



**Financial Statements
December 31, 2017**



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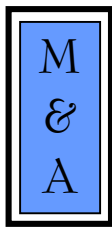
Office of the State Auditor

May 2, 2018

**Carbondale and Rural Fire Protection District
Financial Report
December 31, 2017**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors

**Carbondale and Rural Fire Protection District
Carbondale, Colorado**

We have audited the accompanying financial statements of the governmental activities and each major fund of the Carbondale and Rural Fire Protection District (the "District"), as of and for the year ended December 31, 2017, which collectively comprise the District's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Carbondale and Rural Fire Protection District as of December 31, 2017, 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.

Member: American Institute of Certified Public Accountants

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Other Matters

The District has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be a part of, the basic financial statements. Our opinions on the basic financial statements are not affected by the missing information.

The budgetary comparison information in section D is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. The budgetary comparison 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 statement or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Accounting principles generally accepted in the United States of America require that the Schedule of Changes in Net Pension Asset / Liability, Schedule of Employer's Proportionate Share of the Net Pension Asset / Liability and the Schedules of District Contributions in section D, 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The budgetary comparison information found in Section E is presented for purposes of additional analysis and is not a required part of the financial statements. The budgetary comparison information in Section E 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

McMahan and Associates, L.L.C.

**McMahan and Associates, L.L.C.
April 23, 2018**

FINANCIAL STATEMENTS

Carbondale and Rural Fire Protection District
Governmental Funds Balance Sheet/Statement of Net Position
December 31, 2017

Governmental Funds Balance Sheet						
	General Fund	Debt Service	Capital Projects I	Total	Adjustments	Statement of Net Position
Assets:						
Cash and cash equivalents	1,063,600	-	615,100	1,678,700	-	1,678,700
Restricted cash	451,200	-	-	451,200	-	451,200
Investments	-	123,243	-	123,243	-	123,243
Due from County Treasurer	23,713	-	-	23,713	-	23,713
Assessed taxes receivable	2,782,619	598,738	-	3,381,357	-	3,381,357
Accounts receivable, net of allowance of \$46,352	29,275	-	-	29,275	-	29,275
Due to/from other fund	(19,723)	22,663	-	2,940	-	2,940
Net pension asset - hybrid plan	-	-	-	-	73,180	73,180
Capital assets, net of accumulated depreciation	-	-	-	-	7,155,233	7,155,233
Total Assets	4,330,684	744,644	615,100	5,690,428	7,228,413	12,918,841
Deferred Outflows of Resources:						
Pension related deferred outflows	-	-	-	-	851,754	851,754
Bond related deferred outflows	-	-	-	-	48,854	48,854
Total Deferred Outflows	-	-	-	-	900,608	900,608
Total Assets and Deferred Outflows	4,330,684	744,644	615,100	5,690,428	8,129,021	13,819,449
Liabilities:						
Accounts payable and accrued liabilities	57,293	-	-	57,293	-	57,293
Accrued interest payable	-	-	-	-	6,250	6,250
Compensated absences	-	-	-	-	187,068	187,068
Loan payable:						
Due within one year	-	-	-	-	92,268	92,268
Due in more than one year	-	-	-	-	332,860	332,860
Bonds payable:						
Due within one year	-	-	-	-	505,000	505,000
Due in more than one year	-	-	-	-	3,245,000	3,245,000
Net pension liability - volunteer plan	-	-	-	-	374,076	374,076
Net pension liability - defined benefit plan	-	-	-	-	84,450	84,450
Total Liabilities	57,293	-	-	57,293	4,826,972	4,884,265
Deferred Inflows of Resources:						
Unavailable property tax revenues	2,782,619	598,738	-	3,381,357	-	3,381,357
Pension related deferred inflows	-	-	-	-	179,243	179,243
Total Deferred Inflows of Resources	2,782,619	598,738	-	3,381,357	179,243	3,560,600
Fund Balances / Net Position:						
Fund Balances:						
Restricted for emergencies	84,197	-	-	84,197	(84,197)	-
Restricted for debt covenant	451,200	-	-	451,200	(451,200)	-
Assigned for debt service	-	145,906	-	145,906	(145,906)	-
Assigned for capital projects	-	-	615,100	615,100	(615,100)	-
Unassigned	955,375	-	-	955,375	(955,375)	-
Total Fund Balances	1,490,772	145,906	615,100	2,251,778	(2,251,778)	-
Total Liabilities, Deferred Inflows and Fund Balances	4,330,684	744,644	615,100	5,690,428		
Net Position:						
Invested in capital assets, net of related debt					3,405,233	3,405,233
Restricted for emergencies					84,197	84,197
Restricted for debt covenant					451,200	451,200
Unrestricted					1,433,954	1,433,954
Total Net Position					5,374,584	5,374,584

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

Carbondale and Rural Fire Protection District
Governmental Funds Statement of Revenues, Expenditures and
Changes in Fund Balances/Statement of Activities
For the Year Ended December 31, 2017

Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances						
	General Fund	Debt Service	Capital Projects I	Total	Adjustments	Statement of Activities
Revenues:						
Property taxes	2,586,455	626,682	-	3,213,137	-	3,213,137
Abated taxes	4,868	418	-	5,286	-	5,286
Specific ownership taxes	240,651	-	-	240,651	-	240,651
Interest on delinquent taxes	7,431	-	-	7,431	-	7,431
Charges for services:						
Emergency medical services	193,532	-	-	193,532	180,357	373,889
Investment income	84	1,500	142	1,726	-	1,726
Grants and contributions	3,906	-	60,366	64,272	-	64,272
Wildfire contracts	97,712	-	-	97,712	-	97,712
Impact fees	-	-	730	730	-	730
Miscellaneous:						
Building rentals	14,000	-	-	14,000	-	14,000
Special event contracts	8,148	-	-	8,148	-	8,148
Other	6,025	-	6,650	12,675	-	12,675
Total Revenues	3,162,812	628,600	67,888	3,859,300	180,357	4,039,657
Expenditures/Expenses:						
Personnel services	2,241,346	-	-	2,241,346	(8,633)	2,232,713
General and administrative	198,221	14,035	7,363	219,619	6,678	226,297
Provision for uncollectible EMS charges	-	-	-	-	180,357	180,357
Firefighting	43,221	-	-	43,221	140,008	183,229
Emergency medical services	46,138	-	-	46,138	34,506	80,644
Communications	29,591	-	-	29,591	2,782	32,373
Training	31,477	-	-	31,477	-	31,477
Equipment	106,673	-	-	106,673	-	106,673
Other	83,210	-	-	83,210	-	83,210
Station	97,989	-	-	97,989	132,224	230,213
Capital outlay	-	-	77,304	77,304	(62,024)	15,280
Debt service:						
Principal	-	442,400	89,951	532,351	(532,351)	-
Interest	-	150,300	12,087	162,387	(6,707)	155,680
Total Expenditures/Expenses	2,877,866	606,735	186,705	3,671,306	(113,160)	3,558,146
Excess (Deficiency) of Revenues Over Expenditures / Change in Net Position	284,946	21,865	(118,817)	187,994	293,517	481,511
Other Financing Sources (Uses):						
Refunding bonds	-	3,820,000	-	3,820,000	(3,820,000)	-
Payment to refunded bond escrow agent	-	(3,752,366)	-	(3,752,366)	3,752,366	-
Bond issuance costs	-	(67,634)	-	(67,634)	-	(67,634)
Lawsuit settlement	-	1,934	-	1,934	-	1,934
Transfers in (out)	(100,000)	-	100,000	-	-	-
Total Other Financing Sources (Uses)	(100,000)	1,934	100,000	1,934	(67,634)	(65,700)
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	184,946	23,799	(18,817)	189,928	(189,928)	
Changes in Net Position					415,811	415,811
Fund Balances/Net Position:						
Beginning of Year	1,305,826	122,107	633,917	2,061,850		4,958,773
End of Year	1,490,772	145,906	615,100	2,251,778		5,374,584

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

NOTES TO THE FINANCIAL STATEMENTS

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2017

I. Summary of Significant Accounting Policies

The Carbondale and Rural Fire Protection District (the "District") is a quasi-municipal corporation organized and operated pursuant to provisions set forth in the Colorado Special District Act. The District was established to provide fire protection within Carbondale and the surrounding area.

