

cPa DIXON, WALLER & CO., INC.

STONEWALL FIRE PROTECTION DISTRICT

LAS ANIMAS COUNTY, COLORADO

FINANCIAL STATEMENTS

DECEMBER 31, 2016

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DIXON, WALLER & CO., INC.

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STONEWALL FIRE PROTECTION DISTRICT
FINANCIAL STATEMENTS
DECEMBER 31, 2016

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Stonewall Fire Protection District
Las Animas County, Colorado

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension trend data on pages i through iv and pages 23 through 25 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.

Sifton, Waller & Co., Inc.

Trinidad, Colorado
June 26, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

**Stonewall Fire Protection District
Management Discussion and Analysis
Year Ended December 31, 2016**

Introduction:

The following discussion and analysis of Stonewall Fire Protection District's financial performance provides an annual overview of the district's financial activities for the fiscal year ended December 31, 2016. This discussion and analysis should be read with the accompanying financial statements of the Stonewall Fire Protection District

Financial Highlights:

- The net position of the District at December 31, 2016 was \$4,440,243 (net position).
- \$3,405,435 (unrestricted net position) may be used to meet the District's ongoing obligation to citizens and creditors.
- \$27,000 is held in Tabor Reserve and \$1,007,808 is invested in capital assets.

Overview of the Financial Statements:

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements and include: government-wide financial statements, fund analysis, and budget highlights.

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 private-sector business.

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

The *statement of activities* presents information showing how the District's net position changed during 2016.

Both of the government-wide financial statements distinguish *governmental activities* that are functions of the District principally supported by district tax revenue.

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

Government-wide Financial Analysis:

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. In the case of the Stonewall Fire Protection District, net position was \$4,440,243 at the close of 2016 as compared to \$4,290,537 at the close of 2015.

Capital assets include land, buildings, vehicles, and equipment. These capital assets are used to provide services to citizens of the District. Current assets are used to meet the District's ongoing obligations to citizens and creditors.

Statement of Activities: The following table compares changes in the net position at December 31, 2015 and December 31, 2016:

| | <u>2015</u> | | <u>2016</u> |
|-------------------------------|--------------------------------------|-------------------------------|--------------------------------------|
| Revenues | | Revenues | |
| Property Taxes | \$ 528,417 | Property Taxes | \$ 566,871 |
| Interest Income | 25,968 | Interest Income | 23,691 |
| Grants and Donations | 137,737 | Grants and Donations | 121,833 |
| Other Income | 92,202 | Other Income | 147,566 |
| | <u>TOTAL REVENUES \$ 784,324</u> | | <u>TOTAL REVENUES \$ 859,961</u> |
| Expenses: | | Expenses: | |
| Operations | \$ 287,897 | Operations | \$ 326,695 |
| Training | 7,594 | Training | 8,426 |
| Administrative | 280,842 | Administrative | 315,380 |
| Equipment | 6,167 | Equipment | 59,754 |
| | <u>TOTAL EXPENDITURES \$ 582,500</u> | | <u>TOTAL EXPENDITURES \$ 710,255</u> |
| Increase in Net Position 2015 | <u>\$ 201,824</u> | Increase in Net Position 2016 | <u>\$ 149,706</u> |

The increase in expenses from 2015 to 2016 is due primarily to operations expense and increased firefighting cost.

The following table provides a summary of the District's net position at December 31, 2016 compared with net position at December 31, 2015:

| | <u>2015</u> | | <u>2016</u> |
|---------------------------|---------------------|---------------------------|---------------------|
| ASSETS | | ASSETS | |
| Current and other assets | \$ 3,718,711 | Current and other assets | \$ 3,601,996 |
| Capital assets | 3,763,234 | Capital assets | 3,858,283 |
| Accumulated Depreciation | (2,784,881) | Accumulated Depreciation | (2,850,475) |
| Net Pension Asset | 91,561 | Net Pension Asset | 62,279 |
| TOTAL ASSETS | <u>\$ 4,788,625</u> | TOTAL ASSETS | <u>\$ 4,672,083</u> |
| DEFERRED OUTFLOWS | <u>\$ 64,326</u> | DEFERRED OUTFLOWS | <u>\$ 102,677</u> |
| LIABILITIES | | LIABILITIES | |
| Accounts payable | 32,796 | Accounts payable | 30,608 |
| Long-term liabilities | - | Long-term liabilities | - |
| Payroll liabilities | - | Payroll liabilities | - |
| Other liabilities | - | Other liabilities | - |
| Capital lease payable | - | Capital lease payable | - |
| TOTAL LIABILITIES | <u>\$ 32,796</u> | TOTAL LIABILITIES | <u>\$ 30,608</u> |
| DEFERRED INFLOWS | <u>\$ 529,618</u> | DEFERRED INFLOWS | <u>\$ 303,909</u> |
| NET POSITION | | NET POSITION | |
| Invested capital assets | 978,353 | Invested capital assets | 1,007,808 |
| TABOR Reserve | 24,000 | TABOR Reserve | 27,000 |
| Unrestricted | 3,288,184 | Unrestricted | 3,405,435 |
| TOTAL NET POSITION | <u>\$ 4,290,537</u> | TOTAL NET POSITION | <u>\$ 4,440,243</u> |

