

**PLATTE CANYON FIRE PROTECTION  
DISTRICT**

**Financial Statements**

**December 31, 2016**



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## **Board of Directors**

|                      |                |
|----------------------|----------------|
| Glenn M. Pence       | President      |
| Jim Gilman           | Vice President |
| Doug Tamminga        | Secretary      |
| Harrison L. McMullen | Treasurer      |
| Lance Rossetto       | Director       |

## **District Officials**

|                 |                 |
|-----------------|-----------------|
| Mark Wesseldine | Fire Chief      |
| Gail Judge      | Administrator   |
| Kevin Cashman   | Finance Manager |

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Platte Canyon Fire Protection District  
Bailey, Colorado

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

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Platte Canyon Fire Protection District, as of December 31, 2016, and the respective changes in financial position, and where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10, the Schedule of Changes in Net Pension Liability and Related Ratios on page 42, the Schedule of Contributions on page 43, the Schedule of District's Proportionate Share of Net Pension Liability on page 44 and the Schedule of District's Contributions and Related Ratios on page 45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Platte Canyon Fire Protection District's financial statements as a whole. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements.

The supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Plutt Hanson, P.C.*

July 17, 2017

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## PLATTE CANYON FIRE PROTECTION DISTRICT

### MANAGEMENTS DISCUSSION AND ANALYSIS For the Year Ended December 31, 2016

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

#### Financial Highlights

- Assets and deferred outflows exceeded liabilities and deferred inflows of resources by \$2,298,438 at the close of the fiscal year. Of this amount, \$790,781 is unrestricted and available to meet ongoing and future obligations of the District. \$1,092,790 is invested in Capital Assets net of debt. \$346,867 is restricted under capital lease provisions for capital outlay and debt service requirements. Additionally, a 3% reserve for emergencies of \$68,000 as required by Colorado Statute is restricted in the general fund.
- As of the close of the current fiscal year, the District's general fund reported ending fund balance of \$1,276,326.
- Total net position increased by \$221,541.
- Total cash and investments increased by \$266,281 as compared to the prior year.
- Property tax revenue increased by \$394,128 as compared to the prior year.
- Federal Fire Fighting (call-out) operating revenue increased in the amount of \$197,634, call-out operating expenses increased in the amount of \$101,389 during 2016. The contribution from federal fire-fighting/call-out activities of \$301,440 continues to offset District functional expenses.
- Ambulance Service charges increased to \$720,142 in 2016 from \$591,196 in 2015.
- General fund expenditures increased to \$2,643,077 in 2016 from \$2,237,492 in 2015. This increase was a result of firefighter personnel costs.
- At the end of the current fiscal year, assigned and unassigned fund balances for the general fund totaled \$854,230, or 32.3% of total general fund expenditures.
- Annual depreciation charges were not offset by capital asset additions and resulted in a decrease in net capital assets in the amount of \$109,750. Capital expenditures were \$141,400, depreciation expense was \$251,150.

# PLATTE CANYON FIRE PROTECTION DISTRICT

## MANAGEMENTS DISCUSSION AND ANALYSIS For the Year Ended December 31, 2016

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

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

Both of the government-wide financial statements identify functions of the District that are principally to be supported by taxes (governmental activities). The governmental activities of the District include providing fire protection services, from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

The government-wide financial statements can be found on pages 11 - 13 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental, proprietary or enterprise and fiduciary funds.

**Governmental fund.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on

## PLATTE CANYON FIRE PROTECTION DISTRICT

### MANAGEMENTS DISCUSSION AND ANALYSIS For the Year Ended December 31, 2016

balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains one governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund which is considered to be major fund.

The District adopts an annual appropriated budget for its general fund. Budgetary comparison statement has been provided for this fund in the basic financial statements to demonstrate compliance with the budget.

The general fund accounts for all of the District's activities not accounted for in other funds and includes the revenue and related expenses of fire protection and emergency medical (ambulance transport) services.

The basic governmental fund financial statements can be found on pages 14 - 19 of this report.

**Proprietary Fund.** Proprietary funds are reported in the fund financial statements and generally report services for which the District charges customers a fee. The District's proprietary fund is classified as enterprise fund. The enterprise funds essentially encompass the same functions reported as business-type activities in the government-wide statements. Services are provided to customers external to the governmental activities of the District as described above.

The enterprise fund segregates transactions arising under a Cooperator Resource Arrangement administered by a Colorado State Agency. The District responds to fires, floods and other emergencies with personnel and equipment. Reimbursement rates for personnel and equipment are established under the Arrangement and are the source for the enterprise fund's revenues, expenses, assets and liabilities.

The basic financial statements for the enterprise fund which accounts for the District's "call-out" or federal fire-fighting activities are presented on pages 20 - 22 of this report.

**PLATTE CANYON FIRE PROTECTION DISTRICT**

**MANAGEMENTS DISCUSSION AND ANALYSIS**

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

**Notes to financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to financial statements can be found on pages 23 - 46 of this report.

**Supplemental information.** In addition to the basic financial statements and accompanying notes, this report also presents certain supplemental information.

The supplemental information is located after the basic financial statements on pages 47 - 51 of this report.

**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The District's assets exceeded liabilities and deferred inflows of resources by \$2,298,438 at the close of the most recent fiscal year.

|                                      | Net Position            |                     |                          |                   |                     |                     |
|--------------------------------------|-------------------------|---------------------|--------------------------|-------------------|---------------------|---------------------|
|                                      | Governmental Activities |                     | Business Type Activities |                   | Total               |                     |
|                                      | 2016                    | 2015                | 2016                     | 2015              | 2016                | 2015                |
| <b>Assets:</b>                       |                         |                     |                          |                   |                     |                     |
| Current and Other Assets             | \$ 2,902,012            | \$ 2,549,737        | \$ 364,271               | \$ 437,164        | \$ 3,266,283        | \$ 2,986,901        |
| Capital Assets                       | 1,725,651               | 1,835,401           | -                        | -                 | 1,725,651           | 1,835,401           |
| <b>Total Assets</b>                  | <b>4,627,663</b>        | <b>4,385,138</b>    | <b>364,271</b>           | <b>437,164</b>    | <b>4,991,934</b>    | <b>4,822,302</b>    |
| <b>Deferred Outflows of resource</b> | <b>44,675</b>           | <b>22,541</b>       | <b>-</b>                 | <b>-</b>          | <b>44,675</b>       | <b>22,541</b>       |
| <b>Liabilities:</b>                  |                         |                     |                          |                   |                     |                     |
| Current and Other Liabilities        | 873,784                 | 580,977             | 129,995                  | 337,015           | 1,003,779           | 917,992             |
| Long-term Liabilities                | 302,000                 | 436,000             | -                        | -                 | 302,000             | 436,000             |
| <b>Total Liabilities</b>             | <b>1,175,784</b>        | <b>1,016,977</b>    | <b>129,995</b>           | <b>337,015</b>    | <b>1,305,779</b>    | <b>1,353,992</b>    |
| <b>Deferred Inflows of Resources</b> | <b>1,432,392</b>        | <b>1,413,954</b>    | <b>-</b>                 | <b>-</b>          | <b>1,432,392</b>    | <b>1,413,954</b>    |
| <b>Net Position</b>                  |                         |                     |                          |                   |                     |                     |
| Net Investment in                    |                         |                     |                          |                   |                     |                     |
| Capital Assets                       | 1,092,790               | 1,265,401           | -                        | -                 | 1,092,790           | 1,265,401           |
| Restricted                           | 414,867                 | 107,805             | -                        | -                 | 414,867             | 107,805             |
| Unrestricted                         | 556,505                 | 603,542             | 234,276                  | 100,149           | 790,781             | 703,691             |
| <b>Total Net Position</b>            | <b>\$ 2,064,162</b>     | <b>\$ 1,976,748</b> | <b>\$ 234,276</b>        | <b>\$ 100,149</b> | <b>\$ 2,298,438</b> | <b>\$ 2,076,897</b> |

The increase in current and other assets is primarily due to the increase in cash and investments and the federal fire fighting receivable.

**PLATTE CANYON FIRE PROTECTION DISTRICT**

**MANAGEMENTS DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2016**

|  | Changes in Net Position |                     |                          |                   |                     |                     |
|--|-------------------------|---------------------|--------------------------|-------------------|---------------------|---------------------|
|  | Governmental Activities |                     | Business Type Activities |                   | Total               |                     |
|  | 2016                    | 2015                | 2016                     | 2015              | 2016                | 2015                |
| <b>Revenues:</b>                           |                         |                     |                          |                   |                     |                     |
| Property Taxes                             | \$ 1,411,825            | \$ 1,017,697        | \$ -                     | \$ -              | \$ 1,411,825        | \$ 1,017,697        |
| Specific Ownership Taxes                   | 172,341                 | 122,076             | -                        | -                 | 172,341             | 122,076             |
| Grants                                     | 105,849                 | 398,313             | -                        | -                 | 105,849             | 398,313             |
| Ambulance Services                         | 720,142                 | 591,196             | -                        | -                 | 720,142             | 591,196             |
| Interest Earnings                          | 7,657                   | 3,648               | -                        | -                 | 7,657               | 3,648               |
| Permits and Fees                           | 9,706                   | 13,804              | -                        | -                 | 9,706               | 13,804              |
| Other Income                               | 7,749                   | 6,080               | -                        | -                 | 7,749               | 6,080               |
| Federal Fire Fighting                      | -                       | -                   | 1,266,848                | 1,069,214         | 1,266,848           | 1,069,214           |
| Transfers In (Out)                         | 301,440                 | 240,045             | (301,440)                | (240,045)         | -                   | -                   |
| <b>Total Revenues</b>                      | <b>2,736,709</b>        | <b>2,392,859</b>    | <b>965,408</b>           | <b>829,169</b>    | <b>3,702,117</b>    | <b>3,222,028</b>    |
| <b>Expenses:</b>                           |                         |                     |                          |                   |                     |                     |
| General Government                         | 678,156                 | 558,729             | -                        | -                 | 678,156             | 558,729             |
| Fire Fighting Operations                   | 572,998                 | 773,221             | 831,281                  | 729,892           | 1,404,279           | 1,503,113           |
| Emergency Medical                          |                         |                     |                          |                   |                     |                     |
| Ambulance                                  | 1,197,520               | 975,521             | -                        | -                 | 1,197,520           | 975,521             |
| Maintenance                                | 180,051                 | 126,959             | -                        | -                 | 180,051             | 126,959             |
| Interest                                   | 20,570                  | 19,399              | -                        | -                 | 20,570              | 19,399              |
| <b>Total Expenses</b>                      | <b>2,649,295</b>        | <b>2,453,829</b>    | <b>831,281</b>           | <b>729,892</b>    | <b>3,480,576</b>    | <b>3,183,721</b>    |
| <b>Increase (Decrease) in Net Position</b> | <b>87,414</b>           | <b>(60,970)</b>     | <b>134,127</b>           | <b>99,277</b>     | <b>221,541</b>      | <b>38,307</b>       |
| <b>Net Position - Beginning</b>            | <b>1,976,748</b>        | <b>2,037,718</b>    | <b>100,149</b>           | <b>872</b>        | <b>2,076,897</b>    | <b>2,038,590</b>    |
| <b>Net Position - Ending</b>               | <b>\$ 2,064,162</b>     | <b>\$ 1,976,748</b> | <b>\$ 234,276</b>        | <b>\$ 100,149</b> | <b>\$ 2,298,438</b> | <b>\$ 2,076,897</b> |

The District's revenue in 2016 increased \$480,089 from the prior year. The increase in revenue from the prior year was due to the increase in federal firefighting and grants. The Districts' expenses in 2016 increased \$296,855. The increase in expense was due to an increase in firefighting operations and ambulance expenses.

