

**SABLE-ALTURA FIRE  
PROTECTION DISTRICT**  
Arapahoe and Adams Counties, Colorado

**FINANCIAL STATEMENTS  
DECEMBER 31, 2016**



**RECEIVED**

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# JOHN CUTLER & ASSOCIATES

Board of Directors  
Sable – Altura Fire Protection District  
Arapahoe and Adams Counties, Colorado

## INDEPENDENT AUDITORS' REPORT

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Sable – Altura 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 basic financial statements of the District, 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 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 expression an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluation the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinions

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

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplemental information on pages 41-48 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 Sable – Altura Fire Protection District's basic financial statements. The supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated in all material respects in relation to the financial statements as a whole.

*John Cutler & Associates, LLC*

July 13, 2017

**SABLE-ALTURA FIRE PROTECTION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended December 31, 2016**

Our discussion and analysis of Sable-Altura Fire Protection District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2016. Please read it in conjunction with the District's basic financial statements which begin on page 1.

**Overview of the Financial Statements**

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

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

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

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (i.e. uncollected taxes and earned but unused vacation leave.)

The government-wide financial statements detail functions of the District that are principally supported by tax revenues (governmental activities) and charges for services. The governmental activity of the District is public safety – fire/EMS.

The government-wide financial statements can be found on pages 1 and 2 of this report.

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

**Governmental funds:** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term 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 expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The governmental fund financial statements can be found on pages 3 through 6 of this report.

The District adopted an annual appropriated budget for the General Fund. A budgetary comparison statement for the General Fund is located on page 7 of this report.

**Notes to the Financial Statements:** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 8-38 of this report.

**Other Information:** In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information which can be found on pages 39-46 of this report. Also included is supplementary information consisting of the schedules of revenues, expenditures and changes in fund balance – budget to actual – Debt Service Fund and Capital Projects Fund, summary of assessed valuation, mill levy and property taxes collected and a schedule of debt service requirements to maturity, which can be found on pages 47-50 of this report.

## NET POSITION

	December 31,	
	2016	Restated 2015
<b>ASSETS</b>		
Current assets	\$ 4,052,108	\$ 5,269,132
Capital assets	1,937,267	1,349,925
Other	71,828	100,581
Total assets	6,061,203	6,719,638
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	 136,780	 186,979
 <b>LIABILITIES</b>		
Current liabilities	412,217	315,034
Long-term liabilities	3,052,690	4,187,012
Total liabilities	3,464,907	4,502,046
 <b>DEFERRED INFLOWS OF RESOURCES</b>	 1,302,365	 1,203,307
 <b>NET POSITION</b>		
Net investment in capital assets	1,129,418	(161,412)
Restricted	291,967	1,087,554
Unrestricted	9,326	275,122
Total net position	\$ 1,430,711	\$ 1,201,264

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities and deferred inflows of resources by \$1,430,711 at the close of the most recent fiscal year.

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

From 2015 to 2016, the District's current assets decreased by \$1,217,024 due to a decrease in restricted cash and investments held by the District from the early redemption of bonds in the principal amount of \$1,000,000 Debt Service Fund. Deferred outflows of resources in 2015 and 2016 are the result of the implementation of Governmental Accounting Standards Board Statement No. 68. Long-term liabilities had a decrease of \$1,134,322 primarily due to pay down of principal of bonds of \$1,285,000.

## CHANGES IN NET POSITION

	<b>Years Ended December 31,</b>	
	<b>2016</b>	<b>2015</b>
<b>REVENUES</b>		
Program revenues:		
Charges for services	\$ 105,600	\$ 74,329
Capital grants and contributions	238,530	30,454
General revenues:		
Property taxes	1,093,388	1,144,577
Specific ownership taxes	88,588	93,694
Investment earnings	8,631	2,949
Service agreements	4,000	4,000
Exclusion fees	-	2,000
Other	15,297	42,776
Special item	-	10,000
Total revenues	1,554,034	1,404,779
<b>EXPENSES</b>		
Public safety - fire/EMS	1,160,744	713,774
Interest and fiscal charges	163,843	264,425
Total operating and debt service	1,324,587	978,199
<b>CHANGE IN NET POSITION</b>	229,447	426,580
<b>NET POSITION - BEGINNING OF YEAR</b>	1,201,264	774,684
<b>NET POSITION - END OF YEAR</b>	<b>\$ 1,430,711</b>	<b>\$ 1,201,264</b>

The District's overall financial position, as measured by net position, increased \$229,447 during 2016. Total revenue increased by \$149,255 or 10.6%. A large portion of the increase is due to grant funding received of \$238,530 in 2016. Property and specific ownership tax revenue decreased by \$56,295 from 2015 to 2016 due to a decrease in the debt service mill levy assessed by the District from 14.000 to 10.000 mills. Public safety – Fire/EMS expenses increased by \$446,970 or 63%. The increase is primarily due to pension expense recognized in 2016 which was approximately \$290,000 more than in 2015.

### **Financial Analysis of the District's Funds**

As mentioned previously, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A discussion of the District's governmental funds follows.

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balance of \$2,858,746. Of this fund balance, \$2,118,351 is restricted, meaning it is not available for new spending, because it has already been committed for emergencies under Taxpayers' Bill Of Rights (TABOR), debt service and capital outlay. \$43,108 of the fund balance is assigned for subsequent year's expenditures which leaves \$691,469 as unassigned.

### General Fund Budgetary Highlights

**Budget Variances.** The budget to actual comparison details for the General Fund can be seen on page 7 of the financial statements. Actual District revenues were more than budgeted District revenues by \$1,738. Actual District expenditures were less than budgeted expenditures by \$55,547.

### Capital Asset and Debt Administration

**Capital Assets.** The District's investment in capital assets at December 31, 2016 amounted to \$1,937,267 (net of accumulated depreciation/amortization). The analysis of changes in capital assets is as follows:

#### CAPITAL ASSETS (net of depreciation)

	<u>2015</u>	<u>Change</u>	<u>2016</u>
Construction in progress	\$ 61,591	\$ -	\$ 61,591
Buildings and improvements	648,491	(19,040)	629,451
Vehicles and equipment	639,843	606,382	1,246,225
Total	<u>\$ 1,349,925</u>	<u>\$ 587,342</u>	<u>\$ 1,937,267</u>

During 2016, the District received \$227,918 in grant funding a portion of which was used to help offset the cost of two ambulances totaling \$357,522, tender for \$279,022 and two Power Load stretcher systems for the ambulances totaling \$78,021.

Additional information on the District's capital assets can be found in Note 4 of this report.

**Long-Term Obligations.** At the end of the current fiscal year, the District had total outstanding general obligation bonds of \$2,650,000. The analysis of changes in bonds payable is as follows:

#### LONG-TERM OBLIGATIONS

	<u>2015</u>	<u>Change</u>	<u>2016</u>
2006 G.O. Bonds	<u>\$ 3,935,000</u>	<u>\$ (1,285,000)</u>	<u>\$ 2,650,000</u>

During 2016, the District made the scheduled principal and interest payments on the bonds. In addition, on June 15, 2016, the District redeemed \$1,000,000 in bond principal with excess accumulated debt service funds held. This shortened the maturity date on the District's bonds from 2026 to 2024 and also lowered the annual interest to be paid on the bonds over the remaining life of the bonds.

Additional information on the District's long-term obligations can be found in Note 5 of this report.

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

The District's assessed valuation decreased slightly from 2015 to 2016 by \$1,391,506 or 2.1%. The District levied 7.000 mills for operations and 10.000 mills for debt service for a total combined levy of 17.000 mills. This is a decrease of 4.000 mills from the prior year. The District is not anticipating any significant changes in revenues and expenditures in 2017.

### **Request 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 government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Sable-Altura Fire Protection District, 26900 E. Colfax Avenue, Space 52, Aurora, Colorado 80018.

