

East Grand Fire Protection District No. 4

Financial Statements

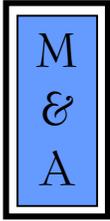
December 31, 2015



**East Grand Fire Protection District No. 4
Financial Report
December 31, 2015**

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MCMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

CHAPEL SQUARE, BLDG C
245 CHAPEL PLACE, SUITE 300
P.O. Box 5850, AVON, CO 81620

WEB SITE: WWW.MCMAHANCPA.COM
MAIN OFFICE: (970) 845-8800
FACSIMILE: (970) 845-8108
E-MAIL: MCMAHAN@MCMAHANCPA.COM

INDEPENDENT AUDITOR'S REPORT

Board of Directors East Grand Fire Protection District No. 4

We have audited the accompanying financial statements of the governmental activities and each major fund information of the East Grand Fire Protection District No. 4 (the "District"), as of and for the year ended December 31, 2015, which collectively comprise the District's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund information of the East Grand Fire Protection District No. 4 as of December 31, 2015, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Member: American Institute of Certified Public Accountants

PAUL J. BACKES, CPA, CGMA
MICHAEL N. JENKINS, CA, CPA, CGMA
DANIEL R. CUDAHY, CPA, CGMA

AVON: (970) 845-8800
ASPEN: (970) 544-3996
FRISCO: (970) 668-3481

Emphasis of Matter

As discussed in Note IV.G to the financial statements, in the year ended December 31, 2015, the District adopted Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis in Section B and Budgetary Comparison Schedules in Section E be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Management's Discussion and Analysis in Section B and Budgetary Comparison Schedules in Section E in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

McMahan and Associates, L.L.C.
May 30, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS



East Grand Fire Protection District No. 4

Management's Discussion and Analysis

December 31, 2015

As management of East Grand Fire Protection District No. 4, (the "District"), we offer readers of the District's financial statements this narrative summary of the financial activities of the District for the fiscal year ended December 31, 2015.

Financial Highlights

- The District's net position increased by \$288,313.
- The District has no debt as of December 31, 2015.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's financial statements are comprised of two components: 1) financial statements; and 2) Notes to the Financial Statements. These components are discussed below.

Financial statements: The financial statements are designed to provide readers with an overview of the District's finances, from both a short-term fund perspective and a long-term economic perspective.

The Balance Sheet/Statement of Net Position presents information on all the District's assets and liabilities (both short-term and long-term), with the difference between the two reported as fund balance or net position. The Balance Sheet columns present the financial position focusing on short-term available resources and are reported on a modified accrual basis of accounting. The Statement of Net Position column presents the financial position focusing on long-term economic resources and is reported on a full accrual basis. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Revenues, Expenditures and Changes in Fund Balance/Statement of Activities shows how the government's fund balance and net position changed during the most recent fiscal year. Again, the Statement of Revenues, Expenditures and Changes in Fund Balance column focuses on short-term available resources and is reported on a modified accrual basis. The Statement of Activities column focuses on long-term economic resources and is reported on a full accrual basis.

The District's financial statements can be found in section C of this report.

Notes to the Financial Statements: The notes provide a background of the entity, certain required statutes, and accounting policies utilized by the District. They also provide additional information that will aid in the interpretation of the financial statements. The Notes to the Financial Statements can be found in section D of this report.

Financial Analysis of the District

East Grand Fire Protection District No. 4's Net Position

	2015	2014
Assets and Deferred Outflows:		
Current assets	\$ 6,673,447	\$ 7,031,547
Capital assets and long-term assets	6,659,635	6,057,178
Deferred outflows	105,080	82,633
Total Assets	<u>13,438,162</u>	<u>13,171,358</u>
Liabilities and Deferred Inflows:		
Current liabilities	18,445	12,301
Long-term liabilities	332,380	391,130
Deferred inflows	1,582,120	1,551,023
Total Liabilities and Deferred Inflows	<u>1,932,945</u>	<u>1,954,454</u>
Net Position:		
Restricted for:		
Investment in capital assets, net of debt	6,588,635	5,999,028
Restricted for TABOR	84,000	84,000
Restricted for pensions	71,000	-
Unrestricted	4,761,582	5,133,876
Total Net Position	<u>\$ 11,505,217</u>	<u>\$ 11,216,904</u>

A significant portion of the District's total assets reflect capital assets, which includes land, fire stations, vehicles, and equipment.

At the end of the 2015, the District is able to report positive balances in all categories of net position. Overall, the District's total assets increased during the most recent fiscal year. Governmental Accounting Standards Board Statement No. 34 requires asset acquisitions to be capitalized and depreciated over their respective estimated useful lives. For 2015, the District reported depreciation expense in the amount of \$351,952.

Financial Analysis of the District (continued)

East Grand Fire Protection District No. 4's Change in Net Position

	2015	2014
Revenues:		
Property taxes	\$ 1,519,600	\$ 1,514,291
Specific ownership taxes	96,732	79,266
Fire impact fees	54,821	29,161
Interest	33,411	40,447
Realized gain (loss) on investment	-	(2,517)
Unrealized gain (loss) on investment	23,372	95,180
Miscellaneous	7,757	27,123
Total Revenues	<u>1,735,693</u>	<u>1,782,951</u>
Expenditures/Expenses:		
Public safety	1,454,880	1,688,718
Total Expenditures/Expenses	<u>1,454,880</u>	<u>1,688,718</u>
Other Financing Uses:		
Sale of assets	7,500	-
Change in Net Position	288,313	94,233
Net Position - January 1 (as restated)	11,216,904	11,122,671
Net Position - December 31	<u>\$ 11,505,217</u>	<u>\$ 11,216,904</u>

Property taxes and specific ownership taxes were the most significant sources of revenues and have been reduced over the last several years due to a reduction in assessed valuation. When compared to 2014, overall revenues decreased by \$47,258 in 2015. Expenses decreased in 2015 by \$233,838.

