

**BLACK FOREST FIRE / RESCUE
PROTECTION DISTRICT
El Paso, Colorado**

**FINANCIAL STATEMENTS
DECEMBER 31, 2017**

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July 31, 2018

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Independent Auditor's Report

Board of Directors
Black Forest Fire Rescue/Protection District
El Paso County, Colorado

We have audited the accompanying financial statements of the governmental activities and the major fund of Black Forest Fire Rescue/Protection District (District) 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

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 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Black Forest Fire Rescue/Protection District, as of December 31, 2017, and the respective changes in financial position and the respective budgetary comparison for the General Fund 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 that the Management's Discussion and Analysis on pages IV through IX, Schedule of Proportionate share of the Net Pension Liability/(Asset) – Fire and Police Pension Association – Statewide Defined Benefit Plan on page 28, the Schedule of District Contributions – Fire and Police Pension Association – Statewide Defined Benefit Plan on page 29, the Schedule of Changes in Net Pension Liability/(Asset) – FPPA - Volunteer Firefighters' Pension Plan on page 30, and the Schedule of District Contributions – FPPA - Volunteer Firefighters' Pension Plan on page 31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The supplemental information listed in the table of contents is presented for purposes of additional analysis and are not a required part of the financial statements.

The supplemental information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other information listed in the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

SCHILLING & COMPANY, INC.

Highlands Ranch, Colorado
June 20, 2018

**BLACK FOREST FIRE RESCUE/PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2017**

Our discussion and analysis of Black Forest Fire Rescue/Protection District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2017. Please read it in conjunction with the District's basic financial statements which begin on page 1.

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 basic financial statements consist of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains required supplemental information and supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

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

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (i.e. uncollected taxes and earned but unused vacation leave.)

The government-wide financial statements detail functions of the District that are principally supported by tax revenues (governmental activities) and charges for services. The governmental activity of the District is public safety – fire/EMS.

The government-wide financial statements can be found on pages 1 and 2 of this report.

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District reports a governmental fund.

Governmental funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The governmental fund financial statements can be found on pages 3 through 6 of this report.

The District adopted an annual appropriated budget for the General Fund. A budgetary comparison statement for the General Fund is located on page 7 of this report.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 8-27 of this report.

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information which can be found on pages 28-31 of this report. Also included is supplementary information consisting of the schedules of expenditures – budget to actual – General Fund on pages 32-33 and other information which is the summary of assessed valuation, mill levy and property taxes collected and a schedule of debt service requirements to maturity, which can be found on pages 34-36 of this report.

NET POSITION

	December 31,	
	2017	2016
ASSETS		
Current assets	\$ 3,587,624	\$ 3,281,905
Capital assets	3,612,245	3,453,768
Other	287,557	314,378
Total assets	7,487,426	7,050,051
 DEFERRED OUTFLOWS OF RESOURCES	 328,832	 286,248
 LIABILITIES		
Current liabilities	274,072	322,207
Long-term liabilities	891,639	1,174,960
Total liabilities	1,165,711	1,497,167
 DEFERRED INFLOWS OF RESOURCES	 1,681,847	 1,574,190
 NET POSITION		
Net investment in capital assets	3,329,924	2,988,258
Restricted	54,900	54,900
Unrestricted	1,583,876	1,221,784
Total net position	\$ 4,968,700	\$ 4,264,942

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$4,968,700 at the close of the most recent fiscal year.

The District's net position reflects its investment in capital assets (e.g. land, buildings and improvements, equipment and vehicles, office equipment, website and lease fees) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

From 2016 to 2017, the District's current assets increased by \$305,719 primarily due to increases in cash and investments held by the District and an increase in property taxes levied for 2018 collection. Deferred outflows of resources in 2016 and 2017 are the result of the implementation of Governmental Accounting Standards Board Statement No. 68. Long-term liabilities decreased of \$283,321 due to pay down of principal of bonds and capital leases of \$353,188 offset by an increase in the net pension liability – FPPA Statewide Defined Benefit Plan of \$45,477.

CHANGES IN NET POSITION

	Years Ended December 31,	
	2017	2016
REVENUES		
Program revenues:		
Charges for services	\$ 239,551	\$ 275,545
Operating grants and contributions	4,700	4,802
Capital grants and contributions	880	48,560
General revenues:		
Property taxes	1,571,733	1,495,290
Specific ownership taxes	212,917	172,349
Investment earnings	7,601	3,471
Other	45,083	43,719
Gain on disposition of assets	398,110	-
Total revenues	2,480,575	2,043,736
EXPENSES		
Public safety - fire/EMS	1,741,291	1,628,652
Interest and fiscal charges	35,526	46,188
Total operating and debt service	1,776,817	1,674,840
CHANGE IN NET POSITION	703,758	368,896
NET POSITION - BEGINNING OF YEAR	4,264,942	3,896,046
NET POSITION - END OF YEAR	\$ 4,968,700	\$ 4,264,942

The District's overall financial position, as measured by net position, increased \$703,758 during 2017. Total revenue increased by \$436,839 or 21.4%. Property and specific ownership tax revenue increased by \$117,011 from 2016 to 2017 due to an increase in the assessed valuation of the District. In addition, the District had a gain on disposal of capital assets of \$398,110 as a result of removal of capital assets no longer owned by the District. Public safety – Fire/EMS expenses remained relatively consistent between 2016 and 2017 with a 7% increase.

Financial Analysis of the District's Fund

As mentioned previously, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A discussion of the District's governmental fund follows.

Governmental fund: The focus of the District's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental fund reported combined ending fund balance of \$1,865,365. Of this fund balance, \$56,500 is restricted, meaning it is not available for new spending, because it has already been committed for emergencies

under Taxpayers' Bill of Rights (TABOR). \$100,000 of the fund balance is assigned for District emergencies, \$714,937 of the fund balance is assigned for subsequent year's expenditures and \$457,000 assigned for capital improvements which leaves \$590,979 as unassigned.

General Fund Budgetary Highlights

Budget Variances. The budget to actual comparison details for the General Fund can be seen on page 7 of the financial statements. Actual District revenues were more than budgeted District revenues by \$36,794. Actual District expenditures were less than budgeted expenditures by \$243,336.