## **BASIC FINANCIAL STATEMENTS**

**SABLE-ALTURA FIRE PROTECTION DISTRICT  
STATEMENT OF NET POSITION  
GOVERNMENTAL ACTIVITIES  
December 31, 2016**

**ASSETS**

Cash and investments - Unrestricted	\$ 337,929
Cash and investments - Restricted	2,356,618
Cash with County Treasurer	6,439
Property taxes receivable	1,090,833
Accounts receivable - Emergency charges (net of allowance of \$24,884)	32,774
Accounts receivable - grants	210,406
Accounts receivable - other	11,291
Prepaid expenses	5,818
Prepaid bond insurance premiums	35,523
Net pension asset - FPPA Statewide Defined Benefit Plan	313
Net pension asset - FPPA Statewide Hybrid Plan	35,992
Capital assets, not being depreciated	61,591
Capital assets, being depreciated, net of accumulated depreciation	<u>1,875,676</u>
Total assets	<u>6,061,203</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred outflows related to pension - FPPA Statewide Defined Benefit Plan	30,316
Deferred outflows related to pension - FPPA Statewide Hybrid Plan	24,913
Deferred outflows related to pension - FPPA Volunteer Firefighters' Pension	78,464
Deferred outflows related to pension - PERA Local Government Division Trust	<u>3,087</u>
Total deferred outflows of resources	<u>136,780</u>

**LIABILITIES**

Accounts payable and accrued payroll expenses	102,529
Accrued interest payable	9,688
Noncurrent liabilities:	
Bonds payable - due within one year	300,000
Bonds payable - due in more than one year	2,350,000
Net pension liability - FPPA Volunteer Firefighters' Pension	691,440
Net pension liability - PERA Local Government Division Trust	<u>11,250</u>
Total liabilities	<u>3,464,907</u>

**DEFERRED INFLOWS OF RESOURCES**

Deferred property taxes	1,090,833
Deferred inflows related to pension - FPPA Statewide Defined Benefit Plan	2,946
Deferred inflows related to pension - FPPA Statewide Hybrid Plan	3,503
Deferred inflows related to pension - FPPA Volunteer Firefighters' Pension	204,737
Deferred inflows related to pension - PERA Local Government Division Trust	<u>346</u>
Total deferred property taxes	<u>1,302,365</u>

**NET POSITION**

Net investment in capital assets	1,129,418
Restricted for:	
Debt service	272,067
Emergencies	19,900
Unrestricted	<u>9,326</u>
Total net position	<u>\$ 1,430,711</u>

These financial statements should be read only in connection with the accompanying notes to financial statements.

**SABLE-ALTURA FIRE PROTECTION DISTRICT  
STATEMENT OF ACTIVITIES  
GOVERNMENTAL ACTIVITIES  
Year Ended December 31, 2016**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Public safety - Fire/EMS	\$ 1,160,744	\$ 105,600	\$ -	\$ 238,530	\$ (816,614)
Interest on long-term debt	163,843	-	-	-	(163,843)
	<u>\$ 1,324,587</u>	<u>\$ 105,600</u>	<u>\$ -</u>	<u>\$ 238,530</u>	<u>(980,457)</u>

**General revenues:**

Taxes:	
Property taxes	1,093,388
Specific ownership taxes	88,588
Investment earnings	8,631
Service agreements	4,000
Other	15,297
Total general revenues	<u>1,209,904</u>

**Change in net position** 229,447

**Net position - Beginning of year, as restated** 1,201,264

**Net position - End of year** \$ 1,430,711

These financial statement should be read only in  
connection with the accompanying notes to financial statements.

**SABLE-ALTURA FIRE PROTECTION DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
December 31, 2016**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
<b>ASSETS</b>				
Current assets				
Cash and investments - unrestricted	\$ 337,929	\$ -	\$ -	\$ 337,929
Cash and investments - restricted	19,900	281,721	2,054,997	2,356,618
Cash with County Treasurer	6,405	34	-	6,439
Property taxes receivable	449,139	641,694	-	1,090,833
Accounts receivable - service fees	32,774	-	-	32,774
Accounts receivable - grants	-	-	210,406	210,406
Accounts receivable - other	11,291	-	-	11,291
Prepaid expenses	5,818	-	-	5,818
Due from other funds	363,395	-	-	363,395
	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 1,226,651</u>	<u>\$ 923,449</u>	<u>\$ 2,265,403</u>	<u>\$ 4,415,503</u>
<b>LIABILITIES AND FUND BALANCE</b>				
Current liabilities				
Accounts payable	\$ 13,800	\$ -	\$ 85,312	\$ 99,112
Due to other funds	-	-	363,395	363,395
Accrued payroll and expenses	3,417	-	-	3,417
	-	-	-	-
Total liabilities	<u>17,217</u>	<u>-</u>	<u>448,707</u>	<u>465,924</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred property taxes	449,139	641,694	-	1,090,833
Total deferred property taxes	<u>449,139</u>	<u>641,694</u>	<u>-</u>	<u>1,090,833</u>
<b>FUND BALANCES</b>				
Fund balances				
Nonspendable	5,818	-	-	5,818
Restricted for capital projects	-	-	1,816,696	1,816,696
Restricted for debt service	-	281,755	-	281,755
Restricted for emergencies	19,900	-	-	19,900
Assigned for subsequent years	43,108	-	-	43,108
Unassigned	691,469	-	-	691,469
Total fund balances	<u>760,295</u>	<u>281,755</u>	<u>1,816,696</u>	<u>2,858,746</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 1,226,651</u>	<u>\$ 923,449</u>	<u>\$ 2,265,403</u>	<u>\$ 4,415,503</u>

These financial statements should be read only in  
connection with the accompanying notes to financial statements.

**SABLE-ALTURA FIRE PROTECTION DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
December 31, 2016**

Total Governmental Fund Balances	<u>\$ 2,858,746</u>
<p>Prepaid bond insurance premiums are not financial resources and therefore are not reported as assets in the governmental funds but are capitalized and amortized on the government-wide Statement of Net Position</p>	
	<u>35,523</u>
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund financial statements. However, in the Statement of Net Position, the cost of these items are capitalized and expensed over their estimated lives through annual depreciation expense.</p>	
Cost of capital assets	3,130,531
Less: accumulated depreciation	<u>(1,193,264)</u>
	<u>1,937,267</u>
<p>Pension-related assets are not financial resources and, therefore, are not reported in the Balance Sheet - Governmental Funds.</p>	
Net pension asset - FPPA Statewide Defined Benefit Plan	313
Net pension asset - FPPA Statewide Hybrid Plan	35,992
Deferred outflows related to pension - FPPA Statewide Defined Benefit Plan	30,316
Deferred outflows related to pension - FPPA Statewide Hybrid Plan	24,913
Deferred outflows related to pension - FPPA Volunteer Firefighters' Pension	78,464
Deferred outflows related to pension - PERA Local Government Division Trust	<u>3,087</u>
	<u>173,085</u>
<p>Liabilities, including bonds and a net pension obligation are not due in the current period and therefore are not reported in the governmental funds</p>	
Bonds payable - due in one year	(300,000)
Bonds payable - due in more than one year	(2,350,000)
Accrued interest payable	(9,688)
Net pension liability - FPPA Volunteer Firefighters' Pension	(691,440)
Net pension liability - PERA Local Government Division Trust Fund	<u>(11,250)</u>
	<u>(3,362,378)</u>
<p>Pension-related deferred inflows of resources are not financial resources and, therefore, are not reported in the Balance Sheet - Governmental Funds.</p>	
Deferred inflows related to pension - FPPA Statewide Defined Benefit Plan	(2,946)
Deferred inflows related to pension - FPPA Statewide Hybrid Plan	(3,503)
Deferred inflows related to pension - FPPA Volunteer Firefighters' Pension	(204,737)
Deferred inflows related to pension - PERA Local Government Division Trust	<u>(346)</u>
	<u>(211,532)</u>
Net position - governmental activities	<u><u>\$ 1,430,711</u></u>

These financial statements should be read only in connection with the accompanying notes to financial statements.

**SABLE-ALTURA FIRE PROTECTION DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**Year Ended December 31, 2016**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
<b>REVENUES</b>				
Property taxes	\$ 450,210	\$ 643,178	\$ -	\$ 1,093,388
Specific ownership taxes	88,588	-	-	88,588
Charges for services - EMS	190,315	-	-	190,315
Allowance for write offs	(103,302)	-	-	(103,302)
Reimbursed expenses	16,833	-	-	16,833
Training fees	1,754	-	-	1,754
Service agreements	4,000	-	-	4,000
Net investment income	566	1,419	6,646	8,631
Insurance proceeds	14,514	-	-	14,514
Grants	10,612	-	227,918	238,530
Fuel tax refunds	783	-	-	783
Total revenues	<u>674,873</u>	<u>644,597</u>	<u>234,564</u>	<u>1,554,034</u>
<b>EXPENDITURES</b>				
Governmental activities				
Fire administration	112,612	-	-	112,612
Fire operations	172,285	-	74,911	247,196
Paid personnel	286,283	-	-	286,283
Building	16,697	-	-	16,697
Debt service				
Principal	-	1,285,000	-	1,285,000
Interest and other fiscal charges	-	162,066	-	162,066
Capital outlay	-	-	734,706	734,706
Total expenditures	<u>587,877</u>	<u>1,447,066</u>	<u>809,617</u>	<u>2,844,560</u>
<b>CHANGE IN FUND BALANCES</b>	86,996	(802,469)	(575,053)	(1,290,526)
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>673,299</u>	<u>1,084,224</u>	<u>2,391,749</u>	<u>4,149,272</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 760,295</u>	<u>\$ 281,755</u>	<u>\$ 1,816,696</u>	<u>\$ 2,858,746</u>

These financial statements should be read only in connection with the accompanying notes to financial statements.