***Financial Analysis of the Governmental Funds***

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

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

**PLATTE CANYON FIRE PROTECTION DISTRICT**

**MANAGEMENTS DISCUSSION AND ANALYSIS**

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

The general fund is the chief operating fund of the District. At the end of the current fiscal year, assigned and unassigned fund balances of the general fund totaled \$854,230 out of a total fund balance of \$1,276,326. \$346,867 is restricted for capital outlay and debt service from debt proceeds and \$68,000 is restricted for TABOR Emergencies.

**Budgetary Highlights**

The District's total expenditures and other financing uses for 2016 in the general fund did not exceed appropriations. Actual expenditures were less than the budget by \$30,998. This is primarily attributable to salaries and professional services coming in less than budget.

**Capital Assets**

The District had \$1,722,651 in capital assets (net of accumulated depreciation) as of December 31, 2016. These capital assets include land, buildings, vehicles, furniture and equipment. During the year the District invested \$141,400 in capital asset additions.

|  | <u>Beginning<br/>Balance</u> | <u>Additions</u>           | <u>Deletions</u>   | <u>Ending<br/>Balance</u>  |
|--|------------------------------|----------------------------|--------------------|----------------------------|
| <b>Governmental Activities:</b>          |                              |                            |                    |                            |
| Capital Assets Not Being Depreciated:    |                              |                            |                    |                            |
| Land                                     | \$ 3,000                     | \$ -                       | \$ -               | \$ 3,000                   |
| Depreciable Capital Assets:              |                              |                            |                    |                            |
| Buildings and Improvements               | 1,843,750                    | 19,191                     | -                  | 1,862,941                  |
| Furniture & Fixtures                     | 50,993                       | -                          | -                  | 50,993                     |
| Communications Equipment                 | 99,280                       | -                          | -                  | 99,280                     |
| Other Equipment                          | 435,224                      | 6,989                      | -                  | 442,213                    |
| Vehicles                                 | <u>2,572,523</u>             | <u>115,220</u>             | <u>-</u>           | <u>2,687,743</u>           |
| Total Depreciable Capital Assets         | <u>5,001,770</u>             | <u>141,400</u>             | <u>-</u>           | <u>5,143,170</u>           |
|  |                              |                            |                    |                            |
|  | <u>Beginning<br/>Balance</u> | <u>Additions</u>           | <u>Deletions</u>   | <u>Ending<br/>Balance</u>  |
| Accumulated Depreciation:                |                              |                            |                    |                            |
| Buildings and Improvements               | (675,349)                    | (38,901)                   | -                  | (714,250)                  |
| Furniture & Fixtures                     | (47,828)                     | (1,085)                    | -                  | (48,913)                   |
| Communications Equipment                 | (99,280)                     | -                          | -                  | (99,280)                   |
| Other Equipment                          | (381,220)                    | (17,326)                   | -                  | (398,546)                  |
| Vehicles                                 | <u>(1,965,692)</u>           | <u>(193,838)</u>           | <u>-</u>           | <u>(2,159,530)</u>         |
| Total Accumulated Depreciation           | <u>(3,169,369)</u>           | <u>(251,150)</u>           | <u>-</u>           | <u>(3,420,519)</u>         |
| Net Depreciable Capital Assets           | <u>1,832,401</u>             | <u>(109,750)</u>           | <u>-</u>           | <u>1,722,651</u>           |
| <b>Total Net Governmental Activities</b> | <u><u>\$ 1,835,401</u></u>   | <u><u>\$ (109,750)</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 1,725,651</u></u> |

## **PLATTE CANYON FIRE PROTECTION DISTRICT**

### **MANAGEMENTS DISCUSSION AND ANALYSIS For the Year Ended December 31, 2016**

#### **Debt**

For the current year ended, the District's outstanding long-term debt is in the amount of \$756,461. In January 2013, the District re-financed the then existing capital lease obligations and incurred additional debt for a new total capital lease obligation debt in the amount of \$970,000. The annual capital lease payments changed from \$214,719 to annual payments of approximately \$157,000, and are comprised of both tax-exempt and taxable interest components. The note was paid in full on January 21, 2016. In March 2016, the District issued Revenue Anticipation Notes in the amount of \$503,600, \$380,000 was repaid leaving a balance of \$123,600. In October 2016, the District entered a Capital Lease in the amount of \$196,861 with Capital One.

#### **Next Year's Budgets and Rates**

- We considered the increase in assessed valuation when we adopted our 2017 budget.
- The District taxes will increase slightly in 2017 due to the increase in assessed valuation, as the mill levy remained constant at 14.260 mills with an additional assessment of 0.004 mill for prior year tax abatements.
- Included in the 2017 General Fund budget are the annual lease payments for Fire District equipment and vehicles.
- Total 2017 government-wide revenues are projected at \$3,080,612, a decrease from 2016 actual government-wide revenues of \$3,702,117.
- Combined general and enterprise operating expenses-including general fund capital outlays and debt service-are projected at \$3,466,790 which is a decrease from 2016 expenditures/expenses of \$3,446,814.

#### **Requests for Information**

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

Platte Canyon Fire Protection District  
P.O. Box 222  
Bailey, CO 80421  
303-838-5853

## **BASIC FINANCIAL STATEMENTS**

**PLATTE CANYON FIRE PROTECTION DISTRICT**

**STATEMENT OF NET POSITION**

**December 31, 2016**

|   | <b>Governmental<br/>Activities</b> | <b>Business-Type<br/>Activities</b> | <b>Total</b>        |
|---|------------------------------------|-------------------------------------|---------------------|
| <b>Assets</b>                                   |                                    |                                     |                     |
| Cash and Investments                            | \$ 481,990                         | \$ 113,776                          | \$ 595,766          |
| Cash Restricted                                 | 346,867                            | -                                   | 346,867             |
| Receivables:                                    |                                    |                                     |                     |
| Taxes with County Treasurer                     | 13,122                             | -                                   | 13,122              |
| Ambulance Services Receivable, Net of Allowance | 95,333                             | -                                   | 95,333              |
| Federal Fire Fighting                           | -                                  | 652,729                             | 652,729             |
| Employee Advances                               | -                                  | -                                   | -                   |
| Other   | 122,397                            | -                                   | 122,397             |
| Property Taxes Receivable                       | 1,432,392                          | -                                   | 1,432,392           |
| Internal Balances                               | 402,234                            | (402,234)                           | -                   |
| Capital Assets Not Being Depreciated            | 3,000                              | -                                   | 3,000               |
| Capital Assets, Net of Accumulated Depreciation | 1,722,651                          | -                                   | 1,722,651           |
| Other Assets:                                   |                                    |                                     |                     |
| Employee Advances Non-Current                   | 7,677                              | -                                   | 7,677               |
| <b>Total Assets</b>                             | <b>4,627,663</b>                   | <b>364,271</b>                      | <b>4,991,934</b>    |
| <b>Deferred Outflows of Resources</b>           |                                    |                                     |                     |
| Pension Related Deferred Outflows               | 44,675                             | -                                   | 44,675              |
| <b>Liabilities</b>                              |                                    |                                     |                     |
| Accounts Payable                                | 86,588                             | -                                   | 86,588              |
| Accrued Payroll and Related Liabilities         | 106,706                            | -                                   | 106,706             |
| Compensated Absences                            | 119,066                            | -                                   | 119,066             |
| Net Pension Obligation                          | 219,848                            | -                                   | 219,848             |
| Accrued Interest                                | 10,715                             | 6,395                               | 17,110              |
| Noncurrent Liabilities:                         |                                    |                                     |                     |
| Due Within One Year                             | 330,861                            | 123,600                             | 454,461             |
| Due In More Than One Year                       | 302,000                            | -                                   | 302,000             |
| <b>Total Liabilities</b>                        | <b>1,175,784</b>                   | <b>129,995</b>                      | <b>1,305,779</b>    |
| <b>Deferred Inflows of Resources</b>            |                                    |                                     |                     |
| Property Tax Revenue                            | 1,432,392                          | -                                   | 1,432,392           |
| <b>Total Deferred Inflows of Resources</b>      | <b>1,432,392</b>                   | <b>-</b>                            | <b>1,432,392</b>    |
| <b>Net Position</b>                             |                                    |                                     |                     |
| Net Investment in Capital Assets                | 1,092,790                          | -                                   | 1,092,790           |
| Restricted for Emergencies                      | 68,000                             | -                                   | 68,000              |
| Restricted Under Capital Lease Provisions       | 346,867                            | -                                   | 346,867             |
| Unrestricted                                    | 556,505                            | 234,276                             | 790,781             |
| <b>Total Net Position</b>                       | <b>\$ 2,064,162</b>                | <b>\$ 234,276</b>                   | <b>\$ 2,298,438</b> |

The notes to the financial statements are an integral part of this statement.

**PLATTE CANYON FIRE PROTECTION DISTRICT**

**STATEMENT OF ACTIVITIES**

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

| <u>Function/Program Activities</u> | <u>Expenses</u>     | <u>Program Revenue</u>                        |   |   |
|------------------------------------|---------------------|---|---|---|
|                                    |                     | <u>Permits, Fees and Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> |
| <b>Governmental Activities</b>     |                     |   |   |   |
| General Government                 | \$ 678,156          | \$ -  | \$ -                                      | \$ -                                    |
| Fire Fighting Operations           | 572,998             | 9,706   | 105,849                                   | -                                       |
| Emergency Medical Ambulance        | 1,197,520           | 720,142                                       | -   | -                                       |
| Maintenance                        | 180,051             | -   | -   | -                                       |
| Interest                           | 20,570              | -   | -   | -                                       |
| Total Governmental Activities      | <u>2,649,295</u>    | <u>729,848</u>                                | <u>105,849</u>                            | <u>-</u>                                |
| <b>Business-type Activities</b>    |                     |   |   |   |
| Federal Fire Fighting              | <u>831,281</u>      | <u>1,266,848</u>                              | <u>-</u>                                  | <u>-</u>                                |
| Total Government                   | <u>\$ 3,480,576</u> | <u>\$ 1,996,696</u>                           | <u>\$ 105,849</u>                         | <u>\$ -</u>                             |

**General Revenue (Expense):**

Property Taxes  
 Specific Ownership Taxes  
 Interest Earnings  
 Other Income

**Transfers**

Total General Revenue and Transfers

**Changes in Net Position**

**Net Position - Beginning**

**Net Position - Ending**

The notes to the financial statements are an integral part of this statement.