Capital Asset and Debt Administration

Capital Assets. The District's investment in capital assets at December 31, 2017 amounted to \$3,612,245 (net of accumulated depreciation/amortization). The analysis of changes in capital assets is as follows:

CAPITAL ASSETS (net of depreciation)

	2016	Change	2017
Land	\$ 62,958	\$ -	\$ 62,958
Buildings and improvements	3,057,482	(111,781)	2,945,701
Vehicles and equipment	331,571	267,014	598,585
Other	1,757	3,244	5,001
Total	\$ 3,453,768	\$ 158,477	\$ 3,612,245

During 2017, the District purchased a Ford F-350 with a snow blade for a total cost of \$35,500 and \$5,520, respectively. Additional information on the District's capital assets can be found in Note 4 of this report.

Long-Term Obligations. At the end of the current fiscal year, the District had total outstanding general obligation bonds of \$1,070,301. The analysis of changes in bonds, leases payable and compensated absences is as follows:

LONG-TERM OBLIGATIONS

	2016	Change	2017
2011 G.O. Ref. Bonds	\$ 920,000	\$ (170,000)	\$ 750,000
Land lease	140,139	(140,139)	-
Vehicle lease - 2013	325,371	(43,050)	282,321
Compensated absences	47,000	(9,020)	37,980
	\$ 1,432,510	\$ (362,209)	\$ 1,070,301

During 2017, the District made the scheduled principal and interest payments on the bonds and the leases. In addition, the District paid off its 2009 Land Lease in 2017.

Additional information on the District's long-term obligations can be found in Note 5 of this report.

Economic Factors and Next Year's Budgets and Rates

The District's assessed valuation for operations increased slightly from 2016 to 2017 by \$10,863,170 or 7.3%. The District's assessed valuation for debt also increased from 2016 to 2017 by \$9,722,880 or 17.8%. The District levied 9.215 mills for operations and .899 mills for debt service for a total combined levy of 10.114 mills. This is a decrease of .064 mills from the prior year. The District is not anticipating any significant changes in revenues and expenditures in 2018.

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: Black Forest Fire Rescue/Protection District, 11445 Teachout Road, Colorado Springs, CO 80908.

BASIC FINANCIAL STATEMENTS

BLACK FOREST FIRE/RESCUE PROTECTION DISTRICT
STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
December 31, 2017

ASSETS

Cash and investments	\$ 1,810,120
Cash with County Treasurer	16,465
Property taxes receivable	1,679,534
Accounts receivable - Emergency charges (net of allowance of \$87,000)	35,556
Prepaid expenses	45,949
Net pension asset - FPPA Volunteer Firefighters' Pension	287,557
Capital assets, not being depreciated	62,958
Capital assets, being depreciated, net of accumulated depreciation	3,549,287
Total assets	7,487,426

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows related to pension - FPPA Statewide Defined Benefit Plan	245,667
Deferred outflows related to pension - FPPA Volunteer Firefighters' Pension	83,165
Total deferred outflows of resources	328,832

LIABILITIES

Accounts payable and accrued payroll expenses	42,725
Accrued interest payable	7,208
Noncurrent liabilities:	
Bonds and leases payable - due within one year	224,139
Bonds and leases payable - due in more than one year	808,182
Compensated absences	37,980
Net pension liability - FPPA Statewide Defined Benefit Plan	45,477
Total liabilities	1,165,711

DEFERRED INFLOWS OF RESOURCES

Deferred property taxes	1,679,534
Deferred inflows related to pension - FPPA Statewide Defined Benefit Plan	2,313
Total deferred property taxes	1,681,847

NET POSITION

Net investment in capital assets	2,579,924
Restricted for:	
Emergencies	56,500
Unrestricted	2,332,276
Total net position	\$ 4,968,700

These financial statements should be read only in connection with the accompanying notes to financial statements.

BLACK FOREST FIRE/RESCUE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES
GOVERNMENTAL ACTIVITIES
Year Ended December 31, 2017

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Public safety - Fire/EMS	\$ 1,741,291	\$ 239,551	\$ 4,700	\$ 880	\$ (1,496,160)
Interest on long-term debt	35,526	-	-	-	(35,526)
	<u>\$ 1,776,817</u>	<u>\$ 239,551</u>	<u>\$ 4,700</u>	<u>\$ 880</u>	<u>(1,531,686)</u>

General revenues:

Taxes:	
Property taxes	1,571,733
Specific ownership taxes	212,917
Investment earnings	7,601
Other	45,083
Gain on disposition of assets	398,110
Total general revenues	<u>2,235,444</u>

Change in net position 703,758

Net position - Beginning of year 4,264,942

Net position - End of year \$ 4,968,700

These financial statement should be read only in
connection with the accompanying notes to financial statements.

**BLACK FOREST FIRE/RESCUE PROTECTION DISTRICT
BALANCE SHEET - GOVERNMENTAL FUND
December 31, 2017**

	General
ASSETS	
Current assets	
Cash and investments	\$ 1,810,120
Cash with County Treasurer	16,465
Property taxes receivable	1,679,534
Accounts receivable - service fees (net of allowance of \$87,000)	35,556
Prepaid expenses	45,949
TOTAL ASSETS	\$ 3,587,624
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	
Current liabilities	
Accounts payable	\$ 10,728
Accrued payroll and expenses	31,997
Total liabilities	42,725
DEFERRED INFLOWS OF RESOURCES	
Deferred property taxes	1,679,534
Total deferred property taxes	1,679,534
FUND BALANCES	
Fund balances	
Nonspendable	45,949
Restricted for emergencies - TABOR	56,500
Assigned for District emergencies	100,000
Assigned for subsequent years	714,937
Assigned for capital improvements	457,000
Unassigned	490,979
Total fund balances	1,865,365
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 3,587,624

These financial statements should be read only in connection with the accompanying notes to financial statements.