**SABLE-ALTURA FIRE PROTECTION DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL  
FUNDS TO THE STATEMENT OF ACTIVITIES  
Year Ended December 31, 2015**

A reconciliation reflecting the differences between the governmental fund net change in fund balances and change in net position reported for governmental activities in the Statement of Activities is as follows:

Net change in fund balances - Total governmental funds	<u>\$ (1,290,526)</u>
<p>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.</p>	
Depreciation	(147,364)
Capital outlay	734,706
	<u>587,342</u>
<p>Long-term debt (e.g. bonds, capital leases) provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of differences in the treatment of long-term debt and related items.</p>	
Principal payments on long-term debt	1,285,000
Amortization of prepaid bond insurance premiums	(6,459)
	<u>1,278,541</u>
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>	
Change in accrued interest on long-term obligations	4,682
Pension income - FPPA Statewide Defined Benefit Plan	2,478
Pension income - FPPA Statewide Hybrid Plan	14,363
Pension expense - FPPA Volunteer Firefighters' Pension	(367,161)
Pension expense - PERA Local Government Division Trust	(272)
	<u>(345,910)</u>
Change in net position - Governmental activities	<u>\$ 229,447</u>

These financial statements should only be read in connection with the accompanying notes to financial statements.

**SABLE-ALTURA FIRE PROTECTION DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET TO ACTUAL - GENERAL FUND**  
**For the Year Ended December 31, 2016**

	<b>Original and Final Budget</b>	<b>Actuals</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUE</b>			
Property taxes	\$ 455,046	\$ 450,210	\$ (4,836)
Specific ownership taxes	88,409	88,588	179
Charges for services - EMS	184,000	190,315	6,315
Allowance for write offs	(92,000)	(103,302)	(11,302)
Reimbursed expenses	500	16,833	16,333
Training fees	500	1,754	1,254
Service agreements	9,650	4,000	(5,650)
Facility use fees	300	-	(300)
Net investment income	750	566	(184)
Insurance proceeds	-	14,514	14,514
Grants/other	25,000	10,612	(14,388)
Fuel tax refunds	980	783	(197)
<b>TOTAL REVENUE</b>	<u>673,135</u>	<u>674,873</u>	<u>1,738</u>
<b>EXPENDITURES</b>			
Governmental activities			
Fire administration	139,726	112,612	27,114
Fire operations	204,004	172,285	31,719
Paid personnel	258,080	286,283	(28,203)
Buildings	21,420	16,697	4,723
Contingency/Emergency reserves	20,194	-	20,194
Total expenditures	<u>643,424</u>	<u>587,877</u>	<u>55,547</u>
<b>CHANGE IN FUND BALANCE</b>	29,711	86,996	57,285
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>632,670</u>	<u>673,299</u>	<u>40,629</u>
<b>FUND BALANCE - END OF YEAR</b>	<u><u>\$ 662,381</u></u>	<u><u>\$ 760,295</u></u>	<u><u>\$ 97,914</u></u>

These financial statements should be read only in connection with the accompanying notes to financial statements.

**SABLE-ALTURA FIRE PROTECTION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 1 – DEFINITION OF REPORTING ENTITY**

Sable-Altura Fire Protection District (District), a quasi-municipal corporation, is governed pursuant to the provisions of the Colorado Special District Act. The District's service area is located in Arapahoe and Adams Counties, Colorado. The District was established to provide fire suppression, fire protection and education, rescue, hazardous materials, emergency medical, and ambulance services (collectively, "Emergency Services") to the citizens within its jurisdiction and to individuals passing through its jurisdiction.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

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

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

The more significant accounting policies of the District are described as follows:

**Government-wide and Fund Financial Statements**

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District except for the fiduciary activities. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of net position reports all financial and capital resources of the District, the difference between the assets and deferred inflows, and, liabilities and deferred inflows, of the District being reported as net position.

The statement of activities demonstrates the degree to which the direct and indirect 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 applicants 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.

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

**SABLE-ALTURA FIRE PROTECTION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**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. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown as increases in assets and redemption of bonds and notes are recorded as a reduction in liabilities.

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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes and EMS billings. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation paid. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

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

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term obligations of the governmental funds.

The Capital Projects Fund is used to account for the financial resources to be used for the acquisition of equipment, apparatus and the construction of stations and station additions.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

**Budgets**

In accordance with the State Budget Law, the District's Board of Directors holds a public hearing in the fall each year to obtain taxpayer comments regarding the proposed budget for the ensuing year. Prior to December 15, the District's Board of Directors approves the budget and appropriates the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year end. The District's Board of Directors can subsequently modify budgeted line item amounts so long as such modifications do not affect the total appropriation of expenditures within the fund. However, any modifications that affect the total appropriation of expenditures within a fund can only be made upon notice to the public and holding of a new

**SABLE-ALTURA FIRE PROTECTION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

public hearing. The budget includes each fund on its basis of accounting unless otherwise indicated.

**Interfund Balances**

Receivables and payables resulting from short-term interfund loans are classified as “due to/from other funds” In the fund financial statements. These amounts are eliminated in the governmental activities column of the Statement of Net Position.

**Property Taxes**

Property taxes are levied by the District’s Board of Directors. The estimated revenue to be collected is based on the District’s mill levy multiplied by the total assessed valuations determined by the County Assessors generally as of January 1 of each year. The District’s Board of Directors certifies the mill levy by December 15 to the Boards of County Commissioners and the property taxes attach as an enforceable lien on property as of January 1 of that year. The County Treasurers collect the determined taxes during the ensuing calendar year. The taxes are payable by April 30 or if in equal installments, at the taxpayer’s election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurers remit the taxes collected monthly to the District.

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

**Capital Assets**

Capital assets, which include buildings, improvements, equipment and vehicles are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Buildings	40	years
Improvements	15-40	years
Equipment	5-7	years
Vehicles	5-15	years

**Cash and Investments**

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited

**SABLE-ALTURA FIRE PROTECTION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

**Emergency Response Charges**

The District provides emergency medical services within the District's boundaries and service area. Emergency response related receivables are shown net of an allowance for uncollectible accounts. The District's policy is to establish an allowance for uncollectible accounts based on historical collection trends.

**Prepaid Bond Insurance/Bond Issuance Costs**

In the government-wide financial statements, prepaid bond insurance premiums are reported as a deferred charge and are amortized over the term of the related debt using the effective interest method. In the fund financial statements, governmental fund types recognize bond insurance premiums and other bond issuance costs as expenditures in the period the debt is issued.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until that time. The District has recognized deferred outflows of resources in the government-wide financial statements in accordance with presentation requirements for GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27* (GASB 68) and GASB Statement No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date - An Amendment of GASB 68* (GASB 71).

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

**Fund Balances – Governmental Funds**

Fund balance for governmental funds are reported in the categories listed below to make the nature and extent of the constraints placed on a government's fund balances more transparent. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

**SABLE-ALTURA FIRE PROTECTION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
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Nonspendable fund balance—the amount of fund balance that is not in spendable form (such as inventory or prepaids) or is legally or contractually required to be maintained intact.

Restricted fund balance—the amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance—amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.

Assigned fund balance—amounts the District intends to use for a specific purpose. Intent can be expressed by the District Board of Directors or by an official or body to which the District Board of Directors delegates the authority.

Unassigned fund balance—amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District Board of Directors has provided otherwise in its commitment or assignment actions.

**NOTE 3 - CASH DEPOSITS AND INVESTMENTS**

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

Cash on hand	\$ 1,300
Deposits with financial institutions	638,250
Investments	<u>2,054,997</u>
Total cash and investments	<u><u>\$ 2,694,547</u></u>

Cash and Investments are reflected on the Statement of Net Position and the Balance Sheet – Governmental Funds at December 31, 2016 as follows:

Cash and investments - Unrestricted	\$ 337,929
Cash and investments - Restricted	<u>2,356,618</u>
	<u><u>\$ 2,694,547</u></u>

**SABLE-ALTURA FIRE PROTECTION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**Restricted Cash and Investments**

Emergency Reserves have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 16). \$19,900 of the General Fund cash and investments has been reserved in compliance with this requirement.

Cash and investments of \$281,721 held by the Debt Service Fund represent taxes levied for payment of debt service and are restricted for such purposes. Cash and investments of \$2,054,997 held by the Capital Projects Fund are unspent bond proceeds and are restricted for spending on construction and related costs. Amounts have been reported as restricted at December 31, 2016.

**Cash Deposits**

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

The State Commissioners for banks and financial services are required by Statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2016, the District's cash deposits had a bank balance of \$1,008,274 and a carrying balance of \$638,250.

**Investments**

The District has not adopted a formal investment policy, however, the District follows Colorado State Statutes which specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

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

**SABLE-ALTURA FIRE PROTECTION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**Credit Risk**

The District owns investments held by Wells Fargo Bank, N.A. in the form of money market mutual funds. The money market mutual fund is unrated.

**Interest Rate Risk**

Colorado Revised Statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirement.

As of December 31, 2016, the District had the following investments:

<b>Investment</b>	<b>Maturity</b>	<b>Fair Value</b>
Money Market Mutual Fund	20 days	<u>\$ 2,054,997</u>

**MONEY MARKET MUTUAL FUNDS**

The District has invested in the Cash Investment Money Market Fund – Administrator Class shares managed by Wells Fargo Asset Management. The Cash Investment Money Market Fund primarily invests in high quality, short-term, U.S. dollar-denominated money market instruments of domestic and foreign issuers. The net asset value (NAV) is the value of one share of the fund.