**Net (Expense) Revenue and Changes in Net Position**

| <b>Governmental<br/>Activities</b> | <b>Business-type<br/>Activities</b> | <b>Total</b>        |
|------------------------------------|-------------------------------------|---------------------|
| \$ (678,156)                       | \$ -                                | \$ (678,156)        |
| (457,443)                          | -                                   | (457,443)           |
| (477,378)                          | -                                   | (477,378)           |
| (180,051)                          | -                                   | (180,051)           |
| (20,570)                           | -                                   | (20,570)            |
| <u>(1,813,598)</u>                 | <u>-</u>                            | <u>(1,813,598)</u>  |
| -                                  | 435,567                             | 435,567             |
| <u>(1,813,598)</u>                 | <u>435,567</u>                      | <u>(1,378,031)</u>  |
| 1,411,825                          | -                                   | 1,411,825           |
| 172,341                            | -                                   | 172,341             |
| 7,657                              | -                                   | 7,657               |
| 7,749                              | -                                   | 7,749               |
| 301,440                            | (301,440)                           | -                   |
| <u>1,901,012</u>                   | <u>(301,440)</u>                    | <u>1,599,572</u>    |
| 87,414                             | 134,127                             | 221,541             |
| <u>1,976,748</u>                   | <u>100,149</u>                      | <u>2,076,897</u>    |
| <u>\$ 2,064,162</u>                | <u>\$ 234,276</u>                   | <u>\$ 2,298,438</u> |

**PLATTE CANYON FIRE PROTECTION DISTRICT**

**BALANCE SHEET  
GOVERNMENTAL FUND  
December 31, 2016**

**(With Comparative Actual Amounts at December 31, 2015)**

|  | <u>2016</u>                | <u>2015</u>                |
|--|----------------------------|----------------------------|
| <b>Assets</b>  |                            |                            |
| Cash and Investments   | \$ 481,990                 | \$ 522,771                 |
| Cash - Restricted  | 346,867                    | 39,805                     |
| Receivables:   |                            |                            |
| Taxes with County Treasurer  | 13,122                     | 9,742                      |
| Ambulance Services Receivable, Net of Allowance                          | 95,333                     | 54,779                     |
| Employee Advances  | 7,229                      | 13,054                     |
| Other  | 122,845                    | 244,167                    |
| Due from Other Funds   | 402,234                    | 251,465                    |
| Property Taxes Receivable  | <u>1,432,392</u>           | <u>1,413,954</u>           |
| <b>Total Assets</b>  | <u><u>\$ 2,902,012</u></u> | <u><u>\$ 2,549,737</u></u> |
| <b>Liabilities</b>   |                            |                            |
| Accounts Payable   | \$ 86,588                  | \$ 52,387                  |
| Accrued Payroll and Related Liabilities                                  | 106,706                    | 94,051                     |
| Claim Amounts Due FPPA and Employees                                     | <u>-</u>                   | <u>3,512</u>               |
| <b>Total Liabilities</b>   | <u>193,294</u>             | <u>149,950</u>             |
| <b>Deferred Inflows of Resources</b>                                     |                            |                            |
| Unavailable Revenue - Property Taxes                                     | <u>1,432,392</u>           | <u>1,413,954</u>           |
| <b>Total Deferred Inflows of Resources</b>                               | <u>1,432,392</u>           | <u>1,413,954</u>           |
| <b>Fund Balance</b>  |                            |                            |
| Nonspendable:  |                            |                            |
| Noncurrent Employee Advances   | 7,229                      | 7,677                      |
| Restricted:  |                            |                            |
| Emergencies (TABOR)  | 68,000                     | 68,000                     |
| Capital Outlay and Debt Service  | 346,867                    | 39,805                     |
| Assigned to:   |                            |                            |
| Subsequent Year's Expenditures   | 232,677                    | -                          |
| Unassigned   | <u>621,553</u>             | <u>870,351</u>             |
| <b>Total Fund Balance</b>  | <u>1,276,326</u>           | <u>985,833</u>             |
| <b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b> | <u><u>\$ 2,902,012</u></u> | <u><u>\$ 2,549,737</u></u> |

The notes to the financial statements are an integral part of this statement.

**PLATTE CANYON FIRE PROTECTION DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUND**  
**BALANCE SHEET TO THE STATEMENT OF NET POSITION**  
**December 31, 2016**

**Total Fund Balance for Governmental Fund** \$ 1,276,326

Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental fund activities are not current financial resources and therefore not reported in the fund. However in the statement of net position, the cost of these assets are capitalized and the costs of those tangible assets with determinable lives recovered through annual depreciation charges to program expenses.

|                               |                    |           |
|-------------------------------|--------------------|-----------|
| Cost of Capital Assets        | \$ 5,146,170       |           |
| Less Accumulated Depreciation | <u>(3,420,519)</u> | 1,725,651 |

Liabilities not due in the current period and therefore not requiring current financial resources and are not reported in the governmental fund balance sheet.

|                                    |                 |           |
|------------------------------------|-----------------|-----------|
| Capital Leases Payable             | (632,861)       |           |
| Interest Payable on Capital Leases | <u>(10,715)</u> | (643,576) |

Liabilities reported in the statement of activities did not require the use of current financial resources, and, therefore not reported as obligations in the governmental funds.

|                        |                  |           |
|------------------------|------------------|-----------|
| Net Pension Obligation | (219,848)        |           |
| Compensated Absences   | <u>(119,066)</u> | (338,914) |

Deferred outflows and inflows or resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.

|  |          |               |
|--|----------|---------------|
| Deferred outflows of resources related to pensions | 44,675   |               |
| Deferred inflows of resources related to pensions  | <u>-</u> | <u>44,675</u> |

|   |  |                            |
|---|--|----------------------------|
| <b>Net Position Governmental Activities</b> |  | <b><u>\$ 2,064,162</u></b> |
|---|--|----------------------------|

The notes to the financial statements are an integral part of this statement.

**PLATTE CANYON FIRE PROTECTION DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUND**

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

**(With Comparative Totals for the Year Ended December 31, 2015)**

|  | <u>2016</u>         | <u>2015</u>       |
|--|---------------------|-------------------|
| <b>Revenues</b>  |                     |                   |
| Property Taxes   | \$ 1,411,825        | \$ 1,017,697      |
| Specific Ownership Taxes                                   | 172,341             | 122,076           |
| Grants   | 105,849             | 398,313           |
| Ambulance Services   | 720,142             | 591,196           |
| Interest Earnings  | 7,657               | 3,648             |
| Permits and Fees   | 9,706               | 13,804            |
| <b>Total Revenues</b>                                      | <u>2,427,520</u>    | <u>2,146,734</u>  |
| <b>Expenditures</b>  |                     |                   |
| Emergency Medical Ambulance Personnel                      | 742,139             | 626,655           |
| Fire Fighting Personnel                                    | 213,072             | 300,798           |
| Maintenance  | 67,190              | 62,979            |
| Administration   | 516,229             | 466,616           |
| Ambulance Services   | 422,614             | 317,251           |
| Volunteer Pension Contributions                            | 99,123              | 98,916            |
| Fire Fighting and Prevention                               | 92,184              | 72,228            |
| Communications   | 6,609               | 2,962             |
| Equipment Repair and Maintenance                           | 99,108              | 43,229            |
| Station Repair and Maintenance                             | 13,753              | 18,102            |
| Training   | 29,396              | 13,928            |
| Utilities  | 38,542              | 34,901            |
| Capital Expenditures                                       | 141,132             | 16,515            |
| Principal on Debt  | 134,000             | 130,000           |
| Interest on Debt   | 21,945              | 26,950            |
| Tax Anticipation Note and Line of Credit Interest and Fees | 6,041               | 5,462             |
| <b>Total Expenditures</b>                                  | <u>2,643,077</u>    | <u>2,237,492</u>  |
| <b>Excess Revenues Over (Under) Expenditures</b>           | <u>(215,557)</u>    | <u>(90,758)</u>   |
| <b>Other Financing Sources (Uses)</b>                      |                     |                   |
| Capital Lease Proceeds                                     | 196,861             | -                 |
| Proceeds from Disposition of Trucks                        | 7,749               | 6,080             |
| Transfers In   | 301,440             | 240,045           |
| <b>Total Other Financing Sources (Uses)</b>                | <u>506,050</u>      | <u>246,125</u>    |
| <b>Net Change in Fund Balance</b>                          | 290,493             | 155,367           |
| <b>Funds Balance - Beginning</b>                           | <u>985,833</u>      | <u>830,466</u>    |
| <b>Funds Balance - Ending</b>                              | <u>\$ 1,276,326</u> | <u>\$ 985,833</u> |

The notes to the financial statements are an integral part of this statement.

**PLATTE CANYON FIRE PROTECTION DISTRICT**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2016**

**Net Change in Fund Balance - Governmental Fund** \$ 290,493

Amounts reported in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. In the statement of activities capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset.

|                      |                  |           |
|----------------------|------------------|-----------|
| Capital Expenditures | \$ 141,400       |           |
| Depreciation Expense | <u>(249,231)</u> | (107,831) |

Governmental funds report District pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. This is the amount by which costs of benefits earned net of employee contributions exceeded pension contributions from the measurement date (12/31/15) to December 31, 2016

|  |                 |          |
|--|-----------------|----------|
|  | <u>(33,762)</u> | (33,762) |
|--|-----------------|----------|

Long-term debt (e.g. capital leases payable) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Nether transaction, however, has any effect on net position.

|                                    |                |          |
|------------------------------------|----------------|----------|
| Capital Leases Proceeds            | (196,861)      |          |
| Principal Payment - Capital Leases | <u>134,000</u> | (62,861) |

Changes in accrued interest reflect the financial allocation of interest costs to the period incurred and increase in net position.

|  |  |              |
|--|--|--------------|
|  |  | <u>1,375</u> |
|--|--|--------------|

|   |  |                         |
|---|--|-------------------------|
| <b>Change in Net Position Governmental Activities</b> |  | <u><u>\$ 87,414</u></u> |
|---|--|-------------------------|

The notes to the financial statements are an integral part of this statement.