The following are the District's Activities by Major Function

| | <u>2015</u> | | <u>2016</u> | |
|---------------|----------------------------------|--------------------------------|----------------------------------|--------------------------------|
| | <u>Total Cost of Service</u> | <u>Net Cost of Service</u> | <u>Total Cost of Service</u> | <u>Net Cost of Service</u> |
| Public Safety | \$582,500 | \$356,795 | \$710,255 | \$449,552 |

Governmental Funds:

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. As of the end of 2016, the District reported a fund balance of \$3,295,501 of which approximately \$27,000 is reserved. The reservation of fund balance is committed to Tabor Emergency Reserve.

Budgetary Highlights:

The Stonewall Fire Protection District 2016 budget was prepared in accordance with the Colorado State Statutes. The 2016 budget was approved and appropriated by the Board in December 2015.

The following table compares General Fund budget to actual in 2015 and 2016:

| | Budget | | Actual | |
|--------------------------|------------|--------------|------------|--------------|
| | 2015 | | 2016 | |
| Tax Revenue | \$ 454,223 | \$ 528,417 | \$ 492,033 | \$ 566,871 |
| Grants | - | - | - | - |
| Other Income | 9,000 | 255,907 | 9,200 | 293,090 |
| Fund Balance - Beginning | 3,014,032 | 3,026,187 | 3,137,844 | 3,193,882 |
| Expenditures | 3,293,329 | 616,629 | 3,451,706 | 758,342 |
| Fund Balance - Ending | \$ 183,926 | \$ 3,193,882 | \$ 187,371 | \$ 3,295,501 |

Capital Asset and Debt Administration

Capital Assets. The District's investment in capital assets for governmental activities as of December 31, 2016 amounts to \$ 1,007,808.00 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment and vehicles.

Stonewall Fire Protection District's Capital Assets (net of accumulated depreciation)

| | Governmental Activities | |
|--|-------------------------|---------------------|
| | 2015 | 2016 |
| Land | \$ 5,000 | \$ 5,000 |
| Construction Work in Process | - | 35,295 |
| Buildings | 1,120,140 | 1,120,140 |
| Equipment & Vehicles | 726,555 | 786,409 |
| Vehicles | 1,911,439 | 1,911,439 |
| Accumulated Depreciation | (2,784,881) | (2,850,475) |
| Total investment in capital assets, net | \$ 978,253 | \$ 1,007,808 |

Request for Information:

This financial report along with the annual audit of the Stonewall Fire Protection District has been designed to provide citizens of the District, vendors, suppliers and the State of Colorado with an overview of the Stonewall Fire Protection District's finances and accountability for the money it receives through tax revenues, grants and other sources. Questions regarding this report should be directed to: Stonewall Fire Protection District's business office, 109 W. Main Street, Trinidad, CO 81082.

BASIC FINANCIAL STATEMENTS

STONEWALL FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION
December 31, 2016

| | <u>Governmental Activities</u> | <u>Total</u> |
|--|------------------------------------|------------------|
| <u>ASSETS</u> | | |
| Cash | 3,248,301 | 3,248,301 |
| Accrued Interest Receivable | 13,042 | 13,042 |
| Receivables (Net, where Applicable, of Allowance for Uncollectibles): | | |
| Accounts & Grants | 48,327 | 48,327 |
| Property Taxes | 275,887 | 275,887 |
| Prepaid Expense | 16,439 | 16,439 |
| Fixed Assets | 3,858,283 | 3,858,283 |
| Accumulated Depreciation | (2,850,475) | (2,850,475) |
| Net Pension Asset | <u>62,279</u> | <u>62,279</u> |
| <u>Total Assets</u> | <u>4,672,083</u> | <u>4,672,083</u> |
| <u>DEFERRED OUTFLOWS OF RESOURCES</u> | | |
| Pensions | <u>102,677</u> | <u>102,677</u> |
| <u>LIABILITIES</u> | | |
| Accounts Payable | <u>30,608</u> | <u>30,608</u> |
| <u>Total Liabilities</u> | <u>30,608</u> | <u>30,608</u> |
| <u>DEFERRED INFLOW OF RESOURCES</u> | | |
| Property Taxes | 275,887 | 275,887 |
| Pensions | <u>28,022</u> | <u>28,022</u> |
| <u>Total Deferred Inflow of Resources</u> | <u>303,909</u> | <u>303,909</u> |
| <u>NET POSITION</u> | | |
| Net Investment in Capital Assets | 1,007,808 | 1,007,808 |
| Restricted for: | | |
| Tabor Reserve | 27,000 | 27,000 |
| Unrestricted | <u>3,405,435</u> | <u>3,405,435</u> |
| <u>Total Net Position</u> | <u>4,440,243</u> | <u>4,440,243</u> |

The accompanying notes are an integral part of these financial statements.

