

DeBEQUE FIRE PROTECTION DISTRICT

Financial Statements and
Report of Independent Auditors
For the Year Ended December 31, 2017

E

RECEIVED

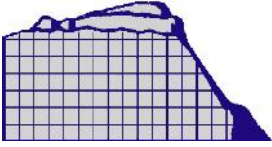
Office of the State Auditor

July 30, 2018

DeBEQUE FIRE PROTECTION DISTRICT

TABLE OF CONTENTS
December 31, 2017

	<u>Page Number</u>
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT DISCUSSION AND ANALYSIS	3
FINANCIAL STATEMENTS	
Statement of Net Position and Governmental Fund Balance Sheet	6
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund and Statement of Activities	7
Reconciliation of Statement of Revenues, Expenditures and Change in the Fund Balances of the Governmental Fund to the Statement of Activities	8
Notes to the Financial Statements	9 – 19
REQUIRED SUPPLEMENTAL INFORMATION	
Schedule of the Department's Proportionate Share of the Net Pension Liability/ (Asset) Fire & Police Statewide Defined Benefit Plan As of December 31,	20
Schedule of Department Contributions Fire & Police Statewide Defined Benefit Plan As of December 31,	20
Schedule of Revenues, Expenses, and Change in Fund Balance Budget and Actual	21



Paul D. Miller CPA, LLC.

Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
DeBeque Fire Protection District
DeBeque, Colorado

I have audited the accompanying financial statements of the governmental activities of DeBeque Fire Protection District, State of Colorado as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the DeBeque Fire Protection District, State of Colorado, as of December 31, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Pages 3-5, required pension information, page 14-19, and budgetary comparison information on page 20 for the General Fund, 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. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Paul D. Miller, CPA, LLC

Grand Junction, CO
April 27, 2018

Management's Discussion and Analysis
DeBeque Fire Protection District
Fiscal Year 2017

The discussion and analysis is designed to provide an analysis of the District's financial condition and operating results and to inform the reader on District financial issues and activities. Please read it in conjunction with the District's financial statements that follow the Management's Discussion and Analysis.

USING THIS ANNUAL REPORT

The financial statements included in this annual report are those of a special-purpose government engaged only in a government-type activity. The following statements and schedules are included:

-) Statement of Net Position and governmental fund balance sheet – reports the District's current financial resources (short-term spendable resources with capital assets and short and long-term obligations). (See page 6)
-) Statement of revenue, expenditures, and changes in fund balances – governmental and statement of activities – reports the District operating and non-operating revenues by major source along with operating and non-operating expenditures. (See page 7)
-) Statement of revenues, expenditures, and change in fund balance actual and budget – compares the District's budgeted and actual revenues and expenditures for the year ended December 31, 2017 (See pages 21)

STATEMENT OF NET POSITION

The following table shows the condensed statement of Net Position for the past two years.

Years ended December 31,	2017	2016
Current assets	\$ 1,570,497	\$ 1,731,051
Capital assets (net of depreciation)	6,629,056	6,664,695
Deferred Outflow of Resources-SWDB Pension	154,031	152,333
Total assets	8,353,584	8,548,079
Current liabilities	83,618	98,033
Deferred Inflow of Resources	872,929	924,359
Net Position		
Invested in capital assets	6,629,056	6,664,695
Restricted for Tabor emergency	50,346	48,030
Restricted for FPPA SWDB Pension	117,848	152,052
Nonspendable	21,564	7,700
Committed	-	-
Unrestricted	578,223	653,210
Total Net Position	\$ 7,397,037	\$ 7,525,687

Management's Discussion and Analysis
DeBeque Fire Protection District
Fiscal Year 2017

The net position of the District decreased \$128,650 from \$7,525,687 in 2016 to \$7,397,037 in 2017. The decrease is a result of lower property tax revenue. The District's total assets decreased from \$8,548,079 in 2016 to \$8,353,584 in 2017 for a difference of \$194,495. The District's total liabilities decreased in 2017 by \$14,415.