PLATTE CANYON FIRE PROTECTION DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL (BUDGETARY BASIS)  
 GENERAL FUND

For the Year Ended December 31, 2016

(With Comparative Totals for the Year Ended December 31, 2015)

|  | Original<br>Budget | Final<br>Budget  | Actual           | Variance with<br>Final Budget -<br>Positive<br>(Negative) | 2015<br>Actual   |
|--|--------------------|------------------|------------------|---|------------------|
| <b>Revenues</b>                        |                    |                  |                  |   |                  |
| Property Tax Revenue                   | \$ 1,413,954       | \$ 1,413,954     | \$ 1,411,825     | \$ (2,129)  | \$ 1,017,697     |
| Specific Ownership Taxes               | 109,000            | 168,600          | 172,341          | 3,741   | 122,076          |
| Ambulance Services                     | 575,000            | 710,000          | 720,142          | 10,142  | 591,196          |
| Fees                                   | 10,000             | 9,700            | 9,706            | 6   | 13,804           |
| Grants                                 | 22,500             | 105,600          | 105,849          | 249   | 398,313          |
| Investment Income                      | 1,000              | 8,099            | 7,657            | (442)   | 3,648            |
| Proceeds from Capital Lease            | -                  | 196,900          | 196,861          | (39)  | -                |
| Proceed from Disposition of Trucks     | 12,000             | 3,300            | 7,749            | 4,449   | 6,080            |
| Transfers In                           | 257,700            | 301,440          | 301,440          | -   | 240,045          |
| <b>Total Revenues</b>                  | <b>2,401,154</b>   | <b>2,917,593</b> | <b>2,933,570</b> | <b>15,977</b>   | <b>2,392,859</b> |
| <b>Expenditures</b>                    |                    |                  |                  |   |                  |
| Emergency Medical Ambulance Personnel: |                    |                  |                  |   |                  |
| Ambulance Salaries                     | 760,800            | 760,800          | 742,139          | 18,661  | 626,655          |
| Fire Fighting Personnel:               |                    |                  |                  |   |                  |
| Mitigation Salaries and Wages          | 112,000            | 179,064          | 173,656          | 5,408   | 260,065          |
| Payroll Taxes & Benefits               | 41,146             | 41,146           | 39,416           | 1,730   | 40,733           |
| Maintenance:                           |                    |                  |                  |   |                  |
| Truck Salaries                         | 70,000             | 70,000           | 67,190           | 2,810   | 62,979           |
| Administration:                        |                    |                  |                  |   |                  |
| Accounting                             | 15,000             | 15,000           | 12,985           | 2,015   | 13,375           |
| Administrative Salaries                | 140,000            | 140,000          | 138,555          | 1,445   | 183,568          |
| Advertising & Printing                 | 2,000              | 2,000            | 437              | 1,563   | 1,688            |
| Board & Election                       | 19,000             | 19,000           | -                | 19,000  | 7,755            |
| Contract Services                      | -                  | -                | -                | -   | -                |
| Dues & Subscriptions                   | 1,750              | 1,750            | 1,883            | (133)   | 1,408            |
| Insurance                              | 241,295            | 233,500          | 277,664          | (44,164)  | 190,843          |
| Legal                                  | 18,000             | 18,000           | 9,220            | 8,780   | 21,275           |
| Miscellaneous                          | 15,644             | 13,000           | 1,934            | 11,066  | -                |
| Office Supplies                        | 10,500             | 10,500           | 19,733           | (9,233)   | 6,112            |
| Telephone                              | 11,500             | 11,500           | 11,363           | 137   | 9,984            |
| Travel                                 | -                  | -                | -                | -   | -                |
| Treasurer Fees                         | 42,419             | 42,419           | 42,455           | (36)  | 30,608           |
| Ambulance Services:                    |                    |                  |                  |   |                  |
| Ambulance Insurance Allowance          | 230,000            | 230,000          | 312,546          | (82,546)  | 220,354          |
| Ambulance Supplies                     | 27,550             | 27,550           | 19,461           | 8,089   | 17,385           |
| Ambulance Billing Fees                 | 22,000             | 22,000           | 21,748           | 252   | 20,516           |
| Ambulance Bad Debts                    | 65,000             | 65,000           | 68,859           | (3,859)   | 58,996           |
| Volunteer Pension Contributions:       |                    |                  |                  |   |                  |
| Pension Fund                           | 119,020            | 119,021          | 99,123           | 19,898  | 98,916           |

(Continued)

PLATTE CANYON FIRE PROTECTION DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
GENERAL FUND

For the Year Ended December 31, 2016

(With Comparative Totals for the Year Ended December 31, 2015)

(Continued)

|   | Original<br>Budget | Final<br>Budget     | Actual              | Variance with<br>Final Budget -<br>Positive<br>(Negative) | 2015<br>Actual    |
|---|--------------------|---------------------|---------------------|---|-------------------|
| <b>Expenditures (Continued)</b>                         |                    |                     |                     |   |                   |
| Fire Fighting and Prevention:                           |                    |                     |                     |   |                   |
| Fire Fighter Support                                    | \$ 15,000          | \$ 15,000           | \$ 22,520           | \$ (7,520)  | \$ 15,234         |
| Fire Fighting - Other                                   | 19,000             | 19,000              | 20,573              | (1,573)   | 1,182             |
| Fire Protection Gear                                    | 11,000             | 11,000              | 29,565              | (18,565)  | 34,015            |
| Fire Safety   | 500                | 500                 | 681                 | (181)   | 522               |
| Fuel  | 28,000             | 28,000              | 18,845              | 9,155   | 21,275            |
| Communications:   |                    |                     |                     |   |                   |
| Radio Repair  | 1,500              | 1,500               | 1,383               | 117   | 1,312             |
| Radio Supplies  | 2,500              | 2,500               | 5,226               | (2,726)   | 1,650             |
| Equipment Repair and Maintenance:                       |                    |                     |                     |   |                   |
| Other Equipment Repairs                                 | 3,000              | 3,000               | 6,671               | (3,671)   | 3,215             |
| Truck Repair & Maintenance                              | 57,000             | 57,000              | 92,437              | (35,437)  | 40,014            |
| Station Repair and Maintenance:                         |                    |                     |                     |   |                   |
| Building Repair & Maintenance                           | 15,000             | 15,000              | 10,053              | 4,947   | 15,375            |
| Building Supplies                                       | 2,500              | 2,500               | 3,700               | (1,200)   | 2,727             |
| Training:   |                    |                     |                     |   |                   |
| Training Costs  | 21,000             | 21,000              | 29,396              | (8,396)   | 13,928            |
| Utilities:  |                    |                     |                     |   |                   |
| Electricity   | 20,000             | 20,000              | 13,133              | 6,867   | 13,846            |
| Propane   | 30,000             | 30,000              | 24,546              | 5,454   | 20,323            |
| Water & Sewer   | 825                | 825                 | 863                 | (38)  | 732               |
| Capital Expenditures:                                   |                    |                     |                     |   |                   |
| Capital Outlay  | 35,000             | 264,000             | 141,132             | 122,868   | 16,515            |
| Principal on Debt:                                      |                    |                     |                     |   |                   |
| Principal on Debt                                       | 129,000            | 134,000             | 134,000             | -   | 130,000           |
| Interest on Debt  |                    |                     |                     |   |                   |
| Interest on Debt  | 27,000             | 22,000              | 21,945              | 55  | 26,950            |
| Fees:   |                    |                     |                     |   |                   |
| Loan Fees   | 6,000              | 6,000               | 6,041               | (41)  | 5,462             |
| <b>Total Expenditures</b>                               | <u>2,388,449</u>   | <u>2,674,075</u>    | <u>2,643,077</u>    | <u>30,998</u>   | <u>2,237,492</u>  |
| <b>Excess of Revenues Over<br/>(Under) Expenditures</b> | 12,705             | 243,518             | 290,493             | 46,975  | 155,367           |
| <b>Funds Balance - Beginning</b>                        | <u>909,895</u>     | <u>985,833</u>      | <u>985,833</u>      | <u>-</u>  | <u>830,466</u>    |
| <b>Funds Balance - Ending</b>                           | <u>\$ 922,600</u>  | <u>\$ 1,229,351</u> | <u>\$ 1,276,326</u> | <u>\$ 46,975</u>  | <u>\$ 985,833</u> |

The notes to the financial statements are an integral part of this statement.

**PLATTE CANYON FIRE PROTECTION DISTRICT**  
**STATEMENT OF NET POSITION**  
**ENTERPRISE FUND**  
**STATE AND FEDERAL DEPLOYMENT ACTIVITIES FUND**  
**December 31, 2016**  
**(With Comparative Actual Amounts at December 31, 2015)**

|   | <b>2016</b>       | <b>2015</b>       |
|---|-------------------|-------------------|
| <b>Assets</b>   |                   |                   |
| Current Assets  |                   |                   |
| Cash and Investments  | \$ 113,776        | \$ 2,706          |
| Receivable - Federal Fire Fighting and Colorado Flood Costs | 652,729           | 434,458           |
| <b>Total Current Assets</b>                                 | <b>766,505</b>    | <b>437,164</b>    |
| <b>Total Assets</b>   | <b>766,505</b>    | <b>437,164</b>    |
| <b>Liabilities</b>  |                   |                   |
| Current Liabilities   |                   |                   |
| Accrued Interest Payable                                    | 6,395             | 6,550             |
| Notes Payable   | 123,600           | 79,000            |
| Due to Other Funds  | 402,234           | 251,465           |
| <b>Total Current Liabilities</b>                            | <b>532,229</b>    | <b>337,015</b>    |
| <b>Net Position</b>   |                   |                   |
| Unrestricted  | 234,276           | 100,149           |
| <b>Total Net Position</b>                                   | <b>\$ 234,276</b> | <b>\$ 100,149</b> |

The notes to the financial statements are an integral part of this statement.

**PLATTE CANYON FIRE PROTECTION DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**ENTERPRISE FUND**  
**STATE AND FEDERAL DEPLOYMENT ACTIVITIES FUND**  
**For the Year Ended December 31, 2016**  
**(With Comparative Totals for the Year Ended December 31, 2015)**

|   | <u>2016</u>       | <u>2015</u>       |
|---|-------------------|-------------------|
| <b>Operating Revenues</b>                     |                   |                   |
| Federal Fire Fighting                         | 1,266,848         | 1,069,214         |
| <b>Total Operating Revenues</b>               | <u>1,266,848</u>  | <u>1,069,214</u>  |
| <b>Operating Expenses</b>                     |                   |                   |
| Fire Fighting and Emergency Medical Personnel | 701,633           | 621,126           |
| Payroll Taxes & Benefits                      | 28,646            | 23,576            |
| Insurance                                     | 14,639            | 18,690            |
| Fire Fighter Support                          | 75,688            | 56,100            |
| <b>Total Operating Expenses</b>               | <u>820,606</u>    | <u>719,492</u>    |
| <b>Operating Income</b>                       | <u>446,242</u>    | <u>349,722</u>    |
| <b>Non-operating Revenue (Expenses)</b>       |                   |                   |
| Line of Credit Interest and Fees              | (10,675)          | (10,400)          |
| <b>Income Before Transfers</b>                | 435,567           | 339,322           |
| Transfer to General Fund                      | (301,440)         | (240,045)         |
| <b>Change in Net Position</b>                 | 134,127           | 99,277            |
| <b>Net Position - Beginning</b>               | <u>100,149</u>    | <u>872</u>        |
| <b>Net Position - Ending</b>                  | <u>\$ 234,276</u> | <u>\$ 100,149</u> |

The notes to the financial statements are an integral part of this statement.

