

**CHAFFEE COUNTY FIRE PROTECTION DISTRICT**

**Financial Statements  
with  
Independent Auditors' Report**

**For the Year Ended  
December 31, 2017**

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Office of the State Auditor

July 31, 2018

# Chaffee County Fire Protection District

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## **FINANCIAL SECTION**

# CHAFFEE COUNTY FIRE PROTECTION DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

### Required Supplementary Information (RSI)

December 31, 2017

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This management's discussion and analysis of the Chaffee County Fire Protection District financial performance provides an overall review of the District's financial activities for the year ended December 31, 2017. The intent of this management's discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the financial statements and the notes to the financial statements to broaden their understanding of the District's financial performance.

#### Financial Highlights

The District offers fire protection services to over 1,000 square miles of Chaffee County, excluding the towns of Buena Vista, Salida, and the boundaries of the South Arkansas Fire Protection District. The District's assets exceeded its liabilities at the close of 2017 by \$2,506,384 (*net position*), which is an increase of \$398,134 with restatement from the prior year. Of this amount, \$2,465,384 (*unrestricted net position*) may be used to meet the District's ongoing obligations to citizens and creditors.

The District imposes a mill levy of 3.936 mills upon each dollar of the total valuation for assessment of all taxable property with the District. The property taxes received from this mill levy for the 2016 year was \$811,359. The District's net position is used for on-going operations and upcoming capital projects, repairs, maintenance and replacement of existing equipment.

The District had total revenues of \$1,341,771 in 2017 versus \$1,192,704 in 2016, an increase of \$149,067. The major difference was in part due to an increase firefighting revenue from strike team deployments and payment in lieu of water supply funds.

#### Using the Basic Financial Statements

The Basic Financial Statements consists of management's discussion and analysis (this section) and a series of financial statements and notes to those statements. The statements are organized so that the reader can understand the District as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The first statement, The Statement of Net Position, provides long and short-term information about the District's overall financial status.

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

The remaining statements are fund financial statements that focus on individual parts of the District's operations in more detail.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

# CHAFFEE COUNTY FIRE PROTECTION DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) Required Supplementary Information (RSI) December 31, 2017

### Government-Wide Financial Statements

#### Governmental Type Activities:

The District's governmental-type activity consists of the fire protection district operations. The District's fire protection district operations are supported primarily by property taxes received and charges for services.

#### Financial Analysis of the District as a Whole

Net position increased in 2017 by \$398,134 to \$2,153,380, compared to the increase in 2016 of \$26,359 to \$2,108,250.

Cash and investments of the District at December 31, 2017 totaled \$841,547 and at December 31, 2016 totaled \$775,432, not including amounts held for pension benefits, which were \$2,354,356 in 2017 and \$2,263,513 for 2016.

Capital assets, net of accumulated depreciation, of the District at December 31, 2017 totaled \$2,042,494, a net change of \$221,408.

#### Net position

A summary of the District's net position at December 31, 2017 and 2016 is as follows:

| Condensed Statement of Net Position      |              |              |
|--|--------------|--------------|
|  | 2017         | 2016         |
| Current Assets                           | \$ 1,726,531 | \$ 1,706,665 |
| Non Current Assets                       |              |              |
| Capital Assets - Net                     | 2,042,494    | 1,821,771    |
| Total Assets                             | 3,769,025    | 3,528,436    |
| Deferred Outflows of Financial Resources | 162,927      | 211,837      |
| Current Liabilities                      | 29,508       | 23,863       |
| Non Current Liabilities                  | 544,031      | 647,912      |
| Total Liabilities                        | 573,539      | 671,775      |
| Deferred Inflows of Financial Resources  |              |              |
| Unavailable Property Taxes               | 852,029      | 960,248      |
| Net Position                             |              |              |
| Restricted Net Position                  | 41,000       | 36,000       |
| Unrestricted Net Position                | 2,465,384    | 2,072,250    |
| Total Net Position                       | \$ 2,506,384 | \$ 2,108,250 |

**CHAFFEE COUNTY FIRE PROTECTION DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
Required Supplementary Information (RSI)  
December 31, 2017**

**Condensed Statement of Activities**

|                                       | <b>CONDENSED STATEMENT OF ACTIVITIES</b> |                            |
|---------------------------------------|--|----------------------------|
|                                       | <b>2017</b>                              | <b>2016</b>                |
| <b>PROGRAM REVENUES</b>               |  |                            |
| Charges for Services                  | \$ 357,047                               | \$ 214,614                 |
| Operating Grants & Contributions      | 16,733                                   | 39,433                     |
| Capital Grants & Contributions        | <u>24,914</u>                            | <u>24,914</u>              |
| Total Program Revenues                | <u>398,694</u>                           | <u>278,961</u>             |
| <b>GENERAL REVENUES</b>               |  |                            |
| Property Taxes                        | 811,359                                  | 799,197                    |
| Other Taxes                           | 112,799                                  | 91,483                     |
| Investment Earnings                   | 11,497                                   | 4,103                      |
| Other Revenues                        | <u>7,422</u>                             | <u>18,960</u>              |
| Total General Revenues and Transfers  | <u>943,077</u>                           | <u>913,743</u>             |
| Total Revenues                        | <u>1,341,771</u>                         | <u>1,192,704</u>           |
| <b>PROGRAM EXPENSES</b>               |  |                            |
| Public Safety                         | <u>988,767</u>                           | <u>1,166,345</u>           |
| Change in Net Position                | <u>353,004</u>                           | <u>26,359</u>              |
| Net Position, Beginning               | 2,108,250                                | 2,081,891                  |
| Prior Year Restatement                | <u>45,130</u>                            | <u>-</u>                   |
| Net Position, Beginning (As Restated) | <u>2,153,380</u>                         | <u>2,081,891</u>           |
| <b>Net Position, Ending</b>           | <b><u>\$ 2,506,384</u></b>               | <b><u>\$ 2,108,250</u></b> |

**Budget and Actual Comparisons**

Actual expenditures exceeded revenues by \$1,130 in 2017. Total budget revenues were more than actual by (\$59,287), while the actual expenditures were \$55,704 less than budgeted for 2017. The major portion was in Personnel Expenses.

**CHAFFEE COUNTY FIRE PROTECTION DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
Required Supplementary Information (RSI)  
December 31, 2017**

**Capital Assets**

The total accumulated depreciation for 2017 was \$221,765, with the total net increase of \$222,122, leaving a balance of \$2,042,494 in net capital assets.

The following is a summary of capital asset activity:

|  | <b>Balance<br/>12/31/16</b> | <b>Additions</b>  | <b>Deletions</b> | <b>Balance<br/>12/31/17</b> |
|--|-----------------------------|-------------------|------------------|-----------------------------|
| Capital assets not being depreciated   |                             |                   |                  |                             |
| Land                                   | \$ 183,016                  | \$ -              | \$ -             | \$ 183,016                  |
| Capital assets being depreciated       |                             |                   |                  |                             |
| Buildings and improvements             | 725,339                     | 186,048           | -                | 911,387                     |
| Equipment                              | 633,789                     | 33,298            | 9,060            | 658,027                     |
| Vehicles and accessories               | 2,806,952                   | 205,016           | -                | 3,011,968                   |
| Total capital assets being depreciated | 4,166,080                   | 424,362           | 9,060            | 4,581,382                   |
| Total capital assets                   | 4,349,096                   | 424,362           | 9,060            | 4,764,398                   |
| Accumulated depreciation               |                             |                   |                  |                             |
| Buildings and improvements             | (220,181)                   | (28,395)          | -                | (248,576)                   |
| Equipment                              | (370,812)                   | (49,824)          | (8,703)          | (411,933)                   |
| Vehicles and accessories               | (1,937,017)                 | (124,378)         | -                | (2,061,395)                 |
| Total accumulated depreciation         | (2,528,010)                 | (202,597)         | (8,703)          | (2,721,904)                 |
| Net capital assets being depreciated   | 1,638,070                   | 221,765           | 357              | 1,859,478                   |
| <b>Net capital assets</b>              | <b>\$ 1,821,086</b>         | <b>\$ 221,765</b> | <b>\$ 357</b>    | <b>\$ 2,042,494</b>         |

**Long Term Obligations**

The District also posted an addition of accrued compensated absences in the amount of \$1,924 totaling \$6,752.

Additional information on the long term obligations can be found in Note 5 of the financial statements.

The following is a summary of long term obligations:

|                                    | <b>Balance<br/>12/31/16</b> | <b>Additions</b> | <b>Repayments</b> | <b>Balance<br/>12/31/17</b> | <b>Current<br/>Portion</b> |
|------------------------------------|-----------------------------|------------------|-------------------|-----------------------------|----------------------------|
| 2013 Copier Lease                  | \$ 3,734                    | \$ -             | \$ 3,734          | \$ -                        | \$ -                       |
| 2017 Copier Lease                  | -                           | 9,400            | 138               | 9,262                       | 1,704                      |
| Accrued Compensated Absences       | 4,827                       | 1,924            | -                 | 6,752                       | -                          |
| <b>Total Long-Term Liabilities</b> | <b>\$ 8,561</b>             | <b>\$ 11,324</b> | <b>\$ 3,872</b>   | <b>\$ 16,014</b>            | <b>\$ 1,704</b>            |

# CHAFFEE COUNTY FIRE PROTECTION DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) Required Supplementary Information (RSI) December 31, 2017

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### **The Future of the District**

The District is in the process of developing a strategic plan to outline the future of any possible capital projects, apparatus replacement, or staffing. The District will continue to move in maintaining the equipment in place and the replacement of critical equipment that has become obsolete or fails service tests. Conversions of Self Contained Breathing Apparatus (SCBA), replacement of fire hose attack lines and nozzles will be a major expense for 2017. Grants will continue to be a major focus to assist in replacement of equipment now and into the future. The District will maintain its wildland program to deploy resources on major fires and provide supplemental income to the District.

### **Request for Information**

The financial report is designed to provide information for regulatory reporting to federal and state agencies and those with an interest in the District's finances. Questions concerning this or any additional information should be addressed to Chaffee County Fire Protection District, 499 Antero Cir, Buena Vista CO 81211.