**Investment Valuation**

Certain investments are measured at fair value on a recurring basis are categorized within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure an asset’s fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

At December 31, 2016, the District had no investments measured at fair value.

The District’s investments are not measured at fair value and are therefore not categorized within the fair value hierarchy. These investments include a money market investment (Cash Investment Money Market Fund). The investments are recorded at amortized cost. The District is permitted in certain circumstances to establish the fair value of an investment that does not have a readily determinable fair value by using the net asset value per share (or its equivalent) of the investment.

**SABLE-ALTURA FIRE PROTECTION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 4 - CAPITAL ASSETS**

An analysis of the changes in capital assets for the year ended December 31, 2016 follows:

	<u>Balance at January 1, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at December 31, 2016</u>
Capital assets, not being depreciated				
Work in process	\$ 61,591	\$ -	\$ -	\$ 61,591
Capital assets, being depreciated:				
Buildings and improvements	896,392	7,000	-	903,392
Vehicles and equipment	1,437,842	727,706	-	2,165,548
Total capital assets, being depreciated	<u>2,334,234</u>	<u>734,706</u>	<u>-</u>	<u>3,068,940</u>
Less accumulated depreciation for:				
Buildings and improvements	(247,901)	(26,040)	-	(273,941)
Vehicles and equipment	(797,999)	(121,324)	-	(919,323)
Total accumulated depreciation	<u>(1,045,900)</u>	<u>(147,364)</u>	<u>-</u>	<u>(1,193,264)</u>
Total capital assets, being depreciated	<u>1,288,334</u>	<u>587,342</u>	<u>-</u>	<u>1,875,676</u>
Capital assets, net	<u>\$ 1,349,925</u>	<u>\$ 587,342</u>	<u>\$ -</u>	<u>\$ 1,937,267</u>

Depreciation expense has been reported in the Public Safety – Fire/EMS function on the Statement of Activities.

**NOTE 5 – LONG-TERM OBLIGATIONS**

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

	<u>Balance at January 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at December 31, 2016</u>	<u>Due Within One Year</u>
2006 G.O. Bonds	\$ 3,935,000	\$ -	\$ 1,285,000	\$ 2,650,000	\$ 300,000

**SABLE-ALTURA FIRE PROTECTION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

The detail of the District's long-term obligations is as follows:

**2006 General Obligation Bonds**

On August 23, 2006, the District issued \$6,000,000 in General Obligation Bonds, Series 2006 at varying interest rates ranging from 4.00% to 4.45%. Interest is to be paid semiannually on June 1 and December 1. Annual principal payments are due on December 1 starting in 2007 with the final payment due on December 1, 2026. The bonds constitute general obligations of the District. On June 15, 2016, the District redeemed \$1,000,000 in bond principal with excess accumulated debt service funds held. This shortened the maturity date on the District's bonds from 2026 to 2024 and also reduced the interest to be paid on the bonds over the remaining life of the bonds.

The bonds are subject to redemption prior to maturity, at any time after December 1, 2015, at a redemption price equal to par plus accrued interest. The bonds maturing on December 1, 2016 are subject to mandatory sinking fund requirements at par plus accrued interest on each December 1, years 2019 through 2024 in varying amounts.

Proceeds of the bonds are to be used for purposes of acquiring, constructing, installing, completing, equipping and otherwise providing, within or without the boundaries of the District, two fire stations, together with all necessary, incidental, and appurtenant facilities, equipment, land, and easements; purchasing or refinancing other fire and/or emergency medical vehicles and equipment and paying the cost of issuance of the bonds.

At December 31, 2016, the District had no authorized but unissued debt. The District's long-term obligations will mature as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 300,000	\$ 116,250	\$ 416,250
2018	310,000	103,800	413,800
2019	325,000	90,780	415,780
2020	340,000	76,318	416,318
2021	355,000	61,188	416,188
2022-2024	1,020,000	86,107	1,106,107
	<u>\$ 2,650,000</u>	<u>\$ 534,443</u>	<u>\$ 3,184,443</u>

**NOTE 6 - FUND EQUITY**

At December 31, 2016, the District reported the following classifications of fund equity.

**Nonspendable Fund Balance**

The nonspendable fund balance in the General Fund in the amount of \$5,818 is comprised of prepaid amounts which are not in spendable form.

**SABLE-ALTURA FIRE PROTECTION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**Restricted Fund Balance**

The restricted fund balance in the General Fund in the amount of \$19,900 is comprised of the Emergency Reserves that have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 16).

The restricted fund balance in the Debt Service Fund in the amount of \$281,755 is to be used exclusively for debt service requirements (see Note 5).

The restricted fund balance in the Capital Projects Fund in the amount of \$1,816,696 is to be used exclusively for capital asset construction or acquisition in accordance with the General Obligation Bonds, Series 2006 bond documents (see Note 5).

**NOTE 7 - NET POSITION**

The District has net position consisting of three components – net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2016, net investment in capital assets was \$1,129,418.

Restricted net position includes items that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position of \$19,900 as of December 31, 2016 as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 16) and \$272,067 restricted for debt service as required by the 2006 General Obligation Bond documents.

**NOTE 8 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God. The District maintains commercial insurance for risks of loss. Settled claims have not exceeded this coverage in any of the past three fiscal years.

**NOTE 9 – FIRE AND POLICE PENSION ASSOCIATION OF COLORADO**

**Statewide Defined Benefit Pension Plan**

**Summary of Significant Accounting Policies**

*Pensions.* The District participates in the Statewide Defined Benefit Plan (SWDBP), a cost-sharing multiple-employer defined benefit pension fund administered by the Fire and Police Pension Association of Colorado (“FPPA”). The net pension asset, 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 SWDBP have been determined using the economic resources measurement focus and the

**SABLE-ALTURA FIRE PROTECTION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

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 SWDBP**

*Plan description.* The SWDBP covers substantially all full-time firefighter and police officer employees of participating fire or police departments in Colorado hired on or after April 8, 1978, provided that they are not already covered by a statutorily exempt plan. As of August 1, 2003, the SWDBP may include fire department clerical and other personnel whose services are auxiliary to fire protection. Plan benefits are specified in Title 31, Articles 30, 30.5 and 31 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth in the FPPA Rules and Regulations, 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. FPPA issues a publicly available comprehensive annual financial report that can be obtained at [www.fppaco.org](http://www.fppaco.org).

*Benefits provided.* FPPA provides retirement 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.

The following types of retirement are available under the SWDBP:

- Normal: 25 years of service and age 55 with a 2% benefit for each year of service for the first ten years, then a 2.5% benefit for each year of service thereafter. Benefits are based on the average of the highest 3 years' base salary (as defined in FPPA Rule 101.05).
- Early: 30 years of service or age 50 with a 2% benefit for each year of service for the first ten years, then a 2.5% benefit for each year of service thereafter. Benefits are based on the average of the highest 3 years' base salary (as defined in FPPA Rule 101.05). The early retirement benefit that the member would have received at normal retirement (age 55) is reduced on an actuarial equivalent basis to reflect the receipt of the benefit.
- Vested: 5 years of service payable at age 55 with a 2% benefit for each year of service for the first ten years, then a 2.5% benefit for each year of service thereafter. Benefits are based on the average of the highest 3 years' base salary (as defined in FPPA Rule 101.05).
- Deferred: Members who qualify for a normal or vested retirement, may defer the receipt of their benefit pension to as late as age 65 and receive the actuarial equivalent of the benefit. (as defined in FPPA Rule 101.05).

The SWDBP has a deferred retirement option plan (DROP) that allows members to enter the program if they meet one of the following criteria: 1) member is eligible for normal retirement or 2) member is vested or 3) member is eligible for early retirement. The DROP plan allows a member to choose to continue employment for a maximum of five years. During this period of

**SABLE-ALTURA FIRE PROTECTION DISTRICT  
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continued employment, the member's retirement benefits as well as employee contributions are paid into a member's DROP account. At the end of the DROP period, the member ceases employment and receives the amount accumulated in the DROP account either in a periodic, lump sum or a monthly lifetime benefit.

Each member must elect a payment option for retirement benefits shortly before benefit payments are paid to ensure that the beneficiary and payment option factors are accurate. The member has six payment options. The payment options allow the member to receive full retirement benefits during the member's lifetime or receive reduced retirement benefits so that a designated beneficiary may receive a portion of the retirement benefit either during the member's lifetime or after the member's death depending on the option selected.

Vested members with more than 5 years of service and non-vested members with less than 5 years of service may elect to withdraw their member contribution accounts upon termination of employment with all FPPA employers; waiving rights to any lifetime retirement benefits earned. The member's contributions plus 5% interest may be refunded to the member with all other contributions being forfeited. If a refund is chosen, stabilization reserve account monies and all employer contributions are forfeited.