**PLATTE CANYON FIRE PROTECTION DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**ENTERPRISE FUND**  
**STATE AND FEDERAL DEPLOYMENT ACTIVITIES FUND**  
**For the Year Ended December 31, 2016**  
**(With Comparative Totals for the Year Ended December 31, 2015)**

|  | <b>2016</b>       | <b>2015</b>       |
|--|-------------------|-------------------|
| <b>Cash Flows from Operating Activities</b>  |                   |                   |
| Cash Received from Customers   | \$ 1,048,577      | \$ 634,756        |
| Cash Payments for Goods and Services   | (90,482)          | (74,790)          |
| Cash Payments to Employees for Services  | (579,510)         | (392,449)         |
| <b>Net Cash Provided by Operating Activities</b>                                       | <b>378,585</b>    | <b>167,517</b>    |
| <b>Cash Flows from Noncapital Financing Activities</b>                                 |                   |                   |
| Transfer to General Fund   | (301,440)         | (240,045)         |
| Short-term Bank Borrowings - Line of Credit  | 503,600           | 615,500           |
| Repayment of Short-term Bank Borrowings - Line of Credit                               | (459,000)         | (536,500)         |
| Interest and Fees Paid on Short-term Bank Borrowings - Line of Credit                  | (10,675)          | (3,850)           |
| <b>Net Cash Flows from Noncapital Financing Activities</b>                             | <b>(267,515)</b>  | <b>(164,895)</b>  |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>                            | <b>111,070</b>    | <b>2,622</b>      |
| <b>Cash and Cash Equivalents - Beginning</b>   | <b>2,706</b>      | <b>84</b>         |
| <b>Cash and Cash Equivalents - Ending</b>  | <b>\$ 113,776</b> | <b>\$ 2,706</b>   |
| <b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b> |                   |                   |
| Operating Income   | \$ 446,242        | \$ 349,722        |
| <b>Adjustments to Reconcile Operating Income to:</b>                                   |                   |                   |
| Net Cash Provided by Operating Activities  |                   |                   |
| Effect of Changes in Operating Assets and Liabilities                                  |                   |                   |
| Accounts Receivable  | (218,271)         | (434,458)         |
| Due from Other Funds   | -                 | 788               |
| Due to Other Funds   | 150,769           | 251,465           |
| Accrued Interest Payable   | (155)             | -                 |
| <b>Total Adjustments</b>   | <b>(67,657)</b>   | <b>(182,205)</b>  |
| <b>Net Cash Provided by Operating Activities</b>                                       | <b>\$ 378,585</b> | <b>\$ 167,517</b> |

The notes to the financial statements are an integral part of this statement.

# PLATTE CANYON FIRE PROTECTION DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

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The financial statements of the Platte Canyon Fire Protection District, (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and reporting principles. The following notes to the financial statements are an integral part of the District's financial statements.

### **NOTE 1 DEFINITION OF REPORTING ENTITY**

The District was organized as a special district under the provisions of the State of Colorado and operates under the control of an elected five member Board of Directors. The District offers fire protection and emergency medical (ambulance) services to its citizens through its fire departments located in Bailey, Crow Hill, Harris Park and Grant, Colorado.

The reporting entity consists of (a) the primary government; i.e., the District, and (b) organizations for which the District is financially accountable. The District is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the District. Organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

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

### **NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **A. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all the activities of the District. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of net position reports all financial and capital resources of the District. The difference between the assets, net outflow of resources, liabilities, and the net inflow of resources of the District is reported as net position.

**PLATTE CANYON FIRE PROTECTION DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2016**

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The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by given function or segment; fines and forfeitures; and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds. Major individual governmental funds and major individual enterprise funds are reported in separate columns in the fund financial statements.

**B. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

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

Governmental fund financial statements are reported using the current financial resources measurement focus and 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, the District considers revenues to be available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

Property taxes, specific ownership taxes and interest are susceptible to accrual and so have been recognized as revenues in the current period. All other revenue items are considered to be measurable and available when cash is received by the District and are recognized as revenue at that time.

**PLATTE CANYON FIRE PROTECTION DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2016**

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The District reports the following major governmental fund:

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

The District reports the following major enterprise fund:

The *State and Federal Deployment Activities Fund* accounts for revenues and expenses associated with providing "call-out" or Federal Fire Fighting activities.

A principal reason for the separate fund was to facilitate short-term bank revolving line of credit borrowings to finance the significant reimbursement receivables generated by "call-out" activities. The enterprise fund operates much like a private sector business since it charges for the services it provides. Like similar private sector enterprises, the measurement focus is economic resources and obligations and the enterprise fund uses the accrual method of accounting. Revenues are recognized when billed and represent reimbursement amounts based upon agreed daily/hourly rates for personnel, equipment and vehicles provided for the emergency. Expenses include direct costs of providing personnel including burden, equipment and vehicles for out of District fire, flood and other emergency activities.

The general fund is the common paymaster and pays all District expenses. The enterprise fund uses District personnel and capital assets to perform "call-out" activities. Accordingly, during the year, the enterprise fund repays for its expenses/expenditures and also transfers-in residual profits to the general fund as needed and when available for its unrestricted use.

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

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

**PLATTE CANYON FIRE PROTECTION DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2016**

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

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

**Assets, Liabilities and Net Position/Fund Balance**

**Cash and Investments**

Colorado Revised Statutes specify investment instruments meeting defined rating and risk criteria in which the District may invest which include: obligations of the United States and certain U.S. government agency securities, general obligation and revenue bonds of U.S. local government entities, bankers acceptances of certain banks, commercial paper, written repurchase agreements collateralized by certain authorized securities, certain money market funds, guaranteed investment contracts, and local government investment pools.

Cash and investments are presented on the balance sheet in the basic financial statements at fair value.

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

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust, other agreements or the Board of Directors, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in total cash.

**Property Taxes**

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the Park County (County) Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to

**PLATTE CANYON FIRE PROTECTION DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2016**

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put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

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

**Capital Assets**

Capital assets, which include equipment, are reported in the governmental activities in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an economic useful life equal to or greater than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Depreciation expense has been computed using the straight-line method over the estimated economic useful lives:

| <u>Assets</u>                | <u>Years</u> |
|------------------------------|--------------|
| Fire Stations                | 40           |
| Improvements                 | 5 - 20       |
| Training Facility            | 20           |
| Communications Equipment     | 2 - 5        |
| Furniture & Office Equipment | 5 - 10       |
| Other Equipment              | 6 - 12       |
| Fire Management Software     | 3            |
| Fire Trucks & Accessories    | 12           |
| Squad Vehicles & Ambulance   | 8 - 12       |

**PLATTE CANYON FIRE PROTECTION DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2016**

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**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position/balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position/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 or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

**Compensated Absences**

The District provides vacation, personal leave and "vested" or compensated sick time and other leave benefits for its full-time employees. Effective for 2012, sick time was no longer a vested benefit except for specific employees who were grandfathered-in because of employment longevity. Vested sick time is the estimated liability for reimbursable unused sick leave payable at termination of employment.

All such benefits are accrued when incurred in the government-wide financial statements. A liability for this amount is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Compensated absences are generally liquidated by the General Fund. All unpaid vacation balances are paid at the hourly rate when the employee retires, resigns or is terminated.

**Long-term Obligations**

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

In the fund financial statements, governmental fund types recognize issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Issuance costs, even if withheld from the actual new proceeds received, are reported as debt service expenditures.

PLATTE CANYON FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

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**Net Position and Fund Balances**

Net Position

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

Net investment in capital assets is intended to reflect the portion of net position that is associated with non-liquid, capital assets less outstanding capital asset related debt.

Restricted net position is subject to restrictions by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provision or enabling legislation.

The District reports the following restricted net position balances:

*Restricted for Emergency Reserves*

Emergency reserves have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 9).

*Restricted for Capital Outlay*

Capital lease proceeds have been restricted for capital improvements.

Unrestricted net position represents assets that do not have any third party limitations on their use.

Fund Balances

Generally, fund balance represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

PLATTE CANYON FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

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The following classifications describe the relative strength of the spending constraints:

- **Nonspendable** fund balance includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes prepaid items and inventories.
- **Restricted** fund balances are reported as restricted when there are constraints placed on their use that are either: a) externally imposed by creditors (such as through debt covenant), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.
- **Committed** fund balances include amounts that can be used only for the specific purposes determined by a formal action of the District’s highest level of decision-making authority. The Board of Directors is the highest level of decision-making authority for the District that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation. No fund balances are committed at year end.
- **Assigned** fund balance is the portion of the fund balance that reflects the District's intended use of resources as determined by the Board of Directors. These amounts are constrained by the District's intent to be used for specific purposes, but do not meet the criteria to be classified as committed. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

The following fund balances are assigned:

Subsequent Year's Budget – used to account for the portion of the year-end fund balance which is appropriated in the subsequent year's budget.

- **Unassigned** – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion.

**Flow Assumptions** – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the District's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the District's policy to use assigned fund balances before using unassigned fund balances

**PLATTE CANYON FIRE PROTECTION DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2016**

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**Use of Estimates**

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. An example of such an estimate that has been made by management is depreciation expense.

**Pensions**

The District participates in the Statewide Defined Benefit Pension Plan, a cost-sharing multiple-employer defined benefit pension fund administered by the Fire and Police Pension Association of Colorado ("FPPA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the Statewide Defined Benefit Plan ("SWDB") have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**NOTE 3 BUDGETARY INFORMATION**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds. The enterprise funds adopt budgets on the Non-GAAP basis wherein tap fees are recognized as revenue, principal payments on debt and capital expenditures are recognized as expenditures, and depreciation expense is not budgeted. All annual appropriations lapse at fiscal year-end.

Not later than the first regular meeting in September, the District Manager submits a proposed operating budget for the fiscal year commencing the following January 1 to the Board of Directors. The operating budget for all budgeted funds includes proposed expenditures and the means of financing.

Public hearings are held at the regular Director meetings to obtain taxpayer input. Prior to December 15, the budget is legally enacted through passage of a budget ordinance.

The appropriation can only be modified upon completion of notification and publication requirements. During the year ended December 31, 2016, the District approved supplementary

**PLATTE CANYON FIRE PROTECTION DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2016**

appropriations amending the appropriation in the General Fund from \$2,398,510 to \$2,865,529 and the Enterprise Fund from \$825,000 to \$804,970.

**NOTE 4 CASH AND INVESTMENTS**

Cash and investments as of December 31, 2016 consist of the following:

|              | <u>Governmental<br/>Activities</u> | <u>Business-type<br/>Activities</u> | <u>Total</u>      |
|--------------|------------------------------------|-------------------------------------|-------------------|
| Unrestricted | \$ 481,990                         | \$ 113,776                          | \$ 595,766        |
| Restricted   | 346,867                            | -                                   | 346,867           |
| <b>Total</b> | <b>\$ 828,857</b>                  | <b>\$ 113,776</b>                   | <b>\$ 942,633</b> |

  

|              | <u>Governmental<br/>Activities</u> | <u>Business-type<br/>Activities</u> | <u>Total</u>      |
|--------------|------------------------------------|-------------------------------------|-------------------|
| Deposits     | \$ 425,619                         | \$ 113,776                          | \$ 539,395        |
| Investments  | 403,238                            | -                                   | 403,238           |
| <b>Total</b> | <b>\$ 828,857</b>                  | <b>\$ 113,776</b>                   | <b>\$ 942,633</b> |

**A. Cash Deposits**

Custodial credit risk

Custodial risk for deposits is the risk that, in the event of a failure of a depository financial institution, the District will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The Colorado Public Deposit Protection Act (PDPA) governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels (\$250,000) must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. The institution's internal records identify the collateral by depositor and as such, these deposits are considered to be uninsured but collateralized. The State Regulatory Commissions for banks and financial services 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,

**PLATTE CANYON FIRE PROTECTION DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2016**

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the District's deposits of \$436,267 were insured by federal depository insurance and consequently were not exposed to custodial credit risk.