# Holscher, Mayberry & Company, LLC

Certified Public Accountants

Member of the American Institute of Certified Public Accountants  
Governmental Audit Quality Center  
and Private Company Practice Section

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Board of Directors  
Chaffee County Fire Protection District  
Buena Vista, Colorado

## Independent Auditors' Report

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Chaffee County Fire Protection District as of and for the year ended December 31, 2017, and the related notes to the financial statements which collectively comprise the basic financial statements of the District, as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' 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 controls. 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.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Chaffee County Fire Protection District, Colorado, as of December 31, 2017, and the respective changes in financial position, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Report on Summarized Comparative Information**

We have previously audited the Chaffee County Fire Protection District's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 20, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Emphasis of Matter**

As discussed in Note 8 to the financial statements, the 2016 financial statements have been restated to reflect the recording of an additional receivable in the General Fund and Governmental Activities. Our opinion is not modified with respect to this matter.

**Other Matters**

*Required Supplementary Information – Management's Discussion and Analysis and Pension Schedules*

Accounting principles generally accepted in the United States of America require that a management's discussion and analysis on pages M1 – M5 and pension schedules on pages 35 - 39 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.

*Required Supplementary Information – General Fund Budgetary Comparison Schedule and Other Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. Accounting principles generally accepted in the United States of America require that the General Fund budgetary comparison schedule page 40 be presented as supplementary information. 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. The schedules listed as other supplementary information page 41 are presented for purposes of additional analysis and are not a required part of the financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the 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.



Englewood, Colorado  
June 5, 2018

## **Basic Financial Statements**

**CHAFFEE COUNTY FIRE PROTECTION DISTRICT**

**Statement of Net Position  
December 31, 2017**

|   | <u>Governmental<br/>Activities</u> |
|---|------------------------------------|
| <b>ASSETS AND DEFERRED OUTFLOWS</b>                                   |                                    |
| <b>ASSETS</b>   |                                    |
| Current Assets  |                                    |
| Cash and Equivalents  | \$ 533,141                         |
| Investments   | 308,406                            |
| Cash with Fiscal Agent  | 9,799                              |
| Property Tax Receivable   | 853,734                            |
| Accounts Receivable   | 19,909                             |
| Accrued Interest Receivable   | 1,542                              |
| Total Current Assets  | <u>1,726,531</u>                   |
| Noncurrent Assets   |                                    |
| Capital Assets Not Being Depreciated                                  | 183,016                            |
| Capital Assets Being Depreciated, net                                 | 1,859,478                          |
| Total Noncurrent Assets   | <u>2,042,494</u>                   |
| Total Assets  | <u>3,769,025</u>                   |
| <b>DEFERRED OUTFLOWS OF FINANCIAL RESOURCES</b>                       |                                    |
| Contributions Subsequent to Measurement Date                          | 15,971                             |
| Difference between Projected and Actual Investment Returns - Net      | 125,311                            |
| Difference between Projected and Actual Pension Plan Experience - net | 12,263                             |
| Change in Assumptions   | 9,382                              |
| Total Deferred Outflows   | <u>162,927</u>                     |
| <b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>                             | <b><u>\$ 3,931,952</u></b>         |
| <b>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>                 |                                    |
| <b>LIABILITIES</b>  |                                    |
| Current Liabilities   |                                    |
| Accounts Payable  | \$ 21,156                          |
| Accrued Payroll   | 8,352                              |
| Total Current Liabilities   | <u>29,508</u>                      |
| Noncurrent Liabilities  |                                    |
| Due Within One Year   | 1,704                              |
| Due in Excess of One Year   | 542,327                            |
| Total Noncurrent Liabilities  | <u>544,031</u>                     |
| Total Liabilities   | <u>573,539</u>                     |
| <b>DEFERRED INFLOWS OF FINANCIAL RESOURCES</b>                        |                                    |
| Deferred Property Taxes   | 854,984                            |
| Difference between Projected and Actual Pension Experience - Net      | (13,567)                           |
| Change in Proportionate Share of Net Pension Asset                    | 10,612                             |
| Total Deferred Inflows  | <u>852,029</u>                     |
| <b>NET POSITION</b>   |                                    |
| Restricted Net Position   | 41,000                             |
| Unrestricted Net Position   | 2,465,384                          |
| Total Net Position  | <u>2,506,384</u>                   |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>           | <b><u>\$ 3,931,952</u></b>         |

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

**CHAFFEE COUNTY FIRE PROTECTION DISTRICT**

**Statement of Activities  
Year Ended December 31, 2017**

| Function/Program                            | Expenses          | Program Revenues        |  | Governmental<br>Activities | Net (Expense)<br>Revenue and<br>Change in Net<br>Position |
|---|-------------------|-------------------------|--|----------------------------|---|
|   |                   | Charges for<br>Services | Operating<br>Grants and<br>Contributions |                            |   |
| Governmental Activities:                    |                   |                         |  |                            |   |
| Public Safety                               | <u>\$ 988,767</u> | <u>\$ 357,047</u>       | <u>\$ 16,733</u>                         | <u>\$ 24,914</u>           | <u>\$ (590,073)</u>                                       |
| General Revenues:                           |                   |                         |  |                            |   |
| Property Taxes, levied for general purposes |                   |                         |  |                            | 811,359   |
| Specific Ownership Taxes                    |                   |                         |  |                            | 112,799   |
| Investment Earnings                         |                   |                         |  |                            | 11,497  |
| Other Revenues                              |                   |                         |  |                            | <u>7,422</u>  |
| Total General Revenues                      |                   |                         |  |                            | <u>943,077</u>  |
| Change in Net Position                      |                   |                         |  |                            | <u>353,004</u>  |
| Net Position, Beginning                     |                   |                         |  |                            | 2,108,250   |
| Prior Year Restatement                      |                   |                         |  |                            | <u>45,130</u>   |
| Net Position, Beginning (As Restated)       |                   |                         |  |                            | <u>2,153,380</u>  |
| Net Position, Ending                        |                   |                         |  |                            | <u>\$ 2,506,384</u>                                       |

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

**CHAFFEE COUNTY FIRE PROTECTION DISTRICT**

**Balance Sheet - Governmental Fund**

**December 31, 2017**

**(With Comparative Totals for December 31, 2016)**

|  | <b>General Fund</b> |                     |
|--|---------------------|---------------------|
|  | <b>2017</b>         | <b>2016</b>         |
| <b>ASSETS</b>  |                     |                     |
| Cash and Equivalents                                 | \$ 533,141          | \$ 470,087          |
| Investments  | 308,406             | 305,345             |
| Cash with Fiscal Agent                               | 9,799               | 7,342               |
| Property Tax Receivable                              | 853,734             | 884,763             |
| Accounts Receivable                                  | 19,909              | 36,961              |
| Accrued Interest Receivable                          | 1,542               | 1,417               |
| Deposits and Other Assets                            | -                   | 750                 |
| Total Assets   | <u>\$ 1,726,531</u> | <u>\$ 1,706,665</u> |
| <b>LIABILITIES DEFERRED INFLOWS AND FUND BALANCE</b> |                     |                     |
| <b>LIABILITIES</b>                                   |                     |                     |
| Accounts Payable                                     | \$ 21,156           | \$ 16,847           |
| Accrued Payroll                                      | 8,352               | 7,016               |
| Total Liabilities                                    | <u>29,508</u>       | <u>23,863</u>       |
| <b>DEFERRED INFLOWS OF FINANCIAL RESOURCES</b>       |                     |                     |
| Deferred Property Taxes                              | <u>854,984</u>      | <u>884,763</u>      |
| <b>FUND BALANCE</b>                                  |                     |                     |
| Nonspendable   | -                   | 750                 |
| Restricted for Emergencies                           | 41,000              | 36,000              |
| Unassigned   | 801,039             | 761,289             |
| Total Fund Balance                                   | <u>842,039</u>      | <u>798,039</u>      |
| Total Liabilities, Deferred Inflows and Fund Balance | <u>\$ 1,726,531</u> | <u>\$ 1,706,665</u> |

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

**CHAFFEE COUNTY FIRE PROTECTION DISTRICT**

**Reconciliation of Governmental Fund Balance to Governmental  
Activities Net Position  
December 31, 2017**

Fund Balance - Governmental Funds \$ 842,039

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

|                          |                    |           |
|--------------------------|--------------------|-----------|
| Capital Assets           | 4,764,398          |           |
| Accumulated Depreciation | <u>(2,721,904)</u> | 2,042,494 |

Long-term liabilities, including capital leases and notes payable are not due and payable in the current period and, therefore, are not reported in the funds:

|                              |                |          |
|------------------------------|----------------|----------|
| Capital Leases Payable       | (9,262)        |          |
| Accrued Compensated Absences | <u>(6,752)</u> | (16,014) |

Certain long-term pension related costs and adjustments are not available to pay or are payable currently and are therefore not reported in the funds

|  |              |                  |
|--|--------------|------------------|
| Net pension liability  | (528,017)    |                  |
| Contributions subsequent to measurement date                                   | 15,971       |                  |
| Difference between projected and actual investment returns on the pension plan | 258,642      |                  |
| Amortization of the investment return difference                               | (133,331)    |                  |
| Difference between projected and actual pension plan experience                | 14,289       |                  |
| Amortization of the experience difference                                      | (2,026)      |                  |
| Change in Assumptions  | 11,668       |                  |
| Amortization of Change in Assumptions  | (2,286)      |                  |
| Difference between projected and actual pension plan experience                | (88,554)     |                  |
| Amortization of the experience difference                                      | 102,121      |                  |
| Change in proportionate share of the net pension liability                     | (15,820)     |                  |
| Amortization of the change in proportion                                       | <u>5,208</u> | <u>(362,135)</u> |

