

PUEBLO RURAL FIRE PROTECTION DISTRICT
AUDITED FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT
PUEBLO, COLORADO
DECEMBER 31, 2016



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September 27, 2017

Board of Directors
Pueblo Rural Fire Protection District
Pueblo, Colorado

Independent Auditor's Report

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplemental information as listed in the table of contents on pages i through iv and pages 30 - 35 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis and the Pension Trust Fund information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Information

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

Garrett Ross & DeNardo Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS

**Pueblo Rural Fire Protection District
Management's Discussion and Analysis
December 31, 2016**

As management of the Pueblo Rural 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. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole.

Financial Highlights

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$3,579,296 (net position). Of this amount, \$762,835 (unrestricted net position) may be used to meet the District's ongoing obligations to citizens and creditors.
- The District's total net position increased by \$148,356.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$1,830,974, an increase of \$38,455 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance of the general fund is \$1,093,340.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components:

- government-wide financial statements
- fund financial statements
- notes to the financial statements

The basic financial statements present two different views of the District through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the District.

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 and liabilities. The difference between assets, deferred outflows of resources (if any), liabilities and deferred inflows of resources are 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 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 (e.g., uncollected taxes and earned but unused employee compensated absences).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes. The governmental activities of the District primarily include community safety services. The government-wide financial statements can be found on pages 3-4 of this report.

**Pueblo Rural Fire Protection District
Management's Discussion and Analysis
December 31, 2016**

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, such as State Statutes. All of the funds of the District are reported under governmental funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflow and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Governmental funds are reported using an accounting method called modified accrual accounting which has a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps the reader determine if there are more or less financial resources available to finance the District's programs.

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, which is a part of the fund financial statements, to facilitate this comparison between governmental funds and governmental activities.

The District maintains two individual government funds. 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 and the debt service fund.

The District adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided for these funds to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 5-8 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 9-29 of this report.

Government-Wide Financial Analysis. As noted earlier, net position may serve over time as a useful indicator of the government's financial position. In the case of the District, assets exceeded liabilities by \$3,579,296 at the close of fiscal year 2016. Increases or decreases in net position may serve as a useful indicator as to whether the financial condition of the District is improving or deteriorating over time.

A portion of the District's net position reflects its investment in capital assets (i.e., land, buildings, vehicles and equipment); less any related debt used to acquire those assets that is still outstanding (\$0 at December 31, 2016). The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Pueblo Rural Fire Protection District
Management's Discussion and Analysis
December 31, 2016**

The following table reflects the condensed Statement of Net Position at December 31:

	<u>2016</u>	<u>2015</u>
Current and other assets	\$ 4,410,565	\$4,311,279
Net pension asset	5,174	348,097
Capital assets	<u>2,090,200</u>	<u>1,989,380</u>
Total Assets	<u>\$ 6,505,939</u>	<u>\$ 6,648,756</u>
Deferred outflows of resources	<u>\$ 654,023</u>	<u>\$ 199,060</u>
Current liabilities	\$ 258,434	\$ 220,218
Net pension liability	532,237	424,880
Long-term liabilities outstanding	<u>273,053</u>	<u>288,032</u>
Total Liabilities	<u>\$ 1,063,724</u>	<u>\$ 933,130</u>
Deferred inflows of resources	<u>\$ 2,516,942</u>	<u>\$ 2,483,746</u>
Net Position:		
Net investment in capital assets	\$ 2,090,200	\$ 1,989,380
Restricted	726,261	953,442
Unrestricted	<u>762,835</u>	<u>488,118</u>
Total Net Position	<u>\$ 3,579,296</u>	<u>\$ 3,430,940</u>

At the end of the current fiscal year, the Pueblo Rural Fire Protection District is able to report a positive balance in all categories of net position.

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR) contains the requirements of setting an emergency reserve. This reserve cannot be accessed except for an unexpected disaster. This reserve was \$85,000 and \$79,000 as of December 31, 2016 and 2015, respectively.

The Statement of Activities presents information showing how the Districts' net position changed during the most recent fiscal year. Revenues and expenses in this statement are recorded when earned or when a liability is incurred.

The following table reflects the condensed Statement of Activities for the years ended December 31:

	<u>2016</u>	<u>2015</u>
Revenues:		
Program revenues:		
Charges for services	\$ 10,456	\$ 26,304
Operating grants and contributions	5,820	115
Capital grants and contributions	142,007	30,701
General revenues:		
Property taxes	2,476,513	2,365,997
Specific ownership taxes	205,849	192,646
Unrestricted investment earnings	5,578	680
Other	<u>8,238</u>	<u>7,770</u>
Total Revenues	<u>2,854,461</u>	<u>2,624,213</u>

**Pueblo Rural Fire Protection District
Management's Discussion and Analysis
December 31, 2016**

	<u>2016</u>	<u>2015</u>
Expenses:		
Community safety services	2,472,290	2,279,271
General government	<u>233,815</u>	<u>233,285</u>
Total Expenses	<u>2,706,105</u>	<u>2,512,556</u>
Change in Net Position	148,356	111,657
Net Position – Beginning	<u>3,430,940</u>	<u>3,319,283</u>
Net Position - Ending	<u>\$ 3,579,296</u>	<u>\$ 3,430,940</u>

General Fund Budgetary Highlights: During the fiscal year, the District revised its original budget by \$147,000 due to increased expenditures for salaries and capital outlay. Generally, budget amendments fall into one of two categories: 1) amendments made to adjust the estimates that are used to prepare the original budget resolution once exact information is available; 2) increases in appropriations that become necessary to maintain services.

Total general fund expenditures were \$97,923 (3.4%) less than the budget projected.

Debt Service Fund Budgetary Highlights: During the fiscal year, the District made no revisions to the original budget.

Total debt service fund expenditures were \$99,962 (98.5%) less than the budget projected.

Capital Assets and Debt Administration

Capital assets. The District's investment in capital assets as of December 31, 2016 and 2015 amounts to \$2,090,200 and \$1,989,380, respectively (net of accumulated depreciation). This investment in capital assets includes land, buildings, vehicles, equipment and improvements.

Pueblo Rural Fire Protection District's Capital Assets

	<u>2016</u>	<u>2015</u>
Land	\$ 82,800	\$ 82,800
Buildings and improvements	939,642	928,795
Equipment	<u>2,961,455</u>	<u>2,738,002</u>
Total	<u>\$ 3,983,897</u>	<u>\$ 3,666,797</u>

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

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

Final Comments

The District continues to strive to achieve its mission of providing affordable, efficient, and reliable community safety services.

