

**RIO BLANCO FIRE PROTECTION DISTRICT**

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**FINANCIAL STATEMENTS**

**AND**

**INDEPENDENT AUDITOR'S REPORT**

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**DECEMBER 31, 2016**

**FINANCIAL STATEMENTS - 2016**



**RECEIVED**

*By the Office of the State Auditor at 4:48 pm, Jul 31, 2017*

**RIO BLANCO FIRE PROTECTION DISTRICT**

**2016 BOARD OF DIRECTORS**

Mr. David W. Bradfield, Chairman

Mr. Douglas Overton, Vice Chair

Ms. Sherri Halandras, Treasurer

Mr. Rick Dodds

Ms. Stephanie Kobald

**ADMINISTRATIVE STAFF**

Ms. Patti Merriam, Office Administrator

Mr. Terry Skidmore, Chief



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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Rio Blanco Fire Protection District

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Rio Blanco 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 from material misstatement.

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Rio Blanco 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.

#### **Meeker Office**

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## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules, schedule of contributions – Volunteer Firefighters' pension plan, schedule of changes in net pension liability (asset) and related ratios – Volunteer Firefighters' pension plan, schedule of the District's proportionate share of the net pension liability – Statewide FPPA pension plan, Schedule of the District's Contributions – Statewide FPPA Pension Plan, schedule of the District proportionate share of the net pension liability – PERA pension plan, and schedule of the District's contributions – PERA pension plan on pages 3-8 and 45-52 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 Rio Blanco Fire Protection District's basic financial statements. The budgetary comparison schedule – Meeker Ambulance Service and schedule of General Fund operating expenditures are not a required part of the basic financial statements.

The budgetary comparison schedule – Meeker Ambulance Service and schedule of General Fund operating expenditures have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Calocopa Services, PC*

Rangely, Colorado  
June 23, 2017

## **MANAGEMENT DISCUSSION AND ANALYSIS**

The discussion and analysis of the Rio Blanco Fire Protection District's (the "District") financial performance provides readers with an overall review of the financial activities of the District for the year ended December 31, 2016. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements to enhance their understanding of the District's financial performance.

### **FINANCIAL HIGHLIGHTS**

- The District's assets and deferred outflows exceeded liabilities and deferred inflows by \$11,507,148 at December 31, 2016.
- Total District's cash and investments increased by \$918,920 or 12 percent from 2015.
- The December 31, 2016 General fund balance is \$945,254 more than the previous year. The total fund balance is 1,904 percent of 2016 General Fund operating expenditures.

### **USING THIS ANNUAL REPORT**

This Annual report consists of a series of financial statements and notes to those statements. These statements are prepared and organized so the reader can understand the District as a financial whole or as an entire operating entity. The statements then proceed to provide an increasingly detailed look at the District's specific financial conditions.

The Statement of Net Position and Statement of Activities provides information about the activities of the whole District, presenting both an aggregate view of the District's finances and a long-term view of those assets. The Statement of Activities shows a net (expense) revenue and changes to net position related to each department of the District. Fund financial statements tell how services were financed in the short-term as well as what dollars remain for future spending.

### **OVERVIEW OF THE DISTRICT'S FINANCIAL STATEMENTS**

#### **Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances. The Statement of Net Position and Statement of Activities include all assets and liabilities using the accrual basis of accounting similar to the accounting method used by the private sector. The basis for this accounting takes into account all of the year's revenues and expenses regardless of when the cash was received or paid.

These two statements report the District's net position and the changes in those positions. This change in position is important because it tells the reader whether, for the District as a whole, the financial position of the District has improved or diminished. However, in evaluating the overall position of the District, non-financial information such as changes in the District's tax base and the condition of District capital assets will also need to be evaluated.

In the Statement of Net Position and Statement of Activities, the District's activities are reported as Governmental or Business-type Activities.

## **Fund Financial Statements**

**Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

**Proprietary Funds.** Proprietary funds are reported in the fund financial statements and generally report services for which customers are charged a fee. The District uses an enterprise fund which essentially encompasses the same functions reported as business-type activities in the government-wide statements. Services are provided to a customer external to the District organization which is the ambulance services.

Proprietary fund statements provide both long-term and short-term financial information consistent with the focus provided by the government-wide financial statements but with more detail for the major enterprise fund.

**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 23 through 43 of this report.

**Budgetary Comparisons.** The District adopts an annual appropriated budget for the General Fund and Meeker Ambulance Service Fund. A budgetary comparison statement has been provided for the General Fund on pages 45 through 46 and for the Meeker Ambulance Service Fund on pages 55 through 56 of this report.

**Other Supplementary Information.** In addition to the basic financial statements and accompanying notes, this report also presents a schedule of general fund operating expenditures for additional analysis of the District. This statement can be found on page 57 of this report.

**REPORTING THE DISTRICT AS A WHOLE**

**Net Position.** As noted earlier, net position may serve over time as a useful indicator of a government's financial position.

The following table provides a summary of the District's net position for 2015 and 2016.

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>
<b>Assets</b>						
Current and other assets	\$10,295,023	\$11,179,325	\$187,107	\$ 85,036	\$10,482,130	\$11,264,361
Capital assets	<u>1,103,362</u>	<u>1,061,877</u>	<u>166,377</u>	<u>162,961</u>	<u>1,269,739</u>	<u>1,224,838</u>
Total assets	<u>11,398,385</u>	<u>12,241,202</u>	<u>353,484</u>	<u>247,997</u>	<u>11,751,869</u>	<u>12,489,199</u>
<b>Deferred Outflows</b>	<u>411,950</u>	<u>692,745</u>	<u>-</u>	<u>-</u>	<u>411,950</u>	<u>411,950</u>
<b>Liabilities</b>						
Current and other liabilities	24,611	68,271	3,904	3,194	28,515	71,465
Noncurrent liabilities	<u>248,860</u>	<u>342,179</u>	<u>-</u>	<u>-</u>	<u>248,860</u>	<u>342,179</u>
Total Liabilities	<u>273,471</u>	<u>410,450</u>	<u>3,904</u>	<u>3,194</u>	<u>277,375</u>	<u>413,644</u>
<b>Deferred Inflows</b>	<u>1,615,729</u>	<u>1,261,152</u>	<u>-</u>	<u>-</u>	<u>1,615,729</u>	<u>1,261,152</u>
<b>Net Position</b>						
Net investment in capital assets	1,103,362	1,061,877	166,377	162,961	1,269,739	1,224,838
Restricted	42,125	46,267	-	-	42,125	46,267
Unrestricted	<u>8,775,648</u>	<u>10,154,201</u>	<u>183,203</u>	<u>81,842</u>	<u>8,958,851</u>	<u>10,236,043</u>
Total net position	<u>\$ 9,921,135</u>	<u>\$11,262,345</u>	<u>\$349,580</u>	<u>\$244,803</u>	<u>\$10,270,715</u>	<u>\$11,507,148</u>

A significant portion of the District's position represents unrestricted net position of \$10,236,043 which may be used to meet the ongoing obligations to patrons and creditors.

Another significant portion of the District's net position reflects its net investment in capital assets. These assets include land, buildings, and equipment. These capital assets are used to provide services to patrons; consequently, they are not available for future spending.

An additional \$46,267 of the District's net position represents resources that are subject to external restrictions on how they may be used. This is the TABOR emergency reserve.

The following table indicates the changes in net position.