Net Position - Governmental Activities \$ 2,506,384

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

**CHAFFEE COUNTY FIRE PROTECTION DISTRICT**

**Statement of Revenues, Expenditures and Changes in Fund Balance -  
Governmental Fund  
Year Ended December 31, 2017  
(With Comparative Totals for the Year Ended December 31, 2016)**

|   | <b>General Fund</b> |                   |
|---|---------------------|-------------------|
|   | <b>2017</b>         | <b>2016</b>       |
| <b>REVENUES</b>                                 |                     |                   |
| Taxes   | \$ 924,158          | \$ 890,680        |
| Intergovernmental                               | 41,647              | 64,347            |
| Charges for Services                            | 357,047             | 214,614           |
| Investment Earnings                             | 11,497              | 4,103             |
| Other Revenues                                  | 7,779               | 18,960            |
| Total Revenues                                  | <u>1,342,128</u>    | <u>1,192,704</u>  |
| <b>EXPENDITURES</b>                             |                     |                   |
| Current   |                     |                   |
| Public Safety (Operations)                      | 802,405             | 749,584           |
| Pension Expenses                                | 144,607             | 142,698           |
| Capital Outlay                                  | 405,646             | 100,688           |
| Total Expenditures                              | <u>1,352,658</u>    | <u>992,970</u>    |
| Revenues in Excess (Deficiency) of Expenditures | (10,530)            | 199,734           |
| Other Financing Sources                         |                     |                   |
| Capital Lease Proceeds                          | 9,400               | -                 |
| Change in Fund Balance                          | <u>(1,130)</u>      | <u>199,734</u>    |
| Fund Balance, Beginning                         | 798,039             | 598,305           |
| Prior Period Restatement                        | 45,130              | -                 |
| Fund Balance, Beginning (As Restated)           | <u>843,169</u>      | <u>598,305</u>    |
| Fund Balance, Ending                            | <u>\$ 842,039</u>   | <u>\$ 798,039</u> |

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

**CHAFFEE COUNTY FIRE PROTECTION DISTRICT**

**Reconciliation of Governmental Fund Change in Fund Balance to  
Governmental Activities Change in Net Position  
Year Ended December 31, 2017**

Change in Fund Balance - Governmental Funds \$ (1,130)

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

Purchases of capital assets are expensed in the funds and depreciated for the statement of activities while capital asset deletions are not reported in the funds:

|                                       |              |         |
|---------------------------------------|--------------|---------|
| Capital Outlay                        | 424,362      |         |
| Depreciation Expense                  | (202,597)    |         |
| Gain (loss) on Capital Asset Disposal | <u>(357)</u> | 221,408 |

Principal payments are reported as expenses in the funds and reductions of liabilities on the statement of net position, while new capital leases are reported as revenues in the funds:

|                         |                |         |
|-------------------------|----------------|---------|
| Capital Lease Principal | 3,872          |         |
| Capital Lease Proceeds  | <u>(9,400)</u> | (5,528) |

Pension expense at the fund level represents cash contributions to the defined benefit plan. For the activity level presentation, the amount represents the actuarial cost of the benefits for the fiscal year.

|   |            |         |
|---|------------|---------|
| Change in contributions subsequent to the measurement date                      | 409        |         |
| Current year projected to actual investment return difference                   | (3,149)    |         |
| Current year amortization of overall investment return differences              | (51,513)   |         |
| Change in net pension asset/liability   | 110,649    |         |
| Current year projected to actual pension plan experience difference             | 56,512     |         |
| Current year amortization of overall experience differences                     | 26,033     |         |
| Current year change in proportionate share of cost-sharing plan asset/liability | 881        |         |
| Current year amortization of overall proportionate share differences            | <u>357</u> | 140,179 |

Accrued compensated absences are expensed when paid in the funds and are recorded as long-term obligations for the statement of net position

|  |  |                |
|--|--|----------------|
| Change in Accrued Compensated Absences |  | <u>(1,925)</u> |
|--|--|----------------|

|  |                   |
|--|-------------------|
| Change in Net Position - Governmental Activities | <u>\$ 353,004</u> |
|--|-------------------|

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

**CHAFFEE COUNTY FIRE PROTECTION DISTRICT**

**Statement of Fiduciary Net Position -  
Pension Trust Fund  
December 31, 2017  
(With Comparative Totals for December 31, 2016)**

|                                    | <u>2017</u>         | <u>2016</u>         |
|------------------------------------|---------------------|---------------------|
| <b>ASSETS</b>                      |                     |                     |
| Restricted Cash and Investments    | \$ 2,354,356        | \$ 2,263,513        |
| Accounts Receivable                | 41,357              | -                   |
| Accrued Interest Receivable        | -                   | 5,830               |
| Total Assets                       | <u>2,395,713</u>    | <u>2,269,343</u>    |
| <b>NET POSITION</b>                |                     |                     |
| Restricted for Retirement Benefits | <u>\$ 2,395,713</u> | <u>\$ 2,269,343</u> |

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

**CHAFFEE COUNTY FIRE PROTECTION DISTRICT**

**Statement of Changes in Fiduciary Net Position -  
Pension Trust Fund**

**Year Ended December 31, 2017**

**(With Comparative Totals for the Year Ended December 31, 2016)**

|                                  | <u>2017</u>         | <u>2016</u>         |
|----------------------------------|---------------------|---------------------|
| <b>ADDITIONS:</b>                |                     |                     |
| Contributions                    |                     |                     |
| State Matching Contribution      | \$ 41,357           | \$ 41,357           |
| District Contributions           | 103,250             | 101,341             |
| Investment Earnings              | 166,877             | 68,588              |
| Total Additions                  | <u>311,484</u>      | <u>211,286</u>      |
| <b>DEDUCTIONS:</b>               |                     |                     |
| Pension Benefit Payments         | 166,348             | 164,282             |
| Other Administrative             | 1                   | -                   |
| Accounting                       | 1,303               | 821                 |
| Actuarial Study                  | -                   | 10,260              |
| Legal Fees                       | -                   | 1,365               |
| Investment Fees                  | 17,462              | 10,122              |
| Total Deductions                 | <u>185,114</u>      | <u>186,850</u>      |
| Change in Fiduciary Net Position | 126,370             | 24,436              |
| Net Position, Beginning          | 2,269,343           | 2,244,907           |
| Net Position, Ending             | <u>\$ 2,395,713</u> | <u>\$ 2,269,343</u> |

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

## **CHAFFEE COUNTY FIRE PROTECTION DISTRICT**

### **NOTES TO FINANCIAL STATEMENTS**

**December 31, 2017**

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

The financial statements of Chaffee County Fire Protection District have been prepared in conformity with 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 following summary of significant accounting policies is presented to assist the reader in evaluating the District's financial statements.

#### **REPORTING ENTITY**

Chaffee County Fire Protection District is a quasi-municipal corporation governed by an elected five-member board of directors. The District is governed pursuant to provisions of the Colorado Special District Act. The District was established in 1975 to provide fire protection services to Chaffee County, excluding the towns of Buena Vista and Salida, and a portion of Chaffee County served by another district. As required by generally accepted accounting principles, these financial statements present the Chaffee County Fire Protection District (the primary government) and its component units. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable, or other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the District's financial statements to be misleading or incomplete. Based upon the foregoing criteria, there are no component units included in the accompanying financial statements, nor is the District a component unit of another entity.

#### **BASIC FINANCIAL STATEMENTS**

Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize primary activities as either governmental or business-type. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Government-wide financial statements report information about the reporting government as a whole. These statements focus on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the year. These aggregated statements consist of the Statement of Net Position and the Statement of Activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or business-type activities are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or business-type activity. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or business-type activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or business type activity. Taxes and other items not included among program revenues are reported instead as general revenues.

## CHAFFEE COUNTY FIRE PROTECTION DISTRICT

### NOTES TO FINANCIAL STATEMENTS

December 31, 2017

#### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### **BASIC FINANCIAL STATEMENTS** (Continued)

Fund financial statements report information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified as governmental, proprietary, and fiduciary. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Non-major funds are consolidated into a single column in the financial section of the basic financial statements. The District's operations consist of a General Fund (governmental) and a Pension Trust Fund.

The District's fiduciary fund is presented in the fund financial statements by type. Since by definition these assets are being held for the benefit of a third party (other local governments, individuals, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

##### **MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on general long-term debt which is recognized when due.

## CHAFFEE COUNTY FIRE PROTECTION DISTRICT

### NOTES TO FINANCIAL STATEMENTS

December 31, 2017

#### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### **MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION** (Continued)

The District reports the following major governmental fund:

###### General Fund

This fund accounts for the financial resources of the District which are not accounted for in any other fund. Principal sources of revenue are property taxes, intergovernmental revenue and interest. Primary expenditures are for fire protection and general administration. Additionally, the District reports the following fund type:

The District also reports the following fiduciary fund:

###### Pension Trust Fund

The District has established the Chaffee County Fire Protection District Pension Fund (Volunteer Firefighters) to provide pension and other benefits to the volunteer firefighters and their dependents (Note 4).

##### **BUDGETS**

The District adopts an annual budget for all funds which are all prepared on the modified accrual basis of accounting. The District may authorize supplemental appropriations during the budget year. All budgetary appropriations lapse at year-end.

Colorado statutes provide the following timetable which is followed in the adoption of budgets:

- (1) Submission of the proposed budget to the local governing body by October 15 of each year.
- (2) Certification of mill levies to the Board of County Commissioners by December 15.
- (3) Final adoption of budget and appropriations by December 31 of each year.
- (4) Property taxes are due by April 30 of each year if paid in full, or in two installments due February 28 and June 15 of each year.
- (5) Liens are placed on property for which taxes are delinquent in November of each year.

##### **ENCUMBRANCES**

The District does not utilize encumbrance accounting.

##### **ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE**

###### **Cash and Cash Equivalents**

The District's cash and cash equivalents include cash in bank, certificates of deposit with a maturity date of three months or less and liquid investments as part of its cash and cash equivalents.

**CHAFFEE COUNTY FIRE PROTECTION DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2017**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE (Continued)**

**Receivables**

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. The District has not recorded an allowance against outstanding receivables.