**B. Investments**

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments. Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors, such actions are generally associated with a debt service reserve or sinking fund requirements.

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

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

Investment credit risk

This is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Debt securities of the U.S. government and obligations of U.S. government agencies that are explicitly guaranteed by the U.S. government are not considered to have credit risk.

Interest rate risk

Changes in market interest rates could adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market rates.

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

**PLATTE CANYON FIRE PROTECTION DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2016**

| <u>Investment Type</u> | <u>S &amp; P<br/>Rating</u> | <u>Fair Value</u> | <u>Investment Maturities<br/>(In Years) Less Than:</u> |              |
|------------------------|-----------------------------|-------------------|--|--------------|
|                        |                             |                   | <u>1</u>   | <u>1 - 5</u> |
| COLOTRUST              | AAAm                        | \$ 403,238        | \$ 403,238   | \$ -         |

The District has investments in the Colorado Local Government Liquid Asset Trust (COLOTRUST), investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing COLOTRUST. COLOTRUST operate similarly to a money market fund and each share is equal in value to \$1.00.

**NOTE 5 CAPITAL ASSETS**

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

|  | <u>Beginning<br/>Balance</u> | <u>Additions</u>    | <u>Deletions</u> | <u>Ending<br/>Balance</u> |
|--|------------------------------|---------------------|------------------|---------------------------|
| <b>Governmental Activities:</b>          |                              |                     |                  |                           |
| Capital Assets Not Being Depreciated:    |                              |                     |                  |                           |
| Land                                     | \$ 3,000                     | \$ -                | \$ -             | \$ 3,000                  |
| Depreciable Capital Assets:              |                              |                     |                  |                           |
| Buildings and Improvements               | 1,843,750                    | 19,191              | -                | 1,862,941                 |
| Furniture & Fixtures                     | 50,993                       | -                   | -                | 50,993                    |
| Communications Equipment                 | 99,280                       | -                   | -                | 99,280                    |
| Other Equipment                          | 435,224                      | 6,989               | -                | 442,213                   |
| Vehicles                                 | 2,572,523                    | 115,220             | -                | 2,687,743                 |
| Total Depreciable Capital Assets         | 5,001,770                    | 141,400             | -                | 5,143,170                 |
| Accumulated Depreciation:                |                              |                     |                  |                           |
| Buildings and Improvements               | (675,349)                    | (38,901)            | -                | (714,250)                 |
| Furniture & Fixtures                     | (47,828)                     | (1,085)             | -                | (48,913)                  |
| Communications Equipment                 | (99,280)                     | -                   | -                | (99,280)                  |
| Other Equipment                          | (381,220)                    | (17,326)            | -                | (398,546)                 |
| Vehicles                                 | (1,965,692)                  | (193,838)           | -                | (2,159,530)               |
| Total Accumulated Depreciation           | (3,169,369)                  | (251,150)           | -                | (3,420,519)               |
| Net Depreciable Capital Assets           | 1,832,401                    | (109,750)           | -                | 1,722,651                 |
| <b>Total Net Governmental Activities</b> | <b>\$ 1,835,401</b>          | <b>\$ (109,750)</b> | <b>\$ -</b>      | <b>\$ 1,725,651</b>       |

**PLATTE CANYON FIRE PROTECTION DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2016**

Depreciation expense is allocated to specific departments as follows.

|                            |                   |
|----------------------------|-------------------|
| Administration             | \$ 39,986         |
| Fire Fighting Operations   | 178,397           |
| Emergency Medical          | <u>32,767</u>     |
| Total Depreciation Expense | <u>\$ 251,150</u> |

**NOTE 6 LONG-TERM OBLIGATIONS**

The following is an analysis of changes in long-term debt for the year ended December 31, 2016:

|                                      | <u>Balance</u><br><u>Dec. 31, 2015</u> | <u>Additions</u>  | <u>Deletions</u>  | <u>Balance</u><br><u>Dec. 31, 2016</u> | <u>Due Within</u><br><u>One Year</u> |
|--------------------------------------|--|-------------------|-------------------|--|--------------------------------------|
| <b>Governmental Activities:</b>      |  |                   |                   |  |                                      |
| Capital One - Series A - Refunding   | \$ 570,000                             | \$ -              | \$ 134,000        | \$ 436,000                             | \$ 134,000                           |
| Capital One Public Financing - Lease | <u>-</u>                               | <u>196,861</u>    | <u>-</u>          | <u>196,861</u>                         | <u>196,861</u>                       |
|                                      | <u>\$ 570,000</u>                      | <u>\$ 196,861</u> | <u>\$ 134,000</u> | <u>\$ 632,861</u>                      | <u>\$ 330,861</u>                    |
| <b>Business-type Activities:</b>     |  |                   |                   |  |                                      |
| 2015 Revenue Anticipation Note       | \$ 79,000                              | \$ -              | \$ 79,000         | \$ -                                   | \$ -                                 |
| 2016 Revenue Anticipation Note       | <u>-</u>                               | <u>503,600</u>    | <u>380,000</u>    | <u>123,600</u>                         | <u>123,600</u>                       |
| Total Revenue Anticipation Notes     | <u>\$ 79,000</u>                       | <u>\$ 503,600</u> | <u>\$ 459,000</u> | <u>\$ 123,600</u>                      | <u>\$ 123,600</u>                    |

**Capital One – Series A**

The District entered into a Capital Lease in the original amount of \$970,000 dated January 23, 2013. The lease is secured by vehicles, fire trucks and buildings. The existing capital leases were liquidated in full, (Valley Bank, Bank of the West and Key Bank Leases and accrued interest in the amount of \$411,498), and net new money of \$546,002 net of issuance costs, earmarked for current operations of \$166,002 and capital projects of \$380,000. The District paid \$134,000 of principal on the note and accrued interest in the amount of \$21,945 for the year ended December 31, 2016.

**PLATTE CANYON FIRE PROTECTION DISTRICT**

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Principal and interest requirements for this loan are as follows:

| <u>Year</u> | <u>Principal</u>  | <u>Interest</u>  | <u>Total</u>      |
|-------------|-------------------|------------------|-------------------|
| 2017        | \$ 140,000        | \$ 16,786        | \$ 156,786        |
| 2018        | 145,000           | 11,396           | 156,396           |
| 2019        | 151,000           | 5,814            | 156,814           |
| Total       | <u>\$ 436,000</u> | <u>\$ 33,996</u> | <u>\$ 469,996</u> |

**Key Bank - Revenue Note**

On October 13, 2015, the District entered into Revenue Note in the maximum amount of \$700,000 with Key Bank. The District borrowed \$615,500 in 2015. The note is due on June 1, 2016. Interest accrues at rate of interest equal to the Prime Rate plus 100 basis points (1.00%). The Note is payable solely out of and secured by an irrevocable assignment and pledge of certain revenues derived and to be derived from the operating income and revenues from the activities of the Enterprise Fund, after payment of the necessary and reasonable costs and expenses. Net Revenues are pledged to the payment thereof. The District paid \$79,000 of the remaining principle balance on the note and interest in the amount of \$180 for the year ended December 31, 2016. The note was paid in full on January 21, 2016.

On August 9, 2016, the District entered into Revenue Note in the maximum amount of \$800,000 with Key Bank. The District borrowed \$503,600 in 2016. The note is due on August 1, 2017. Interest accrues at rate of interest equal to the Prime Rate plus 100 basis points (1.00%). The Note is payable solely out of and secured by an irrevocable assignment and pledge of certain revenues derived and to be derived from the operating income and revenues from the activities of the Enterprise Fund, after payment of the necessary and reasonable costs and expenses. Net Revenues are pledged to the payment thereof. The District repaid \$380,000 of the principal in 2016. The principle balance on the note was \$123,600 and accrued interest of \$6,395 at December 31, 2016. The \$100,000 of the note was paid in on January 5, 2016 with the remaining balance paid on February 15, 2017.

Principal and interest requirements for this loan are as follows:

| <u>Year</u> | <u>Principal</u>  | <u>Interest</u> | <u>Total</u>      |
|-------------|-------------------|-----------------|-------------------|
| 2017        | <u>\$ 123,600</u> | <u>\$ 6,395</u> | <u>\$ 129,995</u> |

**PLATTE CANYON FIRE PROTECTION DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2016**

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**NOTE 7 RISK MANAGEMENT**

The District participates in the Colorado Special Districts Property and Liability Pool to provide workers' compensation insurance. During 2016, the District recorded \$76,626 for workers' compensation insurance expense. There has been no significant reduction in insurance coverage. Rates are determined by the actuaries for the Pool and members are assessed accordingly.

The District has purchased property casualty insurance from major commercial insurance companies in amounts that are less than the acquisition cost and replacement cost of certain assets, i.e., the District is self-insuring against casualty losses. There have been no claims in excess of insurance coverage in any of the past three years. There have been no significant changes in insurance coverage from the prior year in any of the major categories of risk.

**NOTE 8 DEFERRED COMPENSATION AND PENSION PLANS**

**Employee Deferred Compensation Plan**

The District maintains a Deferred Compensation Plan under Internal Revenue Code Section 457. Under the terms of the trust agreement, the Plan assets are held for the exclusive benefit of the participating employee. Neither the District nor its creditors have access to the employee assets under the Plan.

Under the Plan, the employee defers compensation to a future date. The deferred compensation is not available to the employee until termination, retirement, death or an unforeseen emergency. The Plan is administered by the FPPA. All funds are invested within the FPPA Fire and Police Members' Benefit Investment Fund. The District is not responsible for losses under the Plan, and has only general discretionary duties.

**Employee Benefit and Pension Plans**

The District maintains the following separately administered pension plans:

- Volunteer Firefighters' Pension Plan – an Agent multiple-employer defined benefit plan
- Statewide Defined Benefit Plan – a Cost-sharing multiple-employer defined benefit plan

The defined benefit plans are administered by the Fire & Police Pension Association of Colorado ("FPPA"). It is reported in the FPPA comprehensive annual financial report (CAFR). The FPPA issues a publicly available comprehensive annual financial report (CAFR) that can be obtained

**PLATTE CANYON FIRE PROTECTION DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2016**

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by contacting FPPA at 5290 DTC parkway, Suite 100, Greenwood Village, Colorado 80111-2721 or on their website at <http://www.fppaco.org>.

***Volunteer Firefighters' Pension Plan***

Plan Description - The District has established the Volunteer Firefighters' Pension Plan (the "Volunteer Plan"), an agent multiple-employer defined benefit pension plan for volunteer firefighters as authorized by State of Colorado Statutes, Title 31, Article 30, which establishes basic benefit provisions.