STONEWALL FIRE PROTECTION DISTRICT
STATEMENT OF 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>Total</u> |
|---|-----------------|---------------------------------|---|---|--|---|------------------|
| | | <u>Charges for Services</u> | <u>Operating Grants & Contributions</u> | <u>Capital Grants & Contributions</u> | <u>Governmental Activities</u> | <u>Business Type Activities</u> | |
| <u>Governmental Activities</u> | | | | | | | |
| Public Safety | 710,255 | 138,870 | 121,833 | - | (449,552) | - | (449,552) |
| Total Governmental Activities | 710,255 | 138,870 | 121,833 | - | (449,552) | - | (449,552) |
| <u>Business Type Activities</u> | | | | | | | |
| Business Type Activities | - | - | - | - | - | - | - |
| Total Primary Government | 710,255 | 138,870 | 121,833 | - | (449,552) | - | (449,552) |
| <u>General Revenues:</u> | | | | | | | |
| Property and Specific Ownership Taxes | | | | | 566,871 | - | 566,871 |
| Interest Revenue | | | | | 23,691 | - | 23,691 |
| Other Revenues | | | | | 8,696 | - | 8,696 |
| Total General Revenues and Transfers | | | | | 599,258 | - | 599,258 |
| Change in Net Position | | | | | 149,706 | - | 149,706 |
| Net Position – Beginning | | | | | 4,290,537 | - | 4,290,537 |
| Net Position – Ending | | | | | 4,440,243 | - | 4,440,243 |

The accompanying notes are an integral part of these financial statements.

STONEWALL FIRE PROTECTION DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2016

| | <u>General</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|------------------|---|---|
| <u>ASSETS:</u> | | | |
| Cash | 3,248,301 | - | 3,248,301 |
| Accrued Interest Receivable | 13,042 | - | 13,042 |
| Receivables (Net of Allowance where Applicable) | | | |
| Accounts and Grants | 48,327 | - | 48,327 |
| Property Taxes | 275,887 | - | 275,887 |
| Prepaid Expense | 16,439 | - | 16,439 |
| <u>TOTAL ASSETS</u> | <u>3,601,996</u> | <u>-</u> | <u>3,601,996</u> |
| <u>LIABILITIES:</u> | | | |
| Accounts Payable | <u>30,608</u> | <u>-</u> | <u>30,608</u> |
| <u>Total Liabilities</u> | <u>30,608</u> | <u>-</u> | <u>30,608</u> |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | |
| Property Tax | <u>275,887</u> | <u>-</u> | <u>275,887</u> |
| <u>FUND BALANCES:</u> | | | |
| Nonspendable: | | | |
| Prepaid Expense | 16,439 | - | 16,439 |
| Reserved: | | | |
| Emergencies | 27,000 | - | 27,000 |
| Committed: | | | |
| CWPP Program | 36,331 | - | 36,331 |
| Unassigned: | <u>3,215,731</u> | <u>-</u> | <u>3,215,731</u> |
| <u>Total Fund Balances</u> | <u>3,295,501</u> | <u>-</u> | <u>3,295,501</u> |
| <u>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</u> | <u>3,601,996</u> | <u>-</u> | <u>3,601,996</u> |

The accompanying notes are an integral part of these financial statements.

STONEWALL FIRE PROTECTION DISTRICT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
December 31, 2016

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

| | | |
|--|-------------------|------------------|
| <u>Total Fund Balance – Governmental Funds</u> | | 3,295,501 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$3,858,283 and the accumulated depreciation is \$2,850,475. | | 1,007,808 |
| Long-term liabilities, including loans and capital leases are not due and payable in the current period and therefore are not reported in the funds. | | - |
| The Net Pension Asset, along with associated deferred flows, is not recorded at the fund level but is recognized as part of the entity wide financial information. | | |
| | Net Pension Asset | 62,279 |
| | Deferred Inflows | (28,022) |
| | Deferred Outflows | <u>102,677</u> |
| | | <u>136,934</u> |
| <u>Total Net Position – Governmental Activities</u> | | <u>4,440,243</u> |

The accompanying notes are an integral part of these financial statements.