Request for Information

This financial report is designed to provide a general overview of the Pueblo Rural 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 request for additional financial information should be addressed to the Fire Chief, Pueblo Rural Fire Protection District, 29912 Highway 50 East, Pueblo, CO 81006.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**PUEBLO RURAL FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2016**

	<u>Governmental Activities</u>
ASSETS	
Cash and equivalents	\$ 353,087
Cash held by county treasurer	15,568
Investments	1,427,066
Receivables	87,464
Taxes receivable, net	2,510,833
Prepaid expenses	9,459
Deposits	7,088
Net pension asset	5,174
Capital assets, net of accumulated depreciation -	
Non-depreciable capital assets	82,800
Depreciable capital assets, net	2,007,400
Total capital assets, net	<u>2,090,200</u>
TOTAL ASSETS	<u>6,505,939</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related	<u>654,023</u>
LIABILITIES	
Accounts payable and accrued expenses	68,758
Net pension liability	532,237
Long-term liabilities	
Due within one year	
Compensated absences	189,676
Due in more than one year	
Compensated absences	273,053
TOTAL LIABILITIES	<u>1,063,724</u>
DEFERRED INFLOWS OF RESOURCES	
Property taxes	2,510,833
Pension related	6,109
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>2,516,942</u>
NET POSITION	
Net investment in capital assets	2,090,200
Restricted for:	
Capital projects	636,087
Tabor	85,000
Pension related	5,174
Unrestricted	762,835
TOTAL NET POSITION	<u>\$ 3,579,296</u>

The accompanying notes are an integral part of this statement.

**PUEBLO RURAL FIRE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016**

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Program Revenue	Net (Expense) Revenue and Changes in Net Position
						Primary Governmental Activities
Primary government						
Governmental Activities:						
General government	\$ 233,815	\$ -	\$ -	\$ -		\$ (233,815)
Public safety	2,472,290	10,456	5,820	142,007		(2,314,007)
Total	<u>2,706,105</u>	<u>10,456</u>	<u>5,820</u>	<u>142,007</u>		<u>(2,547,822)</u>

General revenues:

Taxes:	
Property taxes, levied for general purposes	2,375,689
Property taxes, levied for capital projects	100,824
Penalty and interest	8,238
Specific ownership tax	205,849
Unrestricted investment earnings	5,578
Total general revenues	<u>2,696,178</u>
Change in net position	148,356
Net position, January 1	3,430,940
Net position, December 31	<u>\$ 3,579,296</u>

The accompanying notes are an integral part of this statement.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

**PUEBLO RURAL FIRE PROTECTION DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2016**

	<u>General Fund</u>	<u>Debt Service Fund (Nonmajor Fund)</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 353,087	\$ -	\$ 353,087
Cash held by county treasurer	14,934	634	15,568
Investments	791,613	635,453	1,427,066
Accounts receivable	87,464	-	87,464
Taxes receivable, net	2,408,689	102,144	2,510,833
Prepaid items	9,459	-	9,459
Deposits	7,088	-	7,088
Total assets	<u>3,672,334</u>	<u>738,231</u>	<u>4,410,565</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	12,774	-	12,774
Accrued liabilities	55,984	-	55,984
Total liabilities	<u>68,758</u>	<u>-</u>	<u>68,758</u>
 Deferred inflows of resources:			
Property taxes	2,408,689	102,144	2,510,833
Total deferred inflows of resources	<u>2,408,689</u>	<u>102,144</u>	<u>2,510,833</u>
 Fund balances:			
Nonspendable	16,547	-	16,547
Restricted	85,000	636,087	721,087
Unassigned	1,093,340	-	1,093,340
Total fund balances	<u>1,194,887</u>	<u>636,087</u>	<u>1,830,974</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
	<u>\$ 3,672,334</u>	<u>\$ 738,231</u>	<u>\$ 4,410,565</u>

The accompanying notes are an integral part of this statement.

**PUEBLO RURAL FIRE PROTECTION DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2016**

Total fund balance, governmental funds \$ 1,830,974

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the fund financial statement, but are reported in governmental activities of the Statement of Net Position.

	3,983,897	
The cost of capital assets is		
Accumulated depreciation is	(1,893,697)	2,090,200

Recognition and measurement of the net pension asset and net pension liability, together with pension-related deferred outflows of resources and deferred inflows of resources in financial statements prepared using the economic resources measurement focus and the accrual basis of accounting are not financial resources and, therefore, are not reported in the governmental fund

	5,174	
Net pension asset		
Net pension liability	(532,237)	
Deferred outflows of resources	654,023	
Deferred inflows of resources	(6,109)	120,851

Long-term liabilities, including notes payable, capital lease contract payable, compensated absences, and bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the fund financial statement, but are included in the governmental activities of the Statement of Net Position. Long-term liabilities at year end consist of:

	(462,729)	(462,729)
Compensated absences		

Total Net Position - Governmental Activities

\$ 3,579,296

The accompanying notes are an integral part of this statement.

PUEBLO RURAL FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>General Fund</u>	<u>Debt Service Fund (Nonmajor Fund)</u>	<u>Total Governmental Funds</u>
REVENUES			
Property taxes	\$ 2,375,689	\$ 100,824	\$ 2,476,513
Penalty and interest	7,903	335	8,238
Specific ownership tax	197,468	8,381	205,849
Intergovernmental	142,007	-	142,007
Special fire protection	1,712	-	1,712
Investment earnings	3,863	1,715	5,578
Other revenues	14,564	-	14,564
Total revenues	<u>2,743,206</u>	<u>111,255</u>	<u>2,854,461</u>
EXPENDITURES			
Current:			
General government	220,767	1,513	222,280
Public safety	2,359,426	-	2,359,426
Capital outlay	234,300	-	234,300
Total expenditures	<u>2,814,493</u>	<u>1,513</u>	<u>2,816,006</u>
Excess (deficiency) of revenues over expenditures	(71,287)	109,742	38,455
Fund balances, January 1	1,266,174	526,345	1,792,519
Fund balances, December 31	<u>\$ 1,194,887</u>	<u>\$ 636,087</u>	<u>\$ 1,830,974</u>

The accompanying notes are an integral part of this statement.

PUEBLO RURAL FIRE PROTECTION DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

Net change in fund balances - total governmental funds: \$ 38,455

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

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. This is the amount by which capital outlay exceeds depreciation expense in the current period.