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement benefit adjustments (formerly referred to as COLAs). Benefit adjustments are not guaranteed and are determined annually by the FPPA Board of Directors based on the most recent actuarial study. The amount of the benefit adjustment can be 0% to 3%, or the greater of the Consumer Price Index (CPI) per year. Benefit adjustments may begin once the retired member has been receiving retirement benefits for at least 12 calendar months prior to October 1.

*Contributions.* Eligible employees and the District are required to contribute to the SWDBP at a rate set by Colorado statute. Employer contribution rates can only be amended by state statute and are 8% of the employee's base salary. Member contribution rates can be amended by statute or by election of the membership. In 2016, eligible employees were required to contribute 9.0% of their FPPA base salary, and as a result of the 2014 Member Contributions Election, the plan member contribution rate will increase by 0.5% of covered salary each year through 2022. Contributions to the SWDBP from the District were \$6,951 for the year ended December 31, 2016.

Annually, at the discretion of the Board of Directors of FPPA, the difference between the combined member/employer contributions and the actuarially determined contribution rate may be allocated to the stabilization reserve account (SRA). If the cost of the SWDBP exceeds the combined member/employer contribution rate, funds from the SRA may be used to make up the shortfall. Amounts set aside in the SRA are allocated to individual accounts for each member. A member may receive the amounts in this individual account upon election of Normal, Early or Vested retirement.

**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 \$313 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2015, and the

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total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2016. Standard update procedures were used to roll forward the total pension asset to December 31, 2015. The District's proportion of the net pension asset was based on District contributions to the SWDBP for the calendar year 2015 relative to the total contributions of participating employers to the SWDBP.

At December 31, 2015, the District's proportion was 0.0177454387 percent, which was a decrease of 0.0001761097 percent from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016, the District recognized pension income of \$2,478. At December 31, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 2,530	\$ 369
Net difference between projected and actual earnings on pension plan investments	15,921	-
Changes in assumptions or other inputs	4,914	-
Change in proportion and differences between contributions recognized and proportionate share of contributions	-	2,577
Contributions subsequent to the measurement date	6,951	-
<b>Total</b>	<b>\$ 30,316</b>	<b>\$ 2,946</b>

\$6,951 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as an increase of the net pension asset in the year ending December 31, 2017.

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

<u>Year Ending December 31</u>		
2016	\$	4,540
2017		4,540
2018		4,540
2019		4,145
2020		461
2021		461
2022		461
2023		461
2024		632
2025		178
	<u>\$</u>	<u>20,419</u>

*Actuarial assumptions.* The total pension liability in the January 1, 2016 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial Method	Entry Age Normal
Amortization Method	Level % of Payroll, Open
Amortization Period	30 years
Asset Valuation Method	5-Year Smoothed Fair Value
Long-term Investment Rate of Return *	7.5%
Projected Salary Increases	4.0%-14.0%
Cost of Living Adjustments (COLA)	0.0%
* Includes Inflation at	2.5%

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

For determining the actuarially determined contributions in the January 1, 2015 actuarial valuation, the RP-2000 Combined Mortality Tables 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 related mortality is assumed to be 0.00020 per year for all members. The RP-2000 Combined Mortality Table with Blue Collar Adjustment, projected with Scale AA is used in the projection of post-retirement benefits.

The actuarial assumptions used in the January 1, 2016 valuation were based on the recommendations of FPPA's actuaries which were approved and adopted by FPPA's Board in July 2015. The assumption changes were effective for actuarial valuations beginning January

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1, 2016 and impacted actuarial factors for benefit purposes such as purchases of service credit and other benefits.

Effective with the January 1, 2013 valuations, the Board adopted a five-year smoothing methodology in the determination of the actuarial value of assets. Beginning in the January 1, 2014 valuations, the married assumption for active members was increased from 80% to 85% to reflect the passage of the Colorado Civil Union Act.

The SWDBP's 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 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.

Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation are summarized in the following table:

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

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

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*Sensitivity of the District's proportionate share of the net pension asset (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:

	<b>6.50%</b>	<b>7.50%</b>	<b>8.50%</b>
Proportionate share of the net pension (asset) liability	\$ 43,822	\$ (313)	\$ (36,921)

*Pension plan fiduciary net position.* Detailed information about the SWDBP'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 10 – STATEWIDE DEATH AND DISABILITY PLAN**

*Plan Description* – The District contributes to the Statewide Death and Disability Plan (SWD&DP), a cost-sharing multiple-employer death and disability plan administered by FPPA. The SWD&DP covers full-time employees of substantially all fire and police departments in Colorado. As of August 1, 2003, the SWD&DP may include part-time police and fire employees. Contributions to the SWD&DP are used solely for the payment of death and disability benefits. Employers who are covered by Social Security may elect supplementary coverage by the Plan. The Plan was established in 1998 pursuant to Colorado Revised Statutes. FPPA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the SWD&DP. That report can be obtained at [www.fppaco.org](http://www.fppaco.org).

*Funding Policy* – The District and/or employee is required to contribute at a rate of 2.6% of base salary for all members as set by statute. All contributions are made by members or on behalf of members. The 2.6% contribution may be paid entirely by the employer or the member, or it may be split between the employer and the member. Currently, the District is making the full 2.6% contribution on behalf of the members. For the years ending December 31, 2016, 2015, and 2014, the District's contributions to the SWD&DP were \$2,259, \$2,236 and \$2,095, respectively, equal to their required contributions for each year.

**NOTE 11 – DEFERRED COMPENSATION PLAN**

All paid firefighters are eligible to participate in a deferred compensation plan created in accordance with Internal Revenue Code section 457 (Deferred Compensation Plan). The Deferred Compensation Plan, which is administered by FPPA, allows all paid firefighters the opportunity to defer a portion of their salary until future years. All compensation deferred under the Deferred Compensation Plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are to be held in trust for the exclusive benefits of the participants and their beneficiaries. Amounts contributed to the Deferred Compensation Plan are not available to employees until termination, retirement, death, or unforeseeable emergency.

Participants may elect to defer any percentage of their annual compensation, provided that the total annual contribution does not exceed limitations established by the Internal Revenue

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Service. Employers may also contribute to this plan on behalf of its employees provided that the combined employee and employer contributions do not exceed the aforementioned limits.

Deferred Compensation Plan investment purchases are determined by the individual participants and therefore, the Deferred Compensation Plan's investment concentration varies between participants.

The District has no liability for losses under the Deferred Compensation Plan. Accordingly, the Deferred Compensation Plan is not part of the District's financial statements.

**NOTE 12 – VOLUNTEER FIGHTERS' PENSION FUND - FPPA ADMINISTERED**

**Volunteer Firefighters' Pension Plan**

**General Information about the Volunteer Firefighters' Pension Plan**

*Plan description.* The District, on behalf of its volunteer firefighters, contributes to the Volunteer Firefighters' Pension Plan (VFPP), a defined benefit pension plan which is affiliated with the FPPA. The net pension asset, 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 VFPP have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Assets of the plan are commingled for investment purposes in the Fire and Police Member's Benefit Fund, an agent multiple-employer defined benefit pension plan administered by FPPA. The Volunteer Firefighters' Pension Plan Board of Trustees is comprised of the five Directors of the District and two District volunteer, retired volunteer, or active retiree firefighters. The Colorado Revised Statutes (CRS), as amended, establishes basic benefit provisions under the plan. FPPA issues a publicly available comprehensive annual financial report that includes the assets of the volunteer plan. That report may be obtained at [www.fppaco.org](http://www.fppaco.org).

*Volunteers covered and benefits provided.* The retirement benefit provisions and plan requirements were established by the District under Colorado Revised Statutes.

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The Board of Trustees has adopted the following schedule of monthly benefits, which was in effect at December 31, 2016:

<b>Normal Retirement Benefit</b>	\$ 550
Extended Service (amount per year of service)	
5% of normal, for up to 10 additional years	\$ 27.50
<b>Vested Retirement Benefit</b>	
With 10 to 20 years of service, amount	
per year of service per minimum vesting years	\$ 27.50
<b>Disability Retirement Benefit</b>	\$ 275
<b>Survivor benefit</b>	
Death after normal retirement	\$ 275
Death after normal retirement with extended	
service (amount per year of service), subject to a maximum	\$ 13.75
<b>Funeral Benefits</b> (lump sum)	\$ 1,100

At December 31, 2016, there are 8 retired volunteers receiving benefits, 37 active volunteers and 4 inactive, nonretired volunteers.

*Contributions.* The District makes contributions based upon District established benefits; the needs and best interest of the District, the VFPP, and the VFPP beneficiaries; and the funding that would be required in order to maintain the actuarial soundness of the plan, based upon a biennial actuarial study. VFPP members do not make contributions. The State of Colorado also contributes to the plan in an amount set by statute. The District contributed \$5,000 for the year ended December 31, 2016.