**BLACK FOREST FIRE/RESCUE PROTECTION DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUND
BALANCE SHEET TO THE STATEMENT OF NET POSITION
December 31, 2017**

Total Governmental Fund Balances	<u>\$ 1,865,365</u>
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund financial statements. However, in the Statement of Net Position, the cost of these items are capitalized and expensed over their estimated lives through annual depreciation expense.</p>	
Cost of capital assets	6,651,590
Less: accumulated depreciation	<u>(3,039,345)</u>
	<u>3,612,245</u>
<p>Pension-related assets are not financial resources and, therefore, are not reported in the Balance Sheet - Governmental Funds.</p>	
Net pension asset - FPPA Volunteer Firefighters' Pension	<u>287,557</u>
	<u>287,557</u>
<p>Liabilities, including bonds and net pension liabilities are not due in the current period and therefore are not reported in the governmental funds</p>	
Bonds and leases payable - due in one year	(224,139)
Bonds and leases payable - due in more than one year	(808,182)
Accrued interest payable	(7,208)
Compensated absences	(37,980)
Net pension liability - FPPA Statewide Defined Benefit Plan	<u>(45,477)</u>
	<u>(1,122,986)</u>
<p>Pension-related deferred inflows and outflows of resources are not financial resources or uses and, therefore, are not reported in the Balance Sheet - Governmental Funds.</p>	
Deferred inflows related to pension - FPPA Statewide Defined Benefit Plan	(2,313)
Deferred outflows related to pension - FPPA Statewide Defined Benefit Plan	245,667
Deferred outflows related to pension - FPPA Volunteer Firefighters' Pension	<u>83,165</u>
	<u>326,519</u>
Net position - governmental activities	<u><u>\$ 4,968,700</u></u>

These financial statements should be read only in connection with the accompanying notes to financial statements.

**BLACK FOREST FIRE/RESCUE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUND
Year Ended December 31, 2017**

	General
REVENUES	
Property taxes	\$ 1,571,733
Specific ownership taxes	212,917
Charges for services - EMS	204,601
Deployments	34,950
Grants	880
Contributions and donations	4,700
Net investment income	7,601
Sale of assets	2,222
Other	42,861
Total revenues	2,082,465
EXPENDITURES	
Governmental activities	
Administration	191,004
Wages	842,581
Benefits	148,288
Firefighting supplies	41,861
Fire prevention and training	20,876
Communications	30,896
Vehicles	64,055
Medical Services	35,673
Station, building and grounds	54,025
Contributions to Volunteer Pension Plan	10,000
Debt service	393,826
Capital improvements - capitalized and non-capitalized	41,985
Total expenditures	1,875,070
CHANGE IN FUND BALANCES	207,395
FUND BALANCE - BEGINNING OF YEAR	1,657,970
FUND BALANCE - END OF YEAR	\$ 1,865,365

These financial statements should be read only in connection with the accompanying notes to financial statements.

**BLACK FOREST FIRE/RESCUE PROTECTION DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2017**

A reconciliation reflecting the differences between the governmental fund net change in fund balances and change in net position reported for governmental activities in the Statement of Activities is as follows:

Net change in fund balance - Total governmental fund	<u>\$ 207,395</u>
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>	
Depreciation and amortization	(280,653)
Capital outlay	41,020
Gain on disposition of assets	398,110
	<u>158,477</u>
<p>Long-term debt (e.g. bonds, capital leases, compensated absences) provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of differences in the treatment of long-term debt and related items.</p>	
Principal payments on bonds	170,000
Principal payments on leases	183,188
Change in compensated absences	9,020
	<u>362,208</u>
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>	
Change in accrued interest on long-term obligations	5,112
Pension expense - FPPA Statewide Defined Benefit Plan	(16,148)
Pension expense - FPPA Volunteer Firefighters' Pension	(13,286)
	<u>(24,322)</u>
Change in net position - Governmental activities	<u><u>\$ 703,758</u></u>

These financial statements should only be read in connection with the accompanying notes to financial statements.

BLACK FOREST FIRE/RESCUE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - GENERAL FUND
For the Year Ended December 31, 2017

	Original and Final Budget	Actuals	Variance with Final Budget Positive (Negative)
REVENUE			
Property taxes	\$ 1,595,171	\$ 1,571,733	\$ (23,438)
Specific ownership taxes	125,000	212,917	87,917
Charges for services - EMS	200,000	204,601	4,601
Deployments	50,000	34,950	(15,050)
Grants	25,000	880	(24,120)
Contributions and donations	2,000	4,700	2,700
Net investment income	1,000	7,601	6,601
Sale of assets	7,500	2,222	(5,278)
Other	40,000	42,861	2,861
TOTAL REVENUE	2,045,671	2,082,465	36,794
EXPENDITURES			
Governmental activities:			
Administration	225,326	191,004	34,322
Wages	975,136	842,581	132,555
Benefits	155,004	148,288	6,716
Firefighting supplies	56,205	41,861	14,344
Fire prevention and training	55,000	20,876	34,124
Communications	61,655	30,896	30,759
Vehicles	53,000	64,055	(11,055)
Medical Services	26,500	35,673	(9,173)
Station, building and grounds	67,775	54,025	13,750
Contributions to Volunteer Pension Plan	10,000	10,000	-
Debt service	389,805	393,826	(4,021)
Capital improvements	43,000	41,985	1,015
Total expenditures	2,118,406	1,875,070	243,336
CHANGE IN FUND BALANCE	(72,735)	207,395	280,130
FUND BALANCE - BEGINNING OF YEAR	1,592,531	1,657,970	65,439
FUND BALANCE - END OF YEAR	\$ 1,519,796	\$ 1,865,365	\$ 345,569

These financial statements should be read only in connection with the accompanying notes to financial statements.

**BLACK FOREST FIRE/RESCUE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 1 – DEFINITION OF REPORTING ENTITY

Black Forest Fire Rescue/Protection District (District), a quasi-municipal corporation, is governed pursuant to the provisions of the Colorado Special District Act. The District's service area is located in El Paso County, Colorado. The District was established to provide fire suppression, fire protection and education, rescue, hazardous materials, emergency medical, and ambulance services (collectively, "Emergency Services") to the citizens within its jurisdiction and to individuals passing through its jurisdiction.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the District are described as follows:

Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District except for the fiduciary activities. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of net position reports all financial and capital resources of the District, the difference between the assets and deferred inflows, and, liabilities and deferred inflows, of the District being reported as net position.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a 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 instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

**BLACK FOREST FIRE/RESCUE PROTECTION DISTRICT
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Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown as increases in assets and redemption of bonds and notes are recorded as a reduction in liabilities.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are taxes, EMS billings and deployment revenue. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation paid. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental fund:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds a public hearing in the fall each year to obtain taxpayer comments regarding the proposed budget for the ensuing year. Prior to December 15, the District's Board of Directors approves the budget and appropriates the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year end. The District's Board of Directors can subsequently modify budgeted line item amounts so long as such modifications do not affect the total appropriation of expenditures within the fund. However, any modifications that affect the total appropriation of expenditures within a fund can only be made upon notice to the public and holding of a new public hearing. The budget includes each fund on its basis of accounting unless otherwise indicated.