	Capital outlay	234,300	
	Depreciation expense	<u>(133,480)</u>	100,820

Recognition and measurement of the changes in the net pension asset, and net pension liability, together with the changes in the pension-related deferred outflows of resources and deferred inflows of resources in financial statements prepared using the economic resources measurement focus and the accrual basis of accounting are not financial resources and, therefore, are not reported in governmental funds as such. Rather, pension expenditures are reported in the government funds when paid.

	Pension expense	(178,282)	
	Pension expenditures	<u>184,027</u>	5,745

In the Statement of Activities, certain operating expenses such as compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amounts actually paid. This year, compensated absences paid (\$211,771) exceeded amounts earned (\$208,435).

3,336

Change in net position of governmental activities

\$ 148,356

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of Pueblo Rural Fire Protection District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

Financial Reporting Entity

Pueblo Rural Fire Protection District (the District) is organized under the laws of the State of Colorado. It operates under the jurisdiction of a local Board of Directors whose members are elected by the voters of the District. The District provides fire protection services to the public. As required by generally accepted accounting principles, these financial statements present the Pueblo Rural Fire Protection District (the primary government) and its component units. No additional separate governmental units, agencies or nonprofit corporations are included in the financial statements of the District since none were determined to fall within the oversight responsibility based upon the application of the following criteria: financial accountability, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

Government-Wide and Fund Financial Statements

The basic financial statements included both government-wide (based on the District as a whole) and fund financial statements. The government-wide financial statements, which include the statement of net position and the statement of activities. For the most part, the effect of interfund activity has been removed from these statements. These statements present summaries of governmental activities of the District.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a given functional category or activity is offset by program revenues. Direct expenses are those that are clearly identifiable with a function or activity. Program revenues include, if applicable, (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or activity; (2) grants and contributions that are restricted to meeting the operational requirements of a particular function or activity; and (3) grants and contributions that are restricted to meeting the capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported instead as general revenues. The net cost by function is normally covered by general revenues such as property taxes, specific ownership taxes or other unrestricted revenues.

Separate fund financial statements are provided for governmental funds. Major individual governmental funds are reported in separate columns.

The government-wide focus is more on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the major individual funds of the governmental categories. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. 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, while grants and similar items are recognized as revenue when all eligibility requirements are 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 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 revenue available if collected within 60 days of the end of the fiscal year. Expenditures generally are recorded when a liability is incurred as is the case with accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when the liability has matured and payment is due. General capital asset acquisitions are reported as expenditures in governmental funds, while issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, specific ownership taxes, grant and entitlement revenues, interest and charges for services are considered revenues susceptible to accrual. Contributions and miscellaneous revenue are recorded as revenues when received in cash because they are not generally measurable until that time. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the individual programs are used as guidance and, as such, entitlements and shared revenues are recorded at the time of receipt or earlier if the accrual criteria are met.

Governmental Fund Financial Statements

Governmental fund financial statements include a balance sheet and a statement of revenues, expenditures and changes in fund balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances as presented in these statements to the net position presented in the government-wide financial statements. The District has presented all major funds that met the applicable criteria. The following fund is a major fund:

General Fund – This fund records financial transactions for the regular operations of the District. All revenues and expenditures not allocated by law or contractual agreement to a special fund are accounted for in this fund.

The District reports the following nonmajor governmental fund:

Debt Service Fund – This fund accumulates resources for, and the retirement of, general long-term principal and interest.

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

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

Cash and Cash Equivalents

Cash equivalents are short-term liquid investments that can be quickly converted to known cash amounts and have maturities of three months or less when purchased so as to minimize the risk of value changes.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Investments

The District's policy is to state investments in their financial statements at fair value. Unrealized gain or loss resulting from the change in the fair value of investments is recognized in the government-wide statement of activities and the statement of revenues, expenditures and changes in fund balances.

Capital Assets

Land is recorded at cost and is not depreciated. Purchased or constructed capital assets are recorded at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation.

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

Buildings and improvements	15-100 years
Equipment	5-30 years

Vacation, Sick Leave and Other Compensated Absences

Full time employees earn compensated vacation time at rates ranging from five shifts to thirteen shifts per year, depending on length of employment and each shift is considered twenty-four hours. Compensated sick leave shifts vest and accrue immediately at a rate of six shifts per year (or 144 hours) for all full time employees regardless of length of employment. However, the maximum number of sick leave shifts an employee can accrue is thirty-six (or 864 hours).

Accumulated compensated absence benefits are payable only in conjunction with the employee's termination. Payments are made in a lump sum at termination.

The unpaid sick leave, vacation pay and related benefits at the end of the period will generally not be paid with expendable and available resources and, as such, the liability is generally not reflected in the governmental fund financial statements. The entire liability for compensated absences is reported on the government-wide financial statements.

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

At December 31, 2016, the District had the following obligation to eligible employees for accumulated benefits:

Current portion	\$ 189,676
Long-term portion	<u>273,053</u>
Total	<u>\$ 462,729</u>

The current portion of the accumulated vacation pay is that portion which is expected to be used within the next year.

Fund Equity

Governmental funds report fund balance in classification based primarily on the extent the District is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balances for the District’s governmental funds consist of the following:

- Nonspendable – includes amounts that are (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash such as prepaid items and deposits.
- Restricted – includes amounts that are restricted for specific purposes stipulated by external resource providers constitutionally or through enabling legislation.
- Committed – includes amounts that can only be used for the specific purposes determined by the passage of a resolution of the Board of Directors of the District. Commitments may be modified or changed only by the Board of Directors approving a new resolution.
- Assigned – includes amounts intended to be used by the District for specific purposes that are neither restricted nor committed. As authorized by the Board of Directors, intent is expressed by the Fire Chief to which the assigned amounts are to be used for specific purposes. Assigned amounts include appropriations of existing fund balance to eliminate a projected budgetary deficit in the subsequent year’s budget.
- Unassigned – includes amounts that do not meet any of the above criteria. The District reports positive unassigned fund balance only in the general fund and negative unassigned fund balances, if any, may be reported in all funds.

In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications, fund balance is reduced in the order of restricted, committed, assigned and unassigned.

Net Position

In the government-wide financial statements, net position is classified in the following categories:

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Net investment in capital assets – this classification consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction or improvement of capital assets.
- Restricted net position – this classification consists of restrictions created by external creditors, grantors, contributors or laws or regulations of other governments, enabling legislation and constitutional provisions.
- Unrestricted net position – this classification represents the remainder of net position that does not meet the definition of “net investment in capital assets” or “restricted net position”.