REVIEW OF REVENUES

Years ended December 31,	<u>2017</u>	<u>2016</u>
Operating revenue		
Charges for services	\$ 63,408	\$ 73,513
Total	<u>63,408</u>	<u>73,513</u>
Non-operating revenue		
Specific ownership tax	83,866	87,505
General property tax	940,686	1,565,669
Interest income	285	741
Other revenue	32,939	27,539
Grants	<u>146,415</u>	<u>1,719,784</u>
Total	<u>1,204,191</u>	<u>3,401,238</u>
Total revenue	<u>\$1,267,599</u>	<u>\$ 3,474,751</u>

The District's total revenues decreased in 2017 by \$2,207,152 from 2016. The decrease in revenue was due mainly to a decrease in Grants received by the District for construction of the new fire station and property taxes.

REVIEW OF EXPENDITURES

Years ended December 31,	<u>2017</u>	<u>2016</u>
Operating expenditures:		
Fire & ambulance operations	\$ 1,013,258	\$ 1,169,972
Depreciation	351,257	271,266
Capital outlay	<u>313,148</u>	<u>3,657,624</u>
Total Expenditures	<u>\$ 1,677,663</u>	<u>\$ 5,098,862</u>

The District's total expenditures decreased in 2017 by \$3,421,199 this was mainly due to a decrease in capital expenditures and completion of Fire House.

The major capital assets purchased, which are included in the \$313,148 total for 2017, were as follows:

Final construction of Fire House, lawn mower, radios.

Management's Discussion and Analysis
DeBeque Fire Protection District
Fiscal Year 2017

ECONOMIC AND OTHER FACTORS

DeBeque Fire Protection District became an independent District in January 2009. The District purchased fire and emergency equipment in the first few years of operation and completed construction of a fire station in 2017.

The local economy experienced a decline in the early operating years of the District due to a decrease in oil and gas production and a general decline on the national and local levels. The economy has not fully recovered from that decline.

FINANCIAL CONTACT

The District's financial statements are designed to present users (service users, taxpayers, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. If you have any questions concerning this report or need additional financial information, please contact the Fire Chief, DeBeque Fire Protection District, 4580 I-70 Frontage Road, DeBeque, Colorado 81630, or 970-283-8632.

DeBeque Fire Protection District
Statement of Net Position and Governmental Fund Balance Sheet
December 31, 2017

	General Fund	Adjustments	Statement of Net Position
ASSETS			
Cash and cash equivalents	\$ 643,686	\$ -	\$ 643,686
Accounts receivable rescue less allowance of \$11,920	9,300	-	9,300
Property taxes receivable	871,253	-	871,253
Other current receivables	24,694	-	24,694
Prepaid Expenses	21,564	-	21,564
Net Pension Asset FPPA SWDB	-	-	-
Capital Assets (net of accumulated depreciation):			
Land and building	-	6,028,898	6,028,898
Administrative equipment	-	134,597	134,597
Fire trucks and equipment	-	410,089	410,089
Rescue vehicles and equipment	-	55,472	55,472
DEFERRED OUTFLOW OF RESOURCES			
Deferred Outflow of resources-Pension SWDB	-	154,031	154,031
TOTAL ASSETS	\$ 1,570,497	\$ 6,783,087	\$ 8,353,584
LIABILITIES			
Accounts payable	\$ 7,633	-	7,633
Other current liabilities	21,907	-	21,907
Compensated absences	19,571	-	19,571
Net Pension Liability	-	34,507	34,507
TOTAL LIABILITIES	49,111	34,507	83,618
DEFERRED INFLOW OF RESOURCES			
Property taxes	871,253	-	871,253
Pension FPPA SWDB	-	1,676	1,676
TOTAL INFLOW OF RESOURCES	871,253	1,676	872,929
FUND BALANCE			
Emergency reserve - TABOR	50,346	(50,346)	-
Nonspendable	21,564	(21,564)	-
Unassigned	578,223	(578,223)	-
TOTAL FUND BALANCE	650,133	(650,133)	-
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,570,497		
NET POSITION			
Invested in capital assets, net of related debt	\$ -	6,629,056	6,629,056
Restricted for:			
TABOR emergency	-	50,346	50,346
Pension FPPA SWDB	-	117,848	117,848
Nonspendable	-	21,564	21,564
Unassigned	-	578,223	578,223
TOTAL NET POSITION	\$ -	\$ 7,397,037	\$ 7,397,037