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

| | General | Other Governmental Funds | Total Governmental Funds |
|--|-----------|--------------------------------|--------------------------------|
| <u>REVENUES:</u> | | | |
| Taxes | 566,871 | - | 566,871 |
| Local Donations | 53,089 | - | 53,089 |
| Intergovernmental Revenues | 68,744 | - | 68,744 |
| Charges for Service | 138,870 | - | 138,870 |
| Interest Earned | 23,691 | - | 23,691 |
| Miscellaneous Revenues | 8,696 | - | 8,696 |
| <u>Total Revenues</u> | 859,961 | - | 859,961 |
| <u>EXPENDITURES:</u> | | | |
| Public Safety | 758,342 | - | 758,342 |
| Capital Outlay | - | - | - |
| <u>Total Expenditures</u> | 758,342 | - | 758,342 |
| <u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u> | 101,619 | - | 101,619 |
| <u>OTHER FINANCING SOURCES (USES):</u> | | | |
| Debt Proceeds | - | - | - |
| Other | - | - | - |
| <u>Total Other Financing Sources (Uses)</u> | - | - | - |
| <u>NET CHANGE IN FUND BALANCES</u> | 101,619 | - | 101,619 |
| <u>FUND BALANCES – Beginning</u> | 3,193,882 | - | 3,193,882 |
| <u>FUND BALANCES - Ending</u> | 3,295,501 | - | 3,295,501 |

The accompanying notes are an integral part of these financial statements.

STONEWALL FIRE PROTECTION DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES OF GOVERNMENT FUNDS TO THE STATEMENT OF ACTIVITIES
 Year Ended December 31, 2016

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

| | |
|---|---------|
| <u>Net Change in Fund Balances – Total Governmental Funds</u> | 101,619 |
|---|---------|

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$500 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the difference in depreciation and capital outlays in the current period.

| | | |
|---------------------------------|-----------------|--------|
| Capital outlays more than \$500 | 95,049 | |
| Depreciation expense | <u>(65,594)</u> | 29,455 |

The increase in net pension liability, along with the changes and amortizations of deferred flows associated with the net pension liability are not recorded at the fund level:

| | | |
|---|---------------|---------------|
| Change in net pension liability (asset) | (29,282) | |
| Pension Cost | <u>47,914</u> | <u>18,632</u> |

| | |
|--|----------------|
| <u>Change in Net Position of Governmental Activities</u> | <u>149,706</u> |
|--|----------------|

The accompanying notes are an integral part of these financial statements.

STONEWALL FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The reporting entity, for financial purposes, is defined as the primary government (the Stonewall Fire Protection District) and its component units. The District has no component units; the financial statements are comprised of the funds and account groups more fully described in subsequent information contained in the footnotes.

The accounting policies of the Stonewall Fire Protection District conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

B. Government – Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from the District's legally separate *component units* for which the District is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or identifiable activity are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or identifiable activity. *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, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

STONEWALL FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

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 general government, except those required to be accounted for in another fund.

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

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

Proprietary funds distinguish *operating revenues* and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets.

All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

STONEWALL FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the assets constructed. No such interest expense was incurred during the current fiscal year.

Capital assets of the primary government are depreciated using the straight line method over the following estimated useful lives:

| <u>Assets</u> | <u>Years</u> |
|---------------|--------------|
| Equipment | 5 |
| Buildings | 20-39 |
| Vehicles | 5-7 |

E. Budgets and Budgetary Accounting

The District has set procedures to be followed in establishing the budgetary data reflected in the financial statements:

1. Prior to October 1, a proposed operating budget for the fiscal year commencing the following January 1 is developed. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to December 31, the budget is legally enacted through passage of an ordinance or resolution.
4. Budgets for the General Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP).

STONEWALL FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund. All encumbrances lapse at the end of the year.

G. Inventory

Inventory is valued at the lower of cost (first-in, first-out) or market. The costs of inventories are recorded as expenditures when they are used.

H. Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefits Amounts

Accumulated unpaid vacation, sick pay, and other employee benefits amounts should be accrued when incurred in proprietary funds (using the accrual basis of accounting). Such amounts would not be accrued in governmental funds (using the modified accrual basis of accounting). Accrued vacation and sick leave payable has not been reflected in the statement of net position for all governmental fund types as it does not exceed normal accumulations and is not material in relation to the financial statements.

I. Property Taxes

Property taxes represent ad valorem taxes levied by the District, which are payable to the County Treasurer, and are recognized as revenue by the District in the year for which they are levied.

Property taxes are levied in December for collection in the subsequent year.