The financial statements of the District have been prepared in conformity with U.S. generally accepted accounting principles ("GAAP") as applied to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies established by GAAP used by the District are discussed below.

A. Reporting Entity

The reporting entity consists of (a) the primary government; i.e., the District, and (b) organizations for which the District is financially accountable. The District is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the District. Consideration is also given to other organizations which are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the District. Organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

The District has no component units, and it is not a component unit of any other entity.

B. Government-wide and Fund Financial Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. However, the District does not have any business-type activities, only governmental activities.

1. Government-wide Financial Statements

In the Governmental Funds Balance Sheet/Statement of Net Position, the Statement of Net Position column is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in three parts—invested in capital assets; restricted net position; and unrestricted net position.

The government-wide focus is on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities. The effect of interfund activity has been eliminated from the government-wide financial statements.

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2017
(Continued)

I. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements (continued)

2. Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The fund focus is on current available resources and budget compliance.

The District reports the following governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources not required to be accounted for in another fund.

The *Debt Service Fund* accounts for property taxes levied for debt payment on general obligation bonds.

The *Capital Projects Fund I* is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

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

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures or expenses are recognized in the accounts and reported in the financial statements. Financial statement presentation refers to classification of revenues by source and expenses by function.

1. Long-term Economic Focus and Accrual Basis

Governmental activities in the government-wide financial statements and fiduciary fund financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

2. Current Financial Focus and Modified Accrual Basis

The governmental funds financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter (60 days) to be used to pay liabilities of the current period. Expenditures are generally recognized when the related liability is incurred. The exceptions to this general rule are that principal and interest on general long-term debt and expenditures related to accrued compensated absences are recognized when due.

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2017
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts

1. Cash and Cash Equivalents

Cash and cash equivalents are defined as deposits that can be withdrawn at any time without notice or penalty and investments with original maturities of three months or less.

Certain deposits held by the District are classified as restricted assets on the balance sheet because their use is limited to the District's debt requirements.

2. Investments

Investments are stated at fair value.

3. Receivables

Receivables are reported net of an allowance for uncollectible accounts. The District's policy is to establish an allowance for uncollectible accounts based on historical experience and individual analysis of accounts.

4. Property Taxes

Property taxes are assessed in one year as a lien on the property, but not collected by the governmental entities until the subsequent year. In accordance with GAAP, the assessed but uncollected property taxes have been recorded as a receivable and as deferred revenue.

5. Interfund Receivables and Payables

Balances at year-end between funds are reported as "internal receivables" and "internal payables" in the fund financial statements and are eliminated in the government-wide financial statements.

6. Capital Assets

Capital assets, which include land, fire stations and improvements, equipment, and vehicles, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial cost of \$500 or more and an estimated useful life in excess of five years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2017
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

6. Capital Assets (continued)

Capital expenditures for projects are capitalized as projects are constructed. Interest incurred during the construction phase is capitalized as part of the value of the asset.

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

<u>Assets</u>	<u>Years</u>
Buildings	15 - 40
Equipment	5 - 20

7. Pensions

The District participates in the Statewide Hybrid Plan and the Statewide Defined Benefit Plan, both administered by the Fire and Police Pension Association of Colorado ("FPPA"). The Statewide Hybrid Plan is comprised of two components: Defined Benefit and Money Purchase. The Statewide Defined Benefit Plan is a cost-sharing multiple-employer defined benefit pension plan. The District also sponsors an agent multiple employer defined benefit plan for its volunteer firefighters. 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 plans 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.

8. Compensated Absences

The District permits employees to accumulate earned but unused vacation time, subject to certain limits in amount. Accumulated, unpaid time is accrued when incurred in the government-wide financial statements.

9. Long-term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position column.

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2017
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

10. Deferred Inflows and Outflows 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 then. The District has multiple items that qualify for reporting in this category, which are the pension-related deferred outflows reported in the government-wide statement of net position.

In addition to liabilities, the statement of net 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 and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for this type of reporting, pension-related deferred inflows and unavailable revenues from property taxes.

11. Fund Balance

The District classifies governmental fund balances as follows:

Non-spendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation. The General Fund has \$84,197 restricted by law for emergencies. The General Fund also has \$451,200 restricted for debt covenants.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority which is the Board of Directors.

Assigned – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Board of Directors or its management designee. The Capital Acquisition Fund's entire balance was restricted for future capital project and equipment acquisition. The Debt Service Fund's entire balance was restricted for future debt covenants.

Unassigned - includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2017
(Continued)

II. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

11. Fund Balance (continued)

The District uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the District first uses committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The District does not have a formal minimum fund balance policy. However, the District's budget includes a calculation of a targeted reserve position and management calculates targets and reports them annually to the Board of Directors.

12. Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

II. Reconciliation of Government-wide and Fund Financial Statements

A. Explanation of differences between the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the government-wide Statement of Activities

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

General and administrative:	
Depreciation	\$ 6,678
Firefighting:	
Depreciation	140,008
Emergency medical services:	
Depreciation	34,506
Communications:	
Depreciation	2,782
Station:	
Depreciation	132,224
Capital outlay:	
Assets capitalized	(62,024)

Some expenses reported in the Statement of Activities, including the provision for uncollectible ambulance revenue and the change in accrued compensated absences, do not require the use of current financial resources and therefore are not recorded as expenditures in governmental funds. The provision for uncollectible ambulance revenues is netted against total EMS charges in governmental funds, representing collections under the modified accrual basis.

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2017
(Continued)

II. Reconciliation of Government-wide and Fund Financial Statements (continued)

A. Explanation of differences between the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the government-wide Statement of Activities (continued)

Pension income	\$ (31,093)
Personnel services (compensated absences)	22,460
Net adjustment to personnel services expense	<u>\$ (8,633)</u>
Provision for uncollectible EMS charges	\$ 180,357

The issuance of long-term debt (e.g., leases and bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Adjustments to Expenditures/Expenses:

Principal paid on long-term debt	\$ (532,351)
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Adjustments to Other Financing Sources (Uses):

Proceeds of 2017 refunding bonds	\$ (3,820,000)
Payment to refund 2007 bonds	3,752,366

Governmental funds report bond interest when paid; while the Statement of Activities accrues interest expense as incurred. Below is the adjustment for accrued interest:

Accrued interest	\$ (7,619)
Amortization of deferred outflow - bonds	912
Total interest adjustment	<u>\$ (6,707)</u>

III. Stewardship, Compliance, and Accountability

A. Budgets and Budgetary Accounting

In the fall of each year, the District's Board of Directors formally adopts a budget with appropriations by fund for the ensuing year pursuant to the Colorado Local Budget Law. The budget for the governmental funds and the fiduciary fund are adopted on a basis consistent with U.S. GAAP.

- (1) For the 2017 budget, prior to August 25, 2016, the County Assessor sent to the District a certified assessed valuation of all taxable property within the District's boundaries. The County Assessor may change the assessed valuation on or before December 10, 2016, only once by a single notification to the District.
- (2) On or before October 15, 2016, the District's budget officer submitted to the District's Board of Directors a recommended budget which detailed the necessary property taxes needed along with other available revenues to meet the District's operating requirements.
- (3) For the 2017 budget, prior to December 15, 2016, the District computed and certified to the County Commissioners a rate of a levy that derived the necessary property taxes as computed in the proposed budget.

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2017
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

A. Budgets and Budgetary Accounting (continued)

- (4) After a required publication of "Notice of Proposed Budget" and a public hearing, the District adopted the proposed budget and an appropriating resolution, which legally appropriated expenditures for the upcoming year
- (5) After adoption of the budget resolution, the District may make the following changes: (a) it may transfer appropriated monies between funds or between spending agencies within a fund, as determined by the original appropriation level; (b) it may approve supplemental appropriations to the extent of revenues in excess of the estimate in the budget; (c) it may approve emergency appropriations; and (d) it may approve the reduction of appropriations for which originally estimated revenues are insufficient.
- (6) All appropriations lapse at a year-end.

Taxes levied in one year are collected in the succeeding year. Thus taxes certified in 2016 were collected in 2017 and taxes certified in 2017 will be collected in 2018. Taxes are due on January 1st in the year of collection; however, they may be paid in either one installment (no later than April 30th) or two equal installments (no later than February 28th and June 15th) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 15th.