Adjustments to reconcile the governmental fund balance sheet to the statement of net assets are as follows:

Fund balance per general fund balance sheet	\$ 650,133
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	6,629,056
GASB 68 Pension Adjustment	117,848
Net Position	\$ 7,397,037

The notes to the financial statement are an integral part of this statement.

DeBeque Fire Protection District
Statement of Revenue, Expenditures, and Change in Net Position-Governmental
and Statement of Activities
For the Year Ended December 31, 2017

	General Fund	Adjustments (See Page 4)	Statement of Activities
EXPENDITURES/EXPENSES			
Fire & ambulance-operation	\$ 1,013,258	\$ -	\$ 1,013,258
Capital outlay	313,148	(313,148)	-
Pension Activity	-	31,734	31,734
Depreciation	-	351,257	351,257
Total expenditures/expenses	<u>1,326,406</u>	<u>69,843</u>	<u>1,396,249</u>
PROGRAM REVENUES			
Charges for services	63,408	-	63,408
Net program (expenses) revenue	<u>(1,262,998)</u>	<u>(69,843)</u>	<u>(1,332,841)</u>
GENERAL REVENUES			
Property taxes	940,686	-	940,686
Specific ownership	83,866	-	83,866
Grant revenue	146,415	-	146,415
Interest income	285	-	285
Miscellaneous income	32,939	-	32,939
Total general revenues	<u>1,204,191</u>	<u>-</u>	<u>1,204,191</u>
Excess of Revenue over (Under) expenditures	<u>(58,807)</u>	<u>(69,843)</u>	
Change in net position			<u>(128,650)</u>
NET POSITION			
Beginning of the year	708,940	6,816,747	7,525,687
End of the year	<u>\$ 650,133</u>	<u>\$ 6,746,904</u>	<u>\$ 7,397,037</u>

The notes to the financial statement are an integral part of this statement.

DeBeque Fire Protection District
Statement of Revenue, Expenditures, and Change in Net Position-Governmental
and Statement of Activities
For the Year Ended December 31, 2017

Amounts reported for the governmental activities in the statement of activities (page 6) are different because:

Excess of expenditures over revenues - general funds (page 7)	<u>\$ (58,807)</u>
Governmental funds report capital outlay as expenditures. However, in the Statement of Activity the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:	
Capital outlay	313,148
Depreciation	<u>(351,257)</u>
	<u>(38,109)</u>
 GASB 68 Activity	 <u>(31,734)</u>
 Change in net position of governmental activities (page7)	 <u><u>\$ (128,650)</u></u>

The notes to the financial statement are an integral part of this statement.

DeBEQUE FIRE PROTECTION DISTRICT
Summary of Significant Accounting Policies
December 31, 2017

The DeBeque Fire Protection District is a special service district governed pursuant to provisions of the Colorado Special District Act. The District was established to provide fire protection and ambulance services within and surrounding the area of DeBeque in 2008.

The District operates under the Board of Directors elected by the voters of the District. The District's financial statements include the accounts and operations of all the District's functions.

The District's boundaries cover a portion of two Colorado counties, Mesa and Garfield. The District maintains fire and rescue at one location, DeBeque, Colorado.