Property taxes attach as an enforceable lien on property as of January 1. Taxes may be paid without penalty in either of two ways: (a) Full payment by April 30, or (b) First half must be paid by last day of February, and second half must be paid by June 15.

J. Use of Estimates

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

STONEWALL FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the District to deposit in the accounts of federally insured banks, credit unions, and savings and loan associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers acceptances, and mutual funds composed of otherwise legal investments.

L. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expense in the period incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

M. GASB Statement No. 54

The Government Accounting Standards Board (GASB) has issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54). This statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below.

STONEWALL FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. GASB Statement No. 54 (Continued)

1. Nonspendable such as fund balances associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned).
2. Restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
3. Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Board of Directors (the District's highest level of decision-making authority).
4. Assigned fund balance classification is intended to be used by the government for specific purposes that do not meet the criteria to be classified as restricted or committed.
5. Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

Fund Balance Classification Policies and Procedures

Committed Fund Balance Policy:

The District's Committed Fund Balance is fund balance reporting required by the Board, either because of a Board Policy in the Board Policy Manual, or because of motions that passed at Board meetings.

Assigned Fund Balance Policy:

The District's Assigned Fund Balance is fund balance reporting occurring by Board authority, under the direction of the Chief Business Officer.

STONEWALL FIRE PROTECTION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. GASB Statement No. 54 (Continued)

Order of Fund Balance Spending Policy

The District's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year by adjusting journal entries.

First, non-spendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then unrestricted fund balances are determined following the order of committed, assigned, and unassigned.

Fund Balance Classification by Fund:

| | General Fund |
|----------------------------|------------------|
| <u>Nonspendable:</u> | |
| Prepaid Expense | 16,439 |
| <u>Restricted:</u> | |
| Emergencies | 27,000 |
| <u>Committed:</u> | 36,331 |
| <u>Assigned:</u> | - |
| <u>Unassigned:</u> | 3,215,731 |
| <u>Total Fund Balances</u> | <u>3,295,501</u> |

N. Deferred Outflows / Inflows of Resources

In addition to assets, the statement of financial 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 then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

STONEWALL FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 2 CAPITAL ASSETS

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

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|--|------------------------------|------------------|------------------|---------------------------|
| <u>Governmental Activities</u> | | | | |
| Capital Assets Not Being Depreciated: | | | | |
| Construction Work in Process | - | 35,295 | - | 35,295 |
| Land | <u>5,000</u> | <u>-</u> | <u>-</u> | <u>5,000</u> |
| Total Capital Assets Not Being Depreciated | <u>5,000</u> | <u>35,295</u> | <u>-</u> | <u>40,295</u> |
| Capital Assets Being Depreciated: | | | | |
| Building | 1,120,140 | - | - | 1,120,140 |
| Equipment | 726,655 | 59,754 | - | 786,409 |
| Vehicles | <u>1,911,439</u> | <u>-</u> | <u>-</u> | <u>1,911,439</u> |
| Total Capital Assets Being Depreciated | <u>3,758,234</u> | <u>59,754</u> | <u>-</u> | <u>3,817,988</u> |
| Less Accumulated Depreciation for: | | | | |
| Buildings | 273,376 | 30,857 | - | 304,233 |
| Equipment | 681,012 | 22,122 | - | 703,134 |
| Vehicles | <u>1,830,493</u> | <u>12,615</u> | <u>-</u> | <u>1,843,108</u> |
| Total Accumulated Depreciation | <u>2,784,881</u> | <u>65,594</u> | <u>-</u> | <u>2,850,475</u> |
| Total Capital Assets Being Depreciated, Net | <u>973,353</u> | <u>(5,840)</u> | <u>-</u> | <u>967,513</u> |
| <u>Governmental Activities</u> | | | | |
| Capital Assets, Net | <u>978,353</u> | <u>29,455</u> | <u>-</u> | <u>1,007,808</u> |

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

Governmental Activities:

| | |
|--|---------------|
| Public Safety – Firefighting | <u>65,594</u> |
| Total Depreciation Expense – Governmental Activities | <u>65,594</u> |

NOTE 3 CASH AND INVESTMENTS

The District's deposits at year end were covered by Federal depository insurance or secured under the Public Deposit Protection Act of the State of Colorado, whereby the custodial bank pledges collateral for amounts on deposit in excess of the amount guaranteed by the FDIC for governmental entities.