Governmental funds report deferred inflows of resources, as further described below in connection with receivables for revenues that are not considered to be available to liquidate liabilities for the current period. At the end of the current year, these receivables consisted of property taxes levied in 2017 and due in 2018.

**Capital Assets**

Capital assets, which include land, machinery and equipment (furniture, vehicles, computers, etc.), are reported in the Governmental Activities column of the Government-Wide Financial Statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated or annexed capital assets are recorded at estimated market value at the date of donation or annexation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Position. Depreciation on the remaining capital assets is provided on the straight-line basis over the following estimated useful lives:

|                            |             |
|----------------------------|-------------|
| Buildings and Improvements | 10-40 years |
| Equipment                  | 5-25 years  |
| Vehicles and Accessories   | 10-30 years |

**Deferred Outflows and Inflows of Financial Resources**

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents an use of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until that time. The government has pension related items, which arises only under the full accrual basis of accounting that qualifies for reporting in this category. Accordingly, the items, contributions subsequent to measurement date and difference between projected and actual investment returns, are reported in the governmental activities statement of net position. These amounts are deferred and recognized as an outflow of resources in the period that the amounts become due.

# CHAFFEE COUNTY FIRE PROTECTION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

December 31, 2017

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE** (Continued)

##### **Deferred Outflows and Inflows of Financial Resources**

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has two types of items, property taxes, which arises both under the full accrual and modified accrual basis of accounting, and pension related items that only are reported under full accrual, that qualify for reporting in this category. The property tax item, unavailable revenue, is reported in both the governmental activities statement of net position and in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred inflow is recorded at December 31. As the tax is collected in the succeeding year, the deferred inflow is recognized as revenue and the receivable is reduced. The pension items are the difference between projected and actual pension experience, and changes in the District's proportionate share of the underlying pension asset or liability. The pension differences and changes are amortized based on the requirements of GASB Statement 68.

##### **Accrued Leave**

The District's policy is to pay out all accrued but unused vacation leave and compensatory time, and up to 80 hours of accrued but unused sick leave at the current rate of pay upon an employee's resignation; provided that an employee who resigns while a disciplinary action is pending shall not be paid for accrued but unused sick leave. An employee may carryover up to 80 hours of accrued vacation into the next fiscal year, however, sick leave is not carried over. Upon retirement from the District an employee is eligible for payment of all unused sick leave, vacation time, and compensatory time. Employees who are terminated for disciplinary reasons are paid for accrued but unused compensatory time and vacation time, but are not paid for accrued but unused sick leave.

##### **Long-Term Obligation**

Long-term debt is reported at face value, net of applicable discounts and deferred gains or charges on refunding. Costs related to the issuance of debt are expensed when incurred. Long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statements of net position.

**CHAFFEE COUNTY FIRE PROTECTION DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2017**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES  
AND NET POSITION/FUND BALANCE (Continued)**

**Net Position/Fund Balance**

In the government-wide financial statements, net position is either shown as net investment in capital assets, with these assets essentially being nonexpendable; restricted when constraints placed on the net position are externally imposed; or unrestricted.

For the governmental fund presentation, fund balances that are classified as “nonspendable” include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts. The District currently does not have this category of fund balance.

Fund balance is reported as “restricted” when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. The District’s restricted fund balance represents the funds set aside to satisfy the TABOR emergency reserve requirement discussed in Note 6.

Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors, are reported as “committed” fund balance. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts. The District currently has no committed funds.

Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, are reported as “assigned” fund balance. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. The District currently has assigned fund balances for specific uses as well as through the adoption of the 2017 budget.

**CHAFFEE COUNTY FIRE PROTECTION DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2017

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE** (Continued)

**Net Position/Fund Balance Flow Assumptions**

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**Use of Estimates**

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates that affect amounts reported in the financial statements during the reporting period. Actual results could differ from such estimates.

**NOTE 2: CASH AND INVESTMENTS**

The District's cash and investment balances are comprised of the following:

|                                  |                     |
|----------------------------------|---------------------|
| Cash and equivalents             | \$ 26,295           |
| Investment bank deposits         | 308,406             |
| Restricted pension bank deposits | <u>307,934</u>      |
| Total bank deposits              | <u>642,635</u>      |
| Investments (cash equivalent)    | 506,845             |
| Restricted pension investments   | <u>2,046,423</u>    |
| Total investments                | <u>2,553,268</u>    |
| Total cash and investments       | <u>\$ 3,195,903</u> |

The cash and investments are presented in the financial statements as follows:

|   |                     |
|---|---------------------|
| Cash and equivalents                    | \$ 533,140          |
| Investments                             | 308,406             |
| Restricted pension cash and investments | <u>2,354,357</u>    |
| Total cash and investments              | <u>\$ 3,195,903</u> |

**CHAFFEE COUNTY FIRE PROTECTION DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2017**

**NOTE 2: CASH AND INVESTMENTS (Continued)**

**DEPOSITS**

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. The District's deposit policy is in accordance with CRS 11-10.5-101, The Colorado Public Deposit Protection Act (PDPA), which governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels (\$250,000) must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The institution's internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized.

The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and December 31, 2017, all of the District's deposits as shown below were either insured by federal depository insurance or collateralized under PDPA and are therefore not deemed to be exposed to custodial credit risk.

The District's deposits are categorized as follows:

|                         | Bank<br>Balance   | Book<br>Balance   |
|-------------------------|-------------------|-------------------|
| FDIC insured deposits   | \$ 557,934        | \$ 557,934        |
| PDPA collateralized *   | 86,007            | 84,701            |
| Total cash and deposits | <u>\$ 643,941</u> | <u>\$ 642,635</u> |

\* - Not in District's name

**CHAFFEE COUNTY FIRE PROTECTION DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2017**

**NOTE 2: CASH AND INVESTMENTS (Continued)**

**INVESTMENTS**

The following are the major categories of assets and liabilities measured at fair value on a recurring basis during the year ended December 31, 2017 using quoted market prices in active markets (Level 1), significant observable inputs for similar assets (Level 2) and significant unobservable inputs (Level 3):

|                              | Level 1 | Level 2     | Level 3 | Uncategorized | Total       | Weighted<br>Avg Mat |
|------------------------------|---------|-------------|---------|---------------|-------------|---------------------|
| Investment Pools             | \$ -    | \$ -        | \$ -    | \$ 506,845    | \$ 506,845  | -                   |
| Pension Mutual Funds         | -       | 1,768,496   | -       | -             | 1,768,496   | -                   |
| Pension Treasury Investments | -       | 277,926     | -       | -             | 277,926     | 11.43               |
| Total Investments            | \$ -    | \$2,046,422 | \$ -    | \$ 506,845    | \$2,553,267 | 1.24                |

The District's local government pool investment, further described below, is not subject to categorization or the fair value disclosures.

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis:

- **Mutual Funds and Treasury Investments:** Valued and quoted market prices.

The District recognizes transfers between levels in the fair value hierarchy at the end of the reporting period. During 2017, there were no changes in the methods or assumptions utilized to derive the fair value of the District's assets and liabilities.

Credit Risk

Colorado statutes specify which instruments units of local government may invest, which include:

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of the U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Noninsured trust pension plans with a bank or trust company authorized to exercise trust powers in this state as a trustee.

The District's investment policy limits its investments to those allowed by Colorado Revised Statute 31-30-1113 as described above, and as otherwise indicated in the statute.

**CHAFFEE COUNTY FIRE PROTECTION DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2017**

**NOTE 2: CASH AND INVESTMENTS (Continued)**

**INVESTMENTS (Continued)**

The District has invested \$506,845 in the Colorado Government Liquid Asset Trust (Colotrust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. Investments of the Trusts consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury securities. A designated custodial bank provides safekeeping and depository services to the Trusts in connection with the direct investment and withdrawal functions of the Trusts. Substantially all securities owned by the Trusts are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the Trusts. Colotrust is rated AAAM by Standard and Poor's.

Concentration of Credit Risk

The District places no limit on the amount that may be invested in any one issuer.

Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of December 31, 2017, the District's pension investments were held by UBS Financial Services, Inc.

**PENSION INVESTMENTS**

At December 31, 2017, the District's pension investments consisted of the following:

| <u>Investment Type</u>           | <u>Fair Value</u>   | <u>Wgtd Avg Maturity</u> |
|----------------------------------|---------------------|--------------------------|
| Mutual Funds                     | \$ 1,768,496        | -                        |
| Fixed Income Certificates        | 307,934             | 4.00                     |
| U.S. Treasuries                  | 277,926             | 11.43                    |
| <b>Total Pension Investments</b> | <b>\$ 2,354,356</b> | <b>1.87</b>              |

**CHAFFEE COUNTY FIRE PROTECTION DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
December 31, 2017**

**NOTE 2: CASH AND INVESTMENTS (Continued)**

**PENSION INVESTMENTS (Continued)**

The following is an allocation of the pension balances by individual investment:

| <u>Allocation of Balances</u>                        | <u>Fair Value</u>          | <u>% of Total</u>     |
|--|----------------------------|-----------------------|
| <u>U.S. Treasury Bonds and Strips</u>                | \$ 277,926                 | 11.80%                |
| <u>Mutual Funds</u>                                  |                            |                       |
| Premier U.S Government Money Portfolio Instl Invesco | 117,649                    | 5.00%                 |
| UBS US Allocation Fund                               | 149,614                    | 6.35%                 |
| Pacific Funds Floating Rate Income Fund              | 202,142                    | 8.59%                 |
| All Other Mutual Funds                               | 1,299,091                  | 55.18%                |
| <u>Cash Deposits</u>                                 | <u>307,934</u>             | <u>13.08%</u>         |
| <b>Total Pension Investments</b>                     | <b><u>\$ 2,354,356</u></b> | <b><u>100.00%</u></b> |