The more significant of the District's accounting policies are described below:

A. Financial Reporting Entity

The DeBeque Fire Protection District is a special district as defined by Colorado Statutes and is governed by an elected board of directors. The Board of Directors has oversight responsibility and control over all activities within its boundaries.

The basic financial statements include only the District, as there are no component units required to be included in accordance with GASB Statement No. 14, as amended by GASB Statement No. 39, based on their operational or financial relationships with the District.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of Net Position and statement of activities) report information on all of the non-fiduciary activities of the District.

Governmental activities are supported by taxes, and charges for services. The district has no *business-type activities*, which rely to a significant extent on user charges for support.

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

C. Risk of Loss

The District is exposed to various risk of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the District carries commercial insurance coverage for vehicles, commercial property, commercial umbrella, commercial general liability, and management liability through the Volunteer Firemen Insurance Services.

D. Subsequent Events

The District's management has reviewed subsequent events through the date of the audit report.

E. Fund Financial Statements

The accounts of the District are organized based on funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

DeBEQUE FIRE PROTECTION DISTRICT
Summary of Significant Accounting Policies
December 31, 2017

E. Fund Financial Statements-Continued

All governmental funds are accounted for on a flow of current financial resources basis. Balance sheets for these funds generally include only current assets and current liabilities. Reported fund balances are considered a measure of available, spendable resources. Operating statements for these funds present a summary of available, spendable resources and expenditures for the period. The District has only one governmental fund, the *General Fund*, which is the general operating fund of the District. The District has no financial resources required to be accounted for in a separate fund.

F. Capital Assets and Long-Term Liabilities

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets of the District as a whole. When purchased, such assets are recorded as expenditures in the governmental type fund.

All capital assets are valued at historical cost or estimated historical costs if actual historical cost is not available. The assets have a useful life of 5 to 40 years and are depreciated on the straight-line method. It is the District's policy to capitalize individual items costing \$1,500 or more.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of 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 revenues as soon as eligibility requirements imposed by the provider have been met.

The modified accrual basis of accounting is used by all governmental funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both determined and "available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter, to be used to pay liabilities of the current period. For this purpose, the District considers revenues available within 60 days of the end of the current fiscal period. Those revenues associated with the current period susceptible to accrual are property taxes, interest revenue, and charges for services. All other revenues are reported when cash is received. Expenditures are recorded when the related fund liability is incurred.

H. Net Position

Net Position represents the difference between assets and liabilities. Net Position invested in capital assets net of related debt consists of capital assets net of accumulated depreciation and related debt. Net Position are reported as restricted when there are constraints placed on their use either by law through constitutional provisions or enabling legislation or through restrictions externally imposed by creditors, grantors, laws, or regulations of other governments.

I. Use of Estimates

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

J. Disaggregation of Receivables and Payables

Significant components of receivables and payables are disaggregated in the financial statements. All receivables are expected to be collected within one year. All material payables are expected to be paid within one year with the exception of the amounts for the accrual of compensated absences and capital leases.

DeBEQUE FIRE PROTECTION DISTRICT
Summary of Significant Accounting Policies
December 31, 2017

K. Budgets and Budgetary Accounting

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

The budget is prepared on the same basis as that of the fund financial statements.

The details of the budget calendar are outlined below:

October 15	–	Deadline for Budget Officer to submit proposed budget to the government board. Governing body must publish "Notice of Budget" upon receiving proposed budget.
December 15	–	Deadline for certification of mill to the Board of County Commissioners.
December 22	–	Deadline for Board of County Commissioners to levy taxes and to certify the levies to the Assessor.
December 31	–	Statutory deadline for local governing body to adopt budget. A certified copy of the adopted budget must be sent to the Division of Local Government within 30 days of adoption.
On or before December 31	–	The District shall enact an ordinance appropriating the budget for the ensuing year.