STONEWALL FIRE PROTECTION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2016

NOTE 3 CASH AND INVESTMENTS (Continued)

| | <u>Bank Balance</u> | <u>Carrying Amount</u> |
|--|-------------------------|----------------------------|
| Insured | 500,000 | 500,000 |
| Uninsured, Collateralized Under the Public Deposit Protection Act of the State of Colorado | <u>2,755,519</u> | <u>2,742,177</u> |
| <u>Sub-Total</u> | <u>3,255,519</u> | <u>3,242,177</u> |
| Cash with County Treasurer | - | 6,124 |
| Cash on Hand | - | - |
| <u>Total Cash and Deposits</u> | <u>3,255,519</u> | <u>3,248,301</u> |

Cash of \$27,000 is restricted as Emergency Reserves as required by Article X, Section 20 of the Constitution of the State of Colorado. (See Note 5)

As presented above, deposits with a bank balance of \$2,755,519 and a carrying balance of \$2,742,177 as of December 31, 2016 are uninsured, are exposed to custodial risk, and are collateralized with securities held by the pledging financial institution.

NOTE 4 COMPENSATED ABSENCES

There is no liability for compensated absences at December 31, 2016.

NOTE 5 CONTINGENCIES - TAX, SPENDING AND DEBT LIMITATIONS

In November 1992, the voters of Colorado approved Amendment 1, commonly known as the Taxpayer's Bill of Rights (TABOR), which adds a new Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR.

The initial base for local government spending and revenue limits is 1992 Fiscal Year Spending. Future 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.

STONEWALL FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 5 CONTINGENCIES - TAX, SPENDING AND DEBT LIMITATIONS (Continued)

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 1% of Fiscal Year Spending (excluding bonded debt service) in 1993, 2% in 1994 and 3% thereafter. Local governments are not allowed to use the emergency reserves to compensate for economic contributions, revenue shortfalls, or salary or benefit increases.

TABOR requires, with certain exceptions, voters approval prior to imposing new taxes, increasing a tax rate, increasing a mill levy above that for the prior year, extending an expiring tax, or implementing a tax policy change directly causing a net tax revenue gain to any local government.

Except for bond refinancing at lower interest rates or adding employees to existing pension plans, TABOR specifically prohibits the creation of multiple-fiscal year debt or other financial obligations without voter approval or without irrevocable pledging present cash reserves for all future payments.

On November 6, 2001, the voters of the District approved Ballot Issue 5B allowing the District to levy 2.459 mills for 2002 and all subsequent years thereafter.

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 (and qualification as an Enterprise) will require judicial interpretation.

NOTE 6 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 all risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 7 RETIREMENT PLAN, VOLUNTEER FIREMEN

Volunteer Firefighters

The FPPA administers an agent multiple-employer PERS. The PERS represents the assets of numerous separate plans that have been pooled for investment purposes. The pension plans have elected to affiliate with FPPA for plan administration and investment only. FPPA issues a publicly available comprehensive annual financial report that can be obtained at:

<http://www.fppaco.org/annual-reports.html>

STONEWALL FIRE PROTECTION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2016

NOTE 7 RETIREMENT PLAN, VOLUNTEER FIREMEN (Continued)

The plan provides normal retirement benefits, disability retirement and survivor benefits. Firefighters who have attained both 50 years of age and completed 20 years of active service in any fire department in the State of Colorado are eligible for a monthly pension. Upon death, the surviving spouse receives a monthly pension equal to 50% of the benefit previously received, payable until death or remarriage. The District has nine retirees, one inactive, nonretired member, and thirty-two active members in this plan as of December 31, 2016.

At December 31, 2016, the District reported a net pension asset of \$62,279. The net pension asset was measured as of December 31, 2015, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2015.

At December 31, 2016 the total pension liability was \$811,433 and the plan fiduciary net position was \$873,712. For the year ended December 31, 2016, the district recognized pension expense of \$(47,914).

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

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Difference between expected and actual experience | - | 28,022 |
| Net difference between expected and actual earnings on pension plan investments | 43,227 | - |
| The employer's contributions to the plan subsequent to the measurement date of the collective net pension liability | 59,450 | - |
| Total | 102,677 | - |

The deferred outflows and deferred inflows related to pensions are included with total deferred outflows and total deferred inflows on the statement of net position. Deferred outflows of resources of \$59,450 related to the Volunteer pension, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability or increase in the net pension asset in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| For the years ending December 31, | |
|-----------------------------------|---------|
| 2017 | \$1,549 |
| 2018 | \$1,549 |
| 2019 | \$2,216 |
| 2020 | \$9,891 |
| 2021 | - |
| Thereafter | - |

Employer contributions are recognized by FPPA in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to FPPA. Employer contributions recognized by the FPPA from the District were \$59,450 for the year ended December 31, 2016.

STONEWALL FIRE PROTECTION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2016

NOTE 7 RETIREMENT PLAN, VOLUNTEER FIREMEN (Continued)

Actuarially determined contribution rates are calculated as of January 1 of even numbered years. The contributions rates have a one-year lag, so the actuarial valuation as of January 1, 2015, determines the contribution amounts for 2016 and 2017.