Budget Variances in the General Fund

The District did not amend the budget during the year. The following accounts had significant variances from budget:

	Final Budget	Actual	Variance Positive (Negative)	Reason
Revenues:				
Property taxes	1,551,023	1,519,600	(31,423)	The District experienced an increase in Delinquent taxes during the year.
Specific ownership taxes	70,000	96,732	26,732	The District budgets conservatively for SO tax revenues.
Unrealized gain (loss) on inv.	-	23,372	23,372	Unrealized gains and losses are not budgeted for.
Expenditures/Expenses:				
Firefighting	1,001,200	781,205	219,995	The District budgets conservatively for payroll expense, payroll benefits, and insurance expenses.
Station, Buildings & Grounds	104,500	72,534	31,966	The District budgets conservatively for repairs and maintenance
Capital outlay	1,020,100	941,559	78,541	The District budgeted for additional remodeling at station #2, which did not take place in 2015.
Contingency	3,754,881	-	3,754,881	No contingency was utilized during 2015.

Capital Asset

Capital assets: Additional capital asset information as well as a detailed classification of the District's net capital assets can be found in the Notes to the Financial Statements in section D.

Request for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the District's Administrative Offices, 77601 US Highway 40, Winter Park, CO. 80482.

GOVERNMENT-WIDE FINANCIAL STATEMENTS



East Grand Fire Protection District
Governmental Funds Balance Sheet/Statement of Net Position
December 31, 2015

	Primary Government				Statement of Net Position
	General Fund	Impact Fee Fund	Total	Adjustments	
Assets:					
Cash and investments	4,886,442	-	4,886,442	-	4,886,442
Restricted cash and investments	-	210,676	210,676	-	210,676
Property taxes receivable	1,551,394	-	1,551,394	-	1,551,394
Other receivable	5,734	-	5,734	-	5,734
Prepaid expenses	19,201	-	19,201	-	19,201
Net pension asset - employer plan	-	-	-	71,000	71,000
Capital assets, net of accumulated depreciation	-	-	-	6,588,635	6,588,635
Total Assets	6,462,771	210,676	6,673,447	6,659,635	13,333,082
Deferred Outflows of Resources:					
Pension related deferred outflows	-	-	-	105,080	105,080
Total Deferred Outflows	-	-	-	105,080	105,080
Liabilities:					
Accounts payable	15,158	-	15,158	-	15,158
Accrued liabilities	3,287	-	3,287	-	3,287
Net pension liability - volunteer plan	-	-	-	332,380	332,380
Total Liabilities	18,445	-	18,445	332,380	350,825
Deferred Inflow of Resources:					
Unavailable property tax revenue	1,551,394	-	1,551,394	-	1,551,394
Pension related deferred inflows	-	-	-	30,726	30,726
Total Deferred Inflows	1,551,394	-	1,551,394	30,726	1,582,120
Fund Balances / Net Position:					
Fund Balances:					
Non-spendable	19,201	-	19,201	(19,201)	-
Restricted for TABOR	84,000	-	84,000	(84,000)	-
Committed	-	210,676	210,676	(210,676)	-
Unassigned	4,789,731	-	4,789,731	(4,789,731)	-
Total Fund Balances	4,892,932	210,676	5,103,608	(5,103,608)	-
Total Liabilities, Deferred Inflows, and Fund Balances	6,462,771	210,676	6,673,447		
Net Position:					
Net investment in capital assets				6,588,635	6,588,635
Restricted for emergencies				84,000	84,000
Restricted for pensions				71,000	71,000
Unrestricted				4,761,582	4,761,582
Total Net Position				11,505,217	11,505,217

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

**East Grand Fire Protection District
Statement of Revenues, Expenditures and
Changes in Fund Balances/Statement of Activities
For the Year Ended December 31, 2015**

	Primary Government				
	General Fund	Impact Fee Fund	Total	Adjustments	Statement of Activities
Revenues:					
Property taxes	1,519,600	-	1,519,600	-	1,519,600
Specific ownership taxes	96,732	-	96,732	-	96,732
Impact fees	-	54,821	54,821	-	54,821
Investment income	33,094	317	33,411	-	33,411
Unrealized gain (loss) on investments	23,372	-	23,372	-	23,372
Miscellaneous	7,757	-	7,757	-	7,757
Total Revenues	1,680,555	55,138	1,735,693	-	1,735,693
Expenditures/Expenses:					
Administration	180,653	495	181,148	8,048	189,196
Pension contribution	60,000	-	60,000	-	60,000
Firefighting	781,205	-	781,205	141,060	922,265
Training	49,776	-	49,776	-	49,776
Fire prevention	3,758	-	3,758	-	3,758
Communications	17,828	-	17,828	-	17,828
Station, buildings & grounds	72,534	-	72,534	139,524	212,058
Capital outlay	941,559	-	941,559	(941,559)	-
Total Expenditures/Expenses	2,107,313	495	2,107,808	(652,928)	1,454,880
Excess (Deficiency) of Revenues Over Expenditures	(426,758)	54,643	(372,115)	652,928	280,813
Other Financing Sources (Uses):					
Gain (loss) on disposition of assets	7,500	-	7,500	-	7,500
Operating transfers in / (out)	24,365	(24,365)	-	-	-
Total Other Financing Sources (Uses)	31,865	(24,365)	7,500	-	7,500
Changes in Net Position	(394,893)	30,278	(364,615)	652,928	288,313
Fund Balances/Net Position:					
Beginning of Year (as restated)	5,287,825	180,398	5,468,223		11,216,904
End of Year	4,892,932	210,676	5,103,608		11,505,217