	Governmental Activities		Business-type Activities		Total	
	2015	2016	2015	2016	2015	2016
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 21,284	\$ 21,284	\$ 107,905	\$ 42,703	\$ 129,189	\$ 63,987
Operating grants and contributions	438,186	439,941	-	-	438,186	439,941
Capital grants and contributions	-	-	-	21,557	-	21,557
<b>General revenues:</b>						
General property taxes	1,335,730	1,430,429	-	-	1,335,730	1,430,429
Specific ownership tax	43,334	38,909	-	-	43,334	38,909
Investment earnings	12,273	34,379	2	558	12,275	34,937
Other	(11,467)	14,735	-	20,631	(11,467)	35,366
<b>Total revenues</b>	<u>1,839,340</u>	<u>1,979,677</u>	<u>107,907</u>	<u>85,449</u>	<u>1,947,247</u>	<u>2,065,126</u>
<b>Expenses:</b>						
Administration	363,688	319,002	-	-	363,688	319,002
Public safety	261,041	319,465	-	-	261,041	319,465
Ambulance services	-	-	196,850	190,226	196,850	190,226
<b>Total expenses</b>	<u>624,729</u>	<u>638,467</u>	<u>196,850</u>	<u>190,226</u>	<u>821,579</u>	<u>828,693</u>
Increase (decrease) in net position	<u>\$1,214,611</u>	<u>\$1,341,210</u>	<u>\$ (88,943)</u>	<u>\$(104,777)</u>	<u>\$1,125,668</u>	<u>\$1,236,433</u>

**Governmental Activities.** Governmental activities increased the District's net position by \$1,341,210 in 2016. Key elements of this increase are as follows:

Property tax revenue was \$1,430,429, up 7 percent from the prior year.

**Business-type Activities.** Business-type activities decreased the District's net position by \$104,777 in 2016. Key elements of this decrease are as follows:

Charges for services was \$42,703, down 60 percent from the prior year.

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

**Governmental Fund.** Information about the District's governmental fund begins on page 15. This fund is accounted for using the modified accrual basis of accounting.

As of December 31, 2016, the total fund balance of the District's governmental fund was \$8,886,037. Approximately 99 percent of this consists of unassigned fund balance, which is available as working capital and for current spending in accordance with the purposes of the District. The remainder of fund balance is reserved to indicate that it is not available for new spending because it is committed for the following purposes: (1) a state-Constitution mandated emergency reserve (\$46,267). The District had Governmental revenues and other financing sources of \$1,542,237 and expenditures of \$596,983.

**Proprietary Fund.** Information about the District's proprietary fund begins on page 19. This fund is accounted for using the accrual basis of accounting.

As of December 31, 2016, the total net position of the District's proprietary fund was \$244,803. Approximately 33 percent of this consists of unrestricted net position, which is available as working capital and for current spending in accordance with the purposes of the District. The remainder of net position is restricted to indicate that it is not available for new spending because it is committed for the following purposes: (1) net investment in capital assets (\$162,961). The District had Proprietary operating revenues of \$42,703, grants received of \$21,557, gain on sale of asset of \$20,009, miscellaneous income of \$622, interest income of \$558, and expenses of \$190,226.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The District's budget is prepared according to Colorado statutes.

**2016 General Fund Budget**

	<b><u>Original Budget</u></b>	<b><u>Amend- ments</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>
Beginning Fund Balance	\$ 7,950,200	\$ -	\$ 7,950,200	\$ 7,940,783
Revenue and other financing sources	1,487,910	-	1,487,910	1,542,237
Expenditures and other financing uses	<u>(1,443,007)</u>	-	<u>(1,443,007)</u>	<u>(596,983)</u>
Ending Fund Balance	<u>\$ 7,995,103</u>	<u>\$ -</u>	<u>\$ 7,995,103</u>	<u>\$ 8,886,037</u>

Actual revenue and other financing sources were \$54,327 more than budgeted revenue and other financing sources. Interest income was more than budgeted by \$33,779 and was the main contributor for the difference.

Actual expenditures and other financing uses were \$846,024 less than budgeted expenditures and other financing uses. Capital outlay was less than budgeted by \$724,683 and was the main contributor for the difference.

**CAPITAL ASSET ADMINISTRATION**

**Capital Assets.** The District's net investment in capital assets for its governmental and business-type activities as of December 31, 2016 totaled \$1,061,877 and \$162,961 (net of accumulated depreciation), respectively. This investment includes all land, buildings, and equipment.

Major capital asset events during the current fiscal year included an expenditure of \$29,973 for a LP cardiac monitor for EMS and \$80,438 for construction in progress of a new building.

The District uses the straight-line depreciation method under GASB 34 for its capital assets, except for land which is not depreciated.

## **ECONOMIC FACTORS AND OTHER MATTERS**

**Other Matters.** The following factors are expected to have a significant effect on the District's financial position and results of operations and were taken into account in developing the 2017 budget:

- An anticipated decrease in property taxes collected of \$292,398.
- Continued construction of a new building.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided or for additional financial information should be addressed to the District, P.O. Box 737, Meeker, Colorado, 81641.

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## **FINANCIAL STATEMENTS**

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**RIO BLANCO FIRE PROTECTION DISTRICT**

STATEMENT OF NET POSITION  
December 31, 2016

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 8,859,788	\$ 4,506	\$ 8,864,294
Accounts receivable, net of estimated uncollectible of \$133,969	-	72,466	72,466
Property taxes receivable	1,135,878	-	1,135,878
Other receivables	13,286	-	13,286
Due (to) from other funds	(8,064)	8,064	-
Due from volunteer pension	43,031	-	43,031
Restricted cash	46,267	-	46,267
Noncurrent assets			
Capital assets, nondepreciable	203,041	-	203,041
Capital assets, net	858,836	162,961	1,021,797
Net pension asset - volunteer fire	1,089,139	-	1,089,139
<b>TOTAL ASSETS</b>	<b>12,241,202</b>	<b>247,997</b>	<b>12,489,199</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pension	103,081	-	103,081
Deferred outflows related to volunteer fire pension	589,664	-	589,664
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>692,745</b>	<b>-</b>	<b>692,745</b>
<b>LIABILITIES</b>			
Accounts payable	54,146	3,194	57,340
Accrued liabilities	14,125	-	14,125
Noncurrent liabilities			
Net pension liability - PERA	342,179	-	342,179
<b>TOTAL LIABILITIES</b>	<b>410,450</b>	<b>3,194</b>	<b>413,644</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unearned revenue - property taxes	1,135,878	-	1,135,878
Deferred inflows related to pension	5,091	-	5,091
Deferred inflows related to volunteer fire pension	120,183	-	120,183
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>1,261,152</b>	<b>-</b>	<b>1,261,152</b>
<b>NET POSITION</b>			
Net investment in capital assets	1,061,877	162,961	1,224,838
Restricted for TABOR emergencies	46,267	-	46,267
Unrestricted	10,154,201	81,842	10,236,043
<b>TOTAL NET POSITION</b>	<b>\$ 11,262,345</b>	<b>\$ 244,803</b>	<b>\$ 11,507,148</b>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

**RIO BLANCO FIRE PROTECTION DISTRICT**

STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2016

	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
<b>FUNCTIONS/PROGRAMS</b>			
Primary government			
Governmental activities			
Administration	\$ 319,002	\$ 16,484	\$ 2,500
Public safety	319,465	4,800	437,441
	<u>638,467</u>	<u>21,284</u>	<u>439,941</u>
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>			
Business-type activities			
Ambulance services	190,226	42,703	-
	<u>190,226</u>	<u>42,703</u>	<u>-</u>
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>			
	<u>\$ 828,693</u>	<u>\$ 63,987</u>	<u>\$ 439,941</u>

General revenues:

Taxes:

    Property taxes

    Specific ownership taxes

    Other taxes

Unrestricted investment earnings

Gain on sale of asset

Miscellaneous

    Total general revenues

    Change in net position

Net position - beginning

Net position - ending

<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Primary Government</u>		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ -	\$ (300,018)	\$ -	\$ (300,018)
-	122,776	-	122,776
-	(177,242)	-	(177,242)
21,557	-	(125,966)	(125,966)
21,557	-	(125,966)	(125,966)
<u>\$ 21,557</u>	<u>(177,242)</u>	<u>(125,966)</u>	<u>(303,208)</u>
	1,430,429	-	1,430,429
	38,909	-	38,909
	7,708	-	7,708
	34,379	558	34,937
	-	20,009	20,009
	7,027	622	7,649
	<u>1,518,452</u>	<u>21,189</u>	<u>1,539,641</u>
	1,341,210	(104,777)	1,236,433
	<u>9,921,135</u>	<u>349,580</u>	<u>10,270,715</u>
	<u>\$ 11,262,345</u>	<u>\$ 244,803</u>	<u>\$ 11,507,148</u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

**RIO BLANCO FIRE PROTECTION DISTRICT**

BALANCE SHEET  
GOVERNMENTAL FUND  
December 31, 2016

	<u>General</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 8,859,788
Property taxes receivable	1,135,878
Other receivables	13,286
Restricted cash	46,267
Due from volunteer pension	43,031
	<u>43,031</u>
<b>TOTAL ASSETS</b>	<u>\$ 10,098,250</u>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND EQUITY</b>	
<b>LIABILITIES</b>	
Accounts payable	\$ 54,146
Accrued liabilities	14,125
Due to other funds	8,064
	<u>8,064</u>
<b>TOTAL LIABILITIES</b>	<u>76,335</u>
<b>DEFERRED INFLOWS</b>	
Unearned revenue - property taxes	1,135,878
	<u>1,135,878</u>
<b>TOTAL DEFERRED INFLOWS</b>	<u>1,135,878</u>
<b>FUND EQUITY</b>	
Fund Balance	
Restricted for:	
TABOR emergencies	46,267
Unassigned	8,839,770
	<u>8,839,770</u>
<b>TOTAL FUND EQUITY</b>	<u>8,886,037</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$ 10,098,250</u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

**RIO BLANCO FIRE PROTECTION DISTRICT**

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

Balance sheet - total fund balances		\$ 8,886,037
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and therefore are not reported in the funds.		
		1,061,877
Long-term assets and liabilities, including net pension assets and liabilities, are not due, payable, or receivable in the current period and, therefore, are not reported in the funds.		
Net pension asset	1,089,139	
Net pension liability	<u>(342,179)</u>	
Net pension asset (liability)		746,960
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	692,745	
Deferred inflows of resources related to pensions	<u>(125,274)</u>	
Net deferred outflows (inflows)		<u>567,471</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 11,262,345</u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

**RIO BLANCO FIRE PROTECTION DISTRICT**

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

For the Year Ended December 31, 2016

REVENUES	
Taxes	\$ 1,477,045
Interest	34,379
Other	<u>30,813</u>
TOTAL REVENUES	<u>1,542,237</u>
EXPENDITURES	
Administration	268,989
Public safety	197,677
Capital outlay	<u>130,317</u>
TOTAL EXPENDITURES	<u>596,983</u>
EXCESS OF REVENUES OVER (UNDER) OPERATING EXPENDITURES	945,254
FUND BALANCE, BEGINNING OF YEAR	<u>7,940,783</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 8,886,037</u></u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

**RIO BLANCO FIRE PROTECTION DISTRICT**

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

Net change in fund balances - total governmental funds	\$ 945,254
Amounts reported for governmental activities in the statement of net activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$171,802) exceed capital outlay (\$130,317) in the current period.	(41,485)
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) income.	<u>437,441</u>
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 1,341,210</u></b>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

**RIO BLANCO FIRE PROTECTION DISTRICT**

STATEMENT OF NET POSITION  
 PROPRIETARY FUND  
 December 31, 2016

	<u>Enterprise Fund</u> Meeker Ambulance Service <u>                    </u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 4,506
Accounts receivable, net of estimated uncollectible of \$133,969	72,466
Due from other funds	8,064
Property, plant and equipment, net	<u>162,961</u>
<b>TOTAL ASSETS</b>	<u>247,997</u>
<b>LIABILITIES</b>	
Accounts payable	<u>3,194</u>
<b>TOTAL LIABILITIES</b>	<u>3,194</u>
<b>NET POSITION</b>	
Net investment in capital assets	162,961
Unrestricted	<u>81,842</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 244,803</u></u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

**RIO BLANCO FIRE PROTECTION DISTRICT**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUND

For the Year Ended December 31, 2016

	<u>Enterprise Fund Meeker Ambulance Service</u>
OPERATING REVENUES	
User charges	\$ 42,703
TOTAL OPERATING REVENUES	<u>42,703</u>
OPERATING EXPENSES	
Bookkeeping	16,484
Billing fees	7,107
Director fees	25,206
Driver fees	38,680
Gas and oil	1,596
Repairs and maintenance	31,651
Training	12,969
Medical supplies	-
Depreciation	46,530
Other expense	10,003
TOTAL OPERATING EXPENSES	<u>190,226</u>
OPERATING INCOME (LOSS)	<u>(147,523)</u>
OTHER FINANCING SOURCES	
Grants	21,557
Gain on sale of asset	20,009
Miscellaneous income	622
Interest income	558
TOTAL OTHER FINANCING SOURCES	<u>42,746</u>
CHANGE IN NET POSITION	(104,777)
NET POSITION, BEGINNING OF YEAR	<u>349,580</u>
NET POSITION, END OF YEAR	<u>\$ 244,803</u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

**RIO BLANCO FIRE PROTECTION DISTRICT**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUND  
 For the Year Ended December 31, 2016

	Enterprise Fund <u>Meeker Ambulance Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 96,339
Cash payments for goods and services	<u>(95,818)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>521</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Miscellaneous income	<u>622</u>
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	<u>622</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of Equipment	(43,114)
Grant	21,557
Sale of asset	<u>20,009</u>
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(1,548)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	<u>558</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	153
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>4,353</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 4,506</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income/Change plan net position	\$ (147,523)
Adjustments to reconcile operating income (loss) to Net cash provided (used) by operating activities:	
Depreciation	46,530
Changes in assets and liabilities:	
Decrease (increase) in accounts receivable	53,636
Decrease (increase) in due from other funds	48,588
Increase (decrease) in accounts payable	<u>(710)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 521</u></u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

**NOTES TO FINANCIAL STATEMENTS**

# RIO BLANCO FIRE PROTECTION DISTRICT

## NOTES TO FINANCIAL STATEMENTS December 31, 2016

### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Rio Blanco Fire Protection District, (the District), conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies consistently used in the preparation of the financial statements.

#### **A. Financial Reporting Entity**

The District is governed by an elected five member Board of Directors. No additional separate government units, agencies, or nonprofit corporations are included in the financial statements of the District as component units. Component units are legally separate entities for which the District is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the organization's governing body and either (1) the District's ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on the District.

The District provides protection of life and property from fire, including fire prevention and fire code enforcement, and emergency medical assistance to the Town of Meeker, Colorado and surrounding areas.

#### **B. Government-wide and fund financial statements**

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applications who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) 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.

#### **C. Measurement focus, basis of accounting, and financial statement presentation**

The government-wide financial statements are reported 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. 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 of the end of the current fiscal period. Expenditures generally are recorded when a 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.

# RIO BLANCO FIRE PROTECTION DISTRICT

## NOTES TO FINANCIAL STATEMENTS December 31, 2016

### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

The District reports the following major governmental fund:

#### **General Fund**

The General Fund is the District's general operating fund and is used to account for all financial transactions except those required to be accounted for in another fund. The major revenue sources are local property taxes and charges for services. Expenditures include all costs associated with the daily operations of the District.

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

The District reports the following major proprietary funds:

#### **Meeker Ambulance Service**

The Meeker Ambulance Service is used to account for operation and capital needs of ambulance services for the Town of Meeker, Colorado and the surrounding area.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities, subject to this same limitation. The District has elected not to follow subsequent private-sector guidance.

