

PLATEAU VALLEY FIRE PROTECTION DISTRICT

Financial Statements and  
Report of Independent Auditors  
December 31, 2017

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Office of the State Auditor

July 30, 2018

PLATEAU VALLEY FIRE PROTECTION DISTRICT

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December 31, 2017

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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 MD&A.

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 8)
- ) 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 page 29).

STATEMENT OF NET POSITION – GENERAL FUND

The following table shows the condensed statement of net position for the past two years.

	<u>2017</u>	<u>2016</u>
Current Assets	\$ 2,943,677	\$ 3,138,886
Capital Assets (Net of Depreciation)	1,009,409	1,116,089
Net Pension Assets	142,925	518,298
Deferred Outflow of Resources	<u>277,779</u>	<u>236,830</u>
Total Assets	<u>4,373,790</u>	<u>5,010,103</u>
Current Liabilities	178,790	31,448
Long-term Liabilities	<u>31,886</u>	<u>30,600</u>
Total Liabilities	<u>210,676</u>	<u>62,048</u>
Deferred Inflow of Resources		
Pension	47,152	77,046
Property Taxes	<u>559,383</u>	<u>539,143</u>
Total Deferred Inflow of Resources	<u>606,535</u>	<u>616,189</u>
Net Position		
Investment in Capital Assets (Net of Related Debt)	1,009,409	1,116,089
Restricted for Tabor	45,000	45,000
Restricted for Net pension Position	373,552	678,082
Unrestricted	<u>2,128,618</u>	<u>2,492,695</u>
Total Net Position	<u>\$ 3,556,579</u>	<u>\$ 4,331,866</u>

Plateau Valley Fire Protection District Management's Discussion and Analysis

The net position of the District decreased \$775,287 in 2017. This is largely due to depreciation of capital assets and the net change in the pension reporting. The District's total assets decreased by \$636,313 in 2017. The District's total liabilities increased in 2017 by \$148,628 due to the oil and gas tax abatement.

	<u>2017</u>	<u>2016</u>
Operating Revenue		
Charges for Services	\$ 197,452	\$ 117,566
Total Operating Revenue	<u>197,452</u>	<u>117,566</u>
Non-Operating Revenue:		
General Propety Taxes	407,356	784,558
Specific Ownership Tax	86,715	100,234
Investment Income	5,246	3,278
Other Revenue	8,749	4,546
Total Non-Operating Revenue	<u>508,066</u>	<u>892,616</u>
Total Revenue	<u>\$ 705,518</u>	<u>\$ 1,010,182</u>

The District's total revenues decreased in 2017 by \$304,664 from 2016. The revenue decrease was a result of a decrease in property taxes, due to oil and gas industry activity.

REVIEW OF EXPENDITURES

	<u>2017</u>	<u>2016</u>
Operating Expenditures:		
EMS & Fire Operating Expenditures	\$ 94,077	\$ 75,984
Building & Grounds	25,138	26,643
Administration	921,676	833,298
Communication	10,659	11,904
Capital Outlays	19,058	72,166
Total Expenditures	<u>\$ 1,070,608</u>	<u>\$ 1,019,995</u>

The District's expenses increased \$50,613; in large part, this was due to an increase in EMS & Fire operations and an increase in administrative, largely because of an increase in payroll and related expenses.

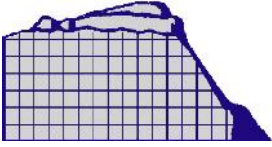
The major capital assets purchased during 2017 include, replacement of bunker gear, and new signage for the three firehouses.

ECONOMIC AND OTHER FACTORS

The economy showed a decline approximately ten years ago and has been at a slowed pace since that time. Prior to the drop in the economy, the District saw continual growth in population and activity during the previous several years. During that growth period, there was an increase in population from the gas industry boom, which caused an increase in industrial, recreational, and service related businesses. The District expects the economy to return to a growth cycle once the economy becomes more stable. The District provides 24-hour advance life services to the individuals within the district.

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, Plateau Valley Fire Protection District, P.O. Box 210, Mesa, Colorado 81643, or 970-268-5283.