Property Taxes

Property taxes are levied by the District's Board of Directors. The estimated revenue to be collected is based on the District's mill levy multiplied by the total assessed valuations determined by the County Assessor generally as of January 1 of each year. The District's Board of Directors certifies the mill levy by December 15 to the Board of County Commissioners and the property taxes attach as an enforceable lien on property as of January 1 of that year.

BLACK FOREST FIRE/RESCUE PROTECTION DISTRICT
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The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April 30 or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remit the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows of resources in the year they are levied and measurable. The deferred property tax revenues are recorded as revenue in the year they are available or collected.

Capital Assets

Capital assets, which include land, buildings and improvements, equipment and vehicles are reported in the governmental activities column in the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Depreciation expense has been computed using the straight-line method over the estimated economic useful lives:

Buildings and improvements	15-40 years
Vehicles and equipment	5-10 years
Office equipment	3-5 years
Website	5 years

Compensated Absences

Compensated absences are recorded as current salary when paid. It is the District's policy that employees may carry over once the yearly vacation accrual amount. Unused vacation is paid out at time of termination and therefore a liability has been recorded in the government-wide financial statements.

Emergency Response Charges

The District provides emergency medical services within the District's boundaries and service area. Emergency response related receivables are shown net of an allowance for uncollectible accounts. The District's policy is to establish an allowance for uncollectible accounts based on historical collection trends.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until that time. The District

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has recognized deferred outflows of resources in the government-wide financial statements in accordance with presentation requirements for GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27* (GASB 68) and GASB Statement No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date – An Amendment of GASB 68* (GASB 71).

In addition to liabilities, the statement of net position and fund balance sheets 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/fund balance that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. Property tax revenue that is related to a future period is recorded as deferred inflows. These amounts are deferred and will be recognized as an inflow of resources in the period that the amounts become available. The District has also recognized deferred inflows of resources in the government-wide financial statements in accordance with presentation requirements for GASB 68 and GASB 71.

Fund Balances – Governmental Funds

Fund balance for governmental funds are reported in the categories listed below to make the nature and extent of the constraints placed on a government's fund balances more transparent. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

Nonspendable fund balance—the amount of fund balance that is not in spendable form (such as inventory or prepaids) or is legally or contractually required to be maintained intact.

Restricted fund balance—the amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance—amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.

Assigned fund balance—amounts the District intends to use for a specific purpose. Intent can be expressed by the District Board of Directors or by an official or body to which the District Board of Directors delegates the authority.

Unassigned fund balance—amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District Board of Directors has provided otherwise in its commitment or assignment actions.

BLACK FOREST FIRE/RESCUE PROTECTION DISTRICT
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NOTE 3 - CASH DEPOSITS AND INVESTMENTS

Cash and investments as of December 31, 2017 consist of the following:

Cash on hand	\$ 200
Deposits with financial institutions	1,430,575
Investments	379,345
Total cash and investments	<u><u>\$ 1,810,120</u></u>

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by Statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2017, the District's cash deposits had a bank balance of \$1,432,372 and a carrying balance of \$1,430,575.

Investments

The District follows Colorado State Statutes which specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- . Obligations of the United States and certain U.S. government agency securities and the World Bank
- . General obligation and revenue bonds of U.S. local government entities
- . Bankers' acceptances of certain banks
- . Commercial paper
- . Certain reverse repurchase agreements
- . Certain securities lending agreements
- . Certain corporate bonds
- . Written repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- . Local government investment pools

Credit Risk

The District owns investments held by Wells Fargo Bank, N.A. in the form of money market mutual funds. The money market mutual fund is unrated.

**BLACK FOREST FIRE/RESCUE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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Interest Rate Risk

Colorado Revised Statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirement.

Concentration of Credit Risk

The District does not have a policy that addresses limitation on the amount that can be invested in any one issuer. Governmental Accounting Standards Board Statement No. 40 *Deposit and Investment Risk Disclosures* requires the District to disclose investments in single issuers that exceed five percent (5%) of the District's entire investment portfolio.

As of December 31, 2017, the District had the following investments:

<u>Investment</u>	<u>Standard and Poors Rating</u>	<u>Carrying Value</u>	<u>Weighted Average Maturity</u>	<u>Percentage of Portfolio</u>
Money Market Mutual Fund	AAAm	\$ 9,189	Under 60 days	2.0%
FHLMC	AAAm	37,744	25.38 years	10.0%
FNMA	AAAm	176,093	25.15 years	46.0%
US Treasury Notes	AAAm	156,319	4.05 years	42.0%
		<u>\$ 379,345</u>		<u>100.0%</u>

MONEY MARKET MUTUAL FUNDS

The District has invested in the Treasury Money Market Fund Institutional Class shares managed by Wells Fargo Asset Management. The Treasury Money Market Fund primarily invests in high quality, short-term, U.S. dollar-denominated money market instruments that consist of U.S. Treasury obligations.

Investment Valuation

Certain investments are measured at fair value on a recurring basis are categorized within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

At December 31, 2017, the District's FHLMC, FNMA and US Treasury notes were measured at fair value using Level 1 inputs.

The District also has investments that are not required to be categorized within the fair value hierarchy. These investments include a money market investment (Treasury Money Market Fund). The Treasury Money Market Fund is managed to maintain a constant fair value net asset value per share of \$1.00. The District is permitted in certain circumstances to establish

BLACK FOREST FIRE/RESCUE PROTECTION DISTRICT
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the fair value of an investment that does not have a readily determinable fair value by using the net asset value per share (or its equivalent) of the investment.