L. Property Taxes - Receivable

Annual property taxes are levied on December 22 of each year and attached as an enforceable lien as of January 1. They are payable in full April 30, or in two equal installments due February 28 and June 30. The county bills and collects property taxes for the district. Property taxes collected by the county are remitted to the district in the subsequent month. Property taxes are reported as receivable and deferred revenue when levied and as revenue when collected in the following year.

M. Fund Equity

In the fund financial statements governmental funds report reservations of fund balance amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

N. Pensions – State Wide Defined Benefit Plan FPPA.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Fire & Police Statewide Defined Benefit Plan and additions to/deductions from Fire & Police Statewide Defined Benefit Plan's fiduciary net position have been determined on the same basis as they are reported by the Fire & Police Pension Association of Colorado. 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.

DeBEQUE FIRE PROTECTION DISTRICT

Notes to Financial Statements

December 31, 2017

Note 1 - Change in Capital Asset

	Balance 12/31/2016	Additions Transfers-in	Deletions Transfer-out	Balance 12/31/2017
Administrative equipment	\$ 28,552	\$ 138,874	\$ -	\$ 167,426
EMS vehicles & equipment	507,234	4,500	-	511,734
Building	294,952	5,614,914	-	5,909,866
Fire vehicles & equipment	2,363,184	-	-	2,363,184
Total	<u>3,193,922</u>	<u>5,758,288</u>	<u>-</u>	<u>8,952,210</u>
Less accumulated depreciation	<u>(2,194,297)</u>	<u>(351,257)</u>	<u>-</u>	<u>(2,545,554)</u>
Net depreciable assets	999,625	5,407,031	-	6,406,656
Construction-in-process	5,442,670	308,699	<u>(5,751,369)</u>	-
Land	222,400	-	-	222,400
Net Fixed Assets	<u>\$ 6,664,695</u>	<u>\$ 5,715,730</u>	<u>\$ (5,751,369)</u>	<u>\$ 6,629,056</u>

In 2017, the Districts depreciation was \$ 351,257. This was allocated as follows:

Administration	\$ 90,304
EMS vehicles & equipment	32,743
Fire vehicles & equipment	<u>228,210</u>
Total	<u>\$ 351,257</u>

Note 2 - Budget to Actual Comparison

	General Fund
Revenue & other financing resources	
GAAP Basis	\$ 1,267,599
Modification to GAAP Basis:	
Carryover from prior year	1,998,144
Resources Budgetary Basis	3,265,743
17 Budgeted Resources	3,104,691
Variance Favorable(Unfavorable)	<u>\$ 161,052</u>
Expenditures-GAAP Basis	\$ 1,396,248
Modification to GAAP Basis:	
Depreciation	<u>(351,257)</u>
Pension Activity GASB 68	<u>(31,733)</u>
Capital outlays	313,148
Expenditures-Budgeted Basis	1,326,406
17 Budgeted Expenditures	1,467,892
Variance Favorable (Unfavorable)	<u>\$ 141,486</u>

DeBEQUE FIRE PROTECTION DISTRICT

Notes to Financial Statements

December 31, 2017

Note 3 – Deposits and Investments

Deposits

The District adopted GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, effective December 31, 2004. This Statement establishes and modifies disclosure requirements related to investment credit risk, including custodial credit risk and concentration of credit risk, interest rate risk and foreign currency risk, as well as deposit custodial credit risk and foreign currency risk.

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool 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 100% of the uninsured deposits. Collateral in the pool is considered equal to depository insurance pursuant to definitions listed in GASB Statement No. 40. At December 31, 2017, the District's cash deposits were \$643,686 of which \$440,316 is covered by F.D.I.C. insurance, \$203,270 is covered by PDPA, and \$100 is uninsured.

At December 31, 2017, the reconciled balance of the District consisted of the following:

Petty cash	\$ 100
Cash in bank	408,525
Money market	<u>235,061</u>
Cash and Cash Equivalents	<u>\$ 643,686</u>

Note 4 - Tax, Spending, and Debt Limitation

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

The initial base for local government spending and revenue limits is 1992 Fiscal Year Spending. Future spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

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

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

The District believes it is compliance with this amendment.