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

#### **D. Budgets and Budgetary Accounting**

The District's trustees follow these procedures in establishing the budgetary data reflected in the financial statements:

Prior to October 15, the administrator submits to the District's trustees a proposed operating budget for the year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.

Public hearings are conducted to obtain the taxpayers' comments.

Prior to December 15, the budget is legally enacted through passage of a resolution. Formal budgetary integration is employed as a management control device during the year.

Budgets are adopted for the General, Enterprise and Trust Funds. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP), except for the Enterprise Fund. The budgets of the Enterprise Fund are based on cash receipts and cash disbursements rather than a revenues and expenditures measurement required by GAAP.

Appropriations lapse at the end of each calendar year.

The District's directors may authorize supplemental appropriations during the year. No supplemental appropriations were made during the year ended December 31, 2016.

**RIO BLANCO FIRE PROTECTION DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2016

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**E. Property Taxes**

Property taxes are levied on December 22 of each year and attach as an enforceable lien on property as of January 1. Taxes are due as of January 1 of the following year and are payable in full by June 15, if paid in installments, or April 30 with a single payment. Taxes are delinquent as of June 16. If the taxes are not paid within subsequent statutory periods, the property will be sold at public auction.

The County bills and collects the property taxes and remits collections to the District on a monthly basis. No provision has been made for uncollected taxes, in that the District's experience indicates that all material amounts will be collected and paid to the District.

**F. Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$500 and an estimated life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

	<u>Governmental</u>	<u>Meeker Ambulance Service</u>
Ambulances		7 years
Equipment	5-10 years	5-10 years
Building and improvements	10-40 years	
Fire trucks	5-10 years	

**G. Encumbrances**

The District does not use encumbrance accounts. Accordingly, no encumbrances have been recorded in the financial statements.

**H. Cash and Cash Equivalents**

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

**I. 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**J. Prepaid Items**

Payments made to vendors for services representing costs applicable to future accounting periods are recorded as prepaid items.

**RIO BLANCO FIRE PROTECTION DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2016

**NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

- A. There are certain differences between the governmental fund balance sheet and the government-wide statement of Net Position. A reconciliation of the differences can be found on page 6 of the financial statements.
- B. There are certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities. A reconciliation of the differences can be found on page 18 of the financial statements.

**NOTE 3 - CASH AND INVESTMENTS**

The District’s bank accounts and certificates of deposit at year-end were entirely covered by federal depository insurance or by collateral held by the Authority’s custodial banks under provisions of the Colorado Public Deposit Protection Act.

The Colorado Public Deposit Protection Act requires financial institutions to pledge collateral having a market value of at least 102% of the aggregate public deposits not insured by federal depository insurance. Eligible collateral included municipal bonds, U.S. government securities, mortgage, and deeds of trust.

State statutes authorized the District to invest in obligation of the U.S. Treasury and U.S. agencies, obligations of the State of Colorado or of any county, school, authority, and certain towns and cities therein, notes or bonds secured by insured mortgages or trust deeds, obligations of national mortgage associations, and certain repurchase agreements.

The District’s investment policy is not more restrictive than State statutes. The District’s investments are concentrated in local government investment pools, U.S. government and agency securities, and bank CDs.

Colorado Revised Statutes limit investment maturities to five years or less from the date of purchase. This limit on investment maturities is a means of limiting exposure to fair value arising from increasing interest rates.

Summary of cash and investments is as follows:

Cash and cash equivalents		
Cash deposits in bank		\$ 8,907,743
Cash with county		<u>2,818</u>
Total cash and investments		<u>\$ 8,910,561</u>

**NOTE 4 - PROPERTY TAXES**

**Revenue Recognized in 2016**

Local property taxes levied in 2015 and collected in 2016 are recognized as revenue in these financial statements as shown below:

	<u>Assessed Valuation</u>	<u>Mill Levy</u>	<u>Amount of Taxes</u>		<u>Percent Collected</u>
			<u>Levied</u>	<u>Collected</u>	
General Fund	\$783,475,580	1.823	\$1,428,276	\$1,430,429	100.15%
Volunteer Pension	\$783,475,580	0.500	\$ 391,738	\$ 392,238	100.13%

**RIO BLANCO FIRE PROTECTION DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2016

**NOTE 4 - PROPERTY TAXES, Continued**

**Property Taxes Receivable and Deferred Revenue**

Local property taxes levied in 2016 but not collectible until 2017 are shown as property taxes receivable and unearned revenue on the balance sheet in the amount of the assessed taxes less estimated uncollectible amounts.

	<u>Assessed Valuation</u>	<u>Mill Levy</u>	<u>Estimated Percent Collectible</u>	<u>Taxes Receivable</u>	<u>Unearned Revenue</u>
General Fund	\$623,081,770	1.823	100.0%	\$1,135,878	\$1,135,878
Volunteer Pension	\$623,081,770	0.500	100.0%	\$ 311,541	\$ 311,541

**NOTE 5 - CAPITAL ASSETS**

**A. Governmental Activities**

A summary of changes in capital assets during the year ended December 31, 2016 is as follows:

	<u>Balance 1/1/2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2016</u>
Capital assets not being depreciated:				
Land	\$ 116,344	\$ -	\$ -	\$ 116,344
Construction in progress	6,259	80,438	-	86,697
Total assets not being depreciated	<u>122,603</u>	<u>80,438</u>	<u>-</u>	<u>203,041</u>
Capital assets being depreciated:				
Building and improvements	1,056,058	-	-	1,056,058
Equipment	2,011,886	49,877	-	2,061,763
Radio equipment	183,840	-	-	183,840
Total assets being depreciated	<u>3,251,784</u>	<u>49,877</u>	<u>-</u>	<u>3,301,661</u>
Less accumulated depreciation:				
Building and improvements	(515,574)	(42,082)	-	(557,656)
Equipment	(1,646,160)	(111,393)	-	(1,757,553)
Radio equipment	(109,291)	(18,325)	-	(127,616)
Total accumulated depreciation	<u>(2,271,025)</u>	<u>(171,800)</u>	<u>-</u>	<u>(2,442,825)</u>
Total assets being depreciated, net	<u>980,759</u>	<u>(121,923)</u>	<u>-</u>	<u>858,836</u>
Governmental activities capital assets, net	<u>\$ 1,103,362</u>	<u>\$ (41,485)</u>	<u>\$ -</u>	<u>\$ 1,061,877</u>

Depreciation expense was charged to function/programs of the primary government as follows:

Governmental activities:	
Administration	\$ 50,012
Public safety	<u>121,788</u>
Total depreciation expense - governmental activities	<u>\$ 171,800</u>

**RIO BLANCO FIRE PROTECTION DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2016

**NOTE 5 – CAPITAL ASSETS, Continued**

**B. Business-type Activities**

	<u>Balance 1/1/2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2016</u>
Capital assets not being depreciated:				
None	\$ -	\$ -	\$ -	\$ -
Capital assets being depreciated:				
Ambulances	465,449	-	(60,140)	405,309
Equipment	<u>413,822</u>	<u>43,114</u>	<u>-</u>	<u>456,936</u>
Total assets being depreciated	<u>879,271</u>	<u>43,114</u>	<u>(60,140)</u>	<u>862,245</u>
Less accumulated depreciation:				
Ambulances	(383,337)	(23,841)	60,140	(347,038)
Equipment	<u>(329,557)</u>	<u>(22,689)</u>	<u>-</u>	<u>(352,246)</u>
Total accumulated depreciation	<u>(712,894)</u>	<u>(46,530)</u>	<u>60,140</u>	<u>(699,284)</u>
Total assets being depreciated, net	<u>166,377</u>	<u>(3,416)</u>	<u>-</u>	<u>162,961</u>
Business-type activities capital assets, net	<u>\$ 166,377</u>	<u>\$ (3,416)</u>	<u>\$ -</u>	<u>\$ 162,961</u>

Depreciation expense was charged to function/programs of the primary government as follows:

Business-type activities:

    Meeker Ambulance Service/Total depreciation expense – business-type activities \$ 46,530

**NOTE 6 – VOLUNTEER FIREFIGHTERS PENSION PLAN**

**Summary of Significant Accounting Policies**

*Pensions.* The District has established the Volunteer Firefighters' Pension Plan (Volunteer Plan) an agent multiple-employer defined benefit pension fund administered by the Colorado Fire and Police Pension Association (FPPA). The net pensions 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 plan 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.