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

Interest

Interest income on investments is recognized in the period it is earned subject to the measurable and available criteria for governmental funds.

Property Taxes

Pueblo County is responsible for assessing, collecting and distributing property taxes in accordance with enabling state legislation. Property taxes become a lien on the first day of the levy year and may be paid in two equal installments before the last day of February and the 15th day of June or in full before the last day of April.

Property taxes are recognized as revenue when they are levied because they are considered to be both measurable and available. Available means due or past due and receivable within the current period and collected no more than 60 days after December 31.

Property taxes held by the County Treasurer as of December 31, 2016 totaled \$15,568.

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster. The District carries commercial insurance for such risks, including workers’ compensation and accident insurance. Settled claims resulting from these risks did not exceed commercial insurance coverage for each of the last three years.

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pensions

For purposes of measuring the net pension liability (asset), deferred outflows or resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the State Wide Defined Benefit (SWDB) pension plan and the Old Hire Fire Plan have been determined on the same basis as they are reported by the Fire and Police Pension Association (FPPA). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE B – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Data

Formal budgetary accounting is employed as a management control tool for all funds of the District. Budgets are prepared on the modified accrual basis of accounting for all government fund types. Annual operating budgets are adopted each fiscal year through passage of an annual budget resolution. The Board of the District may amend the original adopted budget during the year by passing a new resolution to reflect current needs, changing conditions, or revised estimates. The budgetary amounts presented in the accompanying schedules reflect original and most recent amended amounts, which were adopted in accordance with the appropriate provisions of state law. Encumbrance accounting is not employed as part of the budgetary process. Encumbrance accounting allows a governmental entity to account for open purchase orders (purchase orders for which the underlying goods or services have not been received before the end of an accounting period) as expenditures against the budget of that accounting period. All unencumbered budget appropriations lapse at the end of each fiscal year.

Tax, Revenue, Spending and Debt Limitations

In November 1992, Colorado voters adopted Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR imposes tax raising, revenue, spending and debt limitations on local government entities within the State of Colorado. These limitations became effective for the first fiscal year beginning after December 31, 1992.

On November 5, 1996, the voters within the Pueblo Rural Fire Protection District passed a referendum regarding the revenue and spending limits imposed by Article X, Section 20 of the Colorado constitution. The referendum allows the District, without increasing or adding any taxes of any kind, to collect, retain and expend all revenues and other funds collected during 1996 and thereafter.

In addition to the tax raising, revenue, spending and debt limitations provisions of TABOR, there is also a requirement that every entity to which TABOR applies must establish an "emergency reserve" to be used for declared emergencies only. Each entity shall reserve 3% or more of its fiscal year spending as that term is defined in the amendment. For the year ended December 31, 2016, the District has reserved \$85,000, which represents 3% of its 2016 fiscal year spending.

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

NOTE C – CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash, cash equivalents and investments are summarized as follows:

Demand deposits	\$ 353,087
Cash held by County Treasurer	<u>15,568</u>
	<u>368,655</u>
Investments –	
Money market funds	<u>\$ 1,427,066</u>

DEPOSITS

At December 31, 2016, the carrying amount of the District’s deposits was \$368,655 and the bank balance was \$392,619, which was covered entirely by federal depository insurance.

INVESTMENTS

The District has adopted, by resolution, the provisions of Colorado Revised Statutes 24-75-601 that are entitled “Concerning Investment in Securities by Public Entities”. This law, among other things, outlines the types of securities that public entities in Colorado may acquire and hold as investments. These include U.S. government and agency securities, certain bonds of political subdivisions, bankers acceptances, commercial paper, local government investment pools, repurchase agreements, money market funds, guaranteed insurance contracts and U.S. dollar-denominated corporate or bank debt. The statute also includes a provision limiting any investment to a five-year maturity unless the governing body authorizes a longer period.

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

	<u>Fair Value</u>	<u>Maturity (in years)</u> Less Than <u>One Year</u>
Investment Type:		
Money market fund	<u>\$ 1,427,066</u>	<u>\$ 1,427,066</u>
Total Investments	<u>\$ 1,427,066</u>	<u>\$ 1,427,066</u>
Governmental activities	<u>\$ 1,427,066</u>	
Total	<u>\$ 1,427,066</u>	

Custodial credit risk – Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District’s investment policy does not limit the holding of securities by counterparties.

Interest rate risk – The District’s policy of limiting investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates parallels Colorado statutes. Specifically, all securities are limited to a maximum maturity of five years from the date of purchase unless the Board of Directors authorizes a longer period.

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

NOTE C – CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Credit risk – As of December 31, 2016, the District’s investment in money market funds generally were rated AAAM by Moody’s and Standards and Poor’s.

Money market funds totaling \$1,427,066 as noted above represent funds held in the Colo Trust investment pool. The Colo Trust investment pool is an external investment pool that is not registered with the SEC as an investment company but has policies that provide it will operate in a manner consistent with the SEC’s rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than market value in computing share prices if certain conditions are met. The regulatory oversight for the pool rests with the Colorado Securities Commission and the fair value of the District’s investment in the pool is the same as the value of the pool shares. This District’s investment in this external investment pool was generally rated AAAM by Moody’s and Standards and Poor’s.

NOTE D – CAPITAL ASSETS

The following is a summary of the changes in capital assets:

	Balance January 1, 2016	Additions	Deletions	Balance December 31 2016
Governmental Activities				
Capital assets, not being depreciated –				
Land	\$ 82,800	\$ -	\$ -	\$ 82,800
Capital assets not being depreciated	<u>82,800</u>	<u>-</u>	<u>-</u>	<u>82,800</u>
Capital assets, being depreciated –				
Buildings and improvements	928,795	10,847	-	939,642
Equipment	<u>2,738,002</u>	<u>223,453</u>	<u>-</u>	<u>2,961,455</u>
Capital assets being depreciated	<u>3,666,797</u>	<u>234,300</u>	<u>-</u>	<u>3,901,097</u>
Accumulated depreciation –				
Buildings and improvements	(207,535)	(14,871)	-	(222,406)
Equipment	<u>(1,552,682)</u>	<u>(118,609)</u>	<u>-</u>	<u>(1,671,291)</u>
Total accumulated depreciation	<u>(1,760,217)</u>	<u>(133,480)</u>	<u>-</u>	<u>(1,893,697)</u>
Capital assets being depreciated, net	<u>1,906,580</u>	<u>100,820</u>	<u>-</u>	<u>2,007,400</u>
Governmental activities capital assets, net	<u>\$ 1,989,380</u>	<u>\$ 100,820</u>	<u>\$ -</u>	<u>\$ 2,090,200</u>
Depreciation expense by function:				
General government	\$ 14,871			
Public safety	<u>118,609</u>			
	<u>\$ 133,480</u>			