Benefits Provided - Any fireman who has attained both the age of 50 and has completed at least 20 years of credited service is eligible for a monthly pension benefit. For 2016, the monthly pension benefit was \$375. The Plan also provides for a lump-sum burial benefit upon the death of an active or retired firefighter. The Plan provides for additional death and disability benefits. Spousal benefits are 50% of the decedent retiree's benefit amount.

Contributions - In addition to contributions from the District, the Volunteer Plan received contributions from the State in an amount not to exceed one-half mill of property tax revenue. The contributions are not actuarially determined. The annual required contribution by the District for 2016 was \$24,861. The required contribution for 2016 was determined from the actuarial valuation dated January 1, 2015 by Gabriel, Roeder, Smith & Company (GRS), Actuaries using the Entry Age Actuarial Cost Method.

Several significant actuarial assumptions used in the valuation were:

- (a) Life expectancy of participants obtained from the RP-2000 Combined Mortality Table with Blue Collar Adjustment, 55% multiplier for off-duty mortality,
- (b) Retirement age assumption of age 50 and 20 years of service;
- (c) Investment return of 7.5% annually, net of operating expenses,
- (d) Annual inflation rate of 2.5% and
- (e) Level dollar open amortization method.

For the year ended December 31, 2016 the District and State actual contributions of \$24,861 and \$17,500, respectively, were equal to the required contributions to the Volunteer Plan. The State contribution is included in the financial statements as an on-behalf payment.

***State of Colorado Fire and Police Pension Association - Defined Benefit Plan***

Plan Description - The District contributes to a the Statewide Defined Benefit Plan ("SWDB"), a cost sharing multiple-employer defined benefit pension plan administered by the FPPA for the District's paid permanent staff.

**PLATTE CANYON FIRE PROTECTION DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

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The SWDB provides retirement benefits for member and beneficiaries. Death and disability coverage is provided for plan members through the Statewide Death and Disability Plan, which is also administered by the FPPA. All paid permanent firefighters are members of the Statewide Death and Disability Plan.

**Description of Benefits** - A member is eligible for a normal retirement pension once the member has completed twenty-five years of credited service and has attained the age of 55.

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

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

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

Members of the SWDB plan and their employers are contributing at the rate of 8 percent of base salary for a total contribution rate of 16 percent through 2014. In 2014, the members elected to increase the member contribution rate to the SWDB plan beginning in 2015. Member contribution rates will increase 0.5 percent annually through 2022 to a total of 12 percent of base salary. Employer contributions will remain at 8 percent resulting in a combined contribution rate of 20 percent in 2022.

Contributions from members and employers of departments re-entering the system are established by resolution and approved by the FPPA Board of Directors. The re-entry group has a

**PLATTE CANYON FIRE PROTECTION DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2016**

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combined contribution rate of 20 percent of base salary through 2014. It is a local decision as to whether the member or employer pays the additional 4 percent contribution. Per the 2014 member election, the re-entry group will also have their required member contribution rate increase 0.5 percent annually beginning in 2015 through 2022 for a total combined member and employer contribution rate of 24 percent in 2022.

The contribution rate for members and employers of affiliated social security employers is 4 percent of base salary for a total contribution rate of 8 percent through 2014. Per the 2014 member election, members of the affiliate social security group will have their required contribution rate increase 0.25 percent annually beginning in 2015 through 2022 to a total of 6 percent of base salary. Employer contributions will remain at 4 percent resulting in a combined contribution rate of 10 percent in 2022.

The Districts contributions were \$74,256 for the year ended December 31, 2016.

**All Defined Benefit Plans**

Employees Covered by Benefit Terms- Employee membership data related to the Volunteer Plan, as of January 1, 2015, 18 retirees and beneficiaries were receiving benefits.

Pension Assets and Liabilities - At December 31, 2016, the Volunteer Plan reported a net pension liability of \$217,004. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2015.

At December 31, 2016, the District reported an asset of \$44,675 for its proportionate share of the SWDB net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2015. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At December 31, 2015, the District's proportion was 0.161344%, which was an increase of 0.002491% from its proportion of 0.158853% measured as of December 31, 2013.

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resource. For the year ended December 31, 2016, the District recognized expenses of \$41,532 related to the Volunteer Plan and revenue of \$8,676 related to the SWDB. In addition, the District reported deferred outflows of resources and deferred inflows of resources from the following sources for each plan:

**PLATTE CANYON FIRE PROTECTION DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

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|  | <u>Deferred<br/>Outflow of<br/>Resources</u> | <u>Deferred<br/>Inflow of<br/>Resources</u> |
|--|--|---|
| <b><u>Volunteer Plan</u></b>   |  |   |
| Net Difference between projected and actual experience   | \$ 34,494                                    | \$ -  |
| Changes in assumptions   | -  | -   |
| Net Difference between projected and actual earnings on Plan Investments                                     | 51,830                                       | -   |
| Changes in proportion and difference between District contributions and proportionate share of contributions | -  | -   |
| District contributions subsequent to the measurement date  | -  | -   |
|  | <u>          </u>                            | <u>          </u>                           |
| Total  | <u>\$ 86,324</u>                             | <u>\$ -</u>                                 |

|  | <u>Deferred<br/>Outflow of<br/>Resources</u> | <u>Deferred<br/>Inflow of<br/>Resources</u> |
|--|--|---|
| <b><u>Statewide Defined Benefit Plan</u></b>   |  |   |
| Difference between expected and actual experience  | \$ 23,003                                    | \$ 33,582                                   |
| Net Difference between projected and actual earnings on Plan Investments                                     | 144,759                                      | -   |
| Change in proportion and differences between District contributions and proportionate share of contributions | 44,675                                       | -   |
| District contributions subsequent to the measurement date  | 74,256                                       | -   |
|  | <u>          </u>                            | <u>          </u>                           |
| Total  | <u>\$ 286,693</u>                            | <u>\$ 33,582</u>                            |

The District's contributions subsequent to the measurement date, \$24,861 for the volunteer plan and \$74,256 for SWBD plan will be recognized as a reduction of the net pension liability in the year ending December 31, 2016.

**PLATTE CANYON FIRE PROTECTION DISTRICT**

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Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

| Year Ending December 31, | Volunteer        |                   |
|--------------------------|------------------|-------------------|
|                          | Plan             | SWDB              |
| 2017                     | \$ 34,994        | \$ 44,044         |
| 2018                     | 26,224           | 44,044            |
| 2019                     | 13,363           | 44,044            |
| 2020                     | 11,743           | 40,455            |
| 2021                     | -                | 6,957             |
| Thereafter               | -                | -                 |
|                          | <u>\$ 86,324</u> | <u>\$ 179,544</u> |

Actuarial Assumptions - The significant actuarial assumptions used to measure the total pension liability are as follows:

|                               | Volunteer Plan                   | SWDB                             |
|-------------------------------|----------------------------------|----------------------------------|
| Measurement Date              | December 31, 2015                | December 31, 2015                |
| Actuarial Valuation Date      | January 1, 2015                  | January 1, 2016                  |
| Actuarial Cost Method         | Entry age normal                 | Entry age normal                 |
| Amortization Method           | Level percentage of payroll open | Level percentage of payroll open |
| Remaining Amortization Period | 17 years                         | 30 years                         |
| Asset Valuation Method        | 5 year smoothed market           | 5 year smoothed market           |
| Inflation                     | 2.5%                             | 2.5%                             |
| Salary Increases              | N/A                              | 4.0% - 14.0%                     |
| Investment Rate of Return     | 7.5%                             | 7.5%                             |

For the Volunteer Plan mortality Pre and Post-retirement: RP-2000 Combined Mortality Table with Blue Collar adjustment, and pre-retirement 55% multiplier for off-duty mortality. Disabled retirement: RP-2000 Disabled Mortality Table for males and females. All tables projected with Scale AA.

For SWDB mortality The RP-2000 Combined Mortality Table with Blue Collar Adjustment, projected with Scale AA, 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.

For the SWDB plan, FPPA's Board of Directors, reviews it economic and demographic actuarial assumptions. This last happened in 2011. The assumptions changes were effective for actuarial valuations beginning January 1, 2012. The actuarial assumptions impacted actuarial factors for

**PLATTE CANYON FIRE PROTECTION DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2016**

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benefit purposes such as purchases of service credit and other benefits where actuarial factors are used. The date the new actuarial assumptions were effective for benefit purposes was October 1, 2012. Effective for the January 1, 2013 valuations, the Board adopted a five-year smoothing methodology in the determination of the actuarial value of assets.

Beginning in the January 1, 2014 valuations, the married assumption for active members was increased from 80% to 85% to reflect the passage of the Colorado Civil Unions Act.

For both plans, the long-term expected rate of return on investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are as follows:

| <u>Asset Class</u>    | <u>Target Allocation</u> | <u>Long-term<br/>Expected Rate<br/>of Return</u> |
|-----------------------|--------------------------|--|
| Global Equity         | 37.00%                   | 6.50%  |
| Equity Long/Short     | 10.00%                   | 4.70%  |
| Illiquid Alternatives | 20.00%                   | 8.00%  |
| Fixed Income          | 16.00%                   | 1.50%  |
| Absolute Return       | 11.00%                   | 4.10%  |
| Managed Futures       | 4.00%                    | 3.00%  |
| Cash                  | 2.00%                    | 0.00%  |
| Total                 | 100.00%                  |  |

Discount Rate - The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that, where applicable, employer, employee and state contributions will be made at the current contribution rate and will also be made at the current statutorily required or actuarially determined rates.

Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefit payments to determine the total pension liability.

**PLATTE CANYON FIRE PROTECTION DISTRICT**

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Changes in Department's Net Pension Liability - Changes in the Department's net pension liability for the Volunteer Plan for the year ended December 31, 2016 were as follows:

| Volunteer Plan  | Total<br>Pension Liability<br>(a) | Plan Fiduciary<br>Net Position<br>(b) | Net Pension<br>Liability<br>(a) - (b) |
|---|-----------------------------------|---------------------------------------|---------------------------------------|
| Balance December 31, 2015                                   | \$ 1,233,779                      | \$ 1,058,307                          | \$ 175,472                            |
| Changes for the year:                                       |                                   |                                       |                                       |
| Interest  | 89,778                            | -                                     | 89,778                                |
| Service cost  | 8,533                             | -                                     | 8,533                                 |
| Difference between expected and actual experience           | -                                 | -                                     | -                                     |
| Net investment income                                       | -                                 | 18,984                                | (18,984)                              |
| Contributions - employer                                    | -                                 | 23,000                                | (23,000)                              |
| Benefit payments including refund of employee contributions | (83,363)                          | (83,363)                              | -                                     |
| Administrative expense                                      | -                                 | (2,705)                               | 2,705                                 |
| State of Colorado supplemental discretionary payment        | -                                 | 17,500                                | (17,500)                              |
| Net changes   | 14,948                            | (26,584)                              | 41,532                                |
| Balance December 31, 2016                                   | \$ 1,248,727                      | \$ 1,031,723                          | \$ 217,004                            |

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. - The following presents the District's net pension liability or the District's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5%) or 1 percentage point higher (8.5%) than the current rate:

|                       | Discount Rate | Volunteer Plan | SWDB         |
|-----------------------|---------------|----------------|--------------|
| 1% Decrease           | 6.50%         | \$ 353,322     | \$ 398,438   |
| Current Discount Rate | 7.50%         | \$ 217,004     | \$ (2,844)   |
| 1% Increase           | 8.50%         | \$ 102,251     | \$ (335,694) |

**PLATTE CANYON FIRE PROTECTION DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 9 TAX SPENDING AND DEBT LIMITATIONS**

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

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

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

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

In May 1998, a majority of the District's electors approved a ballot issue permitting the District, to collect, retain and spend all revenues from the existing mill levy and all other sources, for fire protection, emergency medical and rescue purposes and to treat these revenues as a voter approved revenue change and therefore an exception to TABOR and other applicable laws. The effect of the voter-approved referendum was to remove the District from the spending restraints of the TABOR Amendment.