NOTE 4 - CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2017 follows:

	<u>Balance at January 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at December 31, 2017</u>
Capital assets, not being depreciated				
Land	\$ 62,958	\$ -	\$ -	\$ 62,958
Capital assets, being depreciated:				
Buildings and improvements	4,405,930	-	-	4,405,930
Vehicles and equipment	3,426,549	41,020	1,317,980	2,149,589
Office equipment	88,694	-	60,236	28,458
Website	2,155	-	-	2,155
Lease fees	2,500	-	-	2,500
Total capital assets, being depreciated	<u>7,925,828</u>	<u>41,020</u>	<u>1,378,216</u>	<u>6,588,632</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,348,448)	(111,781)	-	(1,460,229)
Vehicles and equipment	(3,094,978)	(167,141)	(1,711,115)	(1,551,004)
Office equipment	(88,763)	(1,279)	(65,211)	(24,831)
Website	(933)	(431)	-	(1,364)
Lease fees	(1,896)	(21)	-	(1,917)
Total accumulated depreciation	<u>(4,535,018)</u>	<u>(280,653)</u>	<u>(1,776,326)</u>	<u>(3,039,345)</u>
Total capital assets, being depreciated	<u>3,390,810</u>	<u>(239,633)</u>	<u>(398,110)</u>	<u>3,549,287</u>
Capital assets, net	<u>\$ 3,453,768</u>	<u>\$ (239,633)</u>	<u>\$ (398,110)</u>	<u>\$ 3,612,245</u>

Depreciation expense has been reported in the Public Safety – Fire/EMS function on the Statement of Activities.

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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 5 – LONG-TERM OBLIGATIONS

The following is an analysis of the changes in the District’s long-term obligations for the year ended December 31, 2017:

	<u>Balance at January 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at December 31, 2017</u>	<u>Due Within One Year</u>
2011 G.O. Refunding Bonds	\$ 920,000	\$ -	\$ 170,000	\$ 750,000	\$ 180,000
Land lease - 2009	140,139	-	140,139	-	-
Vehicle lease - 2013	325,370	-	43,049	282,321	44,139
Compensated absences	47,000	41,335	50,355	37,980	-
	<u>\$ 1,432,509</u>	<u>\$ 41,335</u>	<u>\$ 403,543</u>	<u>\$ 1,070,301</u>	<u>\$ 224,139</u>

The detail of the District’s long-term obligations is as follows:

\$1,725,000 General Obligation Refunding Bonds, Series 2011

On May 19, 2011, the District issued \$1,725,000 in General Obligation Bonds, Series 2011 at interest rates ranging from 2.00% to 4.00%. Interest is to be paid semiannually on June 15 and December 15. Annual principal payments are due on June 15 starting in 2011 with the final payment due on June 15, 2021. The bonds constitute general obligations of the District. All of the taxable property in the District is subject to the levy of an ad valorem tax to pay the principal of, interest on, and premium, if any, on the Series 2011 Bonds without limitation as to rate and in an amount sufficient to pay the Series 2011 Bonds when due. The bonds are not subject to redemption prior to maturity, at any time

Proceeds of the bonds are to be used for purposes of advance refunding the General Obligation Bonds, Series 2001 and to pay the costs of the issuance of the bonds.

Capital Lease – Land

During 2009, the District entered into a sale/lease-back agreement for the sale and use of a land parcel. At the end of the lease, the District has the option to purchase the land for \$1. The agreement provides for 10 annual payments of \$51,247 including interest of 4.82%. The District paid the lease in full in 2017.

Capital Lease – Vehicle

During 2013, the District entered into a lease/purchase agreement for the acquisition of an engine and a tender. The agreement provides for 10 annual payments of \$51,280 which includes interest of 2.531% to be made on each April 1. The final payment on the lease is due on April 1, 2023. The District paid the lease in full on March 7, 2018.

Assets acquired through capital leases, which are collateral for the leases, are as follows:

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	<u>Cost</u>	<u>A/D</u>	<u>Net Book Value</u>
2011 Ford F-150 ambulance	\$ 136,435	\$ (89,820)	\$ 46,615
2014 Rosenbauer engine	274,054	(107,338)	166,716
2014 Rosenbauer tender	225,750	(88,419)	137,331
	<u>\$ 636,239</u>	<u>\$ (285,577)</u>	<u>\$ 350,662</u>

The District's long-term obligations will mature as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 224,139	\$ 29,067	\$ 253,206
2019	230,256	22,700	252,956
2020	231,401	15,079	246,480
2021	247,576	6,955	254,531
2022	48,780	2,500	51,280
2023	50,169	1,266	51,435
	<u>\$ 1,032,321</u>	<u>\$ 77,567</u>	<u>\$ 1,109,888</u>

At December 31, 2017, the District had no authorized but unissued debt.

NOTE 6 - FUND EQUITY

At December 31, 2017, the District reported the following classifications of fund equity.

Nonspendable Fund Balance

The nonspendable fund balance in the General Fund in the amount of \$45,949 is comprised of prepaid amounts which are not in spendable form.

Restricted Fund Balance

The restricted fund balance in the General Fund in the amount of \$56,500 is comprised of the Emergency Reserves that have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 12).

Assigned Fund Balance

The assigned fund balance in the General Fund of \$100,000 represents the amount appropriated for District's emergencies in addition to the District's TABOR reserves.

The assigned fund balance in the General Fund of \$714,937 represents the amount appropriated for use in the budget for the year ending December 31, 2018.

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The assigned fund balance in the General Fund in the amount of \$457,000 is assigned for the payment of the costs for capital improvements within the District.

NOTE 7 - NET POSITION

The District has net position consisting of three components – net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2017, net investment in capital assets was \$2,579,924.

Restricted net position includes items that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position of \$56,500 as of December 31, 2017 as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 12).

NOTE 8 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2017. The Pool is an organization created by an intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for workers compensation coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool, may be returned to the members pursuant to a distribution formula.

The District continues to carry commercial insurance coverage for other risks of loss including liability, property and public officials' coverage. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 9 – FIRE AND POLICE PENSION ASSOCIATION OF COLORADO

Statewide Defined Benefit Pension Plan

Summary of Significant Accounting Policies

Pensions. The District participates in the Statewide Defined Benefit Plan (SWDBP), a cost-sharing multiple-employer defined benefit pension fund administered by the Fire and Police Pension Association of Colorado ("FPPA"). The net pension asset/liability, deferred outflows of

**BLACK FOREST FIRE/RESCUE PROTECTION DISTRICT
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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 SWDBP 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.