**NOTE 3: CAPITAL ASSETS**

Capital Asset Activity for the year ended December 31, 2017 was as follows:

|  | <u>Balance<br/>12/31/16</u> | <u>Additions</u>         | <u>Deletions</u>     | <u>Balance<br/>12/31/17</u> |
|--|-----------------------------|--------------------------|----------------------|-----------------------------|
| Capital assets not being depreciated   |                             |                          |                      |                             |
| Land                                   | \$ 183,016                  | \$ -                     | \$ -                 | \$ 183,016                  |
| Capital assets being depreciated       |                             |                          |                      |                             |
| Buildings and improvements             | 725,339                     | 186,048                  | -                    | 911,387                     |
| Equipment                              | 633,789                     | 33,298                   | 9,060                | 658,027                     |
| Vehicles and accessories               | <u>2,806,952</u>            | <u>205,016</u>           | <u>-</u>             | <u>3,011,968</u>            |
| Total capital assets being depreciated | <u>4,166,080</u>            | <u>424,362</u>           | <u>9,060</u>         | <u>4,581,382</u>            |
| Total capital assets                   | <u>4,349,096</u>            | <u>424,362</u>           | <u>9,060</u>         | <u>4,764,398</u>            |
| Accumulated depreciation               |                             |                          |                      |                             |
| Buildings and improvements             | (220,181)                   | (28,395)                 | -                    | (248,576)                   |
| Equipment                              | (370,812)                   | (49,824)                 | (8,703)              | (411,933)                   |
| Vehicles and accessories               | <u>(1,937,017)</u>          | <u>(124,378)</u>         | <u>-</u>             | <u>(2,061,395)</u>          |
| Total accumulated depreciation         | <u>(2,528,010)</u>          | <u>(202,597)</u>         | <u>(8,703)</u>       | <u>(2,721,904)</u>          |
| Net capital assets being depreciated   | <u>1,638,070</u>            | <u>221,765</u>           | <u>357</u>           | <u>1,859,478</u>            |
| <b>Net capital assets</b>              | <b><u>\$ 1,821,086</u></b>  | <b><u>\$ 221,765</u></b> | <b><u>\$ 357</u></b> | <b><u>\$ 2,042,494</u></b>  |

## CHAFFEE COUNTY FIRE PROTECTION DISTRICT

### NOTES TO FINANCIAL STATEMENTS

December 31, 2017

#### NOTE 4: PENSION PLANS

##### VOLUNTEER FIREMEN'S PENSION FUND

###### **Plan Description**

The District is trustee of a single-employer defined benefit pension plan for all volunteer firefighters. The plan is included as pension trust fund in the District's financial statements. The plan is administered by a Board of Trustees composed of the five members of the District's Board of Directors and two District volunteer, retired volunteer or active retiree firefighters selected in accordance with Colorado State Statutes. The plan provides normal retirement benefits as well disability and survivor benefits. In 2017, the regular benefit was \$440 per month or a prorated benefit after 10 year of qualified service, the greater of one half the benefits for normal retirement of \$225 per month for temporary disability, \$450 per month for full disability and a 50% death benefit. Any eligible firefighter may begin receiving a monthly pension upon attaining age 50. The plan does issue stand-alone financial statements.

###### **Funding Policy**

The Volunteer Firefighter's Pension Plan receives contributions from the District in an amount not to exceed one mill of property tax revenue. The District is currently contributing on the basis of .5 mills on the assessed valuation. Because the District's monthly benefit exceeds \$300, the State of Colorado contributes the greater of (a) the contribution amount that would have been actuarially required if the monthly pension benefit was \$300 in the immediately preceding year, or (b) the highest State contribution the District received in 1998 through 2001. The State's contribution may not exceed the amount of revenue that would be generated from a .5 mill tax on the District's net assessed valuation in the immediately preceding year. The District received \$41,357 from the State for its contribution match of the District's \$103,250 contribution. The District had received the State's contribution by December 31, 2017, but it was not remitted to the plan until 2018. The \$41,357 was recorded as a receivable at year end.

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

At December 31, 2017, the District reported pension assets of \$2,395,714 and a total pension liability of \$2,909,997, for a net pension liability of \$639,351. The net pension asset or liability was measured as of January 1, 2016, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2016. Standard update procedures were used to roll forward the total pension liability to December 31, 2017.

**CHAFFEE COUNTY FIRE PROTECTION DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2017**

**NOTE 4: PENSION PLANS (Continued)**

**VOLUNTEER FIREMEN'S PENSION FUND (Continued)**

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

For the year ended December 31, 2017, the District recognized pension expense of \$692. 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 | Deferred Inflows |
|--|-------------------|------------------|
| Difference between expected and actual                               | \$ -              | \$ (13,103)      |
| Net difference between projected and actual earnings on pension plan | \$ 128,304        | \$ -             |
| Total  | \$ 128,304        | \$ (13,103)      |

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

| Year Ended June 30: | Amortization Amount |
|---------------------|---------------------|
| 2017                | \$ (12,697)         |
| 2018                | \$ (38,297)         |
| 2019                | \$ (53,075)         |
| 2020                | \$ (14,491)         |
| 2021                | \$ 3,359            |
| Total               | \$ (115,201)        |

**CHAFFEE COUNTY FIRE PROTECTION DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
December 31, 2017**

**NOTE 4: PENSION PLANS (Continued)**

**VOLUNTEER FIREMEN'S PENSION FUND (Continued)**

*Actuarial assumptions.* The actuarially determined contribution was determined as part of the January 1, 2016 actuarial valuation using the entry age actuarial cost method with a level amount open amortization period with 20-year remaining amortization. Actuarial assumptions included the following:

1. Long Term Expected Rate of Return – 5.75% per annum, compounded annually
2. Retirement - Age 50 and 20 years of service
3. Disability - Graduated rates for all disabilities
4. Mortality – RP-2000 Combined Mortality Table projected 15 years from the valuation date
5. Separation - Graduated rates for all withdrawals
6. Experience Pensioners – RP-2000 projected 7 years from the valuation date.
7. Disability – 1983 Railroad Retirement Board Totally Disabled Annuitants Mortality Table
8. Marital Status - 90% married, with males 3 years older
9. Asset Valuation – Market value
10. Inflation rate – 3.5%
11. Inactive plan members are expected to reach 20 years of total service at a rate of 25%.

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 and by adding expected inflation. Best estimates of rates of return for each major asset class included in the pension plan's target asset allocation as of the valuation date are summarized in the following table (note that the rates shown below include the inflation component):

| <b>Asset Class</b>   | <b>Long-Term Expected Rate of Return</b> |
|----------------------|--|
| Domestic Equity      | 10.43%                                   |
| International Equity | 10.51%                                   |
| Fixed Income         | 4.15%                                    |
| Cash                 | 3.46%                                    |

**CHAFFEE COUNTY FIRE PROTECTION DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**

**NOTE 4: PENSION PLANS** (Continued)

**VOLUNTEER FIREMEN'S PENSION FUND** (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). The District's discount rate used to measure the total pension liability was 5.75%. The projection of cash flows used to determine the discount rate assumed that the District contributions will continue to follow the current funding policy. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Had there been a point where assets were projected to be depleted, a municipal bond rate of 3.20% would have been used in the development of the blended GASB discount rate after that point. The 3.20% rate is based on the S&P Municipal Bond 20 Year High Grade Rate Index.

*Sensitivity of the proportionate share of the net pension asset (liability) to changes in the discount rate.* The following presents the plan's net pension liability, calculated using a Single Discount Rate of 5.75%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

|  | 1% Decrease<br>(4.75%) | Current<br>Discount Rate<br>(5.75%) | 1% Increase<br>(6.75%) |
|--|------------------------|-------------------------------------|------------------------|
| Proportionate share of the net pension asset (liability) | \$ (782,860)           | \$ (514,283)                        | \$ (291,004)           |

**Plan Membership**

As of the January 1, 2016 actuarial study, pension plan membership consisted of the following:

|  |           |
|--|-----------|
| Inactive plan members or beneficiaries currently receiving | 41        |
| Inactive plan members entitled to but not yet receiving    | 19        |
| Active plan members  | <u>37</u> |
| Total  | <u>97</u> |

**CHAFFEE COUNTY FIRE PROTECTION DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
December 31, 2017**

**NOTE 4: PENSION PLANS (Continued)**

**VOLUNTEER FIREMEN'S PENSION FUND (Continued)**

**Schedule of Changes in the Volunteer Net Pension Liability**

The following is a schedule of the changes in both the total pension liability and the net pension liability for the year ended December 31, 2017:

| <b>Schedule of Changes in District's Net Pension Liability and Related Ratios</b> |                     |
|---|---------------------|
| <u>Total Pension Liability</u>  | <u>2017</u>         |
| Service cost  | \$ 91,139           |
| Interest  | 28,167              |
| Differences between expected and actual experience                                | 48,345              |
| Benefit payments  | <u>(166,348)</u>    |
| Net changes in total pension liability  | 1,303               |
| Total Pension Liability - beginning   | <u>2,908,694</u>    |
| Total Pension Liability - ending (a)  | <u>\$ 2,909,997</u> |
| <br>  |                     |
| <u>Plan Fiduciary Net Position</u>  |                     |
| Contributions - employer  | \$ 144,607          |
| Contributions - employee  | -                   |
| Net investment Income   | 149,415             |
| Benefit payments, including refunds of employee contributions                     | (166,348)           |
| Administrative expense  | (1,303)             |
| Other   | <u>-</u>            |
| Net change in plan fiduciary net position   | 126,371             |
| Plan fiduciary net position - beginning   | <u>2,269,343</u>    |
| Plan fiduciary net position - ending(b)   | <u>\$ 2,395,714</u> |
| <br>  |                     |
| District's net pension liability - ending (a)-(b)                                 | <u>\$ 514,283</u>   |

There were no changes in the benefit terms, assumptions, or other inputs during the fiscal year.