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

NOTES TO THE FINANCIAL STATEMENTS



East Grand Fire Protection District No. 4
Notes to the Financial Statements
December 31, 2015

I. Summary of Significant Accounting Policies

The East Grand Fire Protection District (the "District") is a quasi-municipal corporation organized and operated pursuant to provisions set forth in the Colorado Special District Act. The District was established to provide emergency and non-emergency services for the protection of life and property in eastern Grand County, Colorado.

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

A. Reporting Entity

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

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

B. Government-wide and Fund Financial Statements

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

1. Government-wide Financial Statements

In the Governmental Funds Balance Sheet/Statement of Net Position, the Statement of Net Position column is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The fund focus is on current available resources and budget compliance. Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects.

East Grand Fire Protection District No. 4
Notes to the Financial Statements
December 31, 2015
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

1. Government-wide Financial Statements (continued)

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

The *General Fund* is the District's primary operating fund. It accounts for all financial resources not required to be accounted for in another fund. Resources restricted within this fund relate to TABOR reserve requirements (see Note III.B).

The *Impact Fee Fund* accounts for the collection of fire impact fees. In 2003, the District entered into agreements with Grand County, the Town of Fraser, and the Town of Winter Park to collect fire impact fees from new developments within the boundaries of the District. The use of impact fees is limited to acquisition or improvement of District facilities and acquisition of new equipment. This fund is considered a major special revenue fund due to its significance to the District.

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

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

1. Long-term Economic Focus and Accrual Basis

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

East Grand Fire Protection District No. 4
Notes to the Financial Statements
December 31, 2015
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

2. Current Financial Focus and Modified Accrual Basis

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

D. Financial Statement Accounts

1. Cash and Cash Equivalents

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

2. Receivables

Receivables are reported net of any allowance for uncollectible accounts.

3. Property Taxes

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

4. Interfund Receivables and Payables

Balances at year-end between funds are reported as "due (to) / from other fund" in the fund financial statements and are eliminated in the government-wide financial statements.

5. Capital Assets

Capital assets, which include land, fire stations and improvements, equipment, and vehicles, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of five years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

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

East Grand Fire Protection District No. 4
Notes to the Financial Statements
December 31, 2015
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

5. Capital Assets (continued)

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

Assets	Years
Buildings and Improvements	40
Mobile Equipment	5-25
Other Fire Fighting / Training Equipment	7-15
Administrative Assets	5-7

6. Compensated Absences

The District's policy allows for a maximum carryover of 160 hours of vacation to the following year. At December 31, 2015, there were no hours carried forward to 2016. The District's policy does not allow for payment of sick time upon termination. Therefore, no liability is included in these statements.

7. Long-term Debt

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position column. Long-term debt premiums and discounts, issuance costs, as well as losses on refinancing, are deferred and amortized over the life of the related debt using the straight-line method.

8. Pensions

For purposes of measuring the net pension liability or asset, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the District's defined benefit pension plan and additions to/deductions from the fiduciary net position of the District's defined benefit pension plan 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.

9. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The District only has one item that qualifies for reporting in this category. The collective deferred outflows of the District's net pension obligation. Pension contributions made after the measurement date, and the net difference between projected and actual earnings will be recognized as a change of the net pension liability or asset in future periods.

East Grand Fire Protection District No. 4
Notes to the Financial Statements
December 31, 2015
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

9. Deferred Outflows/Inflows of Resources (continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two types of items that qualify for reporting in this category. Unavailable revenue from property taxes, reported in the governmental balance sheet are deferred and recognized as an inflow from resources in the period that the amounts become available. Collective deferred inflows related to the District's net pension obligation are reported on the Statement of Net Position and are amortized over the average service lives of participants.

10. Fund Balance

Government accounting standards establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, include Non-spendable, Restricted, Committed, Assigned and Unassigned. These classifications reflect not only the nature of the funds, but also provide clarity to the level of restriction place upon fund balance. Fund balance can have different levels of restraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification with the General Fund. The General Fund should be the only fund balance that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance. For further details of the various fund balance classifications, refer to Note IV.D.

11. Use of Estimates

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

II. Reconciliation of Government-wide and Fund Financial Statements

A. Explanation of differences between the governmental fund Balance sheet and the government-wide Statement of Net Position

The Governmental Funds Balance Sheet and the government-wide Statement of Net Position include a reconciling column. One element of the reconciling column accounts for capital assets used in governmental activities that are not financial resources and, therefore, are not reported in the funds. \$10,527,647 represents the cost of capital assets at December 31, 2015. Another adjustment represents the accumulated depreciation on capital assets. The total accumulated depreciation was \$3,939,012.