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Plateau Valley Fire Protection District  
Mesa, Colorado

I have audited the accompanying financial statements of the governmental activities of Plateau Valley 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 Plateau Valley 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, pages 25-28, and budgetary comparison information on page 29 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  
June 8, 2018

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

	Governmental Fund	Adjustments	Statement of Net Position
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,940,678	\$ -	\$ 1,940,678
Investment	400,179	-	400,179
Accounts receivable (less allowance of \$7,030)	8,589	-	8,589
Property taxes receivable	559,383	-	559,383
Other current receivables	8,035	-	8,035
Prepaid expenses	26,813	-	26,813
Capital Assets (net of accumulated depreciation):			
Building and improvements	-	739,662	739,662
Fire trucks and equipment	-	29,484	29,484
Rescue vehicles and equipment	-	156,260	156,260
Station equipment	-	70,778	70,778
Communication equipment	-	5,225	5,225
Construction in Process	-	8,000	8,000
Net Pension Asset-Volunteer Pension	-	142,925	142,925
Net Pension Asset-SWDB	-	-	-
Deferred Outflow of Resources:			
Volunteer Pension	-	221,432	221,432
State Wide Defined Benefit Plan	-	56,347	56,347
TOTAL ASSETS	<u>\$ 2,943,677</u>	<u>1,430,113</u>	<u>4,373,790</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 17,553	-	17,553
Other current liabilities	16,110	-	16,110
Tax Abatement Payable	145,127	-	145,127
Long-term liabilities:			
Compensated absences	31,886	-	31,886
TOTAL LIABILITIES	<u>210,676</u>	<u>-</u>	<u>210,676</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Property taxes	559,383	-	559,383
Volunteer Pension Plan-FPPA	-	46,840	46,840
State Wide Defined Benefit Plan- FPPA	-	312	312
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>559,383</u>	<u>47,152</u>	<u>606,535</u>
<b>FUND BALANCES AND NET Position</b>			
Emergency reserve - TABOR	45,000	(45,000)	-
Unassigned	2,128,618	(2,128,618)	-
TOTAL FUND BALANCES	<u>2,173,618</u>	<u>(2,173,618)</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,943,677</u>		
<b>NET Position</b>			
Invested in capital assets, net of related debt	\$ -	1,009,409	1,009,409
Restricted for:			
TABOR emergency	-	45,000	45,000
Pensions	-	373,552	373,552
Unrestricted	-	2,128,618	2,128,618
TOTAL NET POSITION	<u>\$ -</u>	<u>\$ 3,556,579</u>	<u>\$ 3,556,579</u>

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

Plateau Valley Fire Protection District  
Reconciliation of the Statement of Governmental Funds Balance Sheet to  
Statement of Net Position  
December 31, 2017

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

Fund balance per general fund balance sheet	\$ 2,173,618
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	1,009,409
Long-term liabilities, including leases payable used to fund capital assets are not due and payable in the current period are therefore not reported in the fund	-
Pension Funds not reported at General fund level	<u>373,552</u>
Net Position for governmental activities	<u><u>\$ 3,556,579</u></u>

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

Plateau Valley Fire Protection District  
Statement of Revenue, Expenditures, and Change in Fund Balances-Governmental  
and Statement of Activities  
For the Year Ended December 31, 2017

	General Fund	Adjustments (See Page 7)	Statement of Activities
<b>EXPENDITURES/EXPENSES</b>			
Fire protection-operation	\$ 1,051,550	\$ -	\$ 1,051,550
Capital outlay	19,058	(19,058)	-
Depreciation	-	125,739	125,739
Pension Activity-SWDB	-	49,109	49,109
Pension Activity-Volunteer	-	246,781	246,781
Total expenditures/expenses	<u>1,070,608</u>	<u>402,571</u>	<u>1,473,179</u>
<b>PROGRAM REVENUES</b>			
Charges for services	197,452	-	197,452
Net program expenses	<u>(873,156)</u>	<u>(402,571)</u>	<u>(1,275,727)</u>
<b>GENERAL REVENUES/(EXPENSES)</b>			
Property taxes	407,356	-	407,356
Specific ownership	86,715	-	86,715
Interest income	5,246	-	5,246
Miscellaneous income/(expense)	8,749	-	8,749
Total general revenues	<u>508,066</u>	<u>-</u>	<u>508,066</u>
Excess of expenditures over revenues	<u>(365,090)</u>	<u>(402,571)</u>	
Change in net Position			<u>(767,661)</u>
<b>FUND BALANCE/NET Position</b>			
Beginning of the year	2,537,695	1,813,671	4,351,366
End of the year	<u>\$ 2,172,605</u>	<u>\$ 1,411,100</u>	<u>\$ 3,583,705</u>