**Net Pension Liability**

*Actuarial assumptions.* The District's net pension liability was based on an actuarial valuation performed as of January 1, 2015 and a measurement date of December 31, 2014. The total pension liability for the December 31, 2015 measurement date was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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Actuarial cost method	Entry Age Normal
Amortization method	Level dollar - open
Remaining amortization period	20 years
Asset valuation method	5 - year smoothed fair value
Inflation	3.0%
Projected salary increases	N/A
Investment rate of return	7.5% per annum
Retirement age	50% per year of eligibility until 100% at age 65
Mortality	

Pre-retirement mortality was based on the RP-2000 Combined Mortality Table with Blue Collar Adjustment, 40% multiplier for off-duty mortality, post retirement mortality was based on the RP-2000 Mortality Table, with Blue Collar Adjustment and the mortality of disabled retirees was based on the RP-2000 Disabled Mortality Table. All tables projected with Scale AA.

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

For the purpose of this valuation, the long-term expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.65% (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 4.16%.

The resulting Single Discount Rate at the beginning of the measurement period was 4.16%. The increase in the Total Pension Liability due to the reduction from 4.36% at the beginning of the measurement period to 4.16% at the end of the measurement period is shown as a Change of Assumption in the Schedule of Changes in Net Pension Liability in the table below.

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**Changes in the Net Pension Liability**

Changes in the District's net pension liability for the year ended December 31, 2016 were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability(Asset) (a) - (b)
<b>Balances at 12/31/15</b>	\$ 1,100,664	\$ 572,976	\$ 527,688
<b>Changes for the year:</b>			
Service cost	78,914	-	78,914
Interest on the total pension liability	48,884	-	48,884
Changes in assumptions or other inputs	44,070	-	44,070
Benefit payments	(37,400)	(37,400)	-
Pension plan net investment income	-	10,349	(10,349)
Administrative expense	-	(2,233)	2,233
<b>Net Changes</b>	<u>134,468</u>	<u>(29,284)</u>	<u>163,752</u>
<b>Balances at 12/31/16</b>	<u>\$ 1,235,132</u>	<u>\$ 543,692</u>	<u>\$ 691,440</u>

*Sensitivity of the District's Net Pension (Asset) Liability to Changes in the Discount Rate.* The following presents the net pension liability calculated using the discount rate of 4.16 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.16 percent) or 1-percentage-point higher (5.16 percent) than the current rate:

	3.16%	4.16%	5.16%
Proportionate share of the net pension (asset) liability	<u>\$ 951,389</u>	<u>\$ 691,440</u>	<u>\$ 492,946</u>

**Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended December 31, 2016, the District recognized pension expense of \$367,161.

At December 31, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 78,464	\$ 27,071
Changes of assumptions or other inputs	-	177,666
Total	\$ 78,464	\$ 204,737

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

2016	\$ 26,099
2017	26,099
2018	26,099
2019	25,386
2020	19,153
2021	3,437
	\$ 126,273

**NOTE 13 – FIRE AND POLICE PENSION ASSOCIATION OF COLORADO**

**Statewide Hybrid Plan**

**Summary of Significant Accounting Policies**

*Pensions.* The District participates in the Statewide Hybrid Plan – Defined Benefit Component (SWHP), a cost-sharing multiple-employer defined benefit pension fund administered by the Fire and Police Pension Association of Colorado (“FPPA”). The net pension asset, 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 SWHP 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 SWHP**

*Plan description.* The SWHP covers full-time firefighters and police officers from departments that elect coverage. The SWHP may also cover clerical staff or other fire district personnel whose services are auxiliary to fire protection. The SWHP is comprised of two components: Defined Benefit and Money Purchase. With the later component, employees have the option of choosing among various mutual funds offered by an outside investment manager. SWHP benefits are specified in Title 31, Articles 30, 30.5 and 31 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth in the FPPA Rules and Regulations, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be

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amended from time to time by the Colorado General Assembly. FPPA issues a publicly available comprehensive annual financial report that can be obtained at [www.fppaco.org](http://www.fppaco.org).

*Benefits provided.* SWHP provides retirement 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.

The following types of retirement are available under the SWHP:

- Normal: 25 years of service and age 55 with a benefit of 1.5% of the member's Highest Average Salary times year of service credit which is paid for the life of the member, with no designated beneficiary benefits. Benefits are based on the average of the highest 3 years' base salary.
- Early: 30 years of service or age 50 and who is not receiving benefits pursuant to the Statewide Death and Disability Plan. The annual early retirement pension for the member shall be the benefit, as determined by the FPPA Board of Trustees, that the member would have received at normal retirement reduced on an Actuarially Equivalent basis to reflect the early receipt of the benefit.
- Vested: 5 years of service payable at age 55 with a benefit of 1.5% of the member's Highest Average Salary times year of service credit in the Hybrid Plan. Benefits are based on the average of the highest 3 years' base salary.
- Deferred: Members who qualify for a normal or vested retirement, may defer the receipt of their benefit pension to as late as age 65 and receive the actuarial equivalent of the benefit.

The SWHP has a deferred retirement option plan (DROP) that allows members to enter the program if they meet one of the following criteria: 1) member is eligible for normal retirement or 2) member is vested or 3) member is eligible for early retirement. The DROP plan allows a member to choose to continue employment for a maximum of five years. During this period of continued employment, the member's retirement benefits as well as employee contributions are paid into a member's DROP account. At the end of the DROP period, the member ceases employment and receives the amount accumulated in the DROP account either in a periodic, lump sum or a monthly lifetime benefit.

Each member must elect a payment option for retirement benefits shortly before benefit payments are paid to ensure that the beneficiary and payment option factors are accurate. The member has five payment options. The payment options allow the member to receive full retirement benefits during the member's lifetime or receive reduced retirement benefits so that a designated beneficiary may receive a portion of the retirement benefit either during the member's lifetime or after the member's death depending on the option selected.

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement benefit adjustments (formerly referred to as COLAs). Benefit adjustments are not guaranteed and are determined annually by the FPPA Board of Directors based on the most recent actuarial study. The amount of the benefit adjustment can be 0% to

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3%, or the greater of the Consumer Price Index (CPI) per year. Benefit adjustments may begin once the retired member has been receiving retirement benefits for at least 12 calendar months prior to October 1.

*Contributions.* Members and the District contribute to the SWHP at a rate determined by the individual employer, however, both the employer and individual members each must contribute at least 8 percent of the member's base salary. The amount allocated to the Defined Benefit Component is set annually by the FPPA Board of Directors. Excess contributions fund the Money Purchase Component of the Plan. The District's contributions to the SWHP for the years ending December 31, 2016, 2015 and 2014, respectively, were \$4,728, \$4,520 and \$4,008 equal to the District's required contributions for each year.

**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 \$35,992 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2015, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2016. Standard update procedures were used to roll forward the total pension asset to December 31, 2015. The District's proportion of the net pension asset was based on District contributions to the SWHP for the calendar year 2015 relative to the total contributions of participating employers to the SWHP.

At December 31, 2015, the District's proportion was 0.3417128928 percent, which was a decrease of 0.0181555900 percent from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016, the District recognized pension income of \$14,363. At December 31, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 10,769	\$ -
Net difference between projected and actual earnings on pension plan investments	7,516	-
Changes in assumptions or other inputs	1,900	-
Change in proportion and differences between contributions recognized and proportionate share of contributions	-	3,503
Contributions subsequent to the measurement date	4,728	-
<b>Total</b>	<b>\$ 24,913</b>	<b>\$ 3,503</b>

\$4,728 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as an increase of the net pension asset in the year ending December 31, 2017.

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

<u>Year Ending December 31</u>		
2016	\$	3,124
2017		3,124
2018		3,124
2019		2,967
2020		1,206
2021		1,206
2022		1,205
2023		726
	<u>\$</u>	<u>16,682</u>

*Actuarial assumptions.* The total pension liability in the January 1, 2016 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial Method	Entry Age Normal
Amortization Method	Level % of Payroll, Open
Amortization Period	30 years
Asset Valuation Method	5-Year Smoothed Fair Value
Long-term Investment Rate of Return *	7.5%
Projected Salary Increases	4.0%-14.0%
Cost of Living Adjustments (COLA)	0.0%
* Includes Inflation at	2.5%

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

For determining the actuarially determined contributions in the January 1, 2015 actuarial valuation, the RP-2000 Combined Mortality Tables 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 related mortality is assumed to be 0.00020 per year for all members. The RP-2000 Combined Mortality Table with Blue Collar Adjustment, projected with Scale AA is used in the projection of post-retirement benefits.

The actuarial assumptions used in the January 1, 2016 valuation were based on the recommendations of FPPA's actuaries which were approved and adopted by FPPA's Board in July 2015. The assumption changes were effective for actuarial valuations beginning January 1, 2016 and impacted actuarial factors for benefit purposes such as purchases of service credit and other benefits.

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Effective with the January 1, 2013 valuations, the FPPA Board adopted a five-year smoothing methodology in the determination of the actuarial value of assets. Beginning in the January 1, 2014 valuations, the married assumption for active members was increased from 80% to 85% to reflect the passage of the Colorado Civil Union Act.

The SWHP's 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 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.

Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation are summarized in the following table:

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

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

*Sensitivity of the District's proportionate share of the net pension asset (liability) to changes in the discount rate.* The following presents the proportionate share of the net pension liability (asset) 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:

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	<b>6.50%</b>	<b>7.50%</b>	<b>8.50%</b>
Proportionate share of the net pension (asset) liability	<u>\$ (20,843)</u>	<u>\$ (35,992)</u>	<u>\$ (48,657)</u>

*Pension plan fiduciary net position.* Detailed information about the SWHP’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 14 - PUBLIC EMPLOYEES’ RETIREMENT ASSOCIATION OF COLORADO**

**Defined Benefit Pension Plan**

**Summary of Significant Accounting Policies**

*Pensions.* The District participates in the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees’ Retirement Association of Colorado (“PERA”). 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 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 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. Section 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

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- 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.

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.

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs), 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 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 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 District are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. Section 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:

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	<b>Rate</b>
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. Section 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. Section 24-51-411 <sup>1</sup>	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. Section 24-51-411 <sup>1</sup>	1.50%
Total Employer Contribution Rate to the LGDTF <sup>1</sup>	12.68%

<sup>1</sup>Rates are expressed as a percentage of salary as defined in C.R.S. Section 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 District is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from District were \$837 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 District reported a liability of \$11,250 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 District proportion of the net pension liability was based on 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 District proportion was 0.0010212664 percent, which was a decrease of 0.0000189643 percent from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016, the District recognized pension expense of \$272. At December 31, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 84	\$ -
Net difference between projected and actual earnings on pension plan investments	2,166	-
Changes in assumptions and other inputs	-	206
Change in proportion and differences between contributions recognized and proportionate share of contributions	-	140
Contributions subsequent to the measurement date	<u>837</u>	<u>-</u>
 Total	 <u>\$ 3,087</u>	 <u>\$ 346</u>

\$837 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:

Year Ending December 31

2016	\$ 352
2017	531
2018	573
2019	<u>448</u>
	<u>\$ 1,904</u>

*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

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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.

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.

As of the most recent analysis of the long-term expected rate of return, presented to the PERA Board on November 15, 2013, 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>Long-Term Expected Rate of Return</b>
U.S. Equity - Large Cap	26.76%	5.00%
U.S. Equite - 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 Government/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%.

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

- The following programing 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.

**SABLE-ALTURA FIRE PROTECTION DISTRICT  
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DECEMBER 31, 2016**

- 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 disable 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.

*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 assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the fixed statutory rates specified in law, including current and future AED and SAED, until the Actuarial Value Funding Ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Based on those 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 District's 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:

	6.50%	7.50%	8.50%
Proportionate share of the net pension (asset) liability	<u>\$ 17,248</u>	<u>\$ 11,250</u>	<u>\$ 6,276</u>

*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 15 – POST RETIREMENT HEALTHCARE BENEFITS**

*Plan Description* – The 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

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DECEMBER 31, 2016**

includes financial statements and required supplementary information for the HCTF. That report can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

*Funding Policy* – The 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 District are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions 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, 2016, 2015, and 2014, the District contributions to the HCTF were \$67, \$64 and \$58, respectively, equal to their required contributions for each year.

**NOTE 16 - TAX, SPENDING AND DEBT LIMITATIONS**

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

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

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

In the 1996 General Election, a majority of the District's electors exempted the District from TABOR's revenue and spending restrictions.

Furthermore, at an election conducted in November 2003, a majority of the District's electors exempted the District from the additional 5.5% annual revenue limitation imposed by 29-1-301, C.R.S. and exempted any additional revenue collected as a result of TABOR's revenue and spending restrictions.

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

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**NOTE 17- RESTATEMENT**

For the year ended December 31, 2015, the District implemented the Governmental Accounting Standards Board (GASB) Statement No. 68 – Accounting and Financial Reporting for Pensions – an amendment of GASB No. 27 and GASB 71. The cumulative effect of applying this statement has been reported as a restatement of beginning net position (deficit) as noted below:

Net position - December 31, 2015, as originally stated	\$ 1,158,225
Cummulative effect of the implementation of GASB No. 68 and GASB No. 71:	
Net pension asset - FPPA Statewide Hybrid Plan	<u>43,039</u>
Net position - December 31, 2014, as restated	<u><u>\$ 1,201,264</u></u>

This information is an integral part of the accompanying financial statements.

**REQUIRED SUPPLEMENTAL INFORMATION**

**SABLE-ALTURA FIRE PROTECTION DISTRICT  
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION ASSET  
FIRE AND POLICE PENSION ASSOCIATION - STATEWIDE DEFINED BENEFIT PLAN  
LAST THREE FISCAL YEARS(1)**

	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability (Asset)	0.0177454%	0.0179215%	0.0141153%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 313	\$ 20,226	\$ 12,622
District's Covered Employee Payroll	\$ 86,019	\$ 80,593	\$ 61,307
Proportionate Share of Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	0.36%	25.10%	20.59%
Calculation of Collective Net Pension Liability (Asset):			
Total Pension Liability	\$ 1,846,961,999	\$ 1,652,901,084	\$ 1,533,631,141
Plan Fiduciary Net Position	1,848,724,853	1,765,758,630	1,623,049,809
Net Pension Liability (Asset)	<u>\$ (1,762,854)</u>	<u>\$ (112,857,546)</u>	<u>\$ (89,418,668)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.10%	106.83%	105.83%

(1) - The amounts presented for each fiscal year were determined as of 12/31.

**NOTE:** Information for the prior seven years was not available to report.

**SABLE-ALTURA FIRE PROTECTION DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
FIRE AND POLICE PENSION ASSOCIATION - STATEWIDE DEFINED BENEFIT PLAN  
LAST FOUR FISCAL YEARS**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 6,951	\$ 6,881	\$ 6,447	\$ 4,905
Contributions in Relation to the Contractually Required Contribution	(6,951)	(6,881)	(6,447)	(4,905)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll	\$ 86,885	\$ 86,019	\$ 80,593	\$ 61,307
Contributions as a Percentage of Covered Employee Payroll	8.00%	8.00%	8.00%	8.00%

**NOTE:** Information for the prior six years was not available to report.

**SABLE-ALTURA FIRE PROTECTION DISTRICT  
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION ASSET  
FIRE AND POLICE PENSION ASSOCIATION - STATEWIDE HYBRID PLAN  
LAST THREE FISCAL YEARS(1)**

	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability (Asset)	0.3417129%	0.3235573%	0.3037324%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ (35,992)	\$ (38,373)	\$ (30,981)
District's Covered Employee Payroll	\$ 56,248	\$ 50,063	\$ 49,119
Proportionate Share of Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	-63.99%	-76.65%	-63.07%
Calculation of Collective Net Pension Liability (Asset):			
Total Pension Liability	\$ 35,776,922	\$ 29,177,530	\$ 26,123,656
Plan Fiduciary Net Position	46,309,805	41,037,152	36,323,815
Net Pension Liability (Asset)	<u>\$ (10,532,883)</u>	<u>\$ (11,859,622)</u>	<u>\$ (10,200,159)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	129.44%	140.65%	139.05%

(1) - The amounts presented for each fiscal year were determined as of 12/31.

**NOTE:** Information for the prior seven years was not available to report.

**SABLE-ALTURA FIRE PROTECTION DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
FIRE AND POLICE PENSION ASSOCIATION - STATEWIDE HYBRID PLAN  
LAST FOUR FISCAL YEARS**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 4,728	\$ 4,500	\$ 4,005	\$ 3,929
Contributions in Relation to the Contractually Required Contribution	(4,728)	(4,500)	(4,005)	(3,929)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll	\$ 59,101	\$ 56,248	\$ 50,063	\$ 49,119
Contributions as a Percentage of Covered Employee Payroll	8.00%	8.00%	8.00%	8.00%

**NOTE:** Information for the prior six years was not available to report.

**SABLE-ALTURA FIRE PROTECTION DISTRICT  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY/(ASSET)  
FPPA - VOLUNTEER FIREFIGHTERS' PENSION PLAN  
LAST FISCAL YEAR**

Measurement period ending December 31,	<b>2015</b>	<b>2014</b>
<b>Total Pension Liability</b>		
Service cost	\$ 78,914	\$ 37,746
Interest on the total pension liability	48,884	53,026
Difference between expected and actual experience	-	(108,706)
Changes in assumptions or other inputs	44,071	194,992
Benefit payments	(37,400)	(36,300)
<b>Net Change in Total Pension Liability</b>	134,469	140,758
<b>Total Pension Liability - Beginning</b>	1,100,664	959,906
<b>Total Pension Liability - Ending (a)</b>	\$ 1,235,133	\$ 1,100,664
 <b>Plan Fiduciary Net Position</b>		
Pension plan net investment income	\$ 10,349	\$ 37,992
Benefit payments	(37,400)	(36,300)
Administrative expense	(2,232)	(1,251)
Net Change in Plan Fiduciary Net Position	(29,283)	441
<b>Plan Fiduciary Net Position - Beginning</b>	572,976	572,535
<b>Plan Fiduciary Net Position - Ending (b)</b>	\$ 543,693	\$ 572,976
 <b>Net Pension Liability/(Asset) - Ending (a)-(b)</b>	\$ 691,440	\$ 527,688
 <b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	44.02%	52.06%
 <b>Covered Employee Payroll</b>	N/A	N/A
 <b>Contributions as a Percentage of Covered Employee Payroll</b>	N/A	N/A