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

NOTE E – LONG-TERM DEBT

The following is a summary of changes in other long-term liabilities reported in the government-wide financial statements for the year ended December 31, 2016

	Balance January 1, <u>2016</u>	<u>Additions</u>	<u>Retirements</u>	Balance December 31, <u>2016</u>	Current <u>Portion</u>
Compensated absences	\$ 466,065	\$ 208,435	\$ 211,771	\$ 462,729	\$ 189,676

NOTE F – NET POSITION

Restricted net position represents net position whose uses are subject to constraints that are either (1) legally imposed by creditors (such as debt covenants), grantors, or laws or regulations of other governments, or (2) imposed by law through constitutional provisions or enabling legislation. Restricted net position at December 31, 2016 for governmental activities is as follows:

	<u>Governmental Activities</u>
Restricted for:	
Tabor	\$ 85,000
Capital projects	636,087
Pension related	5,174
Total Restricted Net Position	<u>\$ 726,261</u>

Restricted for tabor. This represents approximately 3% of the District's estimated 2016 fiscal year spending as that term is defined in the Colorado Constitution. Under these provisions of the Constitution, this portion of net assets can be used for declared emergencies only and the District must accumulate 3% or more of its fiscal year spending in this account.

Restricted for capital projects. This represents amounts received from a mill levy dedicated specifically for future capital projects.

Restricted for Pension related. This represents the District's proportionate share of the net pension asset of the new hire fire and police pension plan.

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

NOTE G – FUND BALANCES

At December 31, 2016, fund balance for governmental funds consists of the following:

	Governmental Activities		
	General	Debt Service	Total Governmental
Nonspendable fund balances:			
Prepaid item and deposits	\$ 16,547	\$ -	\$ 16,547
Total nonspendable fund balances	16,547	-	16,547
Restricted fund balances:			
Tabor	85,000	-	85,000
Capital projects	-	636,087	636,087
Total restricted fund balances	85,000	636,087	721,087
Unassigned fund balances:	1,093,340	-	1,093,340
Total fund balances	\$ 1,194,887	\$ 636,087	\$ 1,830,974

NOTE H – DEFINED BENEFIT PENSION PLANS

New Hire Fire and Police Association (FPPA)

General Information about the Pension Plan

Plan Description – The Pueblo Rural Fire Protection District contributes to the Statewide Defined Benefit Plan (SWDB), a cost-sharing multiple-employer defined benefit pension plan administered by the Colorado Fire and Police Pension Association (FPPA). The Statewide Defined Benefit Plan provides retirement benefits for members and beneficiaries. Death and disability coverage is provided for members through the Statewide Death and Disability Plan that is also administered by the Colorado Fire and Police Pension Association. This is a noncontributory plan. All full time, paid firefighters of the District hired on or after April 8, 1978 are members of the Statewide Defined Benefit Plan and the Statewide Death and Disability. Title 31, Article 30 of the Colorado Revised Statutes (CRS), as amended, assigns the authority to establish benefit provisions to the state legislature. FPPA issues a publicly available annual financial report that includes financial statements and required supplementary information for both the Statewide Defined Benefit Plan and the Statewide Death and Disability Plan. That report may be obtained on FPPA’s website at <http://www.fppaco.org>, or by writing to FPPA of Colorado, 5290 DTC Parkway, Suite 100, Englewood, Colorado, 80111, or by calling FPPA at 770-3772 in the Denver Metro area, or 1-800-332-FPPA (3772) from outside the metro area.

Benefits provided – 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.

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

NOTE H – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

NOTE H – DEFINED BENEFIT PENSION PLANS (Continued)

A member may elect to participate in the Deferred Retirement Option Plan (DROP) after reaching eligibility for Normal Retirement. A member can continue to work while participating in the DROP, but must terminate employment within 5 years of entry into the DROP. The member's percentage of retirement benefit is frozen at the time of entry into the DROP. The monthly payments that begin at entry into the DROP are accumulated until the member terminates service, at which time the DROP accumulated benefits can be paid as a lump sum, if desired. The member continues contributing 8.5% of pay which is credited to the DROP.

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

At December 31, 2016, the District reported an asset of \$5,174 for its proportionate share of the net pension asset. The net pension liability (asset) was measured as of December 31, 2015, and the total pension liability (asset) used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability (asset) was based on the District's contributions to the SWDB for the calendar year 2015 relative to the total contributions of participating employers to the SWDB. At December 31, 2015, the District's proportion was 0.293529%, which was a decrease of 0.014910% from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016, the District recognized pension expense of \$79,764. At December 31, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 6,109
Net difference between projected and actual earnings on pension plan investments	264,353	-
Net difference between actual and expected experience	41,849	-
Changes in assumptions	81,277	-
Changes in proportionate share	18,524	-
Contributions subsequent to the measurement date	110,774	-
Total	<u>\$ 516,777</u>	<u>\$ 6,109</u>

\$110,774 reported as deferred outflows of resources related to the New Hire Fire and Police Pension Plan, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended	
2017	\$ 82,488
2018	82,488
2019	82,490
2020	75,627
2021	14,685
Thereafter	<u>62,116</u>
	<u>\$399,894</u>

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

NOTE H – DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial assumptions. The January 1, 2015 actuarial valuation was used to determine the actuarially determined contribution for the fiscal year ending December 31, 2015. The valuation used the following actuarial assumption and other inputs:

Actuarial method	Entry age normal
Amortization method	Level % of payroll, open
Amortization period	30 years
Asset valuation method	5-year smoothed fair value
Long-term investment rate of return, includes inflation at 2.5 percent	7.50 percent
Projected salary increases	4.0 – 14.0 percent
Cost of living adjustments (COLA)	0.00 percent

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

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

Effective with the January 1, 2013 valuations, the board adopted a five-year smoothing methodology in the determination of the actuarial value of assets. Beginning with 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 Union Act.