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

Plateau Valley Fire Protection District  
 Reconciliation of the Statement of Revenues Expenditures,  
 and Change in the Fund Balances of Governmental Funds  
 to the Statement of Activities  
 For the Year Ended December 31, 2017

Amounts reported for the governmental activities in the statement of activities (page 7) are different because:

Excess of expenditures over revenues - general funds (page 5)	<u>\$ (365,090)</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	19,058
Loss on disposal of fixed asset	-
Depreciation	<u>(125,739)</u>
	<u>(106,681)</u>
Pension Activity	(295,890)
	<u>(295,890)</u>
Change in Net Position of governmental activities (page 5)	<u><u>\$ (767,661)</u></u>

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

PLATEAU VALLEY FIRE PROTECTION DISTRICT

**Summary of Significant Accounting Policies**

December 31, 2017

The Plateau Valley 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 Plateau Valley.

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.

Based upon the National Council on Governmental Accounting (NCGA) in its Statement 1, the District's financial statements include the pension trust fund. The District exercises significant control through budget adoption, accountability for fiscal matters and board appointments.

Reporting Entity

The Plateau Valley 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 board is not included in any other governmental "reporting entity" as defined by the GASB pronouncement, since board members are elected by the public and have decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

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 primary government and its component units.

*Governmental activities*, which normally are supported by taxes, are reported separately from business-type activities, which rely to a significant extent on fees and user charges for support. Likewise, the *primary government is reported separately from certain legally separate component units* for which the primary government is financially accountable. The District has no business-type activities or component units.

The statement of 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*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The District has only one governmental fund, the *General Fund*

A. 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. The District retains no risk of loss.

B. Capital Assets

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.

PLATEAU VALLEY FIRE PROTECTION DISTRICT

Summary of Significant Accounting Policies

December 31, 2017

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the fiduciary 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 revenues as soon as 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. The District considers revenues to be available if they are collectible within 120 days except for property taxes which are considered available if they are collectible within 60 days after year-end. Property taxes, and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded when payment is due.

The government reports the following major governmental fund:

The General Fund is the District's operating fund. It accounts for all financial resources of the government. Additionally, the District reports the following fund type:

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

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

D. Compensated Absences

The District adopted a policy addressing the compensated absences for full time employees only. A summary of that policy follows.

**Paid Time Off - 40 - hour Employees:**

1 thru 5 years	15.75 Days
6 thru 10 years	18.00 Days
11 thru 15 years	21.75 Days
16 + years	24.75 Days

**Paid Time Off - 56 - hour Employees:**

1 thru 5 years	18.00 Days
6 thru 10 years	22.50 Days
11 thru 15 years	27.00 Days
16 + years	31.50 Days

The maximum accrual rate is three times the annual PTO hours. At December 31, 2017, the vacation time accrued was \$31,886.

PLATEAU VALLEY FIRE PROTECTION DISTRICT

Summary of Significant Accounting Policies

December 31, 2017

E. Budgets and Budgetary Accounting

Annual appropriated expenditures budgets are adopted for Governmental Fund and the Fiduciary Fund. Annual budgets for the Governmental Fund are prepared on the modified accrual basis of accounting. Annual appropriation budgets are adopted for the Fiduciary Fund on the accrual basis of accounting. The appropriations are adopted, and may not be exceeded, on a total fund basis. The details of the budget calendar are outlined below:

August 25	Assessors certify to all taxing entities and to the Division of Local Government the total new assessed and actual values (for real and personal property) used to compute the statutory and TABOR property tax revenue limits. (C.R.S. 39-5-121 (2)(b) and 39-5-128) .
October 15	Budget officer must submit proposed budget to the governing body. (C.R.S. 29-1-105) Governing body must publish "Notice of Budget" upon receiving proposed budget. (C.R.S. 29-1-106(1)) Notice may be posted if budget is less than \$50,000.
November 1	Deadline for submitting applications to the Division for an increased levy pursuant to 29-1-302, C.R.S. and applications for exclusion of assessed valuation attributable to new primary oil or gas production from the 5.5% limit pursuant to (C.R.S. 29-1-301 (1)(b))
December 10	Assessors' changes in assessed valuation will be made only once by a single notification (re-certification) to the county commissioners or other body authorized by law to levy property tax, and to DLG. (C.R.S. 39-1-111(5))
December 15	Deadline for certification of mill levy to county commissioners (C.R.S. 39-5-128(1)). Local governments levying property tax must adopt their budgets before certifying the levy to the county. If the budget is not adopted by certification deadline, then <b>90 percent</b> of the amounts appropriated in the current year for operations and maintenance expenses shall be deemed re-appropriated for the purposes specified in such last appropriation. (C.R.S. 29-1-108(4) and (5))
December 22	Deadline for county commissioners to levy taxes and to certify the levies to the assessor. (C.R.S. 39-1-111(1))
December 31	Local governments not levying a property tax must adopt the budget on or before this date; if they fail to adopt the budget see the penalty for failure to adopt cited on December 15. All governing bodies must enact a resolution or ordinance to appropriate funds for the ensuing fiscal year. If the budget is not appropriated by year-end, then <b>90 percent</b> of the amounts appropriated in the current year for operations and maintenance expenses shall be deemed re-appropriated for the budget year. (C.R.S. 29-1-108(4))

On or before December 31, the Board shall enact an ordinance appropriating the budget for the ensuing fiscal year. The Board may amend the appropriation ordinance at any time during the year in the event of an emergency.

PLATEAU VALLEY FIRE PROTECTION DISTRICT

Summary of Significant Accounting Policies

December 31, 2017

F. Property Taxes

Annual property taxes are levied on January 1, based on assessed valuation certified by Mesa County by December 15 of the prior year. On January 1, the County Treasurer bills the property owners, thus establishing an enforceable lien on the property. The County Treasurer also collects the property taxes and remits the collections on a monthly basis to the District.

The District recognizes a receivable for property tax when the tax is levied. Deferred revenue is recorded in the same amount since the taxes are not available at year-end to fund expenditures of the current year.

Property taxes are recognized as revenue in the year in which they are intended to finance operating expenses.

G. Encumbrances

Encumbrance accounting is not employed.

H. Use of Estimates

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

I. Pensions

State Wide Defined Benefit Plan

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.

Volunteer Fire Pension Fund

The District participates in the Volunteer Fire Department Pension Fund (VFDP), an agent multiple-employer Public Employee Retirement System (PERS), administered by FPPA, which represents the assets of numerous separate plans that have been pooled for investment purposes. The net pension liabilities or assets, 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 pensions have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

J. Adoption of GASB 68

December 31, 2015, the District adopted the provisions of Statement of Governmental Accounting Standards (GASB Statement) No. 68 – *Accounting and Financial Reporting for Pensions ,an Amendment of GASB Statement No. 27*, which replaces the requirements of Statement No.27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement.

H. Subsequent Events

Management has reviewed subsequent events through the date of the audit report.

PLATEAU VALLEY FIRE PROTECTION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS

Note 1 – Employee Retirement State Wide 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, 2016 has 194 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](http://www.fppaco.org).

Benefits Provided

A member is eligible for a normal retirement pension once the member has completed 25 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.

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 9.0 percent and 8 percent, respectively, of base salary for a total contribution rate of 17.0 percent in 2016. In 2014, the members elected to increase the member contribution rate to the Plan beginning in 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.

PLATEAU VALLEY FIRE PROTECTION DISTRICT

Notes to the Financial Statements

December 31, 2017

Note 1 - Employee Retirement State Wide Plan-continued

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

Contributions from members and employers of departments reentering the system are established by resolution and approved by the FPPA Board of Directors. The reentry group has a combined contribution rate of 20.5 percent of base salary in 2015. **It is a local decision as to whether the member or employer pays the additional 4 percent contribution.** Per the 2014 member election, the reentry group will also have their required member contribution rate increase 0.5 percent annually 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 4.5 percent and 4 percent, respectively, of base salary for a total contribution rate of 8.5 percent in 2016. Per the 2014 member election, members of the affiliated 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.

Contributions to the Plan from the Department were \$30,114 for 2017.

**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 \$27,126 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 0.0751 percent, which was an increase/ (decrease) of 0.0170 percent from its proportion measured as of December 31, 2015.