B. TABOR Amendment - Revenue and Spending Limitation Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

The initial base for local government spending and revenue limits is December 31, 1992, fiscal year spending. Future spending and revenue limits are determined based on the prior year's fiscal year spending adjusted for inflation in the prior calendar year plus annual local growth. Fiscal year spending is generally defined as expenditures and reserve increases with certain exceptions. Revenue, if any, in excess of the fiscal year spending limit must be refunded in the next fiscal year unless voters approve retention of such revenue.

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2017
(Continued)

I. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment - Revenue and Spending Limitation Amendment (continued)

The District's voters approved the following ballot question on May 7, 1996:

Shall Carbondale and Rural Fire Protection District's taxes be increased \$169,782 annually (maximum first full fiscal year dollar increase) beginning January 1, 1997, and by whatever additional amounts are raised annually thereafter by an ad valorem property tax levy of one and sixty-nine hundredths (1.69) mill, to be in excess of property tax revenues that would be provided by the District's operating mill levy otherwise permitted under state law without such increase (making the District's total maximum operating mill levy six and two hundred fifty-nine thousandths (6.259) mills, to constitute a voter-approved revenue and spending change?

The District's voters approved the following ballot question on November 5, 2002:

Shall the Carbondale and Rural Fire Protection District be authorized to collect, retain and expend the full revenues generated each year subsequent to 2002, to receive and expend state grants, and to receive and expend all property tax revenues for capital projects and general obligations without limiting in any year the amount of other revenue that may be collected and spent by the Carbondale and Rural Fire Protection District?

Nothing herein shall permit any increase in the property tax mill levy imposed by the Carbondale and Rural Fire Protection District without the express approval of the voters within the District's boundaries.

The District's voters approved the following ballot questions on May 4, 2004:

Shall Carbondale and Rural Fire Protection District taxes be increased up to \$415,000 annually (for collection in calendar year 2005) and by such additional amounts raised annually, thereafter by an ad valorem property tax mill levy imposed for District operations, training, and maintenance at a rate of 1.5 mills, which increase shall be in addition to the mill levy currently imposed by the District; and shall the revenue from such taxes constitute permanent voter-approved revenue changes within the meaning of Article X, Section 20 of the Colorado Constitution and an exception to the limitations set forth in Section 29-1-301 of the Colorado Revised Statutes?

Shall Carbondale and Rural Fire Protection District Debt be increased up to \$6,750,000, with a maximum repayment cost of up to \$11,500,000, and shall District taxes be increased up to \$625,000 annually for the purpose of financing the costs of providing fire protection and services, such debt to consist of the issuance and payment of general obligation bonds, which bonds shall bear interest at a maximum net effective interest rate not to exceed 5.5% per annum and be issued, dated and sold at such time or times, at such prices and in such manner and containing such terms, not inconsistent herewith, as the Board of Directors may determine; shall ad valorem property taxes be levied in any year, without limitation as to rate or amount, to pay the principal of, premium if any, and interest on such bonds as the same become due; and shall any earnings on the investment of the revenues from such taxes and on the proceeds of such bonds (regardless of amount) constitute a voter-approved revenue change within the meaning of Article X, Section 20 of the Colorado Constitution?

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2017
(Continued)

II. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment - Revenue and Spending Limitation Amendment (continued)

The District's voters approved the following ballot question on November 1, 2011:

Shall Carbondale and Rural Fire Protection District taxes be increased by \$775,236 annually for a limited two-year period, beginning in tax collection year 2012, continuing each year through tax collection year 2013 and terminating thereafter, with such increase to be deposited in the General Fund for the purpose of funding the costs of, among other things: maintaining current levels of essential firefighting and paramedic services by an additional property tax to be levied at a rate sufficient to produce \$775,236 (such mill levy to be in addition to the mill levy currently imposed by the District) as a voter-approved revenue change under Article X, Section 20 of the Colorado Constitution and authorization to exceed the limitation contained in Section 29-1-301 of the Colorado Revised Statutes?

The District's voters approved the following ballot question on November 3, 2015:

Shall Carbondale and Rural Fire Protection District taxes be increased by \$595,204 annually for a limited two-year period (for tax collection years 2016 and 2017) only with such increase to be deposited in the General Fund for the purpose of funding the costs of, among other things, maintaining current levels of essential firefighting and paramedic services, by a property tax to be levied at a rate of 1.75 mills (such mill levy to be in addition to the mill levy currently imposed by the district) as a voter-approved revenue change under Article X, Section 20 of the Colorado Constitution and authorization to exceed the limitation contained in section 29-1-301 of the Colorado Revised Statutes?

The District's voters approved the following ballot question on November 7, 2017.

Shall Carbondale and Rural Fire Protection District taxes be increased by \$630,456 annually for a limited three-year period (for tax collection years 2018, 2019, and 2020 only) with such increase to be deposited in the General Fund for the purpose of funding the costs of, among other things, maintaining current levels of essential firefighting and paramedic services, by a property tax to be levied at a rate of 1.75 mills (such mill levy to be in addition to the mill levy currently imposed by the District) as a voter-approved revenue change under Article X, Section 20 of the Colorado Constitution and authorization to exceed the limitation contained in section 29-1-301 of the Colorado Revised Statutes?

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

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2017
(Continued)

IV. Detailed Notes on All Funds

A. Deposits and Investments

The District's deposits are entirely covered by federal depository insurance ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first \$250,000 of the District's deposits at each financial institution. Deposit balances over \$250,000 are collateralized as required by PDPA.

There were no investments requiring disclosure in the fair value hierarchy.

The Investment Pool represents investments in CSAFE measured at net asset value. The District has no regulatory oversight for the pool. At December 31, 2017, the District's investments in CSAFE were 100% of the District's investment portfolio.

Interest Rate Risk As a means of limiting its exposure to interest rate risk, the District diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer and type of issuer. The District coordinates its investment maturities to closely match cash flow needs and restricts the maximum investment term to less than five years (less in some cases) from the purchase date. As a result of the limited length of maturities the District has limited its interest rate risk

Credit Risk The District's investment policy limits investments to those authorized by State statutes. The District's general investment policy is to apply the prudent-person rule: investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

Concentration of Credit Risk The District diversifies its investments by security type and institution. Financial institutions holding District funds must provide the District a copy of the certificate from the Banking Authority that states that the institution is an eligible public depository.

The District had the following cash and investments with the following maturities:

	Standard & Poors Rating	Carrying Amounts	Maturities	
			Less than one year	Less than five years
Deposits	Not rated	\$ 1,678,700	1,678,700	-
Restricted deposits [1]	Not rated	451,200	451,200	-
Investment pool	AAAm	123,243	123,243	-
		<u>\$ 2,253,143</u>	<u>2,253,143</u>	<u>-</u>

[1] Restricted as collateral for Alpine Bank note payable.

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2017
(Continued)

III. Detailed Notes on All Funds (continued)

B. Interfund Balances and Transfers

There was the following interfund transfer during 2017:

<u>Transferred to:</u>	<u>Transferred from:</u>	<u>Amount</u>	<u>Purpose</u>
Capital Projects I	General Fund	\$ 100,000	Annual transfer to CPF

Interfund balances at December 31, 2017 were as follows:

<u>Due to:</u>	<u>Due from:</u>	<u>Amount</u>	<u>Purpose</u>
Pension	General	\$ 2,940	Short-term posting
Debt Service	General	\$ 22,663	differences

C. Capital Assets

Capital asset activity for the year ended December 31, 2017, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 934,887	-	-	934,887
Total capital assets, not being depreciated	934,887	-	-	934,887
Capital assets, being depreciated:				
Fire stations and improvements	7,231,385	-	-	7,231,385
Vehicles and equipment	4,560,157	62,024	-	4,622,181
Total capital assets being depreciated	11,791,542	62,024	-	11,853,566
Less accumulated depreciation:				
Fire stations and improvements	(1,932,042)	(131,327)	-	(2,063,369)
Vehicles and equipment	(3,384,980)	(184,871)	-	(3,569,851)
Total accumulated depreciation	(5,317,022)	(316,198)	-	(5,633,220)
Total capital assets, being depreciated, net	6,474,520	(254,174)	-	6,220,346
Total Capital Assets, Net	<u>\$ 7,409,407</u>	<u>(254,174)</u>	<u>-</u>	<u>7,155,233</u>

Depreciation expense was charged to functions of the District as follows:

General and administrative	\$ 6,678
Firefighting	140,008
Emergency medical services	34,506
Communications	2,782
Station	132,224
Total Depreciation Expense	<u>\$ 316,198</u>

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2017
(Continued)

III. Detailed Notes on All Funds (continued)

D. Long-term Obligations

At December 31, 2017, the District had the following long-term obligations outstanding:

1. General Obligation Bonds, Series 2007

On September 27, 2007, the District issued \$5,579,998 in General Obligation Refunding Bonds, Series 2007, dated September 27, 2007. The Bonds have an interest rate of 4% and consist of \$5,495,000 of Current Interest Bonds and \$84,998 of Capital Appreciation Bonds. The Bonds are payable semi-annually on June 1 and December 1, with bond principal payable December 1.