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

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

NOTE H – DEFINED BENEFIT PENSION PLANS (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>10 Year Expected Geometric Real Rate of Return</u>
Global equity	37.0%	6.5%
Equity long/short	10.0%	4.7%
Illiquid alternatives	20.0%	8.0%
Fixed income	16.0%	1.5%
Absolute return	11.0%	4.1%
Managed futures	4.0%	3.0%
Cash	2.0%	0.0%
Total	<u>100.00%</u>	

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

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

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

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate. Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan’s net pension liability, calculated using a single discount rate of 7.50%, as well as what the plan’s net pension liability would be if it were calculated using a single discount rate that is one percent lower and one percent higher:

	1% Decrease <u>(6.50%)</u>	Single Discount Rate Assumption <u>(7.50%)</u>	1% Increase <u>(8.50%)</u>
Proportionate share of the net pension liability (asset)	\$ <u>724,870</u>	\$ <u>(5,174)</u>	\$ <u>(610,721)</u>

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

NOTE H – DEFINED BENEFIT PENSION PLANS (Continued)

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

Fire and Police Pension Association Old Hire Fire Plan
(Old Hire Fire Plan)

General Information about the Pension Plan

Plan description. The Fire & Police Pension Association (FPPA) administers an agent multiple-employer Public Employee Retirement System (PERS). The PERS represents the assets of numerous separate plans that have been pooled for investment purposes. The pension plans have elected to affiliate with FPPA for plan administration and investment only. FPPA issues a publicly available comprehensive annual financial report that can be obtained on FPPA's website at:

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

Benefits provided. Members included are active employees hired prior to April 8, 1978, electing to remain covered under the provisions of the District's current plan. The Normal Retirement Date of a member shall be the date on which he attains age 50 and has completed at least 20 years of credited service. Any Firefighter who elects to retire on or after his Normal Retirement Date shall be eligible for a monthly pension equal to one-half of his basic monthly salary at the date of his retirement, plus an additional 3% of monthly salary for each additional full year worked after reaching eligibility for normal retirement and after January 1, 1994. In addition, for each full month of service after reaching eligibility for normal retirement the monthly pension shall be increased by 0.25% of monthly salary. In no case shall the total benefit exceed 80% of monthly salary.

Active members who die with less than 20 years of service and 50 years of age are covered by the provisions of the Statewide Death and Disability fund. The spouses of active members who die after attaining eligibility for retirement benefits receive a benefit from the plan payable as a 50% joint and survivor benefit. Disability benefits are payable from the Statewide Death and Disability fund.

At the death of a retired member, the member's beneficiary shall receive until death or remarriage, a monthly pension equal to one-third of the salary of the highest paid Firefighter at the time of retirement, but not less than \$750 per month. Prior to retirement, the Firefighter can also choose an actuarially equivalent joint and survivor option as specified in section 2-2-18 of the city code of Ordinances.

Cost-of-living Adjustment (COLA) benefits are increased in proportion to pay for rank at retirement. The current law has limited the increase to 3% for benefits earned after January 1, 1980. Survivor benefits equal to one-third of the salary of a first-grade Firefighter at the time of retirement, but not less than \$750 per month, are not eligible for rank escalation increases. Survivor benefits based on the actuarially equivalent Option A or Option B are eligible for rank escalation increases.

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

NOTE H – DEFINED BENEFIT PENSION PLANS (Continued)

Employees covered by benefit terms. At December 31, 2016, the following employees were covered by the benefit terms:

Retirees and Beneficiaries	8
Inactive, Nonretired Members	0
Active Members	0
Total	8

Contributions. Members of this fund are currently contributing at the rate of 8% of base salary. The District is contributing \$43,733.

In 1995, legislation was passed that established level dollar employer contributions through 2009 for those funds receiving state assistance. In 2003 and again in 2009, additional legislation was passed that temporarily suspended state assistance contributions. In 2011 additional legislation was passed that reestablished the State payment schedule to resume in 2012 and continue each year thereafter through 2019, or until the unfunded accrued liability was completely eliminated if earlier. On May 31, 2013, the State made a final payment and completed its statutory requirement to fund this plan. Per prior statutes, the District is still required to pay the level dollar employer contribution determined in 1995 until the unfunded liability is eliminated.

However, in 2014, legislation was passed which required these employers to begin funding an actuarially appropriate amount beginning in 2016. Funding for this plan is now the sole obligation of the District. The District is required to continue to make their level funding contribution of \$43,733 for 2016. Beginning in 2017, the District's contributions will increase to \$51,207.

Contributions to the pension plan from the District were \$43,733 for the year ended December 31, 2016.

Net Pension Liability

The District's net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016.

Actuarially determined contribution rates are calculated as of January 1 of the even numbered years. The contribution rates have a one-year lag, so the actuarial valuation as of January 1, 2014, determines the contribution amounts for 2015 and 2016.

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

NOTE H – DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial assumptions. The total pension liability in the January 1, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open*
Remaining Amortization Period	16 years *
Asset Valuation Method	5-Year smoothed market
Inflation	3.00 percent
Salary Increases	N/A
Investment Rate of Return	7.50 percent
Retirement Age	Any remaining actives are assumed to retire immediately
Mortality	Post-retirement: RP-2000 Combined Mortality Table, with Blue Collar Adjustment Disabled (pre-1980): RP-2000 Disabled Mortality Table All tables projected with Scale AA.

* Plan is heavily weighted with retiree liabilities and uses an amortization period based on the expected remaining lifetime of the participants.

The assumptions shown above pertain to the actuarial valuation as of January 1, 2014 and the associated Actuarially Determined Contribution for the year ending December 31, 2015. Following a regularly scheduled experience study in 2015, the Board adopted a new assumption set for first use in the January 1, 2016 valuations. Those assumption changes are incorporated into the Total Pension Liability as of December 31, 2015, since it is based on the actuarial valuation as of January 1, 2016. The assumption changes will be observed in the Actuarially Determined Contribution for the year ending December 31, 2017

The complete assumption set can be found in the actuarial valuation report as of January 1, 2016. The primary changes as compared to the assumptions shown are as follows:

Inflation	2.5%
Mortality	Post-retirement: For ages less than 55, RP-2014 Mortality Tables for Blue Collar Employees. For ages 65 and older, RP-2014 Mortality Tables for Blue Collar Health Annuitants. For ages 55 through 64, a blend of the previous tables. All tables are projected with Scale BB. Disabled (pre-1980): RP-2014 Disabled Generational Mortality Table generally projected with Scale BB with a minimum 3% rate for males and 2% rate for females