December 31, 2017, the Department recognized pension expense of \$30,114. At December 31, 2017, the Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ -	\$ (1,562)
Changes in assumptions		
Net difference between actual and projected earnings on pension plan investments	98,844	
Changes in proportion and difference between Department contributions and proportionate share of contributions	(130,520)	
Department contributions subsequent to the measurement date	30,114	
Total	\$ (1,562)	\$ (1,562)

PLATEAU VALLEY FIRE PROTECTION DISTRICT

Notes to the Financial Statements

December 31, 2017

Note 1 - Employee Retirement State Wide Plan-continued

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

\$30,114 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:

<b>Year ended December 31,</b>		
2017	\$	4,390
2018		4,390
2019		4,390
2020		4,390
2021		4,390
Thereafter		23,651

Actuarial Assumptions. The actuarial valuation for the Statewide Defined Benefit Plan were used to determine the total pension liability and actuarially determined contributions for the fiscal year ending December 31, 2016. The valuations used the following actuarial assumptions and other inputs:

	<u>Total Pension Liability</u>
Actuarial Valuation Date	January 1, 2016
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 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% for the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00020.

PLATEAU VALLEY FIRE PROTECTION DISTRICT  
Notes to the Financial Statements  
December 31, 2017

Note 1 - Employee Retirement State Wide Plan-continued

**General Information about the Fire & Police Statewide Defined Benefit Plan-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 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 Plans target asset allocation as of December 31, 2016, are summarized in the above table.

Asset Class	Target Allocation	Long Term Expected Rate of Return
Global Equity	36.0%	9.25%
Equity Long/Short	10.0%	7.35%
Liquid Alternatives	23.0%	10.75%
Fixed Income	15.0%	4.10%
Absolute Return	10.0%	6.55%
Managed Futures	4.0%	5.50%
Cash	2.0%	0.00%
<b>Total</b>	<b>100%</b>	

The discount rate used to measure the total pension liability was 7.50%. 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 the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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 in 7.5%.

PLATEAU VALLEY FIRE PROTECTION DISTRICT

Notes to the Financial Statements

December 31, 2017

Note 1 - Employee Retirement State Wide Plan-continued

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

*Sensitivity of the Department's proportionate share of the net pension liability/(asset) 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:

	<b>1.00% Decrease</b>	<b>Current Discount Rate</b>	<b>1.00% Increase</b>
Department's proportionate share of the net pension liability/(asset)	\$ 230,888	\$ 27,126	\$ (142,089)

*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.

Note 2 – Volunteer Retirement Plan

**General Information about the Volunteer Fire Pension Plan**

Plan Description.

The District contributes to the Volunteer Fire Department Pension Fund (VFDP), an agent multiple-employer Public Employee Retirement System (PERS) administered by the Fire & Police Pension Association (FPPA). The PERS represents the assets of numerous separate plans that have been pooled for investment purposes. The pension plans have elected to affiliate with FPPA for plan administration and investment only. FPPA issues a publicly available comprehensive annual financial report that can be obtained on FPPA's website at <http://www.fppaco.org>. For the measurement period ending December 31, 2016, the VFDP included membership of 12 retirees and beneficiaries, 0 inactive, non-retired member, and 19 active members for a total of 31 members.

Benefits Provided.

Normal Retirement

A member is eligible for a normal retirement pension once the member has completed twenty years of credited service and has attained the age of 50. The monthly regular retirement benefit is \$700. A supplemental monthly pension payment to a volunteer who has attained the age of 50 years and who has been in active service in excess of 20 years can receive an extended service amount up to 5% of the monthly pension amount per additional year of service. The amount cannot exceed a maximum of ten additional years.

Vested Retirement

A member with 10 or more but less than 20 years of service is eligible to receive a benefit of \$35 per month times the number of vesting years.

PLATEAU VALLEY FIRE PROTECTION DISTRICT  
Notes to the Financial Statements  
December 31, 2017

Note 2 - Volunteer Retirement Plans-continued

**General Information about the Volunteer Fire Pension Plan-continued**

Disability Retirement Benefit

A member is eligible for short and long-term disability for injuries in the line of duty. Short-term payments of \$350 per month last for a maximum of one year. Long-term disability is a lifetime amount after one year of service of \$700 per month.

Survivor Benefits

Survivor benefits are available at one-half of the amount of the normal retirement pension, or \$350 per month. This amount is available to a survivor following death after normal retirement, following death in the line of duty as a volunteer firefighter before retirement eligible, and following death after disability retirement. An additional amount of \$17.50 per month is available following death after normal retirement with extended service amount per year of service and following death after vested retirement with 10 to 20 years of service per year of service. Survivors may include spouse, child under 18 years of age, or dependent parent. This annuity shall cease if the surviving spouse or dependent parent remarries and dissolution of a subsequent marriage does not reinstate the annuity. Whenever the pension board increases the retirement pension payable to volunteer firefighters, that increase will also be applied to the pension benefits of survivors of firefighters killed in the line of duty.