**NOTE:** Information for the prior eight years was not available to report.

**SABLE-ALTURA FIRE PROTECTION DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
FPPA - VOLUNTEER FIREFIGHTERS' PENSION PLAN  
LAST TWO FISCAL YEARS**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 50,955	\$ 50,955	\$ 36,237
Contributions in relation to the actuarially required contribution:			
District contribution	(5,000)	-	-
State of Colorado contribution	-	-	-
Contribution deficiency (excess)	<u>\$ 45,955</u>	<u>\$ 50,955</u>	<u>\$ 36,237</u>
Covered employee payroll	N/A	N/A	N/A
Contributions as a percentage of covered employee payroll	N/A	N/A	N/A

**Notes to Schedule:**

Methods 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 fair value
Inflation	3.0%
Projected salary increases	N/A
Investment rate of return	7.5% per annum
Retirement age	50% per year of eligibility until 100% at age 65
Mortality	

Pre-retirement mortality was based on the RP-2000 Combined Mortality Table with Blue Collar Adjustment, 40% multiplier for off-duty mortality, post retirement mortality was based on the RP-2000 Mortality Table, with Blue Collar Adjustment and the mortality of disabled retirees was based on the RP-2000 Disabled Mortality Table. All tables projected with Scale AA.

**SABLE-ALTURA FIRE PROTECTION DISTRICT  
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
PERA PENSION PLAN - LOCAL GOVERNMENT DIVISION TRUST FUND  
LAST THREE FISCAL YEARS(1)**

	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability (Asset)	0.0010213%	0.0010402%	0.0010871%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 11,250	\$ 9,324	\$ 8,946
District's Covered Employee Payroll	\$ 5,800	\$ 5,700	\$ 5,800
Proportionate Share of Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	193.97%	163.58%	154.24%
Calculation of Collective Net Pension Liability:			
Total Pension Liability	\$ 4,762,090,000	\$ 4,647,777,000	\$ 4,331,233,000 <b>(2)</b>
Plan Fiduciary Net Position	<u>3,660,509,000</u>	<u>3,751,468,000</u>	<u>3,508,312,000</u>
Net Pension Liability	<u>\$ 1,101,581,000</u>	<u>\$ 896,309,000</u>	<u>\$ 822,921,000</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.87%	80.72%	81.00%

**(1)** - The amounts presented for each fiscal year were determined as of 12/31.

**(2)** - December 31, 2013 amount reduced by the \$186,006,000 specific liability adjustment resulting from the termination of the affiliation of Memorial Health Systems. This specific liability was paid in October 2014 by the City of Colorado Springs.

**NOTE:** Information for the prior seven years was not available to report.

**SABLE-ALTURA FIRE PROTECTION DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
PERA PENSION PLAN - LOCAL GOVERNMENT DIVISION TRUST FUND  
LAST FOUR FISCAL YEARS**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 837	\$ 735	\$ 723	\$ 735
Contributions in Relation to the Contractually Required Contribution	(837)	(735)	(723)	(735)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll	\$ 6,600	\$ 5,800	\$ 5,700	\$ 5,800
Contributions as a Percentage of Covered Employee Payroll	12.68%	12.67%	12.68%	12.67%

**NOTE:** Information for the prior six years was not available to report.

**SUPPLEMENTAL INFORMATION**

**SABLE-ALTURA FIRE PROTECTION DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET TO ACTUAL - DEBT SERVICE FUND  
For the Year Ended December 31, 2016**

	<b>Original and Final Budget</b>	<b>Actuals</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUE</b>			
Property taxes	\$ 649,527	\$ 643,178	\$ (6,349)
Net investment income	750	1,419	669
<b>TOTAL REVENUE</b>	<u>650,277</u>	<u>644,597</u>	<u>(5,680)</u>
<b>EXPENDITURES</b>			
Debt service			
Principal	1,285,000	1,285,000	-
Interest	172,435	151,915	20,520
Paying agent fees	500	500	-
Treasurers' fees	9,743	9,651	92
<b>TOTAL EXPENDITURES</b>	<u>1,467,678</u>	<u>1,447,066</u>	<u>20,612</u>
<b>NET CHANGE IN FUND BALANCE</b>	(817,401)	(802,469)	14,932
<b>FUND BALANCE - BEGINNING OF PERIOD OF PERIOD</b>	1,084,379	1,084,224	(155)
<b>FUND BALANCE - END OF PERIOD</b>	<u>\$ 266,978</u>	<u>\$ 281,755</u>	<u>\$ 14,777</u>

**SABLE-ALTURA FIRE PROTECTION DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET TO ACTUAL - CAPITAL PROJECTS FUND**  
**For the Year Ended December 31, 2016**

	<b>Original and Final Budget</b>	<b>Actuals</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUE</b>			
Grants	\$ -	\$ 227,918	\$ 227,918
Net investment earnings	200	6,646	6,446
<b>TOTAL REVENUE</b>	<u>200</u>	<u>234,564</u>	<u>234,364</u>
<b>EXPENDITURES</b>			
Non-capitalizable items:			
Buildings/Improvements	-	1,995	(1,995)
Vehicles	500,000	2,023	497,977
Equipment - personnel	-	2,499	(2,499)
Vehicle equipment	-	23,921	(23,921)
Communications R & M	-	38,562	(38,562)
Grant expenditures	-	5,911	(5,911)
Capital outlay	-	734,706	(734,706)
Contingency	1,875,969	-	1,875,969
<b>TOTAL EXPENDITURES</b>	<u>2,375,969</u>	<u>809,617</u>	<u>1,566,352</u>
<b>NET CHANGE IN FUND BALANCE</b>	(2,375,769)	(575,053)	1,800,716
<b>FUND BALANCE - BEGINNING OF PERIOD</b>	<u>2,375,769</u>	<u>2,391,749</u>	<u>15,980</u>
<b>FUND BALANCE - END OF PERIOD</b>	<u><u>\$ -</u></u>	<u><u>\$ 1,816,696</u></u>	<u><u>\$ 1,816,696</u></u>

**SABLE-ALTURA FIRE PROTECTION DISTRICT  
SUMMARY OF ASSESSED VALUATION, MILL LEVY  
AND PROPERTY TAXES COLLECTED  
December 31, 2016**

<u>Year Ended December 31,</u>	<u>Prior Year Assessed Valuation for Current Year Property Tax Levy</u>	<u>Mills Levied</u>		<u>Total Property Tax</u>		<u>Percent Collected to Levied</u>
		<u>Operations</u>	<u>Debt Service</u>	<u>Levied</u>	<u>Collected</u>	
2006	\$ 22,127,010	7.00	0.00	\$ 238,845	\$ 236,095	98.85%
2007	\$ 33,405,480	7.00	14.00	\$ 701,515	\$ 702,209	100.10%
2008	\$ 39,078,970	7.00	14.00	\$ 820,659	\$ 820,351	99.96%
2009	\$ 40,094,150	7.00	14.00	\$ 841,980	\$ 841,644	99.96%
2010	\$ 40,991,740	7.00	14.00	\$ 860,827	\$ 860,658	99.98%
2011	\$ 38,455,580	7.00	14.00	\$ 807,567	\$ 807,116	99.94%
2012	\$ 40,297,210	7.00	14.00	\$ 846,241	\$ 845,224	99.88%
2013	\$ 43,816,260	7.00	14.00	\$ 920,141	\$ 915,251	99.47%
2014	\$ 47,019,010	7.00	14.00	\$ 987,399	\$ 977,699	99.02%
2015	\$ 54,524,578	7.00	14.00	\$ 1,145,016	\$ 1,144,577	99.96%
2016	\$ 64,952,703	7.00	14.00	\$ 1,104,196	\$ 1,093,388	99.02%
Estimated for year ending December 31, 2017	\$ 63,561,197	7.00	10.00	\$ 1,080,540		

NOTE: Property taxes collected in any one year include collection of delinquent property taxes assessed in prior years. Information received from the County Treasurers' does not permit identification of specific year of assessment.

**SABLE-ALTURA FIRE PROTECTION DISTRICT  
 SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY  
 December 31, 2016**

**\$6,000,000 General Obligation Bonds  
 Dated August 23, 2006  
 Interest Rate 4.00% to 4.20%  
 Principal Due December 1  
 Interest Due June 1 and December 1**

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 300,000	\$ 116,250	\$ 416,250
2018	310,000	103,800	413,800
2019	325,000	90,780	415,780
2020	340,000	76,318	416,318
2021	355,000	61,188	416,188
2022	370,000	45,390	415,390
2023	385,000	28,925	413,925
2024	265,000	11,792	276,792
	<u>\$ 2,650,000</u>	<u>\$ 534,443</u>	<u>\$ 3,184,443</u>