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

NOTE H – DEFINED BENEFIT PENSION PLANS (Continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>10 Year Expected Geometric Real Rate of Return</u>
Global Equity	37.0%	6.5%
Equity Long/Short	10.0%	4.7%
Illiquid Alternatives	20.0%	8.0%
Fixed Income	16.0%	1.5%
Absolute Return	11.0%	4.1%
Managed Futures	4.0%	3.0%
Cash	2.0%	0.0%*
Total	<u>100.00%</u>	

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

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

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

PUEBLO RURAL FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE H – DEFINED BENEFIT PENSION PLANS (Continued)

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at 12/31/2015	\$ 2,419,592	\$ 1,994,712	\$ 424,880
Changes for the year:			
Service cost	-	-	-
Interest	172,554	-	172,554
Differences between expected and actual experience	(159,193)	-	(159,193)
Changes of assumptions	170,679	-	170,679
Contributions – employer	-	43,733	(43,733)
Contributions – employee	-	-	-
Net investment income	-	36,004	(36,004)
Benefit payments	(242,120)	(242,120)	-
Administrative expense	-	(3,054)	3,054
Net changes	<u>(58,080)</u>	<u>(165,437)</u>	<u>107,357</u>
Balances at 12/31/2016	<u>\$ 2,361,512</u>	<u>\$ 1,829,275</u>	<u>\$ 532,237</u>

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. Regarding the sensitivity of the net pension liability to changes in the Single Discount Rate, the following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.50%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is one percent lower and one percent higher:

	1% Decrease (6.50%)	Single Discount Rate Assumption (7.50%)	1% Increase (8.50%)
District's net pension liability	<u>\$ 719,921</u>	<u>\$ 532,237</u>	<u>\$ 367,978</u>

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

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

NOTE H – DEFINED BENEFIT PENSION PLANS (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2016, the District recognized pension expense of \$69,000. At December 31, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ -
Net difference between projected and actual earnings on pension plan investments	93,513	-
Contributions subsequent to the measurement date	43,733	-
Total	\$ 137,246	\$ -

\$43,733 reported as deferred outflows of resources related to the Old Hire Fire Plan, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended	
2017	\$ 24,092
2018	24,092
2019	24,091
2020	21,238
	\$ 93,513

NOTE I – OTHER POST EMPLOYMENT BENEFITS

Fire and Police Statewide Death & Disability (New Hire) Plan

Plan Description - The District contributes to the statewide, cost-sharing, multiple-employer death and disability plan administered by the Colorado Fire and Police Pension Association (FPPA). The statewide plan provides death and disability benefits for those new hires employed after January 1, 1997 and their beneficiaries. Title 31, Article 30 of the Colorado Revised Statutes (CRS), as amended, assigns the authority to establish benefit provisions to the state legislature. FPPA issues a publicly available financial report that includes the statewide death and disability plan. That report may be obtained by writing to FPPA of Colorado, 5290 DTC Parkway, Suite 100, Englewood, Colorado, 80111, or by calling FPPA at 303-770-3772 in the Denver metro area or 800-332-3772 from outside the metro area.

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

NOTE I – OTHER POST EMPLOYMENT BENEFITS (Continued)

Funding Policy - Plan members and the District are required to contribute at a rate set by statute. Pursuant to statute, the FPPA Board of Directors may adjust the contribution rate every two years based on an annual actuarial valuation by no more than one-tenth of one percent. The 2016 contribution rate for new-hire fire members is 0.1% of covered salary and for the District the contribution rate is 2.5% of covered salary. The District has elected to absorb the member contribution of 0.1%. The District's contributions to the statewide death and disability plan for the years ended December 31, 2016, 2015 and 2014 were \$29,517, \$28,286 and \$26,986, respectively, which were equal to their required contributions for each year.

REQUIRED SUPPLEMENTARY INFORMATION

**PUEBLO RURAL FIRE PROTECTION DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Budgeted Amounts		Actual Amounts, Budgetary	Variance with Final Budget - Favorable
	Original	Final	Basis	(Unfavorable)
REVENUES				
Property taxes	\$ 2,375,749	\$ 2,375,749	\$ 2,375,689	\$ (60)
Penalty and interest	-	-	7,903	7,903
Specific ownership taxes	170,000	170,000	197,468	27,468
Fees and fines	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	35,000	182,000	142,007	(39,993)
Special fire protection	1,800	1,800	1,712	(88)
Investment earnings	8,067	8,067	3,863	(4,204)
Other revenues	9,800	9,800	14,564	4,764
Total Revenues	<u>2,600,416</u>	<u>2,747,416</u>	<u>2,743,206</u>	<u>(4,210)</u>
EXPENDITURES				
General Government				
Board salaries	8,000	8,000	7,000	1,000
Secretary	3,700	3,700	2,865	835
Insurance (general)	29,904	29,904	29,454	450
Accounting	35,500	35,500	35,745	(245)
Advertising & printing	2,000	2,000	1,036	964
Legal	81,000	61,000	41,737	19,263
Dues & subscriptions	6,000	6,000	8,873	(2,873)
Election expense	37,000	17,000	13,301	3,699
Office supplies	12,000	12,000	4,080	7,920
Miscellaneous	1,500	1,500	1,749	(249)
Contingency	1,535	1,535	-	1,535
Treasurers fees	36,400	36,400	35,639	761
Emergency fund	11,597	11,597	-	11,597
Utilities	42,000	42,000	39,288	2,712
Total General Government	<u>308,136</u>	<u>268,136</u>	<u>220,767</u>	<u>47,369</u>
Public Safety				
Salaries-regular	1,515,000	1,555,000	1,675,060	(120,060)
Benefits-workmans comp.	69,087	69,087	72,065	(2,978)
Benefits-pension	146,400	146,400	140,294	6,106
Payroll taxes	32,000	32,000	28,923	3,077
Benefits-clothing allowance	36,000	36,000	20,665	15,335
Benefits-health insurance	260,000	260,000	267,163	(7,163)
Fire fighting & first aid	36,800	33,000	35,897	(2,897)
Training supplies	25,000	25,000	5,011	19,989
Station supplies & maintenance	41,000	41,000	18,102	22,898
Vehicle maintenance & fuel	45,000	45,000	38,464	6,536
Fire hydrant maintenance	1,260	1,260	8,839	(7,579)
Fire impact fee fund	6,000	6,000	5,210	790
Old Hire Pension Funding	43,733	43,733	43,733	-
Capital Outlay	200,000	350,800	234,300	116,500
Total Public Safety	<u>2,457,280</u>	<u>2,644,280</u>	<u>2,593,726</u>	<u>50,554</u>
Total Expenditures	<u>2,765,416</u>	<u>2,912,416</u>	<u>2,814,493</u>	<u>97,923</u>
Excess (deficiency) of revenues over expenditures	(165,000)	(165,000)	(71,287)	93,713
OTHER FINANCING SOURCES (USES)				
Transfers in	165,000	165,000	-	(165,000)
Total other financing sources and uses	<u>165,000</u>	<u>165,000</u>	<u>-</u>	<u>(165,000)</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>(71,287)</u>	<u>(71,287)</u>
Fund Balances, January 1	1,395,465	1,266,174	1,266,174	-
Fund Balances, December 31	<u>\$ 1,395,465</u>	<u>\$ 1,266,174</u>	<u>\$ 1,194,887</u>	<u>\$ (71,287)</u>