Funeral Benefits

A one-time funeral benefit is paid of \$1,400 in the event of a death of a member.

Contributions.

The District contributes from proceeds of a property tax mill levy. The Plan is construed and enforced in accordance with Colorado Revised Statute Title 31, Article 30. Per CRS 31-30-1112, State contributions to any municipality or district must equal ninety percent of all amounts contributed by the municipality or district under section 31-30-1110 in the previous year, but, notwithstanding any other provision of this part 11, the state contribution shall not exceed one-half mill on the previous net valuation for assessment of the municipality or district assuming one hundred percent collection. For 2017, the District contributed \$53,425 and the state's matching contribution was \$0.

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

At December 31, 2017, the District reported a net pension liability/ (asset) of \$(142,925). 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 January 1, 2016. The total pension liability as of December 31, 2015 is based upon the January 1, 2015 actuarial valuation.

December 31, 2017, the District recognized pension expense of \$(22,076).

At December 31, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ (46,840)
Net difference between projected and actual earnings on pension plan investments	139,099	-
Change in Assumptions	28,908	
Contributions subsequent to the measurement date	<u>53,425</u>	<u>-</u>
Total	<u>\$ 221,432</u>	<u>\$ (46,840)</u>

PLATEAU VALLEY FIRE PROTECTION DISTRICT

Notes to the Financial Statements

December 31, 2017

Note 2 - Volunteer Retirement Plans-continued

**Pension Liabilities/ (Asset), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions-continued**

\$74,350 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year 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:

Year ended December 31:	
2018	\$ 20,307
2019	31,463
2020	47,225
2021	23,210
2022	-
Thereafter	-
Total	<u>\$122,235</u>

Actuarial Assumptions.

Actuarially determined contribution rates are calculated as of January 1 of odd numbered years. The contribution rates have a one-year lag, so the actuarial valuation as of January 1, 2015 determines the contribution amounts for 2016 and 2017. The actuarial valuation as January 1, 2017 determines the contribution amounts for 2018 and 2019. The valuation used the following actuarial assumptions and other inputs:

Actuarial Method	Entry Age Normal
Amortization Method	Level Dollar, Open*
Amortization Period	20 Years*
Asset Valuation Method	5-Year Smoothed market
Inflation	3.0%
Investment Rate of Return	7.5%
Projected Salary Increases	N/A
Retirement Age	50% per year of eligibility until 100% at age 65
Mortality	
Pre-retirement:	RP-2000 Combined Mortality Table with Blue Collar Adjustment, 40% multiplier for off-duty mortality.
Post retirement:	RP-2000 Combined Mortality Table, with Blue Collar Adjustment
Disabled:	RP-2000 Disabled Mortality Table
	All tables projected with Scale AA

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

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

PLATEAU VALLEY FIRE PROTECTION DISTRICT

Notes to the Financial Statements

December 31, 2017

Note 2 - Volunteer Retirement Plans-continued

**Pension Liabilities/ (Asset), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions-continued**

Assumption Changes

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

Inflation – 2.5%

Mortality – **Pre-retirement:** RP-2014 Mortality Tables for Blue Collar Employees, projected with Scale BB, 55% multiplier for off-duty mortality. Increased by 0.00020 for on-duty related Fire and Police experience.

**Post-retirement:** For ages less than 55, RP-2014 Mortality Tables for Blue Collar Employees. For ages 65 and older, RP-2014 Mortality Tables for Blue Collar Healthy Annuitants. For ages 55 through 64, a blend of the previous tables. All tables are projected with Scale BB.

**Disabled:** RP-2014 Disabled Generational Mortality Table generationally projected with Scale BB with a minimum 3% rate for males and 2% rate for females.