**NOTE 10: NEW PRONOUNCEMENT**

**Recently Adopted Governmental Accounting Standards Board Pronouncements**

**Pending Adopted Governmental Accounting Standards Board Pronouncements**

In June 2015, the GASB issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This Statement establishes accounting and financial reporting standards for Other Post-Employment Plans (OPEB) that is administered through trusts or equivalent arrangements which involve contributions from employers and nonemployer contributing entities to the OPEB plan. Similar to reporting for the cost-sharing

**PLATTE CANYON FIRE PROTECTION DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

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defined benefit plan, the District will be required to record an asset or liability for its District's proportionate share of the OPEB asset or liability. The Statement is effective for fiscal periods beginning after June 15, 2017. The effect of implementation of this statement has not yet been determined.

In June 2015, the GASB issued Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, effective for periods beginning after June 15, 2015. The objective of this Statement is to identify - in the context of the current governmental financial reporting environment - the hierarchy of generally accepted accounting principles (GAAP). The adoption of this statement will have no effect of the financial reporting information of the District.

In August 2015, the GASB issued Statement No. 77, Tax Abatement Disclosures, effective for periods beginning after December 15, 2015. This Statement requires state and local governments to disclose tax abatement agreements entered by other governments and that reduce the reporting government's tax revenues. The reduction in tax revenues can result from an agreement between one or more governments and an individual entity in which one or more governments promise to forgo tax revenues to which they are otherwise entitled. The individual or entity promises to take specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments. The effect of implementation of this statement has not yet been determined.

**REQUIRED SUPPLEMENTARY INFORMATION**

**PLATTE CANYON FIRE PROTECTION DISTRICT**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**VOLUNTEER PENSION TRUST FUND**  
**LAST 10 FISCAL YEARS \***

| Measurement Period Ending December 31,                                | <u>2015</u>       | <u>2014</u>       |
|---|-------------------|-------------------|
| <hr/>   |                   |                   |
| Total Pension Liability   |                   |                   |
| Interest  | \$ 89,778         | \$ 83,040         |
| Service Cost  | 8,533             | 9,378             |
| Difference between expected and actual experience                     | -                 | 77,758            |
| Benefit payments including refunds and employee contributions         | <u>(83,363)</u>   | <u>(76,613)</u>   |
| Net changes   | 14,948            | 93,563            |
| Total pension liability - beginning                                   | <u>1,233,779</u>  | <u>1,140,216</u>  |
| Total pension liability - ending                                      | <u>1,248,727</u>  | <u>1,233,779</u>  |
| <hr/>   |                   |                   |
| Plan Fiduciary Net Pension  |                   |                   |
| Net investment income   | 18,984            | 67,651            |
| Contributions employer  | 23,000            | 23,000            |
| Benefit payments including refunds of employee contributions          | (83,363)          | (76,613)          |
| Administrative expense  | (2,705)           | (1,941)           |
| State contribution  | <u>17,500</u>     | <u>17,500</u>     |
| Net changes   | (26,584)          | 29,597            |
| Plan fiduciary net pension - beginning                                | <u>1,058,307</u>  | <u>1,028,710</u>  |
| Plan fiduciary net pension - ending                                   | <u>1,031,723</u>  | <u>1,058,307</u>  |
| Net pension liability (asset) - ending                                | <u>\$ 217,004</u> | <u>\$ 175,472</u> |
| Plan fiduciary net pension as a percentage of total pension liability | 82.62%            | 85.78%            |
| Covered employee payroll  | N/A               | N/A               |
| Net pension liability as a percentage of covered employee payroll     | N/A               | N/A               |

\* Fiscal year 2015 was the first year of implementation, therefore only available years are shown.

**PLATTE CANYON FIRE PROTECTION DISTRICT**

**SCHEDULE OF CONTRIBUTIONS  
VOLUNTEER PENSION TRUST FUND  
LAST 10 FISCAL YEARS \***

| Reporting Period Ending December 31,                             | <u>2016</u>      | <u>2015</u>      | <u>2014</u>      |
|--|------------------|------------------|------------------|
| Actuarial determined contribution                                | \$ 24,861        | \$ 23,000        | \$ 23,136        |
| Actual Contribution  | <u>42,361</u>    | <u>40,500</u>    | <u>40,500</u>    |
| Contribution excess  | <u>\$ 17,500</u> | <u>\$ 17,500</u> | <u>\$ 17,364</u> |
| Covered Payroll  | N/A              | N/A              | N/A              |
| Actual contributions as a percentage of covered employee payroll | N/A              | N/A              | N/A              |

\* Fiscal year 2015 was the first year of implementation, therefore only available years are shown.

**PLATTE CANYON FIRE PROTECTION DISTRICT**

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
STATEWIDE DEFINED BENEFIT PLAN  
LAST 10 FISCAL YEARS \***

| Measurement Period Ending December 31,   | <u>2015</u>          | <u>2014</u>          | <u>2013</u>          |
|--|----------------------|----------------------|----------------------|
| District Proportion of the Net Pension Liability (Asset)   | 0.161344%            | 0.158853%            | 0.187609%            |
| District Proportionate Share of the Net Pension Liability (Asset)  | (2,844)              | (142,044)            | (167,757)            |
| District Covered Employee Payroll  | \$ 782,150           | \$ 714,364           | \$ 1,217,549         |
| Proportion Share of the Net Pension Liability (Asset) as a<br>Percentage of its Covered Employee Payroll | 0.36%                | 19.88%               | 13.78%               |
| Calculation of Collective Net Pension Liability:   |                      |                      |                      |
| Total Pension Liability (Asset)  | \$ 1,846,961,999     | \$ 1,652,901,084     | \$ 1,533,631,141     |
| Plan Fiduciary Net Position  | <u>1,848,724,853</u> | <u>1,765,758,630</u> | <u>1,623,049,809</u> |
| Net Pension Liability (Asset)  | <u>(1,762,854)</u>   | <u>(112,857,546)</u> | <u>(89,418,668)</u>  |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability                               | 100.10%              | 106.80%              | 105.80%              |

\* Fiscal year 2015 was the first year of implementation, therefore only available years are shown.

**PLATTE CANYON FIRE PROTECTION DISTRICT**

**SCHEDULE OF CONTRIBUTIONS AND RELATED RATIOS**

**STATEWIDE DEFINED BENEFIT PLAN**

**LAST 10 FISCAL YEARS \***

| Reporting Period Ending December 31,                                 | <u>2015</u>   | <u>2014</u>   | <u>2013</u>   |
|--|---------------|---------------|---------------|
| Contractually Required Contribution                                  | \$ 62,572     | \$ 57,149     | \$ 97,406     |
| Contributions in Relation to the Contractually Required Contribution | <u>62,572</u> | <u>57,149</u> | <u>97,406</u> |
| Contribution Deficiency (Excess)                                     | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ -</u>   |
| Covered Employee Payroll   | \$ 782,150    | \$ 714,364    | \$ 1,217,549  |
| Contributions as a Percentage of Covered Employee Payroll            | 8.00%         | 8.00%         | 8.00%         |

\* Fiscal year 2015 was the first year of implementation, therefore only available years are shown.

## **SUPPLEMENTARY INFORMATION**

**PLATTE CANYON FIRE PROTECTION DISTRICT**  
**STATE AND FEDERAL DEPLOYMENT ACTIVITIES FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUNDS AVAILABLE -**  
**BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**For the Year Ended December 31, 2016**  
**(With Comparative Totals for the Year Ended December 31, 2015)**

|   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>     | <u>Variance with<br/>Final Budget -<br/>Positive<br/>(Negative)</u> | <u>2015<br/>Actual</u> |
|---|----------------------------|-------------------------|-------------------|---|------------------------|
| <b>Operating Revenues</b>                   |                            |                         |                   |   |                        |
| Federal Fire Fighting                       | \$ 825,000                 | \$ 1,240,000            | \$ 1,266,848      | \$ 26,848   | \$ 1,069,214           |
| Total Operating Revenues                    | <u>825,000</u>             | <u>1,240,000</u>        | <u>1,266,848</u>  | <u>26,848</u>   | <u>1,069,214</u>       |
| <b>Operating Expenses</b>                   |                            |                         |                   |   |                        |
| Fire Fighting & Emergency Medical Personnel | 490,648                    | 705,560                 | 701,633           | 3,927   | 621,126                |
| Payroll Taxes & Benefits                    | 18,645                     | 28,600                  | 28,646            | (46)  | 23,576                 |
| Insurance                                   | 16,191                     | 7,000                   | 14,639            | (7,639)   | 18,690                 |
| Fire Fighting Out of District Expenses      | 5,000                      | -                       | -                 | -   | -                      |
| Fire Fighter Support                        | 30,566                     | 88,400                  | 75,688            | 12,712  | 56,100                 |
| Total Operating Expenses                    | <u>561,050</u>             | <u>829,560</u>          | <u>820,606</u>    | <u>8,954</u>  | <u>719,492</u>         |
| <b>Operating Income</b>                     | <u>263,950</u>             | <u>410,440</u>          | <u>446,242</u>    | <u>17,894</u>   | <u>349,722</u>         |
| <b>Non-operating Revenue (Expenses)</b>     |                            |                         |                   |   |                        |
| Transfer to General Fund                    | (257,700)                  | (301,440)               | (301,440)         | -   | (240,045)              |
| Line of Credit Interest and Fees            | (6,250)                    | (9,000)                 | (10,675)          | (1,675)   | (10,400)               |
| Total Non-operating Revenue (Expenses)      | <u>(263,950)</u>           | <u>(310,440)</u>        | <u>(312,115)</u>  | <u>(1,675)</u>  | <u>(250,445)</u>       |
| <b>Change in Net Position</b>               | -                          | 100,000                 | 134,127           | 16,219  | 99,277                 |
| <b>Net Position - Beginning</b>             | <u>872</u>                 | <u>100,149</u>          | <u>100,149</u>    | <u>-</u>  | <u>872</u>             |
| <b>Net Position - Ending</b>                | <u>\$ 872</u>              | <u>\$ 200,149</u>       | <u>\$ 234,276</u> | <u>\$ 16,219</u>  | <u>\$ 100,149</u>      |

See Independent Auditor's Report.

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