East Grand Fire Protection District No. 4
Notes to the Financial Statements
December 31, 2015
(Continued)

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

B. Explanation of difference between the government fund Statement of Revenue, Expenditures and Changes in Fund Balance and the government-wide Statement of Activities

The governmental fund Statement of Revenue, Expenditures and Changes in Fund Balance and the government-wide Statement of Activities includes a reconciling column. One element of the reconciliation column accounts for governmental funds reporting capital outlay as expenditures. However, in the Statement of Net Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Depreciation expense totaled \$351,952.

III. Stewardship, Compliance, and Accountability

A. Budgets and Budgetary Accounting

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

- (1) For the 2015 budget, prior to October 15, 2014, the budget office submits to the board a proposed budget for the fiscal year commencing the following January 1. Upon receiving the proposed budget, the District will publish a "Notice of Budget". The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted by the board to obtain taxpayer comments.
- (2) On or before December 15, 2014, the District submits a certification of mill levy to the county commissioners; the budget is approved through passage of a formal resolution prior to the submission of the certification.
- (3) For the 2015 budget, prior to December 15, 2014, the District computed and certified to the County Commissioners a rate of a levy that derived the necessary property taxes as computed in the proposed budget.
- (4) After adoption of the budget resolution, the District may make the following changes: (a) it may transfer appropriated monies between funds or between spending agencies within a fund, as determined by the original appropriation level; (b) it may approve supplemental appropriations to the extent of revenues in excess of the estimated in the budget; (c) it may approve emergency appropriations; and (d) it may approve the reduction of appropriations for which originally estimated revenues are insufficient.
- (5) All appropriations lapse at a year-end.

Taxes levied in one year are collected in the succeeding year. Thus taxes certified in 2014 were collected in 2015 and taxes certified in 2015 will be collected in 2016. Taxes are due on January 1st in the year of collection; however, they may be paid in either one installment (no later than April 30th) or two equal installments (not later than February 28th and June 15th) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 15th.

East Grand Fire Protection District No. 4
Notes to the Financial Statements
December 31, 2015
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment - Revenue and Spending Limitation Amendment

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

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

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending (excluding bonded debt service) for the fiscal year ended December 31, 2015. The District has reserved a portion of its December 31, 2015 year-end fund balance in the General Fund for emergencies as required under TABOR in the amount of \$84,000 which is the approximate required reserve at December 31, 2015.

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

On May 5, 1998, the District's electorate approved the following ballot question:
Shall the East Grand County Fire Protection District No. 4 be authorized to collect, retain, and spend, for fire protection, emergency medical and rescue purposes, all revenues collected from the District's existing property tax rate of 3.070 Mills, and from all other funds and sources, commencing January 1, 1997, and continuing thereafter as a voter-approved revenue change, offset and exception to the limits which would otherwise apply under Article X, Section 20 of the Colorado Constitution, Section 29-1-301, C.R.S. or any other law.

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

East Grand Fire Protection District No. 4
Notes to the Financial Statements
December 31, 2015
(Continued)

IV. Detailed Notes on All Funds

A. Deposits and Investments

Colorado statutes define eligible investments for local governments. These include bonds and other interest-bearing obligations of or guaranteed by the United States government or its agencies and instrumentalities, governmental mutual fund and pools including 2a7-like pools, and repurchase agreements subject to policy requirements.

The District's deposits are entirely covered by federal depository insurance ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first \$250,000 of the District's deposits at each financial institution. Deposit balances over \$250,000 are collateralized as required by PDPA. The carrying amount of the District's demand deposits was \$285,690 at year end. The District had the following deposits and investments with the following maturities as of December 31, 2015:

	Standard & Poors Rating	Carrying Amounts	Maturities	
			Less than one year	Less than five years
<i>Petty cash and other</i>	Not rated	\$ 200	200	-
<i>Deposits:</i>				
Checking and depository	Not rated	285,690	285,690	-
<i>Investments:</i>				
Colorado Pools	AAAm	536,930	536,930	-
Taxable Debt securities	AA+	4,274,298	500,005	3,774,293
		<u>\$ 5,097,118</u>	<u>1,322,825</u>	<u>3,774,293</u>

East Grand Fire Protection District No. 4
Notes to the Financial Statements
December 31, 2015
(Continued)

IV. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

The District's holdings in investment pools are comprised of Certificates of Deposit, all of which mature within one year and are considered liquid assets for financial statement reporting purposes.

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

Credit Risk. State law and District policy limit investments to those authorized by State statutes including U.S. Agencies and 2a7-like pools. The District's investment policy is to follow statutes which is to apply the prudent-person rule: Investments are made as a prudent person would expect to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative statements.

Concentration of Credit Risk. The District diversifies its investments by security type and institution. Investments may only be made in those financial institutions which are implicitly insured by the U.S. Federal Government and meet the AA+ rating. Financial institutions holding District funds must provide the District with a statement of collateral in the form of a listing of securities pledged, and a copy of the certificate from the Banking Authority that states that the institution is an eligible depository.