The Bonds were issued to refund all \$635,000 of the Series 1996 Bonds and \$4,700,000 of the Series 2004 Bonds, leaving \$1,825,000 of the Series 2004 Bonds outstanding and payable by the District.

The Bonds were sold with a reoffering premium of \$305,045, the proceeds of which were used to pay most of the \$319,177 difference between the reacquisition price and the lower net book value of the refunded Series 2004 Bonds.

On March 27, 2017 the District advanced refunded the Series 2007 bonds in the amount of \$3,820,000 through the issuance of General Obligation Refunding Bonds, Series 2017.

2. \$900,000 Loan Payable

On May 23, 2012, the District incurred a loan payable to Alpine Bank whereby the District received \$900,000 to purchase an aerial ladder truck and tender truck for \$701,877 and \$172,092, respectively. The District restricted \$451,200 cash held at Alpine Bank as collateral for the outstanding loan principal, which is payable in 120 monthly installments of \$8,503.18, including variable rate interest at 2.5% over the Alpine Bank Money Market Rate, with the final installment of all unpaid principal and interest due on May 23, 2022.

The portion of the 2012 loan payable remaining is as follows:

Fiscal Year	Principal	Interest	Total
2018	\$ 92,268	\$ 9,770	\$ 102,038
2019	94,645	7,393	102,038
2020	97,083	4,955	102,038
2021	99,584	2,454	102,038
2022	41,548	269	41,817
	<u>\$ 425,128</u>	<u>\$ 24,841</u>	<u>\$ 449,969</u>

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2017
(Continued)

IV. Detailed Notes on All Funds (continued)

D. Long-Term Debt (continued)

3. Convertible General Obligation Refunding Bond, Series 2017

On March 28, 2017, the District issued Convertible General Obligation Refunding Bond (Taxable Note Convertible to a Tax-Exempt Bond on the Conversion Date), Series 2017 in the amount of \$3,820,000 to refund the General Obligation Refunding Bonds, Series 2007. Net proceeds after issuance costs were deposited with an escrow agent to pay the refunded 2007 bonds.

The difference in the cash flows between the old debt and the new debt resulted in a net present value savings to the District on the refunding of \$178,777

On September 7, 2017 (the "Conversion Date"), the interest rate changed from the taxable rate of 2.5% to the tax-exempt rate of 2%.

The bond is subject to redemption at the option of the District, in whole but not in part, on June 1, 2022, and on any date thereafter, upon payment of par and accrued interest, without redemption premium.

The bond has bi-annual payment dates of June 1 and December 1. The interest rates on the outstanding bond effective September 7, 2017 is 2% and the bond matures on December 1, 2024. The bond will be serviced by the Debt Service Fund.

Proceeds of the refunding bond issues were used to purchase U.S. government securities to retire outstanding issuances. Sufficient U.S. government, state and local governmental securities were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the District's financial records. The amount of defeased bonds outstanding at year-end is \$3,630,000.

The portion of the 2017 bond issue remaining is as follows:

Fiscal Year	Principal	Interest	Total
2018	\$ 505,000	\$ 75,000	\$ 580,000
2019	515,000	64,900	579,900
2020	520,000	54,600	574,600
2021	535,000	44,200	579,200
2022	550,000	33,500	583,500
2023 - 2024	1,125,000	33,800	1,158,800
	<u>\$ 3,750,000</u>	<u>\$ 306,000</u>	<u>\$ 4,056,000</u>

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2017
(Continued)

V. Detailed Notes on All Funds (continued)

D. Long-Term Debt (continued)

4. Debt Service Requirements

The District's annual debt service requirements are as follows:

Fiscal Year Ending:	General Obligation Refunding 2017	Loan Payable 2012	Total
2018	\$ 580,000	\$ 102,038	\$ 682,038
2019	579,900	102,038	681,938
2020	574,600	102,038	676,638
2021	579,200	102,038	681,238
2022	583,500	41,817	625,317
2023 - 2024	1,158,800	-	1,158,800
Total	4,056,000	449,969	4,505,969
Less: Interest			(330,841)
Debt Outstanding			\$ 4,175,128

5. Changes in Long-term Obligations

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
General Obligation Bonds:					
General Obligation, Series 2007	4,075,000	-	(4,075,000)	-	-
Refunding Bonds, Series 2017	-	3,820,000	(70,000)	3,750,000	505,000
Loan Payable	515,079	-	(89,951)	425,128	92,268
Total Long Term Debt	4,590,079	3,820,000	(4,234,951)	4,175,128	597,268
Compensated absences	164,608	22,460	-	187,068	-
Net pension liability - volunteer plan	427,636		(53,560)	374,076	-
Net pension liability - defined benefit plan	-	84,450	-	84,450	-
Total Long-term Obligations	5,182,323	3,926,910	(4,288,511)	4,820,722	597,268

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Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2017
(Continued)

IV. Detailed Notes on All Funds (continued)

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

1. FPPA Statewide Defined Benefit Plan

Plan Description The Plan is a cost-sharing multiple-employer defined benefit pension plan covering substantially all full-time employees of participating fire or police departments in Colorado hired on or after April 8, 1978 (New Hires), provided they are not already covered by a statutorily exempt plan. As of August 1, 2003, the SDBP may include clerical and other personnel from fire districts whose services are auxiliary to fire protection. As of December 31, 2016, the Plan has 216 participating employer departments.

Contributions Determined by state statute or by election of the members, contributions are set at a level that enables all benefits to be fully funded at the retirement date of all members. Employees and employers are contributing at a rate of 9% and 8% of base salary for a total contribution rate of 17% in 2016.

In 2014, the members elected to increase the member contribution rate 0.5% annually from 2015 through 2022 to a total of 12% of base salary. Employer contributions will remain at 8% resulting in a combined contribution rate of 20% in 2022.

Contributions from members and employers of plans re-entering the system are established by resolution and approved by the FPPA Board of Directors. The reentry group has a combined contribution rate of 20.5% of base salary through 2015. It is a local decision on who pays the additional 4% contribution. Per the 2014 member election, the reentry group will also have their required member contribution rate increase 0.5% annually beginning in 2015 through 2022 for a total combined member and employer contribution rate of 24% in 2022.

The contribution rate for members and employers of affiliated social security employers is 4.5% and 4% of base salary for a total contribution rate of 8.5% in 2016. Per the 2014 member election, the affiliated social security group will also have their required member contribution rate increase 0.25% annually beginning in 2015 through 2022 to a total of 6% of base salary. Employer contributions will remain at 4% resulting in a combined contribution rate of 10% in 2022.

Benefits: On May 23, 1983, the Colorado Revised Statutes were amended to allow the Trustees of the Plan to change the retirement age on an annual basis, depending upon the results of the actuarial valuation and other circumstances. The amended statutes state that retirement age should not be less than age 55 or more than age 60. The Trustees subsequently elected to amend the retirement provisions, effective July 1, 1983, such that any member with at least 25 years of service may retire at any time after age 55 and shall be eligible for a normal retirement pension.

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2017
(Continued)

IV. Detailed Notes on All Funds (continued)

E. Pension (Asset) Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

1. FPPA Statewide Defined Benefit Plan (continued)

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

In addition, upon retirement a member may receive additional benefits credited to the member's "Separate Retirement Account" each year after January 1, 1988. These are attributable to contributions in excess of the actuarially determined pension cost and the allocation of the net Fire & Police Members' Benefit Investment Fund earnings and losses thereon. Members do not vest in amounts credited to their Separate Retirement Account until retirement, and the Plan may use such stabilization reserve amounts to reduce pension cost in the event such cost exceeds contributions. It was previously mentioned that reentry members have a higher contribution rate. As a result, their Separate Retirement Account (SRA) has two components; the standard SRA and the reentry SRA. The component of a member's SRA attributable to the higher contribution rate is considered the reentry SRA. The reentry SRA cannot be used to subsidize the costs for the non-reentry members. Effective July 1, 2016, the standard Separate Retirement Account contribution rate for members of the Statewide Defined Benefit Plan was set at 0 percent. The reentry Separate Retirement Account contribution rate was set at 3.70 percent.