General Information about the SWDBP

Plan description. The SWDBP covers substantially all full-time firefighter and police officer employees of participating fire or police departments in Colorado hired on or after April 8, 1978, provided that they are not already covered by a statutorily exempt plan. As of August 1, 2003, the SWDBP may include fire department clerical and other personnel whose services are auxiliary to fire protection. Plan benefits are specified in Title 31, Articles 30, 30.5 and 31 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth in the FPPA Rules and Regulations, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. FPPA issues a publicly available comprehensive annual financial report that can be obtained at www.fppaco.org.

Benefits provided. FPPA provides retirement and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement.

The following types of retirement are available under the SWDBP:

- Normal: 25 years of service and age 55 with a 2% benefit for each year of service for the first ten years, then a 2.5% benefit for each year of service thereafter. Benefits are based on the average of the highest 3 years' base salary (as defined in FPPA Rule 101.05).
- Early: 30 years of service or age 50 with a 2% benefit for each year of service for the first ten years, then a 2.5% benefit for each year of service thereafter. Benefits are based on the average of the highest 3 years' base salary (as defined in FPPA Rule 101.05). The early retirement benefit that the member would have received at normal retirement (age 55) is reduced on an actuarial equivalent basis to reflect the receipt of the benefit.
- Vested: 5 years of service payable at age 55 with a 2% benefit for each year of service for the first ten years, then a 2.5% benefit for each year of service thereafter. Benefits are based on the average of the highest 3 years' base salary (as defined in FPPA Rule 101.05).
- Deferred: Members who qualify for a normal or vested retirement, may defer the receipt of their benefit pension to as late as age 65 and receive the actuarial equivalent of the benefit. (as defined in FPPA Rule 101.05).

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The SWDBP has a deferred retirement option plan (DROP) that allows members to enter the program if they meet one of the following criteria: 1) member is eligible for normal retirement or 2) member is vested or 3) member is eligible for early retirement. The DROP plan allows a member to choose to continue employment for a maximum of five years. During this period of continued employment, the member's retirement benefits as well as employee contributions are paid into a member's DROP account. At the end of the DROP period, the member ceases employment and receives the amount accumulated in the DROP account either in a periodic, lump sum or a monthly lifetime benefit.

Each member must elect a payment option for retirement benefits shortly before benefit payments are paid to ensure that the beneficiary and payment option factors are accurate. The member has six payment options. The payment options allow the member to receive full retirement benefits during the member's lifetime or receive reduced retirement benefits so that a designated beneficiary may receive a portion of the retirement benefit either during the member's lifetime or after the member's death depending on the option selected.

Vested members with more than 5 years of service and non-vested members with less than 5 years of service may elect to withdraw their member contribution accounts upon termination of employment with all FPPA employers; waiving rights to any lifetime retirement benefits earned. The member's contributions plus 5% interest may be refunded to the member with all other contributions being forfeited. If a refund is chosen, stabilization reserve account monies and all employer contributions are forfeited.

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement benefit adjustments (formerly referred to as COLAs). Benefit adjustments are not guaranteed and are determined annually by the FPPA Board of Directors based on the most recent actuarial study. The amount of the benefit adjustment can be 0% to 3%, or the greater of the Consumer Price Index (CPI) per year. Benefit adjustments may begin once the retired member has been receiving retirement benefits for at least 12 calendar months prior to October 1.

Contributions. Eligible employees and the District are required to contribute to the SWDBP at a rate set by Colorado statute. Employer contribution rates can only be amended by state statute and are 8% of the employee's base salary. Member contribution rates can be amended by statute or by election of the membership. In 2017, eligible employees were required to contribute 9.5% of their FPPA base salary, and as a result of the 2014 Member Contributions Election, the plan member contribution rate will increase by 0.5% of covered salary each year through 2022. Contributions to the SWDBP from the District were \$49,018 for the year ended December 31, 2017.

Annually, at the discretion of the Board of Directors of FPPA, the difference between the combined member/employer contributions and the actuarially determined contribution rate may be allocated to the stabilization reserve account (SRA). If the cost of the SWDBP exceeds the combined member/employer contribution rate, funds from the SRA may be used to make up the shortfall. Amounts set aside in the SRA are allocated to individual accounts for each member. A member may receive the amounts in this individual account upon election of Normal, Early or Vested retirement.

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

At December 31, 2017, the District reported a liability of \$45,477 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017. The District's proportion of the net pension asset was based on District contributions to the SWDBP for the calendar year 2016 relative to the total contributions of participating employers to the SWDBP.

At December 31, 2016, the District's proportion was 0.0125856681 percent, which was an increase of 0.0012683593 percent from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the District recognized pension expense of \$16,148. At December 31, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 40,605	\$ 2,313
Net difference between projected and actual earnings on pension plan investments	122,752	-
Changes in assumptions or other inputs	31,064	-
Change in proportion and differences between contributions recognized and proportionate share of contributions	2,228	-
Contributions subsequent to the measurement date	49,018	-
Total	\$ 245,667	\$ 2,313

\$49,018 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as an decrease of the net pension liability in the year ending December 31, 2018.

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

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<u>Year Ending December 31</u>	
2017	\$ 47,208
2018	47,208
2019	44,408
2020	18,278
2021	8,588
2022	8,588
2023	8,587
2024	8,288
2025	3,183
	\$ 194,336

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

Actuarial Method	Entry Age Normal
Amortization Method	Level % of Payroll, Open
Amortization Period	30 years
Asset Valuation Method	5-Year Smoothed Fair Value
Long-term Investment Rate of Return *	7.5%
Projected Salary Increases	4.0%-14.0%
Cost of Living Adjustments (COLA)	0.0%
* Includes Inflation at	2.5%

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

The SWDBP's 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 return, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges were 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 are summarized in the following table:

**BLACK FOREST FIRE/RESCUE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

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

Discount rate. The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which established the contractually required rates under Colorado Statutes. Based on those assumptions, the SWDBP's fiduciary net position was projected to be available to make all 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.