**General Information about the Pension Plan**

*Plan Description.* Any firefighter who has both attained the age of fifty and completed twenty years of active services shall be eligible for a monthly pension. Additionally, any firefighter that has reached the age of fifty with at least ten years of service will receive a pension benefit that is prorated for year of creditable volunteer service between 10 and 20 years. A firefighter who is disabled in the line of duty whose disability is of such character and magnitude as to deprive the firefighter of earning capacity and extends beyond one year, shall be compensated in an amount determined by the Pension Board. The Volunteer Plan also provides for a lump-sum burial benefit upon the death of an active or retired firefighter. Spouses of deceased firefighters may receive benefits as authorized by State statute. FPPA issues an annual, publicly-available financial report that includes the assets of the Volunteer Plan. That report may be obtained at [www.FPPAco.org/annual\\_reports.htm](http://www.FPPAco.org/annual_reports.htm).

**RIO BLANCO FIRE PROTECTION DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2016

**NOTE 6 – VOLUNTEER FIREFIGHTERS PENSION PLAN, Continued**

**General Information about the Pension Plan, continued**

*Funding Policy.* An actuary is used to determine the annual required contribution (ARC) necessary to maintain the actuarial soundness of the Volunteer Plan. Colorado law requires the State to make an annual contribution to the Volunteer Plan. Because the District’s monthly benefit amount is over \$300, the State’s annual contribution is calculated as the highest State contribution made between 1998 and 2001. The District may make additional contributions to support the plan.

The actuarial study as of January 1, 2015, indicated that the current levels of contributions to the fund are adequate to support an actuarially sound basis the prospective benefits for the present Volunteer Plan.

**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 \$1,089,139. The net pension asset was measured as of December 31, 2015, and was determined by an actuarial valuation as of January 1, 2015. Standard update procedures were used to roll forward the total pension asset to December 31, 2016.

For the year ended December 31, 2016, the District recognized pension income of \$473,814. 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	-	120,183
Net difference between projected and actual earnings on pension plan investments	194,867	-
Contribution subsequent to the measurement date	394,797	-
<b>Total</b>	<b>589,664</b>	<b>120,183</b>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (income) as follows:

<b>Year ended December 31:</b>	
2017	(17,504)
2018	(3,247)
2019	49,715
2020	45,720

**RIO BLANCO FIRE PROTECTION DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2016

**NOTE 6 – VOLUNTEER FIREFIGHTERS PENSION PLAN, Continued**

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

*Actuarial Assumptions, Method, and Assumptions Used to Determine Contribution Rates:*

Actuarial Cost Method:	Entry Age Normal
Amortization Method:	Level Dollar, Open
Remaining Amortization Period:	20 years
Asset Valuation Method:	5-Year smoothed market
Inflation:	3.00%
Salary Increases:	N/A
Investment Rate of Return:	7.50%
Retirement Age:	50% per year of eligibility until 100% at age 65
Mortality:	Pre-retirement: RP-2000 Combined Mortality Table with Blue Collar Adjustment, 40% multiplier for off-duty mortality. Post-retirement: RP-2000 Combined Mortality Table, with Blue Collar Adjustment. Disabled: RP-2000 Disabled Mortality Table. All tables projected with Scale AA.

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

Best estimates of arithmetic real rates of return for each major assets class included in the Fund’s target asset allocation as of December 31, 2015 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>10 Year Expected Geometric Real Rate of Return</b>
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%*
<b>Total</b>	<b>100.00%</b>	

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

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

**RIO BLANCO FIRE PROTECTION DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2016

**NOTE 6 – VOLUNTEER FIREFIGHTERS PENSION PLAN, Continued**

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

*Sensitivity of the District's Net Pension Asset to Changes in the Discount Rate.* The following presents the net pension asset calculation using the discount rate of 7.50 percent as well as the net position asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount (7.50%)	1% Increase (8.50%)
Net Pension Asset	776,539	1,089,139	1,352,539

*FPPA System Description.* The 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 at [www.fppaco.org](http://www.fppaco.org).

**NOTE 7 - BUDGETARY - GAAP REPORTING RECONCILIATION**

The accompanying schedule presents comparisons of the legally adopted budget with actual data on a budgetary basis for the Enterprise Funds. Because accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with GAAP, a reconciliation of resultant basis, timing, perspective and entity differences in excess (deficiency) of revenues over expenditures for the year ended December 31, 2016, is presented below:

Net change in Net Position (NON-GAAP Basis)	<u>Enterprise</u> \$ (101,361)
Plus:	
Capital Outlay	43,114
Less:	
Depreciation	<u>(46,530)</u>
Net change in net position (GAAP Basis)	<u>\$ (104,777)</u>

**NOTE 8 - INTERFUND TRANSACTIONS**

Interfund receivable and payable balances at December 31, 2016, are as follows:

	<u>Interfund</u> <u>Receivable</u>	<u>Interfund</u> <u>Payable</u>
General Fund	\$ 43,031	\$ 8,064
Meeker Ambulance		
Service - Proprietary Fund	8,064	-
Volunteer Pension	<u>-</u>	<u>43,031</u>
	<u>\$ 51,095</u>	<u>\$ 51,095</u>

# RIO BLANCO FIRE PROTECTION DISTRICT

## NOTES TO FINANCIAL STATEMENTS December 31, 2016

### NOTE 9 - DEFINED BENEFIT PENSION PLAN - PERA

#### Summary of Significant Accounting Policies

*Pensions.* The Rio Blanco Fire Protection District participates in the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The net pensions 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 LGDTF 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.

#### General Information about the Pension Plan

*Plan description.* Eligible employees of the Rio Blanco Fire Protection District are provided with pensions through the Local Government Division Trust Fund (LGDTF)—a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

*Benefits provided.* PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

The lifetime retirement benefit for all eligible retiring employees under the PERA Benefit Structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit
- The value of the retiring employee's member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

The lifetime retirement benefit for all eligible retiring employees under the Denver Public Schools (DPS) Benefit Structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit
- \$15 times the first 10 years of service credit plus \$20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

In all cases the service retirement benefit is limited to 100 percent of highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50 percent or 100 percent on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

**RIO BLANCO FIRE PROTECTION DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2016

**NOTE 9 - DEFINED BENEFIT PENSION PLAN - PERA, Continued**

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA’s Annual Increase Reserve (AIR) for the LGDTF.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the retirement benefit formula shown above considering a minimum 20 years of service credit, if deemed disabled.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

*Contributions.* Eligible employees and Rio Blanco Fire Protection District are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq.* Eligible employees are required to contribute 8 percent of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

	Rate
Employer Contribution Rate <sup>1</sup>	10.00%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f) <sup>1</sup>	(1.02)%
Amount Apportioned to the LGDTF <sup>1</sup>	8.98%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 <sup>1</sup>	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 <sup>1</sup>	1.50%
<b>Total Employer Contribution Rate to the LGDTF<sup>1</sup></b>	<b>12.68%</b>

<sup>1</sup>Rates are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the Rio Blanco Fire Protection District is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from Rio Blanco Fire Protection District were \$15,580 for the year ended December 31, 2016.