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

*Plans that are heavily weighted with retiree liabilities use an amortization period based on the expected remaining lifetime of the participants.

Assumption Changes

The assumptions shown above pertain to the actuarial valuation as of January 1, 2013 and the associated Actuarially Determined Contribution for the year ending December 31, 2015. Following a regularly scheduled experience study in 2015, the Board adopted a new assumption set for first use in the January 1, 2016 valuations. Due to the biennial valuation process, the new assumptions will first apply to the January 1, 2017 Volunteer valuations.

The primary changes, which can be observed in the January 1, 2017 valuation, as compared to the assumptions shown are as follows:

Inflation 2.50%

Mortality Pre-retirement: RP-2014 Mortality Tables for Blue Collar Employees, projected with Scale BB, 55% multiplier for off-duty mortality. Increased by 0.00020 for on-duty related Fire and Police experience.
 Post-retirement: For ages less than 55, RP-2014 Mortality Tables for Blue Collar Employees. For ages 65 and older, RP-2014 Mortality Tables for Blue Collar Healthy Annuitants. For ages 55 through 64, a blend of the previous tables. All tables are projected with Scale BB.
 Disabled: RP-2014 Disabled Generational Mortality Table generationally projected with Scale BB with a minimum 3% rate for males and 2% rate for females.

STONEWALL FIRE PROTECTION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2016

NOTE 7 RETIREMENT PLAN, VOLUNTEER FIREMEN (Continued)

Long-Term Expected Return on Plan Assets

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

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

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

The figures in the above table were supplied by Fire and Police Pension Association Staff. Gabriel, Roeder, Smith & Company does not provide investment advice.

Development of the single discount rate. The discount rate used to measure the total pension liability was 7.50 percent. The long term expected rate of investment return was 7.50 percent. The long term municipal bond rate was 3.57 percent. This rate is from the Federal Reserve statistical release (H.15), based on the weekly rate closest, but not later than the measurement date. The statistical release describes this rate as "Bond Buyer Index", general obligation, 20 years to maturity, mixed quality." In describing this index, the Bond Buyer notes that the bonds' average credit quality is roughly equivalent to Moody's Investors Service Aa2 rating and Standard & Poor's Corp.'s AA. The last year ending December 31 in the 2016 and 2115 projection period for which projected benefit payments are fully funded is 2115.

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

| | 1% Decrease (6.50%) | Current Discount Rate (7.50%) | 1% Increase (8.50%) |
|---|------------------------|----------------------------------|------------------------|
| Proportionate share of the net pension liability (asset) | 27,485 | (62,279) | (137,607) |

STONEWALL FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 8 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The governmental funds balance sheet includes reconciliation between *fund balances – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. Additionally, the governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net change in fund balances – total government funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities.

These reconciliations detail items that require adjustment to convert from the current resources measurement and modified accrual basis for governmental fund statements to the economic resources measurement and full accrual basis used for government-wide statements.

REQUIRED SUPPLEMENTARY INFORMATION

General Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual

Pension Trend Data:

Schedule of Changes in Net Pension Liability / (Asset)

Schedule of Contributions

STONEWALL FIRE PROTECTION DISTRICT
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended December 31, 2016