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Rate of Return</b>
Global Equity	36.00%	6.75%
Equity Long/Short	10.00%	4.85%
Liquid Alternatives	23.00%	8.25%
Fixed Income	15.00%	0.50%
Absolute Return	10.00%	4.05%
Managed Futures	4.00%	3.00%
Cash	2.00%	0.00%
Total	100.00%	

**PLATEAU VALLEY FIRE PROTECTION DISTRICT**

Notes to the Financial Statements

December 31, 2017

Note 2 - Volunteer Retirement Plans-continued

**Pension Liabilities/ (Asset), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions-continued**

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension liability/(asset)	<u>\$ 48,613</u>	<u>\$(142,925)</u>	<u>\$(301,008)</u>

Note 3 – Change In Fixed Assets

	Balance 12/31/2016	Additions	Reclass Deletions	Balance 12/31/2017
Buildings	\$ 1,096,531	\$ -	\$ -	\$ 1,096,531
Radio system	159,302	-	-	159,302
Fire Vehicles & Equipment	1,910,184	11,058	-	1,921,242
Medical Vehicles & Equipment	612,961	-	-	612,961
Station Equipment	288,049	-	-	288,049
Total Fixed Assets	<u>4,067,027</u>	<u>11,058</u>	<u>0</u>	<u>4,078,085</u>
Accumulated Depreciation:				
Buildings	(323,500)	(33,370)	-	(356,870)
Radio system	(146,134)	(7,943)	-	(154,077)
Fire Vehicles & Equipment	(1,876,715)	(15,043)	-	(1,891,758)
Medical Vehicles & Equipment	(413,732)	(42,968)	-	(456,700)
Station Equipment	(190,857)	(26,414)	-	(217,271)
Total Accum Depreciation	<u>(2,950,938)</u>	<u>(125,738)</u>	<u>-</u>	<u>(3,076,676)</u>
Construction-in-Process	0	8,000	0	8,000
Net Fixed Assets	<u>\$ 1,116,089</u>	<u>\$ (106,680)</u>	<u>\$ -</u>	<u>\$ 1,009,409</u>

Note 4 - Budget to Actual Comparison

	General Fund
Revenue and Other Financing Resources	
GAAP Basis	\$ 705,518
Modification to GAAP Basis	
Carryover from prior year	<u>2,318,188</u>
Resources Budgetary Basis	3,023,706
17 Budgeted Resources	<u>3,164,903</u>
Variance Favorable (Unfavorable)	<u>\$ (141,197)</u>
Expenditures- GAAP Basis	\$ 1,177,289
Modification to GAAP Basis	
Capital Outlays	19,058
Pension Expense	323,016
Depreciation	(125,739)
Emergency Reserve	<u>45,000</u>
Expenditures Budgeted Basis	<u>1,438,624</u>
17 Budgeted Expenditures	<u>1,372,402</u>
Variance Favorable (Unfavorable)	<u>\$ 66,222</u>

PLATEAU VALLEY FIRE PROTECTION DISTRICT

Notes to Financial Statements

December 31, 2017

Note 5 - Deposits and Investments

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories; state regulators determine eligibility. 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 the aggregate uninsured deposits.

	<u>2017</u>	
Cash & Investments consisted of the following:		
Petty Cash - Uninsured	<u>\$          600</u>	
Checking & Money Markets:		
Insured	250,021	
Collateralized by PDPA	<u>1,690,057</u>	
Total	<u>1,940,078</u>	
Total Cash & Cash Equivalents	1,940,678	
Investments CD's:(Measured at amortized cost)		
Insured	249,145	Level 1
Collateralized by PDPA	<u>151,034</u>	Level 1
Total Deposits & Investments	<u>\$      2,340,857</u>	

Colorado Statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest. Authorized investments include obligation of the United States and certain U.S. government agency securities; certain international agency securities; general obligation and revenue bonds of U.S. local government entities; bankers' acceptance of certain banks; commercial paper; local government investment pools; written repurchase agreements collateralized by certain authorized securities; certain money market funds; and, guaranteed investment contracts.

The Districts investments at December 31, 2017, are categorized above to give an indication of the level of risk assumed by the District at year-end.

The District considers cash in the bank, cash on hand, and investment with original maturities of three months or less as cash and cash equivalents.

The District Categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value.

Level 1: Quoted prices (unadjusted) in active markets for an identical asset or liability that a government can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly, Level 2 inputs include quoted prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liabilities.

Level 3: Unobservable inputs for an asset or liability.

PLATEAU VALLEY FIRE PROTECTION DISTRICT

Notes to Financial Statements

December 31, 2017

Note 6 - 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 in compliance with this amendment.