DeBEQUE FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2017

Note 5 – Operating Leases

For 2017, the following are the operating leases the District had.

The District leases a copier. The terms are for 60 months, beginning February 2016 and running through January, 2021. The annual payments are \$1,711 through December 2020, with a final payment of \$143, in January of 2021.

Note 6 – Fund Balance Classification Policies and Procedures

During 2011, the District implemented GASB 54, Fund Balance Classification. With this new GASB, the fund balance is broken into five classifications. (1) Non-spendable – not in spendable form, (2) Restricted-fund constrained by external parties, (3) Committed – constraints on use of funds imposed by the highest level of decision making authority, in the Districts case that is the Board of Directors. The funds must be established, modified, or rescinded by use of resolution of the Board. (4) Assigned – funds intended to be used for a specific purpose, where the intent is expressed by an official authorized by the governing board, in the Districts case that is the Fire Chief and (5) Unassigned – which are funds available for any purpose. The District does not have Committed or Assigned fund classification in 2017.

It is the District's policy to spend restricted funds first then unrestricted funds for the purpose for which both funds are available and committed and assigned funds are spent when expenditure are incurred for purposes for which amount in any of those unrestricted fund balance classification could be used.

The District does have fund classification as follows:

- Restricted which is dictated by Colorado State Law
- Non-spendable, which is its prepaid expenses,
-) Committed, which are fund designated by the board of directors for a specific purpose
- Unassigned.

Note 7 - Employee Retirement Plan

General Information about the Fire & Police Statewide Defined Benefit Plan

Plan description.

The Plan is a cost-sharing multiple-employer defined benefit pension plan covering substantially all full-time employees of participating fire or police departments in Colorado hired on or after April 8, 1978 (New Hires), provided that they are not already covered by a statutorily exempt plan. As of August 1, 2003, the Plan may include clerical and other personnel from fire districts whose services are auxiliary to fire protection. The Plan became effective January 1, 1980 and as of December 31, 2017 has 212 participating employer fire and police departments.

Employers once had the option to elect to withdraw from the Plan, but a change in state statutes permitted no further withdrawals after January 1, 1988.

Colorado Revised Statutes Title 31, Article 31 grants the authority to establish and amend the benefit terms to the Fire & Police Pension Association of Colorado Board of Directors. The Fire & Police Pension Association of Colorado issues a publicly available financial report that can be obtained at www.fppaco.org.

DeBeque Fire Protection District
Notes to the Financial Statements
December 31, 2017

Note 7 - Employee Retirement Plan-continued

General Information about the Fire & Police Statewide Defined Benefit Plan-continued

Benefits provided.

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

In addition, upon retirement a member may receive additional benefits credited to the member's "Separate Retirement Account" each year after January 1, 1988. These are attributable to contributions in excess of the actuarially determined pension cost and the allocation of the net Fire & Police Members' Benefit Investment Fund earnings and losses thereon. Members do not vest in amounts credited to their Separate Retirement Account until retirement, and the Plan may use such stabilization reserve amounts to reduce pension cost in the event such cost exceeds contributions. It was previously mentioned that reentry members have a higher contribution rate. As a result their Separate Retirement Account (SRA) has two components; the standard SRA and the reentry SRA. The component of a member's SRA attributable to the higher contribution rate is considered the reentry SRA. The reentry SRA cannot be used to subsidize the costs for the non-reentry members. Effective July 1, 2016, the standard Separate Retirement Account contribution rate for members of the Fire & Police Statewide Defined Benefit Plan was set at 0 percent. The reentry Separate Retirement Account contribution rate was set at 3.60 percent.

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

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 this 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 by election of the membership.