## CHAFFEE COUNTY FIRE PROTECTION DISTRICT

### NOTES TO FINANCIAL STATEMENTS

December 31, 2017

#### NOTE 4: PENSION PLANS (Continued)

##### STATEWIDE DEFINED BENEFIT PLAN (FPPA)

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

*Pensions.* The District participates in the Statewide Defined Benefit Plan (SWDB), a cost-sharing multiple-employer defined benefit pension fund administered by the Fire & Police Pension Association of Colorado ("FPPA"). The net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the SWDB have been determined using the accrual basis of accounting as required by the accounting principles and reporting guidelines as set forth by the Governmental Accounting Standards Board. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

*Plan description.* Eligible employees of the District are provided with pensions through the Statewide Defined Benefit Plan (SWDB) - a cost-sharing multiple-employer defined benefit pension plan administered by FPPA. Plan benefits are specified in Title 31, Articles 30, 30.5 and 31 of the Colorado Revised Statutes (C.R.S.), rules and regulations codified by the Fire and Police Pension Association, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. FPPA issues a publicly available comprehensive annual financial report, the most recent of which is for the fiscal year ended December 31, 2016, that can be obtained at:

[http://fppaco.org/pdfs/annual\\_audit\\_actuarial\\_reports/annual%20reports/2014%20FPPA%20CAFR.pdf](http://fppaco.org/pdfs/annual_audit_actuarial_reports/annual%20reports/2014%20FPPA%20CAFR.pdf).

*Benefits provided.* A member is eligible for a normal retirement pension once the member has completed twenty-five years of credited service and has attained the age of 55.

The annual normal retirement benefit is 2 percent of the average of the member's highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter. The benefit earned prior to January 1, 2007 for members of affiliated Social Security employers will be reduced by the amount of Social Security income payable to the member annually. Effective January 1, 2007, members currently covered under Social Security will receive half the benefit when compared to the 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.

**CHAFFEE COUNTY FIRE PROTECTION DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2017**

**NOTE 4: PENSION PLANS (Continued)**

**STATEWIDE DEFINED BENEFIT PLAN (FPPA) (Continued)**

**General Information about the Pension Plan**

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

*Contributions.* The Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. Contribution rates for the SWDB plan are set by state statute. Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or election of the membership.

Members of the SWDB plan and their employers are contributing at the rate of 8 percent of base salary for a total contribution rate of 16 percent through 2015. Member contribution rates will increase 0.5 percent annually through 2022 to a total of 12 percent of base salary. Employer contributions will remain at 8 percent resulting in a combined contribution rate of 20 percent in 2022.

Contributions from members and employers of departments re-entering the system are established by resolution and approved by the FPPA Board of Directors. The re-entry group has a combined contribution rate of 20 percent of base salary through 2015. It is a local decision as to whether the member or employer pays the additional 4 percent contribution. Per the 2015 member election, the re-entry group will also have their required member contribution rate increase 0.5 percent annually beginning in 2015 through 2022 for a total combined member and employer contribution rate of 24 percent in 2022.

The contribution rate for members and employers of affiliated social security employers is 4 percent of base salary for a total contribution rate of 8 percent through 2014. Per the 2015 member election, members of the affiliate social security group will have their required contribution rate increase 0.25 percent annually beginning in 2015 through 2022 to a total of 6 percent of base salary. Employer contributions will remain at 4 percent resulting in a combined contribution rate of 10 percent in 2022.

Employer contributions are recognized by FPPA in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to FPPA. Employer contributions recognized by the FPPA from the District were \$15,072 for the plan year ended December 31, 2015 and \$15,562 for the fiscal year ended December 31, 2016. The current year contributions will be expensed in 2016 for FPPA purposes and are a timing difference at year end.

**CHAFFEE COUNTY FIRE PROTECTION DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2017**

**NOTE 4: PENSION PLANS (Continued)**

**STATEWIDE DEFINED BENEFIT PLAN (FPPA) (Continued)**

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

At December 31, 2017, the District reported a liability of \$13,734 for its proportionate share of the SWDB's net pension asset. The net pension asset or liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2017. The District's proportion of the net pension asset was based on District's contributions to the SWDB for the calendar year 2016 relative to the total contributions of participating employers to the SWDB.

At December 31, 2017, the District's proportion was .03877%, which was a decrease of .01978% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2017 the District recognized pension expense of \$22,133. 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 | Deferred Inflows   |
|--|-------------------|--------------------|
| Difference between expected and actual experience  | \$ 12,262         | \$ (697)           |
| Changes of assumptions or other inputs   | \$ 9,382          | \$ -               |
| Net difference between projected and actual earnings on pension plan   | \$ 37,071         | \$ -               |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis | \$ -              | \$ (10,612)        |
| Contributions subsequent to the measurement date   | \$ 16,971         | \$ -               |
| <b>Total</b>   | <b>\$ 75,686</b>  | <b>\$ (11,309)</b> |

\$16,971 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as an adjustment of the net pension asset in the year ended December 31, 2018.

**CHAFFEE COUNTY FIRE PROTECTION DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
December 31, 2017**

**NOTE 4: PENSION PLANS (Continued)**

**STATEWIDE DEFINED BENEFIT PLAN (FPPA) (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (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 Ended December 31: | Amortization Amount |
|-------------------------|---------------------|
| 2018                    | \$ (12,678)         |
| 2019                    | (12,676)            |
| 2020                    | (11,834)            |
| 2021                    | (3,939)             |
| 2022                    | (1,014)             |
| Thereafter              | (5,265)             |
| Total                   | \$ (47,406)         |

*Actuarial assumptions.* The total pension liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs:

|   |                          |
|---|--------------------------|
| Actuarial method  | Entry Age Normal         |
| Amortization method   | Level % of Payroll, Open |
| Amortization period   | 30 Years                 |
| Long-term investment rate of return, net of pension plan investment expenses, including price inflation * | 7.50%                    |
| Salary increase, including wage inflation   | 4.00-14.00%              |
| Cost of Living Adjustments (COLA)   | 0.00%                    |
| * Includes inflation at   | 2.50%                    |

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 there 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.

**CHAFFEE COUNTY FIRE PROTECTION DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**

**NOTE 4: PENSION PLANS (Continued)**

**STATEWIDE DEFINED BENEFIT PLAN (FPPA) (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (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 plan's target asset allocation as of December 31, 2016 are summarized in the following table:

| <b>Asset Class</b>    | <b>Target Allocation</b> | <b>Long-Term Expected Rate of Return</b> |
|-----------------------|--------------------------|--|
| Global Equity         | 36.00%                   | 9.25%                                    |
| Equity Long/Short     | 10.00%                   | 7.35%                                    |
| Illiquid Alternatives | 23.00%                   | 10.75%                                   |
| Fixed Income          | 15.00%                   | 4.10%                                    |
| Absolute Return       | 10.00%                   | 6.55%                                    |
| Managed Futures       | 4.00%                    | 5.50%                                    |
| Cash                  | 2.00%                    | 0.00% *                                  |
| Total                 | 100.00%                  |  |

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

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

**CHAFFEE COUNTY FIRE PROTECTION DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
December 31, 2017**

**NOTE 4: PENSION PLANS (Continued)**

**STATEWIDE DEFINED BENEFIT PLAN (FPPA) (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (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 proportionate share of the net pension asset (liability) to changes in the discount rate.* The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.50%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

|  | 1% Decrease<br>(6.5%) | Current<br>Discount Rate<br>(7.5%) | 1% Increase<br>(8.5%) |
|--|-----------------------|------------------------------------|-----------------------|
| Proportionate share of the net pension asset (liability) | \$ (116,856)          | \$ (13,734)                        | \$ 71,914             |

**NOTE 5: LONG-TERM OBLIGATIONS**

**Capital Lease Payable**

In March 2013, the District entered into a lease agreement for the purchase of a copier. Assets acquired under this lease totaled \$9,060 and had a remaining basis of \$357. The lease required 60 monthly lease payments of \$203 and bore interest at an imputed rate of 15%. This lease was repaid through the District entering into a new copier lease agreement described below.

In November 2017, the District entered into a lease agreement for the purchase of a copier. Assets acquired under this lease totaled \$9,400 and had a remaining basis of \$7,520. The lease requires 60 monthly lease payments of \$177 and bears interest at an imputed rate of 5% through November 2022.

**CHAFFEE COUNTY FIRE PROTECTION DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
December 31, 2017**

**NOTE 5: LONG-TERM OBLIGATIONS**

**Changes in Long-Term Obligations**

The following is a summary of changes in long term obligations of the District for December 31, 2017:

|                                    | <u>Balance</u><br><u>12/31/16</u> | <u>Additions</u>        | <u>Repayments</u>      | <u>Balance</u><br><u>12/31/17</u> | <u>Current</u><br><u>Portion</u> | <u>Interest</u><br><u>Expense</u> |
|------------------------------------|-----------------------------------|-------------------------|------------------------|-----------------------------------|----------------------------------|-----------------------------------|
| 2013 Copier Lease                  | \$ 3,734                          | \$ -                    | \$ 3,734               | \$ -                              | \$ -                             | \$ 419                            |
| 2017 Copier Lease                  | -                                 | 9,400                   | 138                    | 9,262                             | 1,704                            | 39                                |
| Accrued Compensated Absences       | 4,827                             | 1,924                   | -                      | 6,752                             | -                                | -                                 |
| <b>Total Long-Term Liabilities</b> | <b><u>\$ 8,561</u></b>            | <b><u>\$ 11,324</u></b> | <b><u>\$ 3,872</u></b> | <b><u>\$ 16,014</u></b>           | <b><u>\$ 1,704</u></b>           | <b><u>\$ 458</u></b>              |

Payments on the outstanding long-term obligations will be due as follows:

| <u>Year</u>                          | <u>Payment</u>  |
|--------------------------------------|-----------------|
| 2018                                 | \$ 2,129        |
| 2019                                 | 2,129           |
| 2020                                 | 2,129           |
| 2021                                 | 2,129           |
| 2022                                 | <u>1,951</u>    |
| Future minimum lease payments        | 10,467          |
| Less: Interest at 5% (estimated)     | <u>(1,205)</u>  |
| Net present value of future payments | <u>\$ 9,262</u> |

**NOTE 6: FUND BALANCE RESERVATIONS/APPROPRIATIONS**

**Emergency Reserve**

On November 3, 1992, the voters of Colorado approved Amendment 1, commonly known as the TABOR Amendment, which adds a new Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue, and debt limitations, which apply to the State of Colorado, all local governments, and special districts.