| <u>REVENUES</u> | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance- Favorable (Unfavorable)</u> |
|--|-------------------------|--------------------|------------------|--|
| | <u>Original</u> | <u>Final</u> | | |
| Taxes | | | | |
| General Property & Specific Ownership | 492,033 | 492,033 | 566,871 | 74,838 |
| Intergovernmental Revenues | | | | |
| Federal, State and Local Grants | - | - | 68,744 | 68,744 |
| Charges for Services | | | | |
| Firefighting Fees | - | - | 138,870 | 138,870 |
| Other Fees | - | - | - | - |
| Miscellaneous | | | | |
| Local Grants and Donations | - | - | 23,691 | 23,691 |
| Earnings on Investments | 7,000 | 7,000 | 8,696 | 1,696 |
| Other | 2,200 | 2,200 | 53,089 | 50,889 |
| <u>TOTAL REVENUES</u> | <u>501,233</u> | <u>501,233</u> | <u>859,961</u> | <u>358,728</u> |
| <u>EXPENDITURES</u> | | | | |
| <u>Public Safety – Firefighting</u> | | | | |
| Office Expense | 9,350 | 9,350 | 11,017 | (1,667) |
| Clerical Fees/Personnel | 226,000 | 226,000 | 344,204 | (118,204) |
| Contract Expenses | 10,000 | 10,000 | 42,468 | (32,468) |
| Volunteer Appreciation | 6,000 | 6,000 | 5,435 | 565 |
| Election | 15,000 | 15,000 | 652 | 14,348 |
| Equipment Expenses | 25,000 | 25,000 | 27,873 | (2,873) |
| Fuel & Supplies | 20,500 | 20,500 | 43 | 20,457 |
| Repairs and Maintenance | 51,000 | 51,000 | 71,353 | (20,353) |
| Insurance | 45,000 | 45,000 | 38,426 | 6,574 |
| Legal | 10,000 | 10,000 | - | 10,000 |
| Audit | 4,000 | 4,000 | 3,950 | 50 |
| Management & Accounting | 9,700 | 9,700 | 10,359 | (659) |
| Public Awareness | 6,000 | 6,000 | 2,065 | 3,935 |
| Pension Payments | 50,000 | 50,000 | 59,450 | (9,450) |
| Training | 15,000 | 15,000 | 8,426 | 6,574 |
| Travel | 8,000 | 8,000 | 3,179 | 4,821 |
| Utilities and Telephone | 32,000 | 32,000 | 24,576 | 7,424 |
| Capital Outlay | 2,550,000 | 2,550,000 | 95,048 | 2,454,952 |
| Treasurer Fee | - | - | 9,818 | (9,818) |
| Contingencies | 359,156 | 359,156 | - | 359,156 |
| <u>TOTAL EXPENDITURES</u> | <u>3,451,706</u> | <u>3,451,706</u> | <u>758,342</u> | <u>2,693,364</u> |
| <u>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</u> | <u>(2,950,473)</u> | <u>(2,950,473)</u> | <u>101,619</u> | |
| <u>FUND BALANCE, January 1</u> | <u>3,137,844</u> | <u>3,137,844</u> | <u>3,193,882</u> | |
| <u>FUND BALANCE, December 31</u> | <u>187,371</u> | <u>187,371</u> | <u>3,295,501</u> | |

The accompanying notes are an integral part of these financial statements.

STONEWALL FIRE PROTECTION DISTRICT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY/(ASSET)
AND RELATED RATIOS MULTI-YEAR
Last 10 Fiscal Years (to be built prospectively)

| Measurement period ending December 31, | <u>2015</u> | <u>2014</u> |
|---|-----------------|-----------------|
| Total Pension Liability | | |
| Service Cost | 44,154 | 47,127 |
| Interest on the Total Pension Liability | 56,269 | 55,039 |
| Benefit Changes | - | - |
| Difference Between Expected and Actual Experience | - | (47,148) |
| Assumption Changes | - | - |
| Benefit Payments | <u>(34,513)</u> | <u>(39,710)</u> |
| Net Change in Total Pension Liability | 65,910 | 15,308 |
| Total Pension Liability – Beginning | <u>745,523</u> | <u>730,215</u> |
| Total Pension Liability – Ending | <u>811,433</u> | <u>745,523</u> |
| Plan Fiduciary Net Position | | |
| Employer Contributions | 50,000 | 50,000 |
| Pension Plan Net Investment Income | 14,146 | 52,087 |
| Benefit Payments | (34,513) | (39,710) |
| Pension Plan Administrative Expense | (2,455) | (1,585) |
| State of Colorado Supplemental Discretionary Payment | <u>9,450</u> | <u>9,450</u> |
| Net Change in Plan Fiduciary Net Position | 36,628 | 70,242 |
| Plan Fiduciary Net Position – Beginning | <u>837,084</u> | <u>766,842</u> |
| Plan Fiduciary Net Position – Ending | <u>873,712</u> | <u>837,084</u> |
| Net Pension Liability/(Asset) – Ending | (62,279) | (91,561) |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability | 107.68% | 112.28% |
| Covered Employee Payroll | N/A | N/A |
| Net Pension Liability as a Percentage of Covered Employee Payroll | N/A | N/A |

STONEWALL FIRE PROTECTION DISTRICT
 SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
 VOLUNTEER SCHEDULE OF CONTRIBUTIONS MULTI-YEAR
 LAST 10 YEARS
 For the Year Ended DECEMBER 31, 2016

| <u>FY Ended December 31,</u> | <u>Actuarially Determined Contribution</u> | <u>Actual Contribution</u> | <u>Contribution Deficiency (Excess)</u> | <u>Covered Payroll</u> | <u>Actual Contribution as a % of Covered Payroll</u> |
|----------------------------------|--|--------------------------------|---|----------------------------|--|
| 2015 | \$ 47,866 | \$ 59,450 | \$ (11,584) | N/A | N/A |
| 2014 | \$ 47,866 | \$ 59,450 | \$ (11,584) | N/A | N/A |

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