B. Receivables

The District has the following receivables, net of applicable uncollectible accounts:

	<u>General Fund</u>	<u>Impact Fee Fund</u>	<u>Total</u>
Property taxes, net	\$ 1,551,394	-	\$ 1,551,394
Other Receivables	5,734	-	5,734
Gross receivables on fund(s)	<u>1,557,128</u>	<u>-</u>	<u>1,557,128</u>
Less: Allowance for uncollectible	-	-	-
Net receivables on fund(s)	<u>\$ 1,557,128</u>	<u>-</u>	<u>\$ 1,557,128</u>

East Grand Fire Protection District No. 4
Notes to the Financial Statements
December 31, 2015
(Continued)

IV. Detailed Notes on All Funds (continued)

C. Capital Assets

Capital asset activity for the year ended December 31, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 175,070	-	-	\$ 175,070
Total capital assets, not being depreciated	<u>175,070</u>	<u>-</u>	<u>-</u>	<u>175,070</u>
Capital assets, being depreciated:				
Buildings and improvements	4,687,892	186,136	-	4,874,028
Vehicles	4,192,966	686,758	(72,000)	4,807,724
Equipment	602,160	68,665	-	670,825
Total capital assets being depreciated	<u>9,483,018</u>	<u>941,559</u>	<u>(72,000)</u>	<u>10,352,577</u>
Less accumulated depreciation:	<u>(3,659,060)</u>	<u>(351,952)</u>	<u>72,000</u>	<u>(3,939,012)</u>
Total capital assets, being depreciated, net	<u>5,823,958</u>	<u>589,607</u>	<u>-</u>	<u>6,413,565</u>
Total Capital Assets, Net	<u>\$ 5,999,028</u>	<u>589,607</u>	<u>-</u>	<u>\$ 6,588,635</u>

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

General and administrative	\$ 10,269
Fire and rescue services	202,159
Station, buildings, & grounds	139,524
Total Depreciation Expense	<u>\$ 351,952</u>

East Grand Fire Protection District No. 4
Notes to the Financial Statements
December 31, 2015
(Continued)

IV. Detailed Notes on All Funds (continued)

D. Fund Balance Disclosure

The District classified governmental fund balances as follows:

Non-spendable – includes fund balance amounts inherently non-spendable since they represent inventories, prepaid items, etc.

Spendable Fund Balance:

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation. The General Fund had funds restricted by law for emergencies under Colorado's TABOR amendment..

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

Assigned – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Board of the District or its management designees.

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

The District uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents or contracts that prohibit this, such as grant agreements that require dollar for dollar spending. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts when expenditures are made. The District does not have an adopted minimum fund balance policy, however, the District's budget includes calculations of targeted reserve positions, which is reported annually to the Board of the District.

East Grand Fire Protection District No. 4
Notes to the Financial Statements
December 31, 2015
(Continued)

IV. Detailed Notes on All Funds (continued)

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

1. FPPA Statewide Defined Benefit Plan

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

Contributions: Determined by state statute or by election of the members, contributions are set at a level that enables all benefits to be fully funded at the retirement date of all members. Employees and employers are contributing at a rate of 8% of base salary for a total contribution rate of 16% through 2014. In 2014, the members elected to increase the member contribution rate 0.5% annually from 2015 through 2022 to a total of 12% of base salary. Employer contributions will remain at 8% resulting in a combined contribution rate of 20% in 2022. Contributions from members and employers of plans re-entering the system are established by resolution and approved by the FPPA Board of Directors. The reentry group has a combined contribution rate of 20% of base salary through 2014. It is a local decision on who pays the additional 4% contribution. Per the 2014 member election, the reentry group will also have their required member contribution rate increase 0.5% annually beginning in 2015 through 2022 for a total combined member and employer contribution rate of 24%.

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

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. 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.

East Grand Fire Protection District No. 4
Notes to the Financial Statements
December 31, 2015
(Continued)

IV. Detailed Notes on All Funds (continued)

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

1. FPPA Statewide Defined Benefit Plan (continued)

Benefits (continued): 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, 2014, the standard Separate Retirement Account contribution rate for members of the Statewide Defined Benefit Plan was set at 0 percent. The reentry Separate Retirement Account contribution rate was set at 3.60 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.

Net Pension (Liability) Asset: At December 31, 2015, the District reported an asset of \$71,000 for its proportionate share of the net pension (liability) asset. The Plan's fiduciary net position currently exceeds the total pension liability, resulting in an asset reported by the District. The net pension (liability) asset was measured at of December 31 2014, and the total pension liability used to calculate the net pension (liability) asset was determined by an actuarial valuation as of January 1, 2015. The District's proportion of the net pension (liability) asset was based on the District's contributions to the Plan for calendar year 2014, relative to the total contributions of participating employers to the Plan.

At December 31, 2014, The District's proportionate share was 0.062911%, compared to 0.065031%at December 31, 2013.

For the year ended December 31, 2015, the District recognized net pension (revenues) expense of \$3,737.

East Grand Fire Protection District No. 4
Notes to the Financial Statements
December 31, 2015
(Continued)

IV. Detailed Notes on All Funds (continued)

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

1. FPPA Statewide Defined Benefit Plan (continued)

At December 31, 2015, 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>	
Net differences between projected and actual earnings on pension plan investments	\$ 5,598
Changes in proportionate share of contributions	\$ 1,716
Contributions subsequent to measurement date	\$ 26,147
<u>Deferred Inflows of Resources</u>	
Differences between actual and expected experience	\$ 1,463

Contributions subsequent to the measurement date of December 31, 2014, which are reported as deferred outflows of resources related to pensions, will be recognized as an adjustment against the net pension (liability) asset in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as a component of pension expense as follows:

Year ending December 31:	
2016	1,161
2017	1,161
2018	1,161
2019	1,161
2020	1,159
Thereafter	48
	\$ 5,851