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

	<u>6.50%</u>	<u>7.50%</u>	<u>8.50%</u>
Proportionate share of the net pension (asset) liability	<u>\$ 386,935</u>	<u>\$ 45,477</u>	<u>\$ (238,121)</u>

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

NOTE 10 – STATEWIDE DEATH AND DISABILITY PLAN

Plan Description – The District contributes to the Statewide Death and Disability Plan (SWD&DP), a cost-sharing multiple-employer death and disability plan administered by FPPA. The SWD&DP covers full-time employees of substantially all fire and police departments in Colorado. As of August 1, 2003, the SWD&DP may include part-time police and fire employees. Contributions to the SWD&DP are used solely for the payment of death and disability benefits. Employers who are covered by Social Security may elect supplementary coverage by the Plan. The Plan was established in 1998 pursuant to Colorado Revised Statutes. FPPA issues a publicly available comprehensive annual financial report that includes financial statements and

**BLACK FOREST FIRE/RESCUE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

required supplementary information for the SWD&DP. That report can be obtained at www.fppaco.org.

Funding Policy – The District and/or employee is required to contribute at a rate of 2.6% of base salary for all members as set by statute. All contributions are made by members or on behalf of members. The 2.7% contribution may be paid entirely by the employer or the member, or it may be split between the employer and the member. Currently, the District is making the full 2.7% contribution on behalf of the members. For the years ending December 31, 2017, 2016 and 2015, the District's contributions to the SWD&DP were \$16,885, \$15,528 and \$15,703, respectively, equal to their required contributions for each year.

NOTE 11 – DEFERRED COMPENSATION PLAN

All paid firefighters are eligible to participate in a deferred compensation plan created in accordance with Internal Revenue Code section 457 (Deferred Compensation Plan). The Deferred Compensation Plan, which is administered by FPPA, allows all paid firefighters the opportunity to defer a portion of their salary until future years. All compensation deferred under the Deferred Compensation Plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are to be held in trust for the exclusive benefits of the participants and their beneficiaries. Amounts contributed to the Deferred Compensation Plan are not available to employees until termination, retirement, death, or unforeseeable emergency.

Participants may elect to defer any percentage of their annual compensation, provided that the total annual contribution does not exceed limitations established by the Internal Revenue Service. Employers may also contribute to this plan on behalf of its employees provided that the combined employee and employer contributions do not exceed the aforementioned limits.

Deferred Compensation Plan investment purchases are determined by the individual participants and therefore, the Deferred Compensation Plan's investment concentration varies between participants.

The District has no liability for losses under the Deferred Compensation Plan. Accordingly, the Deferred Compensation Plan is not part of the District's financial statements.

NOTE 12 – VOLUNTEER FIGHTERS' PENSION FUND - FPPA ADMINISTERED

Volunteer Firefighters' Pension Plan

General Information about the Volunteer Firefighters' Pension Plan

Plan description. The District, on behalf of its volunteer firefighters, contributes to the Volunteer Firefighters' Pension Plan (VFPP), a defined benefit pension plan which is affiliated with the FPPA. The net pension asset, 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 VFPP have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Assets of the plan are commingled for investment

**BLACK FOREST FIRE/RESCUE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

purposes in the Fire and Police Member's Benefit Fund, an agent multiple-employer defined benefit pension plan administered by FPPA. The Volunteer Firefighters' Pension Plan Board of Trustees is comprised of the five Directors of the District and two District volunteer, retired volunteer, or active retiree firefighters. The Colorado Revised Statutes (CRS), as amended, establishes basic benefit provisions under the plan. FPPA issues a publicly available comprehensive annual financial report that includes the assets of the volunteer plan. That report may be obtained at www.fppaco.org.

Volunteers covered and benefits provided. The retirement benefit provisions and plan requirements were established by the District under Colorado Revised Statutes.

The Board of Trustees has adopted the following schedule of monthly benefits, which was in effect at December 31, 2017:

Normal Retirement Benefit	\$ 500
Vested Retirement Benefit	
With 10 to 20 years of service, amount	
per year of service per minimum vesting years	\$ 25.00
Minimum vesting years	10
Disability Retirement Benefit	\$ 500
Survivor benefit	
Death before normal retirement due to death in line of duty	\$ 250
Death after normal retirement	\$ 250
Death after vested retirement with 10 to 20 years	
of service - amount per year of service per minimum	
vesting years	\$ 12.50
Death after disability retirement	\$ 250
Funeral Benefits (lump sum)	\$ 1,000

At December 31, 2017, there are 20 retired volunteers receiving benefits, 4 active volunteers and 1 inactive, nonretired volunteers.

Contributions. The District makes contributions based upon District established benefits; the needs and best interest of the District, the VFPP, and the VFPP beneficiaries; and the funding that would be required in order to maintain the actuarial soundness of the plan, based upon a biennial actuarial study. VFPP members do not make contributions. The State of Colorado also contributes to the plan in an amount set by statute. The District contributed \$10,000 for the year ended December 31, 2017.

**BLACK FOREST FIRE/RESCUE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

Net Pension Liability

Actuarial assumptions. The District's net pension liability was based on an actuarial valuation performed as of January 1, 2017 and a measurement date of December 31, 2016. The total pension liability for the December 31, 2016 measurement date was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar - open
Remaining amortization period	20 years
Asset valuation method	5 - year smoothed fair value
Inflation	3.0%
Projected salary increases	N/A
Investment rate of return	7.5% per annum
Retirement age	50% per year of eligibility until 100% at age 65
Mortality	

Pre-retirement mortality was based on the RP-2000 Combined Mortality Table with Blue Collar Adjustment, 40% multiplier for off-duty mortality, post retirement mortality was based on the RP-2000 Mortality Table, with Blue Collar Adjustment and the mortality of disabled retirees was based on the RP-2000 Disabled Mortality Table. All tables projected with Scale AA.

Single Discount Rate. Projected benefit payments are 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 long-term expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.57% (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%.

**BLACK FOREST FIRE/RESCUE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

Changes in the Net Pension Liability

Changes in the District's net pension liability for the year ended December 31, 2017 were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability(Asset) (a) - (b)
Balances at 12/31/16	\$ 875,153	\$ 1,187,335	\$ (312,182)
Changes for the year:			
Service cost	7,390	-	7,390
Interest on the total pension liability	62,929	-	62,929
Difference between expected and actual experience	8,307	-	8,307
Changes in assumptions or other inputs	24,369	-	24,369
Benefit payments	(80,928)	(80,928)	-
District contributions	-	10,000	(10,000)
State of Colorado contributions	-	9,000	(9,000)
Pension plan net investment income	-	61,483	(61,483)
Administrative expense	-	(2,113)	2,113
Net Changes	<u>22,067</u>	<u>(2,558)</u>	<u>24,625</u>
Balances at 12/31/17	<u>\$ 897,220</u>	<u>\$ 1,184,777</u>	<u>\$ (287,557)</u>

Sensitivity of the District's Net Pension (Asset) Liability to Changes in the Discount Rate. The following presents the net pension liability calculated using the discount rate of 7.5 percent, as well as what 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:

	6.50%	7.50%	8.50%
Proportionate share of the net pension (asset) liability	<u>\$ (202,394)</u>	<u>\$ (287,557)</u>	<u>\$ (359,952)</u>

Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2017, the District recognized pension expense of \$13,286.