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

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2017
(Continued)

IV. Detailed Notes on All Funds (continued)

E. Pension (Asset) Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

1. FPPA Statewide Defined Benefit Plan (continued)

Net Pension Liability: At December 31, 2017, the District reported an liability of \$84,450 for its proportionate share of the net pension liability. The Plan's fiduciary net position is currently exceeded by the total pension liability, resulting in a liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017. The District proportion of the net pension liability was based on District contributions to the Plan for the calendar year 2016 relative to the total contributions of participating employers to the Plan.

At December 31, 2016, the District proportion was 0.233713% as compared to 0.252046% at December 31, 2015

For the year ended December 31, 2017, the District recognized pension expense of \$23,701. At December 31, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 75,403	4,295
Changes of assumptions or other inputs	57,686	-
Net difference between projected and actual earnings on pension plan investments	227,947	-
Difference between actual and reported contributions recognized	-	3,629
Changes in proportionate share of contributions	51,398	-
Contributions subsequent to the measurement date	111,802	-
Total	<u>\$ 524,236</u>	<u>7,924</u>

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2017
(Continued)

IV. Detailed Notes on All Funds (continued)

E. Pension (Asset) Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

1. FPPA Statewide Defined Benefit Plan (continued)

Contributions subsequent to the measurement date of December 31, 2016, which are reported as deferred outflows of resources related to pensions, will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. 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:

2018	\$	92,903
2019		92,903
2020		87,704
2021		39,181
2022		21,186
Thereafter		70,576
	\$	<u>404,453</u>

Actuarial Assumptions : The collective total pension liability and actuarially determined contributions in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions and other inputs.

	<u>Total Pension Liability</u>	<u>Actuarially Determined Contributions</u>
Actuarial Valuation Date	January 1, 2017	January 1, 2016
Actuarial Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level % of Payroll, Open	Level % of Payroll, Open
Amortization Period	30 Years	30 Years
Long-term investment Rate of Return*	7.5%	7.5%
Projected Salary Increases	4.0% - 14.0%	4.0% - 14.0%
Cost of Living Adjustments	0.0%	0.0%
* Includes Inflation at	2.5%	2.5

Effective January 1, 2016, the post-retirement mortality tables for non-disabled retirees is a blend of the Annuitant and Employee RP-2014 generational mortality tables with blue collar adjustment projected with Scale BB. The occupationally disabled post-retirement mortality assumption uses the same table as used for healthy annuitants, except that is a three-year set-forward, meaning a disabled member age 70 will be valued as if they were a 73 year old healthy retiree. The totally disabled post-retirement mortality assumption uses the RP-2014 generational mortality tables for disabled annuitants, except an additional provision to apply a minimum 3% mortality probability to males and 2% mortality probability for females is included to reflect substantial impairment for this population. The pre-retirement off-duty mortality tables are adjusted to 55% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00020.

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2017
(Continued)

IV. Detailed Notes on All Funds (continued)

E. Pension (Asset) Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

1. FPPA Statewide Defined Benefit Plan (continued)

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

Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Global Equity	36%	9.25%
Equity Long/Short	10%	7.35%
Illiquid Alternatives	23%	10.75%
Fixed Income	15%	4.10%
Absolute Return	10%	6.55%
Managed Futures	4%	5.50%
Cash	2%	0%*
Total	<u>100%</u>	

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

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

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

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2017
(Continued)

IV. Detailed Notes on All Funds (continued)

E. Pension (Asset) Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

1. FPPA Statewide Defined Benefit Plan (continued)

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.78% (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.50%.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: 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 (6.5%)	Assumption (7.5%)	1% Increase (8.5%)
Collective net pension liability (asset)	\$ 307,440,992	\$ 36,133,840	\$ (189,200,101)
Proportionate share of net pension liability (asset)	\$ 718,530	\$ 84,450	\$ (442,185)

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

2. FPPA Statewide Hybrid Plan

Plan Description: The Plan was established January 1, 2004 as a cost-sharing multiple-employer pension plan covering full-time firefighters and police officers from departments that elect coverage. The Plan may also cover clerical staff or other fire district personnel whose services are auxiliary to fire protection. The Plan is comprised of two components: Defined Benefit and Money Purchase. With the latter component, employees have the option of choosing among various mutual funds offered by an outside investment manager. As of December 31, 2016, the Plan has 37 participating employer departments.

Employers may not withdraw from the Plan once affiliated. The Plan assets associated with the Defined Benefit component are included in the Fire & Police Members' Benefit Investment Fund and the Plan assets associated with the Money Purchase component and Deferred Retirement Option Plan "DROP" assets are included in the Fire & Police Members' Self-Directed Investment Fund.

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2017
(Continued)

IV. Detailed Notes on All Funds (continued)

E. Pension (Asset) Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

2. FPPA Statewide Hybrid Plan (continued)

The Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. The members of this Plan and their employers are currently each contributing at the rate determined by the individual employer, however, the rate for both employer and members must be at least 8 percent of the member's base salary. The amount allocated to the Defined Benefit Component is set annually by the Fire & Police Pension Association Board of Directors. Excess contributions fund the Money Purchase Component of the Plan. The Defined Benefit Component contribution rate from July 1, 2016 through June 30, 2017 is 13.5 percent. The Defined Benefit Component contribution rate from July 1, 2014 through June 30, 2015 was 12.5 percent. The Defined Benefit Component contribution rate from July 1, 2015 to June 30, 2016 was 12.6 percent.

Within the Money Purchase Component, members are always fully vested in their own contributions, as well as the earnings on those contributions. Vesting in the employer's contributions within the Money Purchase Component, and earnings on those contributions occurs according to the vesting schedule set by the plan document at 20 percent per year after the first year of service to be 100 percent vested after 5 years of service. Employer and member contributions are invested in funds at the discretion of members.

A member may elect to make voluntary after-tax contributions to the Money Purchase Component of the Plan.

Benefits The Plan document states that any member may retire from further service and become eligible for a normal retirement pension at any time after age 55, if the member has at least 25 years of service.

The annual normal pension of the Defined Benefit Component is 1.5 percent of the average of the member's highest three years' base salary for each year of credited service. Benefits paid to retired members of the Defined Benefit Component are evaluated and may be re-determined annually on October 1. The amount of any increase is based on the Board's discretion and can range from 0 to 3 percent.

A member is eligible for early retirement at age 50 or after of 30 years of service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, a member may elect to have all contributions, along with 5 percent as interest, returned as a lump sum distribution from the Defined Benefit Component.

Alternatively, a member with at least five years of accredited service may leave contributions with the Defined Benefit Component of the Plan and remain eligible for a retirement pension at age 55 equal to 1.5 percent of the average of the member's highest three years' base salary for each year of credited service. In addition, upon termination, the vested account balance within the Money Purchase Component becomes available to the member.

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2017
(Continued)

IV. Detailed Notes on All Funds (continued)

E. Pension (Asset) Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

2. FPPA Statewide Hybrid Plan (continued)

Net Pension (Asset) Liability: At December 31, 2017, the District reported an (asset) liability of (\$73,180) for its proportionate share of the net pension liability. (The District reported an asset because the Plan's fiduciary net position exceeds the total pension liability.) The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017. The District proportion of the net pension liability was based on District contributions to the Plan for the calendar year 2016 relative to the total contributions of participating employers to the Plan.

At December 31, 2016, the District proportion was 0.672287% as compared to 0.690260% at December 31, 2015.

For the year ended December 31, 2017, the District recognized pension expense (income) of (\$19,999). At December 31, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred inflows of Resources</u>
Difference between expected and actual experience	\$ 37,669	-
Changes of assumptions or other inputs	3,246	-
Net difference between projected and actual earnings on pension plan investments	16,233	-
Difference between actual and reported contributions recognized	19,919	-
Changes in proportionate share of contributions	2,955	3,627
Contributions subsequent to the measurement date	11,323	-
Total	<u>\$ 91,345</u>	<u>3,627</u>

Contributions subsequent to the measurement date of December 31, 2016, which are reported as deferred outflows of resources related to pensions, will be recognized as a reduction of the net pension liability in the year ended December 31, 2018.