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

At December 31, 2016, the Rio Blanco Fire Protection District reported a liability of \$342,179 for its proportionate share of the 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 December 31, 2014. Standard update procedures were used to roll forward the total pension liability to December 31, 2015. The Rio Blanco Fire Protection District proportion of the net pension liability was based on Rio Blanco Fire Protection District contributions to the LGDTF for the calendar year 2015 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2015, the Rio Blanco Fire Protection District proportion was 0.031063 percent, which was an increase of 0.003298 percent from its proportion measured as of December 31, 2014.

**RIO BLANCO FIRE PROTECTION DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2016

**NOTE 9 - DEFINED BENEFIT PENSION PLAN - PERA, Continued**

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

For the year ended December 31, 2016, the Rio Blanco Fire Protection District recognized pension expense of \$37,515. At December 31, 2016, the Rio Blanco Fire Protection District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	-	6,279
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	68,439	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	17,920	(1,188)
Contributions subsequent to the measurement date	15,580	-
<b>Total</b>	<b>101,939</b>	<b>5,091</b>

\$15,580 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending 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:

<b>Year ended December 31:</b>	
2017	14,416
2018	16,696
2019	17,411
2020	13,637
2021	-
Thereafter	-

**RIO BLANCO FIRE PROTECTION DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2016

**NOTE 9 - DEFINED BENEFIT PENSION PLAN - PERA, Continued**

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

*Actuarial assumptions.* The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.80 percent
Real wage growth	1.10 percent
Wage inflation	3.90 percent
Salary increases, including wage inflation	3.90 - 10.85 percent
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.50 percent
Future post-retirement benefit increases: PERA Benefit Structure hired prior to 1/1/07; and DPS Benefit Structure (automatic)	2.00 percent
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with Males set back 1 year, and Females set back 2 years.

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2008 through December 31, 2011, adopted by PERA's Board on November 13, 2012, and an economic assumption study, adopted by PERA's Board on November 15, 2013 and January 17, 2014.

Changes to assumptions or other inputs since the December 31, 2013 actuarial valuation are as follows:

- The following programming changes were made:
  - Valuation of the full survivor benefit without any reduction for possible remarriage.
  - Reflection of the employer match on separation benefits for all eligible years.
  - Reflection of one year of service eligibility for survivor annuity benefit.
  - Refinement of the 18 month annual increase timing.
  - Refinements to directly value certain and life, modified cash refund and pop-up benefit forms.
- The following methodology changes were made:
  - Recognition of merit salary increases in the first projection year.
  - Elimination of the assumption that 35% of future disabled members elect to receive a refund.
  - Removal of the negative value adjustment for liabilities associated with refunds of future terminating members.
  - Adjustments to the timing of the normal cost and unfunded actuarial accrued liability payment calculations to reflect contributions throughout the year.

The LGDTF's long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were 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 then adding expected inflation.

**RIO BLANCO FIRE PROTECTION DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2016

**NOTE 9 - DEFINED BENEFIT PENSION PLAN - PERA, Continued**

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

As of November 15, 2013 adoption of the long-term expected rate of return by the PERA Board, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>10 Year Expected Geometric Real Rate of Return</b>
U.S. Equity – Large Cap	26.76%	5.00%
U.S. Equity – Small Cap	4.40%	5.19%
Non U.S. Equity – Developed	22.06%	5.29%
Non U.S. Equity – Emerging	6.24%	6.76%
Core Fixed Income	24.05%	0.98%
High Yield	1.53%	2.64%
Long Duration Gov't/Credit	0.53%	1.57%
Emerging Market Bonds	0.43%	3.04%
Real Estate	7.00%	5.09%
Private Equity	7.00%	7.15%
Total	100.00%	

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.50%.

*Discount rate.* 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 applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.90%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

**RIO BLANCO FIRE PROTECTION DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2016

**NOTE 9 - DEFINED BENEFIT PENSION PLAN - PERA, Continued**

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

- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan’s fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan’s fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above actuarial cost method and assumptions, the LGDTF’s fiduciary net position was projected to be available to make all projected future benefit payments of current 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. The discount rate determination does not use the Municipal Bond Index Rate. There was no change in the discount rate from the prior measurement date.

*Sensitivity of the Rio Blanco Fire Protection District proportionate share of the net pension liability to changes in the discount rate.* The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension liability	524,595	342,179	190,882

*Pension plan fiduciary net position.* Detailed information about the LGDTF’s fiduciary net position is available in PERA’s comprehensive annual financial report which can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

**NOTE 10 – DEFINED CONTRIBUTION PENSION PLANS**

Voluntary Investment Program

*Plan Description* – Employees of the Rio Blanco Fire Protection District that are also members of the LGDTF may voluntarily contribute to the Voluntary Investment Program, and Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available comprehensive annual financial report for the Program. That report can be obtained at [www.copera.org/investments/pera-finacial-report](http://www.copera.org/investments/pera-finacial-report).

*Funding Policy* – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions and investment earnings. For the year ended December 31, 2016, program members contributed \$170 and the District recognized pension liability of \$0 for the Voluntary Investment Program.

# RIO BLANCO FIRE PROTECTION DISTRICT

## NOTES TO FINANCIAL STATEMENTS December 31, 2016

### **NOTE 11 - POSTEMPLOYMENT HEALTHCARE BENEFITS**

#### Health Care Trust Fund

*Plan Description* - The Rio Blanco Fire Protection District contributes to the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer healthcare trust administered by PERA. The HCTF benefit provides a health care premium subsidy and health care programs (Known as PERACare) to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the C.R.S., as amended, establishes the HCTF and sets forth a framework that grants authority to the PERA Board to contract, self-insure and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of health care subsidies. PERA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the HCTF. That report may be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

*Funding Policy* - The Rio Blanco Fire Protection District is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the Rio Blanco Fire Protection District are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contribution to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending December 31, 2014, 2015, and 2016, the District's contributions to HCTF were \$1,623, \$1,796, and \$1,253, respectively, equal to their required contributions for each year.

### **NOTE 12 - DEFINED BENEFIT PLAN - FPPA**

#### **Summary of Significant Accounting Policies**

*Pensions*. The District contributes to the Statewide Defined Benefit Pension Plan (SWDB Plan), a cost-sharing multiple-employer defined benefit pension plan, which is administered by the Colorado Fire and Police Pension Association (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 SWDB Plan have been determined using the economic resources measurement focus and the accrual basis of accounting. Assets of the SWDB Plan are commingled for investment purposes in the Fire and Police Member's Benefit Fund.

#### **General Information about the Pension Plan**

*Plan Description*. The SWDB Plan provides retirement benefits for members and beneficiaries according to plan provisions as enacted and governed by FPPA's Pension Fund Board of Trustees. Colorado Revised Statutes (CRS), as amended, establishes basic benefit provisions under the SWDB Plan. FPPA issues an annual, publicly-available financial report that includes the assets of the SWDB Plan. The report may be obtained on FPPA's website at [www.fppaco.org](http://www.fppaco.org).

*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.

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 SWDB Plan. Benefits paid to retired members are evaluated and may 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.

# RIO BLANCO FIRE PROTECTION DISTRICT

## NOTES TO FINANCIAL STATEMENTS December 31, 2016

### **NOTE 12 – DEFINED BENEFIT PLAN – FPPA, Continued**

#### **General Information about the Pension Plan, continued**

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 SWDB 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 SWDB 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 9 percent and 8 percent, respectively, of base salary for a total contribution rate of 17 percent in 2016. In 2014, the members elected to increase member contribution rate to SWDB plan beginning in 2015. Member contributions 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 21 percent of base salary through 2016. 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 4.5 percent and 4 percent, respectively, of base salary for a total contribution rate of 8.5 percent in 2016. 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.

#### **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 \$0 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2015, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2015. Standard update procedures were used to roll forward the total pension asset to December 31, 2016. The District's proportion of the net pension asset was based on the District's contributions to the SWDB Plan for the calendar year 2015 relative to the total contributions of participating employers to the SWDB Plan.