**PUEBLO RURAL FIRE PROTECTION DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2016**

BUDGETARY INFORMATION

The District adheres to the following procedures in establishing the budgetary data reflected in the budgetary comparison schedules.

On or before the first board meeting in October, the executive director submits to the board of directors a proposed budget for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them. Public hearings are conducted by the board of directors to obtain taxpayer comments. The District adopts budgets for all funds, and all funds use the current financial resources measurement focus and the modified accrual basis of accounting in preparing the budgets.

Expenditure estimates in the annual budgets are enacted into law by the passage of an appropriation resolution. The board of directors may amend the original adopted budgets during the year by passing new resolutions to reflect current needs, and during 2016 the expenditure estimates were amended.

The legal level of budgetary control exists at the total fund level, which is to say total expenditures in each fund cannot legally exceed appropriations for that fund. In addition, encumbrance accounting is not employed as a part of the budgetary process.

OTHER SUPPLEMENTARY INFORMATION

**PUEBLO RURAL FIRE PROTECTION DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
NEW HIRE FIRE AND POLICE PENSION FUND**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability (asset)	0.293529%	0.308439%	0.311403%
District's proportionate share of the net pension liability (asset)	(5,174)	(275,802)	(278,452)
District's covered-employee payroll	1,425,739	1,387,063	1,352,563
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	(0.3629%)	(19.884%)	(20.587%)
Plan fiduciary net position as a percentage of the total pension liability	100.100%	106.800%	105.800%

**PUEBLO RURAL FIRE PROTECTION DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
NEW HIRE FIRE AND POLICE PENSION FUND**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 110,774	\$ 113,836	\$ 110,965
Contributions in relation to the contractually required contribution	<u>110,774</u>	<u>113,836</u>	<u>110,965</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's cover-employee payroll	\$ 1,384,675	\$ 1,422,942	\$ 1,387,063
Contributions as a percentage of covered-employee payroll	8.0%	8.0%	8.0%

**PUEBLO RURAL FIRE PROTECTION DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S
NET PENSION LIABILITY AND RELATED RATIOS
OLD HIRE FIRE PENSION FUND**

	<u>2016</u>	<u>2015</u>
Total pension liability		
Service cost	\$ -	\$ -
Interest	172,554	177,446
Changes of benefit terms	-	-
Differences between expected and actual experience	(159,193)	-
Changes of assumptions	170,679	-
Benefit payments, including refunds of employee contributions	<u>(242,120)</u>	<u>(243,780)</u>
Net change in total pension liability	(58,080)	(66,334)
Total pension liability - beginning	<u>2,419,592</u>	<u>2,485,906</u>
Total pension liability - ending (a)	<u>\$ 2,361,512</u>	<u>\$ 2,419,572</u>
 Plan fiduciary net position		
Contributions - employer	\$ 43,733	\$ 33,429
Contributions - employee	-	-
Net investment income	36,004	133,598
Benefit payments, including refunds of employee contributions	(242,120)	(243,780)
Administrative expense	(3,054)	(6,880)
Other	-	-
Net change in plan fiduciary net position	<u>(165,437)</u>	<u>(83,633)</u>
Plan fiduciary net position - beginning	<u>1,994,712</u>	<u>2,078,345</u>
Plan fiduciary net position - ending (b)	<u>\$ 1,829,275</u>	<u>\$ 1,994,712</u>
 District's net pension liability - ending (a) - (b)	532,237	424,860
 Plan fiduciary net position as a percentage of the total pension liability	77.46%	82.44%
 Covered-employee payroll	N/A	N/A
 District's net pension liability as a percentage of covered-employee payroll	N/A	N/A

**PUEBLO RURAL FIRE PROTECTION DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
OLD HIRE FIRE PENSION FUND**

	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 43,733	\$ 43,733
Contributions in relation to the actuarially required contribution	<u>43,733</u>	<u>43,733</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's cover-employee payroll	-	-
Contributions as a percentage of covered-employee payroll	N/A	N/A

OTHER SUPPLEMENTARY INFORMATION

**PUEBLO RURAL FIRE PROTECTION DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts,</u> <u>Budgetary</u> <u>Basis</u>	<u>Final Budget -</u> <u>Favorable</u> <u>(Unfavorable)</u>
REVENUES				
Property taxes	\$ 100,826	\$ 100,826	\$ 100,824	\$ (2)
Penalty and interest	-	-	335	335
Specific ownership taxes	7,500	7,500	8,381	881
Investment earnings	500	500	1,715	1,215
Total Revenues	<u>108,826</u>	<u>108,826</u>	<u>111,255</u>	<u>2,429</u>
EXPENDITURES				
General Government				
Treasurers fees	1,475	1,475	1,513	(38)
Total General Government	<u>1,475</u>	<u>1,475</u>	<u>1,513</u>	<u>(38)</u>
Capital Outlay	<u>100,000</u>	<u>100,000</u>	-	<u>100,000</u>
Total Expenditures	<u>101,475</u>	<u>101,475</u>	<u>1,513</u>	<u>99,962</u>
Excess (deficiency) of revenues over expenditures	7,351	7,351	109,742	102,391
OTHER FINANCING SOURCES (USES)				
Transfers out	(65,000)	(65,000)	-	65,000
Total other financing sources and uses	<u>(65,000)</u>	<u>(65,000)</u>	<u>-</u>	<u>65,000</u>
Net change in fund balances	(57,649)	(57,649)	109,742	167,391
Fund Balances, January 1	321,504	321,504	526,345	204,841
Fund Balances, December 31	<u>\$ 263,855</u>	<u>\$ 263,855</u>	<u>\$ 636,087</u>	<u>\$ 372,232</u>