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2017
(Continued)

IV. Detailed Notes on All Funds (continued)

E. Pension (Asset) Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

2. FPPA Statewide Hybrid Plan (continued)

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:

2018	\$	14,041
2019		14,041
2020		13,732
2021		10,267
2022		8,962
Thereafter		15,356
	\$	<u>76,399</u>

Actuarial Assumptions The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions and other inputs:

	<u>Total Pension Liability</u>	<u>Actuarially Determined Contributions</u>
Actuarial Valuation Date	January 1, 2017	January 1, 2016
Actuarial Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level % of Payroll, Open	Level % of Payroll, Open
Amortization Period	30 Years	30 Years
Long-term investment Rate of Return*	7.5%	7.5%
Projected Salary Increases	4.0% - 14.0%	4.0% - 14.0%
Cost of Living Adjustments	0.0%	0.0%
* Includes Inflation at	2.5%	2.5

Effective January 1, 2016, the post-retirement mortality tables for non-disabled retirees is a blend of the Annuitant and Employee RP-2014 generational mortality tables with blue collar adjustment projected with Scale BB. The occupationally disabled post-retirement mortality assumption uses the same table as used for healthy annuitants, except that there is a three-year set-forward, meaning a disabled member age 70 will be valued as if they were a 73 year old health retiree. The totally disabled post-retirement mortality assumption uses the RP-2014 generational mortality tables for disabled annuitants, except an additional provision to apply a minimum 3% mortality probability to males and 2% mortality probability for females is included to reflect substantial impairment for this population. The pre-retirement off-duty mortality tables are adjusted to 55% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is .00020.

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2017
(Continued)

IV. Detailed Notes on All Funds (continued)

E. Pension (Asset) Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

2. FPPA Statewide Hybrid Plan (continued)

Actuarial Assumptions (continued) The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Global Equity	36%	9.25%
Equity Long/Short	10%	7.35%
Illiquid Alternatives	23%	10.75%
Fixed Income	15%	4.10%
Absolute Return	10%	6.55%
Managed Futures	4%	5.50%
Cash	2%	0%*
Total	<u>100%</u>	

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

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

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2017
(Continued)

IV. Detailed Notes on All Funds (continued)

E. Pension (Asset) Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

2. FPPA Statewide Hybrid Plan (continued)

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.78% (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.50%.

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

	1% Decrease (6.5%)	Assumption (7.5%)	1% Increase (8.5%)
Collective net pension liability (asset)	\$ (5,788,364)	\$ (10,885,237)	\$ (15,137,325)
Proportionate share of net pension liability (asset)	\$ (38,914)	\$ (73,180)	\$ (101,766)

3. Volunteer Pension Fund

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

Plan Description: The District is trustee of an agent multiple-employer defined benefit pension plan available to provide retirement income for volunteer fire fighters in recognition of their service to the District. The plan is directed by a Board of Trustees composed of the Board of Directors and volunteer firefighters selected in accordance with Colorado State Statutes. The plan is administered by the Fire and Police Pension Association of Colorado.

The plan provides for a monthly pension for volunteers who have satisfied the normal age and service requirements and pro rata pensions for volunteers who have satisfied the normal age, but only a portion of the service requirement. It further provides death benefits and a partial pension (50% of the amount the volunteer has earned) for surviving spouses. The normal age and service requirement is the latest date a volunteer reaches 50 years of age or completes 20 years of service.

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2017
(Continued)

IV. Detailed Notes on All Funds (continued)

E. Pension (Asset) Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

1. Volunteer Pension Fund (continued)

Benefits: The normal retirement benefit is \$500 per month at age 50 with 20 years of service. After at least 10 years of service, the monthly retirement benefit is \$25 per year of service up to 20 service years. The monthly short term disability benefit for line of duty injury is \$250 for not more than one year. The monthly long term disability benefit for line of duty injury is \$500 for lifetime. The monthly survivor benefits are \$250 following death in line of duty, following death in normal retirement, and following death after disability retirement. The monthly survivor benefit after at least 10 years of service is \$12.50 per year of service up to 20 service years. The funeral benefit is a one-time only \$1,000.

Contributions: The funding of the plan by the District and members is authorized by the Board of Trustees. The contribution by the State of Colorado (the "State") toward fire pension funds has been a fixed dollar amount established by the legislature and allocated pro rata to all fire pension funds in the State who apply for State matching funds, based upon the amounts contributed by the employer up to a maximum of one half (1/2) mill on the assessed valuation or 90% of District contributions, whichever is less. Since the District currently offers maximum retirement benefits of \$500 or more per month, the State will match at the level determined above but no greater than the maximum of: (1) the amount necessary to fund a pension of \$300 per month on an actuarially sound basis, and (2) the amount of State contributions provided in the prior year.

Net Pension (Asset) Liability: At December 31, 2017, the volunteer pension fund reported a net pension liability of \$374,076. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017.

Actuarial Assumptions: The following is the Pension Fund obligation based on an actuarial study dated June 30, 2017, the most recent actuarial studies available. The rate of return was assumed to be 7.5%.

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%
Salary Increases	N/A
Investment Rate of Return	7.5%
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.

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2017
(Continued)

IV. Detailed Notes on All Funds (continued)

E. Pension (Asset) Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

1. Volunteer Pension Fund (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return which eliminates the 2.5% inflation assumption, for each major asset class included in the Fund's target asset allocation as of December 31, 2016, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Rate of Return
Global Equity	36%	6.75%
Equity Long/Short	10%	4.85%
Illiquid Alternatives	23%	8.25%
Fixed Income	15%	0.50%
Absolute Return	10%	4.05%
Managed Futures	4%	3.00%
Cash	2%	0%*
Total	<u>100%</u>	

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

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.78% (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.50%.

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2017
(Continued)

IV. Detailed Notes on All Funds (continued)

E. Pension (Asset) Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

3. Volunteer Pension Fund (continued)

Sensitivity of the net pension (asset)/liability to changes in the Single Discount Rate: The following presents the plan's net pension (asset)/liability, calculated using a Single Discount Rate of 7.50%, as well as what the plan's net pension (asset)/liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher.

	1% Decrease (6.5%)	Assumption (7.5%)	1% Increase (8.5%)
Proportionate share of net pension liability (asset)	\$ 643,290	\$ 374,076	\$ 147,844

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

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions: In connection with the Plan, for the year ended December 31, 2017, the District recognized pension expense of \$28,434. At December 31, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred inflows of Resources
Difference between expected and actual experience	\$ -	167,693
Changes of assumptions or other inputs	51,899	-
Net difference between projected and actual earnings on pension plan investments	121,045	-
Contributions subsequent to the measurement date	63,229	-
Total	<u>\$ 236,173</u>	<u>167,693</u>

4. Section 457 Deferred Compensation Plan

On December 21, 2005, the District adopted an IRC Section 457 deferred compensation plan administered by the Fire and Police Pension Association of Colorado ("FPPA"). Participants may defer up to the lesser of \$11,000 or 100% of the participant's includable compensation. Participants over age 50 are eligible to contribute more than the \$11,000 limit due to a catch-up provision in the plan. The District is neither the trustee nor the administrator and has no liability under the plan.

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2017
(Continued)

V. Other Information

A. Risk Management

The District is exposed to various risks of loss related to workers compensation; general liability, unemployment, torts, theft of, damage to, and destruction of assets; and errors and omissions. The District has acquired commercial coverage for these risks and claims, if any, are not expected to exceed the commercial insurance coverage.

Effective October 1, 2000, the District joined Western Slope Health Care Group, currently with 13 local government members, for employee health and accident coverage. The plan self-insures up to \$65,000 per employee and carries commercial coverage for claims in excess of \$65,000.

B. Subsequent Event

In January of 2018, the District's fire chief retired from the District. Upon his resignation, the Board approved a separation agreement in the amount of \$140,334, which was disbursed in February 2018.