Members of this Plan and their employers are contributing at the rate of 9.5 percent and 8 percent, respectively of base salary for a total contribution rate of 16.5 percent through 2017. 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 plans re-entering the system are established by resolution and approved by the FPPA Board of Directors. The reentry group has a combined contribution rate of 20 percent of base salary through 2015. **It is a local decision on who pays the additional 4 percent contribution.** Per the 2015 member election, the reentry group will also have their required member contribution rate increase 0.5 percent annually beginning in 2016 through 2022 for a total combined member and employer contribution rate of 24 percent.

Contributions to the Plan from the Department were \$34,736 for the year ended December 31, 2017.

DeBeque Fire Protection District
Notes to the Financial Statements
December 31, 2017

Note 7 - Employee Retirement Plan-continued

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

At December 31, 2017, the Department reported a liability of \$34,507, for its proportionate share of the net pension liability/ (asset). The net pension liability/ (asset) was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability/ (asset) was determined by an actuarial valuation as of that date. **The Department's proportion of the net pension liability/ (asset) was based on a projection of the Department's long-term share of contributions to the pension plan relative to the projected contributions of all participating Departments, actuarially determined.** At December 31, 2016, the Department's proportion was 9.11 percent, which was an increase/ (decrease) of .27 percent from its proportion measured as of December 31, 2015.

DeBeque Fire Protection District
Notes to the Financial Statements
December 31, 2016

Note 7 - Employee Retirement State Wide Plan-continued

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ -	\$ 1,676
Changes in assumptions	-	-
Net difference between actual and projected earnings on pension plan investments	88,937	-
Changes in proportion and difference between Department contributions and proportionate share of contributions	30,358	-
Department contributions subsequent to the measurement date	34,736	-
Total	\$ 154,031	\$ 1,676

\$34,736 reported as deferred outflows of resources related to pensions resulting from Department contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

December 31,	Deferred Outflows	Deferred Inflows
2018	\$ 17,787	\$ 2,236
2019	17,787	2,236
2020	16,189	2,236
2021	1,932	2,236
2022	-	2,236
Thereafter	-	6,637

Actuarial assumptions.

The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Method	Entry Age Normal
Amortization Method	Level % of Payroll, Open
Amortization Period	30 Years
Long-term Investment Rate of Return*	7.50%
Projected Salary Increases*	4.0% - 14.0%
Cost of Living adjustment (COLA)	0.00%
*Includes Inflation at	2.50%

DeBeque Fire Protection District
Notes to the Financial Statements
December 31, 2016

Note 7 - Employee Retirement State Wide Plan-continued

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

Effective January 1, 2016, the post-retirement mortality tables for non-disabled retirees is a blend of the Annuitant and Employee PR-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 3% 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.

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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation at December 31, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Rate of Return
Global Equity	36.0%	9.255%
Equity Long/Short	10.0%	7.35%
Illiquid Alternatives	23.0%	10.75%
Fixed Income	15.0%	4.10%
Absolute Return	10.0%	6.55%
Managed Futures	4.0%	5.5%
Cash	2.0%	0.0%
Total	100%	

Discount rate.

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Fire & Police Pension Association Board of Director's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the 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.

DeBeque Fire Protection District
Notes to the Financial Statements
December 31, 2016

Note 7 - Employee Retirement Plan-continued

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

Sensitivity of the Department's proportionate share of the net pension liability to changes in the discount rate.

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

	<u>1.00% Decrease*</u>	<u>Current Discount Rate*</u>	<u>1.00% Increase*</u>
Department's proportionate share of the net pension liability/(asset)	\$280,343	\$ 32,949	\$ (172,524)

** The long-term rate of return used was 7.5 percent. The municipal bond rate used was 3.65 percent. The single discount rate for the plans was 7.50 percent.*

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Fire & Police Pension Association of Colorado financial report.