At December 31, 2015, the District's proportion was 0.000000 percent, which was an increase of 0.000000 percent from its proportion measurement as of December 31, 2014.

**RIO BLANCO FIRE PROTECTION DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2016

**NOTE 12 – DEFINED BENEFIT PENSION PLAN – FPPA, Continued**

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

For the year ended December 31, 2016, the District recognized pension income of \$1,142. 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	-	-
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	-
Contribution subsequent to the measurement date	1,142	-
<b>Total</b>	<b>1,142</b>	<b>-</b>

\$1,142 is reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year December 31, 2017. Other amounts report as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (income) as follows:

<b>Year ended December 31:</b>	
2017	-
2018	-
2019	-
2020	-
Thereafter	-

*Actuarial Assumptions.* The total pension liability in the January 1, 2015 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial Cost Method:	Entry Age Normal
Amortization Method:	Level % of Payroll, Open
Amortization Period:	30 Years
Asset Valuation Method:	5-Year smoothed fair value
Projected Salary Increases:	4.0% - 14.0%
Long-term Investment Rate of Return*:	7.50%
*Includes Inflation at:	3.00%
Cost of Living Adjustment (COLA):	0.0%

The RP-2000 Combined Mortality Table with Blue Collar Adjustment, projected with Scale AA, 40 percent multiplier for off-duty mortality is used in the valuation for off-duty mortality of active members. On-duty rated 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 projected of post-retirement benefits.

**RIO BLANCO FIRE PROTECTION DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2016

**NOTE 12 – DEFINED BENEFIT PENSION PLAN – FPPA, Continued**

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

At least every five years the FPPA’s Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2015 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumption. The recommendations were made by the FPPA’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. Actuarial assumptions effective for actuarial valuation prior to January 1, 2016 were used in the determination of the actuarially determined contribution as of December 31, 2015. The actuarial assumptions impacted actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	37.0%	6.5%
Equity Long/Short	10.0%	7.5%
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	100.00%	

\* White the expected inflation exceeds the expected rate of return for cash a 0.00 percent real rate of return is utilized.

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board funding policy, which establishes the contractual 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 asset.

*Discount Rate.* Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plans’ 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 rate as of the measurement date (to the extent that the plan’s projected fiduciary net position is not sufficient to pay benefits).

**RIO BLANCO FIRE PROTECTION DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2016

**NOTE 12 – DEFINED BENEFIT PENSION PLAN – FPPA, Continued**

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

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

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. The discount rate determination does not use the Municipal Bond Index Rate. There was no change in the discount rate from the prior measurement date.

*Sensitivity of the District's Net Pension Liability to Changes in the Discount Rate.* The following presents the net pension liability (asset) calculation using the discount rate of 7.50 percent as well as the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension liability (asset)	-	-	-

*Pension Plan Fiduciary Net Position.* Detailed information about the SWDB Plan's fiduciary net position is available in FPPA's comprehensive annual financial report which can be obtained at [www.fppaco.org](http://www.fppaco.org).

**NOTE 13 - CONTINGENCIES**

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, voter approval for an increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue in excess of the fiscal year spending limit must be refunded in the next fiscal year unless voters approve retention of such revenue. The amendment also requires that reserves be established for declared emergencies, with 3% of fiscal year spending required in 1995 and thereafter.

The District has no authorized but unissued debt subject to the amendment's limitation. Based on fiscal year spending for 2016, \$46,267 of the year-end fund balance in the General Fund has been reserved for emergencies.

During 1996 a majority of the District's electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and other revenue of the District without regard to any limitations under TABOR.

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

# RIO BLANCO FIRE PROTECTION DISTRICT

## NOTES TO FINANCIAL STATEMENTS December 31, 2016

### **NOTE 14 - RISK MANAGEMENT**

The District is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. Commercial insurance coverage is purchased for claims arising from such matters. There have been no significant reductions in insurance coverage in the current year and settlement amounts, if any, have not exceeded this commercial coverage in any of the three preceding years.

### **NOTE 15 – COMMITTED FUND BALANCE**

Beginning with the fiscal year 2011, the District implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions". This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a governments' fund balances more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provision or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

The board establishes (and modifies or rescinds) fund balance commitments as action items in board meetings. A fund balance commitment is further indicated in the budget document as a designation or commitment on the fund. Assigned fund balance is established by the board through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

Restricted funds are considered to be spent first, followed by assigned and unassigned, for an expenditure for which any could be used.

### **NOTE 16 – REPORTING FOR PENSIONS**

Beginning in 2015, financial reporting information pertaining to the District's participation in Volunteer Firefighters' Pension Plan administered by Fire and Police Pension Association of Colorado (FPPA) and Public Employees' Retirement Association of Colorado (PERA) is prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition of Contributions Made Subsequent to the Measurement Date*.

### **NOTE 17 – SUBSEQUENT EVENTS**

The District has evaluated subsequent events through June 23, 2017, the date at which the financial statements were available to be issued, and determined that no events have occurred that require disclosure.

**REQUIRED SUPPLEMENTARY INFORMATION**

**RIO BLANCO FIRE PROTECTION DISTRICT**

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

For the Year Ended December 31, 2016

	<u>Budget</u>	
	<u>Original</u>	<u>Final</u>
REVENUES		
Taxes	\$ 1,454,026	\$ 1,454,026
Interest	600	600
Grants	5,000	5,000
Other	<u>28,284</u>	<u>28,284</u>
TOTAL REVENUES	<u>1,487,910</u>	<u>1,487,910</u>
EXPENDITURES		
Administration	276,928	276,928
Public safety	311,079	311,079
Capital outlay	<u>855,000</u>	<u>855,000</u>
TOTAL EXPENDITURES	<u>1,443,007</u>	<u>1,443,007</u>
REVENUES OVER (UNDER) OPERATING EXPENDITURES	44,903	44,903
FUND BALANCE, BEGINNING OF YEAR	<u>7,950,200</u>	<u>7,950,200</u>
FUND BALANCE, END OF YEAR	<u>\$ 7,995,103</u>	<u>\$ 7,995,103</u>

<u>Actual Amounts</u>	<u>Variance from final budget</u>
\$ 1,477,045	\$ 23,019
34,379	33,779
-	(5,000)
<u>30,813</u>	<u>2,529</u>
<u>1,542,237</u>	<u>54,327</u>
268,989	7,939
197,677	113,402
<u>130,317</u>	<u>724,683</u>
<u>596,983</u>	<u>846,024</u>
945,254	900,351
<u>7,940,783</u>	<u>(9,417)</u>
<u>\$ 8,886,037</u>	<u>\$ 890,934</u>

See the accompanying independent auditors' report

**RIO BLANCO FIRE PROTECTION DISTRICT**

**SCHEDULE OF CONTRIBUTIONS  
Volunteer Firefighters' Pension Plan  
Last 10 Fiscal Years**

<u>FY Ending December 31</u>	<u>Actuarially Determined Contributions</u>	<u>Actual Contribution*</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a % of Covered Payroll</u>
2013	\$ 39,809	\$ 519,761	\$ (479,952)	N/A	N/A
2014	39,809	415,381	(375,572)	N/A	N/A
2015	39,809	384,346	(344,537)	N/A	N/A
2016	-	424,270	(424,270)	N/A	N/A

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

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

See the accompanying independent auditors' report

**RIO BLANCO FIRE PROTECTION DISTRICT**

SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS  
 Volunteer Firefighters' Pension Plan  
 Last 10 Fiscal Years

