,721)</b>
<b>Deductions</b>			
Benefit payments	271,908	254,214	17,694
Death benefit expense	1,600	—	1,600
Administration	12,000	8,707	3,293
Professional fees	12,000	—	12,000
Miscellaneous	1,300	10,665	(9,365)
<b>Total Deductions</b>	<b>298,808</b>	<b>273,586</b>	<b>25,222</b>
<b>Net Increase (Decrease) In Net Position Held In Trust For Pension Benefits</b>	<b>\$ (97,208)</b>	<b>(96,707)</b>	<b>\$ 501</b>
<b>Net Position Held In Trust For Pension Benefits - Beginning Of Year</b>		<u>1,602,283</u>	
<b>Net Position Held In Trust For Pension Benefits - End Of Year</b>		<u>\$ 1,505,576</u>	