REQUIRED SUPPLEMENTAL INFORMATION

**DeBeque Fire Protection District
Notes to the Financial Statements
for the Year Ended December 31, 2017**

REQUIRED SUPPLEMENTARY INFORMATION

**Schedule of the Department's Proportionate Share of the Net Pension Liability/ (Asset)
Fire & Police Statewide Defined Benefit Plan
As of December 31,**

	2017	2016
Department's proportion of the net pension liability/(asset)	.0912%	.0884%
Department's proportionate share of the net pension liability/(asset)	\$34,507	\$(1,558)
Department's covered-employee payroll	\$434,194	\$449,875
Department's proportionate share of the net pension liability/(asset) as a percentage of is covered-employee payroll	7.9%	(0.346)%
Plan fiduciary net position as a percentage of the total pension liability	98.21%	100.1%

**Schedule of Department Contributions
Fire & Police Statewide Defined Benefit Plan
As of December 31,**

	2017	2016
Contractually required contribution	\$34,736	\$35,990
Contributions in relation to the contractually required contribution	\$34,736	\$35,990
Contribution deficiency (excess)	\$ -	\$ -
Department's covered-employee payroll	\$434,194	\$449,875
Contributions as a percentage of covered-employee payroll	8.0%	8.0%

**Notes to Required Supplementary Information
for the Year Ended December 31, 2017**

Changes in plan provisions. The plan provisions have not changed since the prior valuation. The member contribution rate will increase in 2017 as a result of the member election.

Benefit Adjustments. Benefits to members and beneficiaries may be increased annually on October 1. The amount is based on the Fire & Police Pension Association Board of Directors discretion and can range from 0 percent to 3 percent. Benefit adjustment may begin once the retired member has been receiving retirement benefits for at least 12 calendar months prior to October 1.

DeBeque Fire Protection District
Statement of Revenues, Expenditures
Actual and Budget
For the Year Ended December 31, 2017

	General Fund		
	Budget		Variance
	Original & Final	Actual	Favorable (Unfavorable)
Revenue:			
General property taxes	\$ 941,347	\$ 940,686	\$ (661)
Specific ownership tax	58,500	83,866	25,366
Ambulance	70,000	63,408	(6,592)
Grant Revenue	10,000	146,415	136,415
Interest income	400	285	(115)
Miscellaneous	26,300	32,939	6,639
Total Revenues	1,106,547	1,267,599	161,052
Expenditures:			
Administrative:			
Salaries	625,700	554,853	70,847
Payroll benefits	192,500	167,983	24,517
SWDB Pension expense	-	34,736	(34,736)
Insurance	57,500	34,884	22,616
Office expense	27,875	25,828	2,047
Professional	96,000	45,416	50,584
Dues and fees	2,375	2,099	276
Crew supplies & equipment	1,500	1,429	71
Treasurers fees	18,827	18,869	(42)
Director's fees	4,300	4,300	-
Equipment repairs	2,600	5,787	(3,187)
Bad debt expense	33,500	15,718	17,782
Contingency	5,000	-	5,000
Capital Outlay-Small Equipment	-	-	-
Firefighting expense:			
Supplies and expense	40,000	39,183	817
Capital outlays	-	-	-
Communication:			
911 expense	14,500	6,440	8,060
Capital outlay	-	-	-
Ambulance services:			
Supplies and expense	33,750	29,164	4,586
Capital outlay	-	-	-
Building and Grounds:			
Supplies and expense	18,000	26,569	(8,569)
Total Expenditures	1,173,927	1,013,258	160,669
Capital Outlay Major	293,965	313,148	(19,183)
Total	1,467,892	1,326,406	141,486
Revenue Over (Under) Expenditures	\$ (361,345)	\$ (58,807)	\$ 302,538
ADJUSTMENTS TO BUDGET BASIS:			
Depreciation		(351,257)	
Pension net Activity		(31,734)	
Capital Outlays		313,148	
Beginning Net Position		7,525,687	
Ending Net Position		\$ 7,397,037	