Measurement period ending December 31,	2014	2015
<b>Total Pension Liability</b>		
Service Cost	\$ 39,843	\$ 39,694
Interest on the Total Pension Liability	228,022	213,333
Benefit Changes	-	-
Difference between Expected and Actual Expenditures	(254,623)	-
Assumption Changes	-	-
Benefit Payments	(204,484)	(213,750)
<b>Net Change in Total Pension Liability</b>	(191,242)	39,277
<b>Total Pension Liability - Beginning</b>	3,121,131	2,929,889
<b>Total Pension Liability - Ending (a)</b>	\$ 2,929,889	\$ 2,969,166
<b>Plan Fiduciary Net Position</b>		
Employer Contributions	\$ 385,908	\$ 354,873
Pension Plan Net Investment Income	241,432	64,721
Benefit Payments	(204,484)	(213,750)
Pension Plan Administrative Expense	(5,930)	(8,254)
State of Colorado supplemental discretionary payment	29,473	29,473
<b>Net Change in Plan Fiduciary Net Position</b>	446,399	227,063
<b>Plan Fiduciary Net Position - Beginning</b>	3,384,843	3,831,242
<b>Plan Fiduciary Net Position - Ending (b)</b>	\$ 3,831,242	\$ 4,058,305
<b>Net Pension Liability (Asset) - Ending (a)-(b)</b>	(901,353)	(1,089,139)
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	130.76%	136.68%
<b>Covered Employee Payroll</b>	N/A	N/A
<b>Net Pension Liability as a Percentage of Covered Employee Payroll</b>	N/A	N/A

See the accompanying independent auditors' report

**RIO BLANCO FIRE PROTECTION DISTRICT**

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)  
STATEWIDE FPPA PENSION PLAN  
Last 10 Fiscal Years

Year Ended*	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Actual Covered Member Payroll	Net Pension Liability (Asset) as a Percentage of Covered Payroll	Fiduciary Net Position as Percentage of Total Pension Liability/Asset
12/31/2014	0.000%	\$ -	\$ -	0%	105.8%
12/31/2015	0.000%	-	-	0%	106.8%
12/31/2016	0.000%	-	14,272	0%	100.1%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

\* The date provided in the schedule is based as of the measurement date of FPPA's net pension liability, which is as of the calendar year end that occurred before the District's fiscal year end.

See the accompanying independent auditors' report

**RIO BLANCO FIRE PROTECTION DISTRICT**

**SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS  
STATEWIDE FPPA PENSION PLAN  
Last 10 Fiscal Years**

<u>FY Ending December 31,</u>	<u>Statutorily Required Contributions</u>	<u>Actual Employer Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Actual Covered Member Payroll</u>	<u>Contributions as a % of Covered Payroll</u>
2013	\$ -	\$ -	\$ -	\$ -	0.00%
2014	-	-	-	-	0.00%
2015	-	-	-	-	0.00%
2016	1,142	1,142	-	14,272	8.00%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

See the accompanying independent auditors' report

**RIO BLANCO FIRE PROTECTION DISTRICT**

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
PERA PENSION PLAN  
Last 10 Fiscal Years

Year Ended*	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Actual Covered Member Payroll	Net Pension Liability (Asset) as a Percentage of Covered Payroll	Fiduciary Net Position as Percentage of Total Pension Liability
12/31/2014	0.027%	\$ 221,032	\$ 159,122	139%	81.8%
12/31/2015	0.028%	248,860	176,119	141%	80.7%
12/31/2016	0.031%	342,179	122,873	278%	76.9%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

\* The data provided in the schedule is based as of the measurement date of PERA's net pension liability, which is as of the calendar year end that occurred before the District's fiscal year end.

See the accompanying independent auditors' report

**RIO BLANCO FIRE PROTECTION DISTRICT**

**SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS  
PERA PENSION PLAN  
Last 10 Fiscal Years**

<u>FY Ending December 31</u>	<u>Statutorily Required Contributions</u>	<u>Actual Employer Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Actual Covered Member Payroll</u>	<u>Contributions as a % of Covered Payroll</u>
2013	\$ 17,732	\$ 17,732	\$ -	\$139,841	12.68%
2014	20,177	20,177	-	159,122	12.68%
2015	22,332	22,332	-	176,119	12.68%
2016	15,580	15,580	-	122,873	12.68%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

See the accompanying independent auditors' report

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**SUPPLEMENTARY INFORMATION**

**RIO BLANCO FIRE PROTECTION DISTRICT**

BUDGETARY COMPARISON SCHEDULE  
MEEKER AMBULANCE SERVICE  
For the Year Ended December 31, 2016

	Budget	
	Original	Final
REVENUES		
User charges	\$ 70,000	\$ 70,000
Interest income	-	-
Grants	91,610	91,610
Miscellaneous income	-	-
	161,610	161,610
TOTAL REVENUES		
EXPENDITURES		
Bookkeeping	16,484	16,484
Billing fees	2,900	2,900
Director fees	40,000	40,000
Driver fees	45,000	45,000
Gas and oil	7,000	7,000
Repairs and maintenance	50,000	50,000
Training	25,000	25,000
Medical supplies	-	-
Other expense	28,276	28,276
Capital outlay	213,300	213,300
	427,960	427,960
TOTAL EXPENDITURES		
NET CHANGE IN NET POSITION	(266,350)	(266,350)
NET POSITION, BEGINNING OF YEAR	321,480	321,480
NET POSITION, END OF YEAR	\$ 55,130	\$ 55,130

RECONCILIATION FROM BUDGET BASIS EXPENDITURES (NON-GAAP) TO GAAP

Add:

    Capital outlay

Subtract:

    Depreciation

NET POSITION, END OF YEAR GAAP BASIS (Page 20)

<u>Actual Amounts</u>	<u>Variance from final budget</u>
\$ 42,703	\$ (27,297)
558	558
21,557	(70,053)
<u>20,631</u>	<u>20,631</u>
<u>85,449</u>	<u>(76,161)</u>
16,484	-
7,107	(4,207)
25,206	14,794
38,680	6,320
1,596	5,404
31,651	18,349
12,969	12,031
-	-
10,003	18,273
<u>43,114</u>	<u>170,186</u>
<u>186,810</u>	<u>241,150</u>
(101,361)	164,989
<u>349,580</u>	<u>28,100</u>
248,219	<u>\$ 193,089</u>
43,114	
<u>(46,530)</u>	
<u>\$ 244,803</u>	

**RIO BLANCO FIRE PROTECTION DISTRICT**

**SCHEDULE OF GENERAL FUND OPERATING EXPENDITURES  
For the Years Ended December 31, 2016 and 2015**

	December 31, 2016		December 31, 2015	
	Amount	Percent	Amount	Percent
Accounting and auditing	\$ 8,135	1.6%	\$ 6,540	1.3%
Banquet	12,097	2.6%	11,807	2.7%
Contingencies	-	0.0%	1,500	0.3%
Election expense	850	0.2%	-	0.0%
Employee benefits	24,707	5.3%	32,996	7.6%
Fireworks Display	6,563	1.4%	3,472	0.8%
Dispatching	36,000	7.7%	-	0.0%
Dues and other	6,849	1.5%	5,901	1.4%
Gas, oil, and lubrication	1,278	0.3%	1,524	0.4%
Insurance	24,537	5.3%	33,204	7.7%
Legal	43,952	9.4%	3,710	0.9%
Materials and supplies	36,881	7.9%	6,879	1.6%
Meals/Refreshments - Board	11,629	2.5%	9,053	2.1%
MVF&R Budget	2,625	0.6%	10,437	2.4%
Office supplies	8,772	1.9%	5,153	1.2%
Public relations	34,954	7.5%	90,899	21.0%
Repairs and maintenance	34,972	7.5%	18,579	4.3%
Salaries, office	18,340	3.9%	27,869	6.4%
Salaries, fire chief	22,295	4.8%	-	0.0%
Salaries, fire department	37,695	8.1%	73,702	17.0%
Training	5,311	1.1%	5,924	1.4%
Treasurer's fees	72,074	15.4%	65,895	15.2%
Utilities	16,150	3.5%	18,711	4.3%
	<u>\$ 466,666</u>	<u>100.0%</u>	<u>\$ 433,755</u>	<u>100.0%</u>