Note 7 – Use of Restricted Funds and Unrestricted Funds

It is the District's policy to apply restricted assets first then unrestricted when restricted funds can be applied to an item.

REQUIRED SUPPLEMENTAL INFORMATION

**PLATEAU VALLEY FIRE PROTECTION DISTRICT**  
 Required Supplementary Information Pensions  
 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,

	<b>2017</b>	<b>2016</b>
Department's proportion of the net pension liability/(asset)	.075%	.058%
Department's proportionate share of the net pension liability/(asset)	\$ 27,126	\$ (1,024)
Department's covered-employee payroll	\$ 361,983	\$ 384,199
Department's proportionate share of the net pension liability/(asset) as a percentage of is covered-employee payroll	7.49%	.266%
Plan fiduciary net position as a percentage of the total pension liability	98.21%	100.10%

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

	<b>2017</b>	<b>2016</b>
Contractually required contribution	\$28,959	\$ 29,754
Contributions in relation to the contractually required contribution	\$28,959	\$ 29,754
Contribution deficiency (excess)	\$ 0	\$ 0
Department's covered-employee payroll	\$361,983	\$371,929
Contributions as a percentage of covered-employee payroll	8.0%	8.0%

PLATEAU VALLEY FIRE PROTECTION DISTRICT  
Required Supplementary Information Pensions  
December 31, 2017

**Notes to Required Supplementary Information  
December 31, 2017**

*Changes in plan provisions.* The plan provisions have not changed since the prior valuation.

*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.

Plateau Valley Fire Protection District  
Statement of Revenues, Expenditures, and Change in Fund Balance  
Actual and Budget  
For the Year Ended December 31, 2017

	General Fund		
	Budget Original & Final	Actual	Variance Favorable (Unfavorable)
Revenue:			
General property taxes	\$ 550,115	\$ 407,356	\$ (142,759)
Specific ownership tax	71,000	86,715	15,715
Ambulance	110,000	197,452	87,452
Interest income	3,100	5,246	2,146
Grants/Miscellaneous	112,500	8,749	(103,751)
Total Revenues	<u>846,715</u>	<u>705,518</u>	<u>(141,197)</u>
Expenditures:			
<b>Administrative:</b>			
Salaries	497,500	450,745	46,755
Payroll taxes & benefits	52,155	103,522	(51,367)
Insurance	198,000	160,254	37,746
Office expense	20,100	10,549	9,551
Accounting & legal	45,500	47,458	(1,958)
Dues & subscriptions	3,000	2,812	188
Treasurers fee	10,972	11,050	(78)
Directors fee	8,000	7,200	800
IT & maintenance expense	25,000	21,198	3,802
Human resource expense	1,675	456	1,219
Bad Debt expense	30,000	106,432	(76,432)
Capital outlay	2,000	-	2,000
Total Administrative Expenditures	<u>893,902</u>	<u>921,676</u>	<u>(27,774)</u>
<b>Operating Expenditures:</b>			
Chemicals	2,000	1,114	886
Communications	13,500	10,659	2,841
EMS Supplies/drugs	12,500	9,313	3,187
EMS Billing Service	-	15,198	(15,198)
Fuel	30,000	14,738	15,262
Meals	9,000	6,442	2,558
Motor vehicle repairs & maintenance	15,000	12,724	2,276
Operating supplies	3,600	2,270	1,330
Fire prevention/Public education	1,500	110	1,390
Other equipment repairs & maintenance	5,000	1,088	3,912
Radio repairs & maintenance	6,000	2,169	3,831
Training expense	25,000	8,583	16,417
Travel expense	8,000	1,974	6,026
Uniforms	20,000	4,067	15,933
Postage & freight	1,800	20	1,780
Small tools & equipment	2,000	14,267	(12,267)
Building expenses	35,000	25,138	9,862
Capital outlays	288,600	19,058	269,542
Total Operating Expenditures	<u>478,500</u>	<u>148,932</u>	<u>329,568</u>
Total Expenditures	<u>1,372,402</u>	<u>1,070,608</u>	<u>301,794</u>
Revenue Over /(Under) Expenditures	<u>(525,687)</u>	<u>(365,090)</u>	<u>160,597</u>
Fund Balance - January 1,	2,318,188	2,537,695	219,507
Fund Balance - December 31,	<u>\$ 1,792,501</u>	<u>\$ 2,172,605</u>	<u>\$ 380,104</u>