The District's financial activity for the year ended December 31, 2017 will provide the basis for calculation of future limitations adjusted for allowable increases tied to inflation and local growth. Subsequent to December 31, 2017, revenue in excess of the District's "spending limit" must be refunded unless voters approve the retention of such excess revenue. TABOR generally requires voter approval for any new tax, tax increases, and new debt.

In November, 1994, the District's electorate approved a resolution to permit the District to retain and spend all non-tax revenues in each fiscal year beginning 1995 without regards to the limitations of TABOR.

**CHAFFEE COUNTY FIRE PROTECTION DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2017**

**NOTE 6: FUND BALANCE RESERVATIONS/APPROPRIATIONS (Continued)**

**Emergency Reserve (Continued)**

TABOR is extremely complex and subject to interpretation. Ultimate implementation may depend upon litigation and legislative guidance.

The District has made the following fund balance reservation as a result of Article X, Section 20 (TABOR) of the Colorado Constitution:

Emergency Reserve

The Article requires an emergency reserve be set aside for 2017 in the amount of 3% or more of its fiscal year spending. At December 31, 2017, the District has reserved \$41,000 in the General Fund for emergencies.

The District believes it is in compliance with the provisions of the TABOR Amendment.

**NOTE 7: RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to firemen; and natural disasters. The District purchases commercial insurance and for all risks of loss. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

**NOTE 8: PRIOR YEAR RESTATEMENT**

The District has restated the beginning equity in the General Fund and Governmental Activities effective December 31, 2016 for a Wildland claim that should have been recorded as a receivable. The restatement resulted in an increase in both equity balances of \$45,130.

**NOTE 9: BUDGET VIOLATION**

The District's expenditures exceeded adopted appropriations in the Pension Trust Fund by \$11,314 which may be a violation of Colorado statutes.

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**REQUIRED SUPPLEMENTARY INFORMATION**  
**(Pension Schedules Unaudited)**

**CHAFFEE COUNTY FIRE PROTECTION DISTRICT**

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE  
NET PENSION ASSET (LIABILITY)  
FPPA Pension Plan  
Last 10 Fiscal Years<sup>(1)</sup>**

|   | <u>12/31/17</u> | <u>12/31/16</u> | <u>12/31/15</u> | <u>12/31/14</u> |
|---|-----------------|-----------------|-----------------|-----------------|
| District's proportion of the net pension asset (liability)  | 0.038009%       | 0.038864%       | 0.043504%       | 0.018232%       |
| District's proportionate share of the net pension asset (liability)   | \$ (13,734)     | \$ 685          | \$ 49,097       | \$ 16,303       |
| District's covered-employee payroll   | \$ 194,525      | \$ 188,400      | \$ 195,638      | \$ 79,188       |
| District's proportionate share of the net pension asset (liability) as a percentage of covered-employee payroll | 7.06%           | 0.36%           | 25.10%          | 20.59%          |
| Plan fiduciary net position as a percentage of the total pension liability                                      | 98.21%          | 100.10%         | 106.83%         | 105.83%         |

**Note:** All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

<sup>(1)</sup> - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

**CHAFFEE COUNTY FIRE PROTECTION DISTRICT**

**SCHEDULE OF DISTRICT CONTRIBUTIONS  
FPPA Pension Plan  
Last 10 Fiscal Years<sup>(1)</sup>**

|   | <u>12/31/17</u> | <u>12/31/16</u> | <u>12/31/15</u> | <u>12/31/14</u> |
|---|-----------------|-----------------|-----------------|-----------------|
| Contractually required contributions                      | \$ 15,562       | \$ 15,072       | \$ 15,651       | \$ 6,335        |
| Actual contributions                                      | <u>(15,562)</u> | <u>(15,072)</u> | <u>(15,651)</u> | <u>(6,335)</u>  |
| Contribution deficiency (excess)                          | <u>\$ -</u>     | <u>\$ -</u>     | <u>\$ -</u>     | <u>\$ -</u>     |
| District's covered-employee payroll                       | \$ 194,525      | \$ 188,400      | \$ 195,638      | \$ 79,188       |
| Contributions as a percentage of covered-employee payroll | 8.00%           | 8.00%           | 8.00%           | 8.00%           |

**Note:** All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

<sup>(1)</sup> - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

**CHAFFEE COUNTY FIRE PROTECTION DISTRICT**

**SCHEDULE OF CHANGES IN THE DISTRICT'S NET PENSION LIABILITY**

**Volunteer Pension Plan**

**Last 10 Fiscal Years(1)**

|   | <u>12/31/2017</u>     | <u>12/31/2016</u>     | <u>12/31/2015</u>     |
|---|-----------------------|-----------------------|-----------------------|
| <u>Total Pension Liability</u>                                |                       |                       |                       |
| Service cost  | \$ 91,139             | \$ 91,139             | \$ 91,139             |
| Interest  | 28,167                | 119,115               | 167,225               |
| Changes of benefit terms                                      | -                     | -                     | -                     |
| Differences between expected and actual experience            | 48,345                | (33,526)              | (102,394)             |
| Changes of assumptions  | -                     | -                     | -                     |
| Benefit payments  | <u>(166,348)</u>      | <u>(164,282)</u>      | <u>(153,692)</u>      |
| Net changes in total pension liability                        | 1,303                 | 12,446                | 2,278                 |
| Total Pension Liability - beginning                           | <u>2,908,694</u>      | <u>2,896,248</u>      | <u>2,893,970</u>      |
| Total Pension Liability - ending (a)                          | <u>\$ 2,909,997</u>   | <u>\$ 2,908,694</u>   | <u>\$ 2,896,248</u>   |
| <br><u>Plan Fiduciary Net Position</u>                        |                       |                       |                       |
| Contributions - employer                                      | \$ 144,607            | \$ 142,698            | \$ 135,156            |
| Contributions - employee                                      | -                     | -                     | -                     |
| Net investment Income   | 149,415               | 58,466                | (10,356)              |
| Benefit payments, including refunds of employee contributions | (166,348)             | (164,282)             | (153,692)             |
| Administrative expense  | (1,303)               | (12,446)              | (2,385)               |
| Other   | <u>-</u>              | <u>-</u>              | <u>-</u>              |
| Net change in plan fiduciary net position                     | 126,371               | 24,436                | (31,277)              |
| Plan fiduciary net position - beginning                       | <u>2,269,343</u>      | <u>2,244,907</u>      | <u>2,276,184</u>      |
| Plan fiduciary net position - ending(b)                       | <u>\$ 2,395,714</u>   | <u>\$ 2,269,343</u>   | <u>\$ 2,244,907</u>   |
| <br>District's net pension liability - ending (a)-(b)         | <br><u>\$ 514,283</u> | <br><u>\$ 639,351</u> | <br><u>\$ 651,341</u> |

Note: There were no factors that significantly affected trends in the amounts reported.

(1) - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

**CHAFFEE COUNTY FIRE PROTECTION DISTRICT**

**SCHEDULE OF THE DISTRICT'S NET PENSION LIABILITY AND RELATED RATIOS**

**Volunteer Pension Plan**

**Last 10 Fiscal Years(1)**

|   | <u>12/31/2017</u>  | <u>12/31/2016</u>  | <u>12/31/15</u>    | <u>12/31/14</u>    |
|---|--------------------|--------------------|--------------------|--------------------|
| Total Pension Liability                                       | \$ 2,909,997       | \$ 2,908,694       | \$ 2,896,248       | \$ 2,893,970       |
| Plan's Fiduciary Net Position                                 | <u>(2,395,714)</u> | <u>(2,269,343)</u> | <u>(2,244,907)</u> | <u>(2,276,184)</u> |
| Net Pension Liability   | <u>\$ 514,283</u>  | <u>\$ 639,351</u>  | <u>\$ 651,341</u>  | <u>\$ 617,786</u>  |
| Plan's Fiduciary Net Position as % of Total Pension Liability | <u>82.33%</u>      | <u>78.02%</u>      | <u>77.51%</u>      | <u>78.65%</u>      |
| Covered-Employee Payroll                                      | \$ _____ -         | \$ _____ -         | \$ _____ -         | \$ _____ -         |
| Net Pension Liability as a % of Covered-employee Payroll      | <u>N/A</u>         | <u>N/A</u>         | <u>N/A</u>         | <u>N/A</u>         |

Note: There were no factors that significantly affected trends in the amounts reported.

(1) - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

**CHAFFEE COUNTY FIRE PROTECTION DISTRICT**

**SCHEDULE OF ACTUARIAL DETERMINED AND ACTUAL CONTRIBUTIONS  
Volunteer Pension Plan  
Last 10 Fiscal Years(1)**

|  | <u>2017</u>     | <u>2016</u>     | <u>2015</u>     | <u>2014</u>     | <u>2013</u>      | <u>2012</u>      | <u>2011</u>        | <u>2010</u>        | <u>2009</u>        |
|--|-----------------|-----------------|-----------------|-----------------|------------------|------------------|--------------------|--------------------|--------------------|
| Actuarially determined contributions                         | \$ 149,569      | \$ 149,569      | \$ 141,242      | \$ 141,242      | \$ 155,849       | \$ 155,849       | \$ 116,181         | \$ 116,181         | \$ 110,373         |
| Actual contributions   | <u>144,607</u>  | <u>142,698</u>  | <u>135,156</u>  | <u>134,666</u>  | <u>139,969</u>   | <u>138,623</u>   | <u>149,805</u>     | <u>147,886</u>     | <u>134,628</u>     |
| Contribution deficiency (excess)                             | <u>\$ 4,962</u> | <u>\$ 6,871</u> | <u>\$ 6,086</u> | <u>\$ 6,576</u> | <u>\$ 15,880</u> | <u>\$ 17,226</u> | <u>\$ (33,624)</u> | <u>\$ (31,705)</u> | <u>\$ (24,255)</u> |
| District's covered-employee payroll                          | \$ -            | \$ -            | \$ -            | \$ -            | \$ -             | \$ -             | \$ -               | \$ -               | \$ -               |
| Contributions as a percentage<br>of covered-employee payroll | <u>N/A</u>      | <u>N/A</u>      | <u>N/A</u>      | <u>N/A</u>      | <u>N/A</u>       | <u>N/A</u>       | <u>N/A</u>         | <u>N/A</u>         | <u>N/A</u>         |

Note: See Note 4 of the Basic Financial Statements for significant methods and assumptions used in calculating the actuarially determined calculations. There were no factors that significantly affected trends in the amounts reported.