Actuarial Assumptions: The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial Method	Entry Age Normal
Amortization Method	Level % of Payroll, Open
Amortization Period	30 Years
Asset Valuation Method	5 - Year Smoothed Fair Value
Long-term investment rate *	7.5%
Projected Salary Increases	4% to 14%
Cost of Living Adjustments	0%
* includes inflation at	3%

East Grand Fire Protection District No. 4
Notes to the Financial Statements
December 31, 2015
(Continued)

IV. Detailed Notes on All Funds (continued)

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

1. FPPA Statewide Defined Benefit Plan (continued)

The RP-2000 Combined Mortality Table with Blue Collar Adjustment, projected with Scale AA, 40 percent multiplier for off-duty mortality is used in the valuation for off-duty mortality of active members. On-duty related mortality is assumed to be 0.00020 per year for all members. The RP-2000 Combined Mortality Table with Blue Collar Adjustment, projected with Scale AA is used in the projection of post-retirement benefits.

At least every five years the Fire & Police Pension Association's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2011 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the Fire & Police Pension Association's actuaries, Gabriel, Roeder, Smith & Co., based upon their analysis of past experience and expectations of the future.

The assumption changes were effective for actuarial valuations beginning January 1, 2012. The actuarial assumptions impacted actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used. The date the new actuarial assumptions were effective for benefit purposes was October 1, 2012.

Effective with the January 1, 2013 valuations, the Board adopted a five-year smoothing methodology in the determination of the actuarial value of assets. Beginning in the January 1, 2014 valuations, the married assumption for active members was increased from 80% to 85% to reflect the passage of the Colorado Civil Union Act.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Rate of Return</u>
Global Equity	40%	8.9%
Equity Long/Short	10%	7.5%
Illiquid Alternatives	18%	10.5%
Fixed Income	15%	4.6%
Absolute Return	12%	6.5%
Managed Futures	4%	5.5%
Cash	1%	2.5%
	100%	

East Grand Fire Protection District No. 4
Notes to the Financial Statements
December 31, 2015
(Continued)

IV. Detailed Notes on All Funds (continued)

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

1. FPPA Statewide Defined Benefit Plan (continued)

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

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.65% (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.50%.

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1 % Increase (8.5%)
Collective net pension liability (asset)	\$ 106,403,288	\$ (112,857,546)	\$ (295,749,798)
Proportionate share of net pension liability (asset)	\$ 66,939	\$ (71,000)	\$ (186,059)

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

East Grand Fire Protection District No. 4
Notes to the Financial Statements
December 31, 2015
(Continued)

IV. Detailed Notes on All Funds (continued)

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

2. Volunteer Fire and Police Pension Plan

Plan Description: The District is trustee of a single-employer defined benefit pension plan available to provide retirement income for all volunteer fire fighters in recognition of their service to the District. FPPA administers an agent multiple-employer Public Employee Retirement System (“PERS”). The PERS represents the assets of numerous separate plans that have been pooled for investment purposes. The pension plans have elected to affiliate with FPPA for plan administration and investment only. FPPA issues a publicly available comprehensive annual financial report that can be obtained at http://fppaco.org/pdfs/annual_audit_actuarial_reports.

The plan provides normal retirement benefits, disability retirement and survivor benefits. The following benefit provisions were used to determine the District’s pension liability at the measurement date of December 31, 2014:

<i>Normal retirement benefit at age 50 with 20 year of service (monthly):</i>		
Regular	\$	600
<i>Vested retirement benefit:</i>		
With 10 to 20 years of service amount per year of service per minimum vesting years	\$	30
Minimum vesting years		10
<i>Disability retirement benefit (monthly):</i>		
Short term disability for line of duty injury amount payable for not more than 1 year	\$	300
Long term disability for line of duty injury lifetime benefit	\$	600
<i>Survivor benefits (monthly):</i>		
Following death before retirement eligible: due to death in line of duty as volunteer firefighter	\$	300
Following death after normal retirement	\$	300
Following death after vested retirement with 10 to 20 years of service amount per year of service per minimum vesting rights	\$	15
Following death after disability retirement	\$	300
<i>Funeral benefits (required benefit):</i>		
Funeral benefit lump sum, one time only	\$	100

As of January 1, 2015, the latest actuarial valuation date, there were 30 active members, 26 service retirees, 4 beneficiaries, and 6 terminated vested members.

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

East Grand Fire Protection District No. 4
Notes to the Financial Statements
December 31, 2015
(Continued)

IV. Detailed Notes on All Funds (continued)

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

2. Volunteer Fire and Police Pension Plan (continued)

Net Pension Liability: At December 31, 2015, the volunteer pension fund reported a net pension liability of (\$332,380). The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2015.

Actuarial Assumptions: The significant actuarial assumptions used in the valuation as of January 1, 2015 were:

Actuarial method	Entry Age Normal
Amortization method	Level Dollar, Open
Remaining amortization period	20 years
Asset valuation method	5-Year Smoothed Market
Includes inflation at	3.00%
Salary increases	N/A
Investment rate of return	7.50%
Retirement age	50% per year of eligibility until 100% at age 65
Mortality	Pre-retirement: RP-2000 Combined Mortality table with Blue Collar Adjustment, 40% multiplier for off duty mortality. Post-retirement: RP-2000 Combined Mortality Table with Blue collar adjustment. Disabled: RP-2000 Disabled Mortality Tables All tables projected with Scale AA.

Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) the long-term expected rate of return on pension plan investments (7.50%), and (2) tax-exempt municipal bond rate based on an index of 20-year obligation bonds with an average AA credit rating as of the measurement date (3.65%) to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits. The resulting Single Discount Rate is 7.50%.

Regarding the sensitivity of the net pension liability/(asset) to changes in the Single Discount Rate, the following represent 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:

	Current Single Discount Rate Assumption		
	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1 % Increase (8.5%)
Proportionate share of net pension liability (asset)	\$ 599,709	\$ 332,380	\$ 109,871

East Grand Fire Protection District No. 4
Notes to the Financial Statements
December 31, 2015
(Continued)

IV. Detailed Notes on All Funds (continued)

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

2. Volunteer Fire and Police Pension Plan (continued)

In connection with the District's Volunteer Fire and Police Protection Retirement Plan, the following deferred outflow of resources and deferred inflows of resources were reported at December 31, 2015:

Deferred Outflows of Resources

Net differences between projected and actual earnings on pension plan investments	\$	11,619
Contributions subsequent to measurement date	\$	60,000

Deferred Inflows of Resources

Differences between actual and expected experience	\$	29,263
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Contributions subsequent to the measurement date of December 31, 2014, which are reported as deferred outflows of resources related to pensions, will be recognized as a reduction of the net pension liability in subsequent years. Other amounts reported as deferred outflow of resources and deferred inflow of resources related to pensions will be recognized as a component of pension expense in future years as follows:

Year ending December 31:

2016	\$	(7,546)	
2017		(7,546)	
2018		(5,456)	
2019		2,904	
2020		-	
Thereafter		-	
		<u>\$</u>	<u>(17,644)</u>

East Grand Fire Protection District No. 4
Notes to the Financial Statements
December 31, 2015
(Continued)

V. Other Information

A. Risk Management

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

B. Restatement of Prior Periods

For the year ended December 31, 2015, the District adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB No. 68), and the related GASB No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment of GASB Statement No. 68*, which is effective for financial statements for periods beginning after June 15, 2014. GASB No. 68 revises and establishes new financial reporting requirements for most governments that provide their employees with pension benefits. GASB 68 requires employers participating in the FPPA programs to record the plans' net pension liability, as defined in GASB No. 68.

For the District, the effect of implementing this standard was to change how it accounts and reports the net pension liability. Implementation of the standard resulted in a restatement of the prior period Net Position as follows:

Net Position, December 31, 2014, as previously stated	\$ 11,467,251
Net Pension Asset (Liability)	(332,980)
Deferred Outflow of Resources due to Pensions	<u>82,633</u>
Net Position, December 31, 2014, as restated	<u><u>\$ 11,216,904</u></u>

C. Contingent Liability

A pending property tax case concerning the YMCA of the Rockies and a religious exemption may have an impact on the District property tax revenues. The District's share of the possible principal amount to be refunded to the YMCA is estimated to be \$65,300. Substantial interest has accumulated as well. If the Court rejects the request for appeal, the refund will occur in 2017.

REQUIRED SUPPLEMENTAL INFORMATION



East Grand Fire Protection District
General Fund
Schedule of Revenues and Expenditures
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2015
With Comparative Actual Amounts for 2014

	2015		2014	
	Original and Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:				
Property taxes	1,551,023	1,519,600	(31,423)	1,514,291
Specific ownership taxes	70,000	96,732	26,732	79,266
Interest income	15,000	33,094	18,094	40,286
Realized gain (loss) on federal bonds	-	-	-	(2,517)
Unrealized gain (loss) on federal bonds	-	23,372	23,372	95,180
Miscellaneous	12,500	7,757	(4,743)	27,123
Total Revenues	<u>1,648,523</u>	<u>1,680,555</u>	<u>32,032</u>	<u>1,753,629</u>
Expenditures/Expenses:				
Administration	201,851	180,653	21,198	177,817
Pension contribution	60,000	60,000	-	60,000
Firefighting	1,001,200	781,205	219,995	753,182
Training	65,000	49,776	15,224	53,492
Fire prevention	5,000	3,758	1,242	1,504
Communications	19,023	17,828	1,195	14,311
Station, Buildings & Grounds	104,500	72,534	31,966	76,069
Community wildlife protection	5,000	-	5,000	-
Capital outlay	1,020,100	941,559	78,541	1,196,811
Contingency	3,754,881	-	3,754,881	-
Total Expenditures/Expenses	<u>6,236,555</u>	<u>2,107,313</u>	<u>4,129,242</u>	<u>2,333,186</u>
Excess (Deficiency) of Revenues Over Expenditures	(4,588,032)	(426,758)	4,161,274	(579,557)
Other Financing Sources (Uses):				
Gain (loss) on disposition of assets	-	7,500	7,500	-
Operating transfers in / (out)	-	24,365	24,365	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>31,865</u>	<u>31,865</u>	<u>-</u>
Changes in Net Position	<u>(4,588,032)</u>	<u>(394,893)</u>	<u>4,193,139</u>	<u>(579,557)</u>
Fund Balances/Net Position:				
Beginning of Year		5,287,825		5,867,382
End of Year		<u>4,892,932</u>		<u>5,287,825</u>

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

**East Grand Fire Protection District
Special Revenue - Impact Fee Fund
Schedule of Revenues and Expenditures
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2015
With Comparative Actual Amounts for 2014**