REQUIRED SUPPLEMENTARY INFORMATION

Carbondale and Rural Fire Protection District
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
General Fund
For the Year Ended December 31, 2017
With Comparative Actual Amounts for 2016

	2017			2016
	Original and Final Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Property taxes	2,581,176	2,586,455	5,279	2,540,175
Abated taxes	4,868	4,868	-	8,370
Specific ownership taxes	125,000	240,651	115,651	153,346
Interest on delinquent taxes	5,500	7,431	1,931	6,701
Charges for services:				
Emergency medical services	225,000	193,532	(31,468)	224,456
Investment income	100	84	(16)	76
Grants and contributions	-	3,906	3,906	2,189
Wildfire contracts	10,000	97,712	87,712	82,601
Miscellaneous:				
Training tuitions	500	-	(500)	225
Building rentals	9,000	14,000	5,000	5,625
Special event contracts	7,000	8,148	8,148	12,848
Other	4,000	6,025	(4,975)	17,086
Total Revenues	2,972,144	3,162,812	190,668	3,053,698
Expenditures:				
Personnel Services:				
Salaries and wages	1,557,174	1,606,683	(49,509)	1,547,039
Health benefits	395,440	361,717	33,723	362,388
Pension benefits	134,263	134,447	(184)	116,224
Section 457 contributions	13,314	12,194	1,120	9,875
Workmen's compensation	72,710	43,245	29,465	48,609
Volunteer incentive	26,813	8,262	18,551	4,425
Volunteer dinner program	9,252	4,799	4,453	5,997
Payroll taxes	21,637	26,328	(4,691)	33,075
Board members	8,000	3,525	4,475	3,225
Death and disability	35,819	35,957	(138)	31,205
Unemployment insurance	4,579	4,189	390	3,745
Total Personnel Services	2,279,001	2,241,346	37,655	2,165,807
General and Administrative:				
Insurance	61,680	41,223	20,457	48,872
Abated taxes	2,000	1,583	417	1,591
Treasurer's fees	63,674	59,487	4,187	58,747
Legal	30,840	21,564	9,276	20,492
Accounting	10,950	10,950	-	12,050
Dues and subscriptions	7,196	5,435	1,761	5,398
Freight and postage	2,134	1,313	821	1,369
Computer supplies and expenses	1,000	1,576	(576)	1,578
Board meetings	2,000	994	1,006	3,511
Election	15,000	7,860	7,140	1,258
Supplies and expenses	15,392	13,677	1,715	15,382
Fuel	12,023	12,235	(212)	9,835
Fire prevention	5,000	806	4,194	3,578
Emergency reserves	90,000	-	90,000	-
Public outreach	7,500	19,518	(19,518)	16,156
Master plan	2,000	-	2,000	1,500
Total General and Administrative	328,389	198,221	122,668	201,317
Firefighting:				
Supplies and expenses	41,365	16,632	24,733	22,297
Fuel	2,867	3,338	(471)	2,059
Incident resources	1,935	112	1,823	1,684
Wildfire expenses	2,056	23,139	(21,083)	9,627
Total Firefighting	48,223	43,221	5,002	35,667

(continued)

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

Carbondale and Rural Fire Protection District
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
General Fund
For the Year Ended December 31, 2017
With Comparative Actual Amounts for 2016
(Continued)

	2017			2016
	Original and Final Budget	Actual	Variance Positive (Negative)	Actual
Expenditures (continued):				
Emergency Medical Services:				
Supplies and expenses	38,000	38,149	(149)	34,758
Infection control	1,000	275	725	-
Physician advisor	4,000	3,500	500	3,500
Fuel	4,618	4,214	404	3,081
Total Emergency Medical Services	47,618	46,138	1,480	41,339
Communications:				
Telephone	15,150	14,361	789	15,172
Communications center	10,000	8,326	1,674	14,691
Supplies and expenses	9,202	3,950	5,252	7,363
Cell phones	3,213	2,954	259	2,828
Total Communications	37,565	29,591	7,974	40,054
Training:				
Medical	23,130	4,704	18,426	5,539
Firefighting	17,476	17,750	(274)	9,035
Paramedic program	10,000	4,278	5,722	4,516
EMT tuitions	5,140	-	5,140	402
Supplies and expenses	2,056	2,371	(315)	734
Administration	5,496	2,374	3,122	12,308
Total Training	63,298	31,477	31,821	32,534
Equipment:				
Vehicle repairs	2,606	37,375	(34,769)	1,430
Equipment testing	15,000	13,270	1,730	13,842
Vehicles supplies, parts, and tires	19,000	24,642	(5,642)	24,131
Maintenance contracts	24,632	21,908	2,724	21,452
Communications equipment	2,000	375	1,625	2,711
Computers	14,037	8,914	5,123	10,721
Portable equipment	100	189	(89)	15
Total Equipment	77,375	106,673	(29,298)	74,302
Other:				
Miscellaneous	-	83,210	(83,210)	17,508
Total Other	-	83,210	(83,210)	17,508
Station:				
Maintenance	30,426	21,905	8,521	17,953
Supplies	15,677	14,482	1,195	17,624
Utilities	62,276	61,602	674	62,380
Total Station	108,379	97,989	10,390	97,957
Total Expenditures	2,989,848	2,877,866	104,482	2,706,485
Excess (Deficiency) of Revenues Over Expenditures	(17,704)	284,946	295,150	347,213
Other Financing Sources (Uses):				
Transfer to Capital Projects Fund	(100,000)	(100,000)	-	(100,000)
Total Other Financing Sources (Uses)	(100,000)	(100,000)	-	(100,000)
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	(117,704)	184,946	295,150	247,213
Fund Balances - Beginning	1,269,698	1,305,826	36,128	1,058,613
Fund Balances - Ending	1,151,994	1,490,772	331,278	1,305,826

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

Carbondale and Rural Fire Protection District
Schedule of Changes in Net Pension Liability/(Asset)
Carbondale and Rural Fire Protection District Volunteer Pension Fund
Last 10 Fiscal Years (To be built prospectively)

Measurement period ending December 31,	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability			
Service Cost	\$ 64,271	\$ 64,271	\$ 60,555
Interest on the Total Pension Liability	190,290	185,598	192,506
Difference between Expected and Actual Experience	(175,552)	-	(162,480)
Assumption Changes	69,462	-	-
Benefit Payments	(190,225)	(184,500)	(184,525)
Net Change in Total Pension Liability	<u>(41,754)</u>	<u>65,369</u>	<u>(93,944)</u>
Total Pension Liability - Beginning	<u>2,599,033</u>	<u>2,533,664</u>	<u>2,627,608</u>
Total Pension Liability - Ending (a)	<u><u>\$ 2,557,279</u></u>	<u><u>\$ 2,599,033</u></u>	<u><u>\$ 2,533,664</u></u>
Plan Fiduciary Net Position			
Employer Contributions	\$ 55,031	\$ 64,140	\$ 71,818
Pension Plan Net Investment Income	110,503	39,150	139,016
Benefit Payments	(190,225)	(184,500)	(184,525)
Pension Plan Administrative Expense	(21,229)	(23,480)	(23,825)
State of Colorado supplemental discretionary payment	57,726	64,636	56,132
Net Change in Plan Fiduciary Net Position	<u>11,806</u>	<u>(40,054)</u>	<u>58,616</u>
Plan Fiduciary Net Position - Beginning	<u>2,171,397</u>	<u>2,211,451</u>	<u>2,152,835</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 2,183,203</u></u>	<u><u>\$ 2,171,397</u></u>	<u><u>\$ 2,211,451</u></u>
Net Pension Liability/(Asset) - Ending (a) - (b)	<u><u>\$ 374,076</u></u>	<u><u>\$ 427,636</u></u>	<u><u>\$ 322,213</u></u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	85.37%	83.55%	87.28%
Covered Employee Payroll	N/A	N/A	N/A
Net Pension Liability as a Percentage of Covered Employee Payroll	N/A	N/A	N/A

**Notes to the Schedule of Employer's Proportionate Share of the Net Pension Asset / Liability
for the Year Ended December 31, 2017:**

Note 1. Changes of assumptions.

No changes during the years presented above.

Note 2. Changes of benefit terms.

No changes during the years presented above.

Note 3. Changes of size or composition of population covered by benefit terms.

No changes during the years presented above.