(1) - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

## **Required Supplementary Information**

**CHAFFEE COUNTY FIRE PROTECTION DISTRICT**

**Budgetary Comparison Schedule -  
General Fund  
Year Ended December 31, 2017**

|   | <b>2017</b>                |                         |                   |   |                        |
|---|----------------------------|-------------------------|-------------------|---|------------------------|
|   | <b>Original<br/>Budget</b> | <b>Final<br/>Budget</b> | <b>Actual</b>     | <b>Variance<br/>w/ Final<br/>Budget</b> | <b>2016<br/>Actual</b> |
| <b>REVENUES</b>                                 |                            |                         |                   |   |                        |
| Taxes   |                            |                         |                   |   |                        |
| Property Taxes                                  | \$ 812,099                 | \$ 812,500              | \$ 808,533        | \$ (3,967)                              | \$ 796,737             |
| Specific Ownership Taxes                        | 85,000                     | 101,000                 | 112,799           | 11,799                                  | 91,483                 |
| Delinquent Taxes, Penalties and Interest        | <u>2,206</u>               | <u>2,206</u>            | <u>2,826</u>      | <u>620</u>                              | <u>2,460</u>           |
| <b>Total Taxes</b>                              | <b>899,305</b>             | <b>915,706</b>          | <b>924,158</b>    | <b>8,452</b>                            | <b>890,680</b>         |
| Intergovernmental                               |                            |                         |                   |   |                        |
| Grants  | -                          | 4,300                   | -                 | (4,300)                                 | 7,586                  |
| State Matching Contribution                     | 41,357                     | 41,357                  | 41,357            | -                                       | 41,357                 |
| Impact Assistance                               | <u>6,000</u>               | <u>6,000</u>            | <u>290</u>        | <u>(5,710)</u>                          | <u>15,404</u>          |
| <b>Total Intergovernmental</b>                  | <b>47,357</b>              | <b>51,657</b>           | <b>41,647</b>     | <b>(10,010)</b>                         | <b>64,347</b>          |
| Charges for Services                            |                            |                         |                   |   |                        |
| Rents   | 1,500                      | 185,000                 | 159,954           | (25,046)                                | 92,576                 |
| Special Services                                | 19,200                     | 223,200                 | 195,949           | (27,251)                                | 119,038                |
| Other Services                                  | <u>2,300</u>               | <u>2,300</u>            | <u>1,144</u>      | <u>(1,156)</u>                          | <u>3,000</u>           |
| <b>Total Charges for Services</b>               | <b>23,000</b>              | <b>410,500</b>          | <b>357,047</b>    | <b>(53,453)</b>                         | <b>214,614</b>         |
| Investment Earnings                             | <u>3,653</u>               | <u>10,053</u>           | <u>11,497</u>     | <u>1,444</u>                            | <u>4,103</u>           |
| Other Revenues                                  |                            |                         |                   |   |                        |
| Donations                                       | 500                        | 2,000                   | 2,262             | 262                                     | 1,957                  |
| Insurance Claims                                | -                          | -                       | -                 | -                                       | 1,960                  |
| Refunds and Reimbursements                      | 6,400                      | 10,300                  | 4,388             | (5,912)                                 | 14,034                 |
| Miscellaneous Income                            | <u>800</u>                 | <u>1,200</u>            | <u>1,130</u>      | <u>(70)</u>                             | <u>1,009</u>           |
| <b>Total Other Revenues</b>                     | <b>7,700</b>               | <b>13,500</b>           | <b>7,780</b>      | <b>(5,720)</b>                          | <b>18,960</b>          |
| <b>Total Revenues</b>                           | <b>981,015</b>             | <b>1,401,416</b>        | <b>1,342,129</b>  | <b>(59,287)</b>                         | <b>1,192,704</b>       |
| <b>EXPENDITURES</b>                             |                            |                         |                   |   |                        |
| Public Safety (Operations)                      |                            |                         |                   |   |                        |
| Administration                                  | 125,933                    | 111,137                 | 105,603           | 5,534                                   | 106,847                |
| Personnel Expenses                              | 385,399                    | 425,239                 | 419,398           | 5,841                                   | 395,683                |
| Professional Services                           | 33,500                     | 33,500                  | 42,377            | (8,877)                                 | 34,883                 |
| Utilities                                       | 34,910                     | 33,910                  | 31,569            | 2,341                                   | 34,286                 |
| Travel and Training                             | 51,200                     | 40,970                  | 38,058            | 2,912                                   | 34,337                 |
| Maintenance and Repair                          | 81,500                     | 86,000                  | 67,542            | 18,458                                  | 74,659                 |
| Firefighting and Equipment                      | -                          | -                       | 860               | (860)                                   | 1,071                  |
| Strike Team                                     | <u>500</u>                 | <u>97,500</u>           | <u>96,999</u>     | <u>501</u>                              | <u>67,818</u>          |
| <b>Total Public Safety (Operations)</b>         | <b>712,942</b>             | <b>828,256</b>          | <b>802,406</b>    | <b>25,850</b>                           | <b>749,584</b>         |
| Pension Expenses                                | <u>151,007</u>             | <u>151,007</u>          | <u>144,607</u>    | <u>6,400</u>                            | <u>142,698</u>         |
| Capital Outlay                                  | <u>114,013</u>             | <u>429,100</u>          | <u>405,646</u>    | <u>23,454</u>                           | <u>100,688</u>         |
| <b>Total Expenditures</b>                       | <b>977,962</b>             | <b>1,408,363</b>        | <b>1,352,659</b>  | <b>55,704</b>                           | <b>992,970</b>         |
| Revenues in Excess (Deficiency) of Expenditures | 3,053                      | (6,947)                 | (10,530)          | (3,583)                                 | 199,734                |
| Other Financing Sources                         |                            |                         |                   |   |                        |
| Capital Lease Proceeds                          | -                          | -                       | 9,400             | 9,400                                   | -                      |
| Change in Fund Balance                          | <u>3,053</u>               | <u>(6,947)</u>          | <u>(1,130)</u>    | <u>5,817</u>                            | <u>199,734</u>         |
| Fund Balance, Beginning                         | 1,215,344                  | 1,185,614               | 798,039           | (387,575)                               | 598,305                |
| Prior Period Restatement                        | -                          | -                       | 45,130            | 45,130                                  | -                      |
| Fund Balance, Beginning (As Restated)           | <u>1,215,344</u>           | <u>1,185,614</u>        | <u>843,169</u>    | <u>(342,445)</u>                        | <u>598,305</u>         |
| Fund Balance, Ending                            | <b>\$ 1,218,397</b>        | <b>\$ 1,178,667</b>     | <b>\$ 842,039</b> | <b>\$ (336,628)</b>                     | <b>\$ 798,039</b>      |

See the accompanying Independent Auditor's Report.

## **Other Supplementary Information**

**CHAFFEE COUNTY FIRE PROTECTION DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION**

**Budget and Actual - Pension Trust Fund**

**Year Ended December 31, 2017**

**(With Comparative Totals for the Year Ended December 31, 2016)**

|                                  | <b>2017</b>                |                         |                     |   |                        |
|----------------------------------|----------------------------|-------------------------|---------------------|---|------------------------|
|                                  | <b>Original<br/>Budget</b> | <b>Final<br/>Budget</b> | <b>Actual</b>       | <b>Variance<br/>w/ Final<br/>Budget</b> | <b>2016<br/>Actual</b> |
| <b>ADDITIONS:</b>                |                            |                         |                     |   |                        |
| Contributions                    |                            |                         |                     |   |                        |
| State Matching Contribution      | \$ 41,357                  | \$ 41,357               | \$ 41,357           | \$ -                                    | \$ 41,357              |
| District Contributions           | 103,250                    | 103,250                 | 103,250             | -                                       | 101,341                |
| Investment Earnings              | 70,000                     | 107,000                 | 166,877             | 59,877                                  | 68,588                 |
| Total Additions                  | <u>214,607</u>             | <u>251,607</u>          | <u>311,484</u>      | <u>59,877</u>                           | <u>211,286</u>         |
| <b>DEDUCTIONS:</b>               |                            |                         |                     |   |                        |
| Pension Benefit Payments         | 158,000                    | 158,000                 | 166,348             | (8,348)                                 | 164,282                |
| Other Administrative             | -                          | -                       | 1                   | (1)                                     | -                      |
| Accounting                       | 2,500                      | 2,500                   | 1,303               | 1,197                                   | 821                    |
| Actuarial Study                  | -                          | -                       | -                   | -                                       | 10,260                 |
| Legal Fees                       | -                          | -                       | -                   | -                                       | 1,365                  |
| Investment Fees                  | 13,300                     | 13,300                  | 17,462              | (4,162)                                 | 10,122                 |
| Total Deductions                 | <u>173,800</u>             | <u>173,800</u>          | <u>185,114</u>      | <u>(11,314)</u>                         | <u>186,850</u>         |
| Change in Fiduciary Net Position | 40,807                     | 77,807                  | 126,370             | 48,563                                  | 24,436                 |
| Net Position, Beginning          | <u>2,305,494</u>           | <u>2,305,494</u>        | <u>2,269,343</u>    | <u>(36,151)</u>                         | <u>2,244,907</u>       |
| Net Position, Ending             | <u>\$ 2,346,301</u>        | <u>\$ 2,383,301</u>     | <u>\$ 2,395,713</u> | <u>\$ 12,412</u>                        | <u>\$ 2,269,343</u>    |

See the accompanying Independent Auditor's Report.