	2015		Final Budget Variance Positive (Negative)	2014
	Original and Final Budget	Actual		Actual
Revenues:				
Impact fees	18,000	54,821	36,821	29,161
Interest income	1,000	317	(683)	160
Total Revenues	19,000	55,138	36,138	29,321
Expenditures/Expenses:				
Administration	-	495	(495)	35
Capital outlay	125,000	-	125,000	-
Contingency	74,772	-	74,772	-
Total Expenditures/Expenses	199,772	495	199,277	35
Excess (Deficiency) of Revenues Over Expenditures	(180,772)	54,643	235,415	29,286
Other Financing Sources (Uses):				
Operating transfers in / (out)	-	(24,365)	(24,365)	-
Total Other Financing Sources (Uses)	-	(24,365)	(24,365)	-
Changes in Net Position	(180,772)	30,278	211,050	29,286
Fund Balances/Net Position:				
Beginning of Year		180,398		151,112
End of Year		210,676		180,398

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

East Grand Fire Protection District
Schedule of the District's Proportionate Share of Net Pension Liability (Asset)
Fire and Police Pension Association of Colorado - Statewide Defined Benefit Plan
Last 10 Fiscal Years *

<u>Employer Plan:</u>	<u>2014</u>	<u>2013</u>
District's portion of the net pension asset	0.062911%	0.065031%
District's proportionate share of the net pension liability (asset)	(71,000)	(58,150)
District's covered-employee payroll	282,912	282,458
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-25%	-21%
Plan fiduciary net position as a percentage of the total pension asset	106.80%	105.80%
<u>Volunteer Plan:</u>	<u>2014</u>	
Total Pension Liability		
Service Cost	\$ 30,612	
Interest on the Total Pension Liability	169,017	
Difference between Expected and Actual Experience Assumption Changes	(39,714)	
Benefit Payments	155,720	
Net Change in Total Pension Liability	<u>315,635</u>	
Total Pension Liability - Beginning	<u>2,314,988</u>	
Total Pension Liability - Ending (a)	<u><u>\$ 2,319,183</u></u>	
Plan Fiduciary Net Position		
Employer Contributions	\$ 60,000	
Pension Plan Net Investment Income	127,392	
Benefit Payments	(155,720)	
Pension Plan Administrative Expense	(4,727)	
State of Colorado supplemental discretionary payment	36,000	
Net Change in Plan Fiduciary Net Position	<u>62,945</u>	
Plan Fiduciary Net Position - Beginning	<u>1,923,858</u>	
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 1,986,803</u></u>	
Net Pension Liability - Ending (a) - (b)	<u><u>\$ 332,380</u></u>	
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	85.67%	
Covered Employee Payroll	N/A	
Net Pension Liability as a Percentage of Covered Employee Payroll	N/A	

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred one year prior. Information is only available beginning in fiscal year 2014 for employer plan, and fiscal year 2015 for Volunteer Plan.

Notes to the Schedule of the District's Proportionate Share of the Net Pension Liability (Asset) for the year ended December 31, 2015:

Note 1. Changes of assumptions.
No changes during the years presented above.

Note 2. Changes of benefit terms.
No changes during the years presented above.

Note 3. Changes of size or composition of population covered by benefit terms.
No changes during the years presented above.

**East Grand Fire Protection District
Schedule of District Contributions
Fire and Police Pension Association of Colorado - Statewide Defined Benefit Plan
Last 10 Fiscal Years ***

Employer Plan:

	2014	2013
Contractually required contribution	22,633	22,597
Contributions in relation to the contractually required contribution	22,633	22,597
Contribution deficiency (excess)	\$ 45,266	\$ 45,194
District's covered-employee payroll	282,912	282,458
Contributions as a percentage of covered-employee payroll	8.00%	8.00%

Volunteer Plan:

	2014
Actuarially determined contribution	\$ 77,586
Actual contribution, including State of Colorado discretionary payment	(96,000)
Contribution deficiency (excess)	\$ (18,414)

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred one year prior. Information is only available beginning in fiscal year 2014 for employer plan, and fiscal year 2015 for Volunteer Plan.

Notes to the Schedule of District Contributions for the Year Ended December 31, 2015

Note 1. Changes of assumptions.

No changes during the years presented above.

Note 2. Changes of benefit terms.

No changes during the years presented above.

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

No changes during the years presented above.

SUPPLEMENTAL INFORMATION



**East Grand Fire Protection District
 Firefighter's Pension Trust Fund
 Statement of Changes in Net Position
 Budget (GAAP Basis) and Actual
 For the Year Ended December 31, 2015
 With Comparative Actual Amounts for 2014**

	2015		Final Budget Variance Positive (Negative)	2014
	Original and Final Budget	Actual		Actual
Additions:				
Contributions:				
District contribution	60,000	60,000	-	61,000
State contribution	36,000	36,000	-	36,000
Investment income:				
Earnings	25,000	37,763	12,763	38,876
Realized gain (loss)	-	61,960	61,960	73,052
Unrealized gain (loss)	-	(48,994)	(48,994)	28,923
Total Additions	121,000	146,729	25,729	237,851
Deductions:				
Administration	22,000	20,424	1,576	17,140
Benefits	180,000	160,217	19,783	155,720
Total Deductions	202,000	180,641	21,359	172,860
Change in Net Position	(81,000)	(33,912)	47,088	64,991
Plan Assets - Beginning		1,986,803		1,921,812
Plan Assets - Ending		1,952,891		1,986,803

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