Carbondale and Rural Fire Protection District
Schedule of Employer's Proportionate Share of Net Pension Liability/(Asset)
Fire and Police Association of Colorado
Last 10 Fiscal Years *

Defined Benefit:

	2016	2015	2014	2013
District's portion of the net pension liability (asset)	0.233713%	0.252046%	0.259341%	0.29345%
District's proportionate share of the net pension liability (asset)	\$ 84,449	\$ (4,443)	\$ 292,686	\$ 262,399
District's covered payroll	1,196,100	1,221,850	1,166,266	1,274,574
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	7.1%	-0.4%	25%	21%
Plan fiduciary net position as a percentage of the total pension liability	98.2%	100.1%	106.8%	105.8%

Hybrid:

	2016	2015	2014	2013
District's portion of the net pension liability (asset)	0.672288%	0.690260%	0.655657%	0.65121%
District's proportionate share of the net pension liability (asset)	\$ 73,180	\$ 72,704	\$ 77,758	\$ 66,424
District's covered payroll	108,675	113,625	101,450	105,308
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	67%	64%	77%	63%
Plan fiduciary net position as a percentage of the total pension liability	125.8%	129.4%	140.6%	139%

* Information is only available beginning in fiscal year 2014.

** Includes both plan sponsor and State of Colorado Supplemental Discretionary Payment

Notes to the Schedule of Employer's Proportionate Share of the Net Pension Asset / Liability the Year Ended December 31, 2017:

Note 1. Changes of assumptions.

No changes during the years presented above.

Note 2. Changes of benefit terms.

No changes during the years presented above.

Note 3. Changes of size or composition of population covered by benefit terms.

No changes during the years presented above.

Carbondale and Rural Fire Protection District
Schedule of District Contributions
Carbondale and Rural Fire Protection District Volunteer Pension Fund
Last 10 Fiscal Years *

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 112,757	\$ 128,363	\$ 128,363
Actual contribution**	<u>(112,757)</u>	<u>(128,776)</u>	<u>(127,950)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (413)</u>	<u>\$ 413</u>
District's covered payroll	N/A	N/A	N/A
Actual contributions as a percentage of covered payroll	N/A	N/A	N/A

* Information is only available beginning in fiscal year 2014.

** Includes both plan sponsor and State of Colorado Supplemental Discretionary Payment

Notes to the Schedule of District Contributions For the Year Ended December 31, 2017:

Note 1. Changes of assumptions.

No changes during the years presented above.

Note 2. Changes of benefit terms.

No changes during the years presented above.

Note 3. Changes of size or composition of population covered by benefit terms.

No changes during the years presented above.

**Carbondale and Rural Fire Protection District
Schedule of District Contributions
Fire and Police Pension Association of Colorado
Last 10 Fiscal Years ***

Defined Benefit:

	2016	2015	2014	2013
Statutorily required contribution	\$ 95,688	\$ 97,748	\$ 93,301	\$ 101,966
Contributions in relation to the statutorily required contribution	<u>(95,688)</u>	<u>(97,748)</u>	<u>(93,301)</u>	<u>(101,966)</u>
District's covered payroll	\$ 1,196,100	\$ 1,221,850	\$ 1,166,266	\$ 1,274,574
Contributions as a percentage of covered payroll	8%	8%	8%	8%

Hybrid:

	2016	2015	2014	2013
Statutorily required contribution	\$ 8,694	\$ 9,090	\$ 8,116	\$ 8,425
Contributions in relation to the statutorily required contribution	<u>(8,694)</u>	<u>(9,090)</u>	<u>(8,116)</u>	<u>(8,425)</u>
District's covered payroll	\$ 108,675	\$ 113,625	\$ 101,450	\$ 105,308
Contributions as a percentage of covered payroll	8%	8%	8%	8%

* Information is only available beginning in fiscal year 2014.

** Includes both plan sponsor and State of Colorado Supplemental Discretionary Payment

Notes to the Schedule of District Contributions For the Year Ended December 31, 2017:

Note 1. Changes of assumptions.

No changes during the years presented above.

Note 2. Changes of benefit terms.

No changes during the years presented above.

Note 3. Changes of size or composition of population covered by benefit terms.

No changes during the years presented above.

SUPPLEMENTARY INFORMATION

Carbondale and Rural Fire Protection District
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Debt Service Fund
For the Year Ended December 31, 2017
With Comparative Actual Amounts for 2016

	2017		2016
	Original and Final Budget	Actual	Variance Positive (Negative)
			Actual
Revenues:			
Property tax	626,682	626,682	-
Abated property tax	418	418	-
Investment income	300	1,500	1,200
Total Revenues	<u>627,400</u>	<u>628,600</u>	<u>1,200</u>
Expenditures:			
Principal	445,000	442,400	2,600
Interest	163,000	150,300	12,700
Paying agent fees	600	288	312
County Treasurer's fees	18,500	13,747	4,753
Total Expenditures	<u>627,100</u>	<u>606,735</u>	<u>20,365</u>
Excess (Deficiency) of Revenues Over Expenditures	300	21,865	21,565
Other Financing Sources (Uses):			
Debt proceeds	-	3,820,000	3,820,000
Payments to escrow agents	-	(3,752,366)	(3,752,366)
Issuance costs	-	(67,634)	(67,634)
Lawsuit settlement	-	1,934	1,934
Total Other Financing Sources	<u>-</u>	<u>1,934</u>	<u>1,934</u>
Excess of Revenues and Other Financing Sources Over Expenditures	300	23,799	23,499
Fund Balances - Beginning	<u>121,913</u>	<u>122,107</u>	<u>194</u>
Fund Balances - Ending	<u><u>122,213</u></u>	<u><u>145,906</u></u>	<u><u>23,693</u></u>
			<u><u>122,107</u></u>

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

Carbondale and Rural Fire Protection District
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Capital Projects Fund
For the Year Ended December 31, 2017
With Comparative Actual Amounts for 2016

	2017			2016
	Original and Final Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Impact fees	94,970	730	(94,240)	23,360
Grants	45,453	60,366	14,913	70,836
Net investment income	200	142	(58)	142
Miscellaneous income	-	6,650	6,650	84,000
Total Revenues	140,623	67,888	(72,735)	178,338
Expenditures:				
Fire equipment	44,500	19,436	25,064	46,101
Station improvements	10,000	-	10,000	12,329
Communication equipment	10,000	6,007	3,993	13,768
Training equipment	10,000	8,061	1,939	705
Medical equipment	5,000	2,000	3,000	62,588
Office equipment	3,000	-	3,000	12,354
Station equipment	-	20,663	(20,663)	-
Vehicles	65,000	21,137	43,863	39,610
Loans and leases:				
Copier	10,000	7,363	2,637	6,863
Aerial and tender	102,036	102,038	(2)	102,038
Total Expenditures	259,536	186,705	72,831	296,356
(Deficiency) of Revenues Over Expenditures	(118,913)	(118,817)	96	(118,018)
Other Financing Sources:				
Operating transfers in	100,000	100,000	-	100,000
Total Other Financing Sources	100,000	100,000	-	100,000
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures	(18,913)	(18,817)	96	(18,018)
Fund Balances - Beginning	595,788	633,917	38,129	651,935
Fund Balances - Ending	576,875	615,100	38,225	633,917

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

Carbondale and Rural Fire Protection District
Schedule of Revenues, Expenditures and Changes in Fund Net Position
Budget and Actual
Pension Fund
For the Year Ended December 31, 2017
With Comparative Actual Amounts for 2016

	2017			2016
	Original and Final Budget	Actual	Variance Positive (Negative)	Actual
Additions:				
Property taxes	62,894	62,894	-	55,403
State grant	49,863	49,528	(335)	57,726
Net investment income	-	326,249	326,249	127,629
Total Additions	<u>112,757</u>	<u>438,671</u>	<u>325,914</u>	<u>240,758</u>
Deductions:				
Benefits	250,000	190,200	59,800	190,225
Disability insurance	26,000	17,654	8,346	17,654
Treasurer's fees	2,000	1,731	269	1,246
Administration	20,000	39,593	(19,593)	20,701
Total Deductions	<u>298,000</u>	<u>249,178</u>	<u>48,822</u>	<u>229,826</u>
Change in Net Position	(185,243)	189,493	374,736	10,932
Net Position - Beginning	<u>2,178,247</u>	<u>2,182,329</u>	<u>4,082</u>	<u>2,171,397</u>
Net Position - Ending	<u><u>1,993,004</u></u>	<u><u>2,371,822</u></u>	<u><u>378,818</u></u>	<u><u>2,182,329</u></u>