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

**BLACK FOREST FIRE/RESCUE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

	<u>Deferred Outflows of Resources</u>
Difference between expected and actual experience	\$ 2,405
Assumption changes	7,054
Net difference between projected and actual investmt. earnings	63,706
Contributions subsequent to the measurement date	<u>10,000</u>
Total	<u><u>\$ 83,165</u></u>

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

<u>Year Ending December 31</u>	
2018	\$ 29,536
2019	20,075
2020	18,513
2021	<u>5,041</u>
	<u><u>\$ 73,165</u></u>

NOTE 12 - TAX, SPENDING AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations that apply to the State of Colorado and all local governments.

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 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

The District voters approved and authorized the District to collect, retain and spend for fire protection purposes all revenue from tax levies and all other District revenue as a voter approved revenue change and an exception to the limits which otherwise apply. This vote effectively removed the District from some provisions of TABOR.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

This information is an integral part of the accompanying financial statements.

REQUIRED SUPPLEMENTAL INFORMATION

**BLACK FOREST FIRE/RESCUE PROTECTION DISTRICT
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY/(ASSET)
FIRE AND POLICE PENSION ASSOCIATION - STATEWIDE DEFINED BENEFIT PLAN
LAST FOUR FISCAL YEARS(1)**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability (Asset)	0.1258567%	0.1245883%	0.1189800%	0.1304471%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 45,477	\$ (2,196)	\$ (134,278)	\$ (116,644)
District's Covered Employee Payroll	\$ 597,232	\$ 603,966	\$ 535,057	\$ 566,584
Proportionate Share of Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	7.61%	-0.36%	-25.10%	-20.59%
Calculation of Collective Net Pension Liability (Asset):				
Total Pension Liability	\$ 2,021,526,883	\$ 1,846,961,999	\$ 1,652,901,084	\$ 1,533,631,141
Plan Fiduciary Net Position	1,985,393,043	1,848,724,853	1,765,758,630	1,623,049,809
Net Pension Liability (Asset)	<u>\$ 36,133,840</u>	<u>\$ (1,762,854)</u>	<u>\$ (112,857,546)</u>	<u>\$ (89,418,668)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	98.21%	100.10%	106.83%	105.83%

(1) - The amounts presented for each fiscal year were determined as of 12/31.

NOTE: Information for the prior six years was not available to report.

**BLACK FOREST FIRE/RESCUE PROTECTION DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
FIRE AND POLICE PENSION ASSOCIATION - STATEWIDE DEFINED BENEFIT PLAN
LAST FIVE FISCAL YEARS**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 49,018	\$ 47,778	\$ 48,317	\$ 42,804	\$ 45,327
Contributions in Relation to the Contractually Required Contribution	(49,018)	(47,778)	(48,317)	(42,804)	(45,327)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll	\$ 625,338	\$ 597,232	\$ 603,966	\$ 535,057	\$ 566,584
Contributions as a Percentage of Covered Employee Payroll	7.84%	8.00%	8.00%	8.00%	8.00%

NOTE: Information for the prior five years was not available to report.

**BLACK FOREST FIRE/RESCUE PROTECTION DISTRICT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY/(ASSET)
FPPA - VOLUNTEER FIREFIGHTERS' PENSION PLAN
LAST THREE FISCAL YEARS**

Measurement period ending December 31,	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability			
Service cost	\$ 7,390	\$ 7,390	\$ 13,805
Interest on the total pension liability	62,929	63,626	61,820
Difference between expected and actual experience	8,307	-	27,418
Changes in assumptions or other inputs	24,369	-	-
Benefit payments	<u>(80,928)</u>	<u>(79,716)</u>	<u>(72,060)</u>
Net Change in Total Pension Liability	22,067	(8,700)	30,983
Total Pension Liability - Beginning	875,153	883,853	852,870
Total Pension Liability - Ending (a)	<u>\$ 897,220</u>	<u>\$ 875,153</u>	<u>\$ 883,853</u>
Plan Fiduciary Net Position			
Employer contributions	\$ 10,000	\$ 20,000	\$ 10,000
Pension plan net investment income	61,483	22,081	80,085
Benefit payments	(80,928)	(79,716)	(72,060)
Administrative expense	(2,113)	(2,866)	(2,214)
State of Colorado supplemental discretionary payment	9,000	9,000	9,000
Net Change in Plan Fiduciary Net Position	<u>(2,558)</u>	<u>(31,501)</u>	<u>24,811</u>
Plan Fiduciary Net Position - Beginning	1,187,335	1,218,836	1,204,025
Plan Fiduciary Net Position - Ending (b)	<u>\$ 1,184,777</u>	<u>\$ 1,187,335</u>	<u>\$ 1,228,836</u>
Net Pension Liability/(Asset) - Ending (a)-(b)	<u>\$ (287,557)</u>	<u>\$ (312,182)</u>	<u>\$ (344,983)</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	132.05%	135.67%	139.03%
Covered Employee Payroll	N/A	N/A	N/A
Contributions as a Percentage of Covered Employee Payroll	N/A	N/A	N/A

NOTE: Information for the prior seven years was not available to report.

**BLACK FOREST FIRE/RESCUE PROTECTION DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
FPPA - VOLUNTEER FIREFIGHTERS' PENSION PLAN
LAST FOUR FISCAL YEARS**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially required contribution:				
District contribution	(10,000)	(10,000)	(20,000)	(10,000)
State of Colorado contribution	(9,000)	(9,000)	(9,000)	(9,000)
Contribution deficiency (excess)	<u>\$ (19,000)</u>	<u>\$ (19,000)</u>	<u>\$ (29,000)</u>	<u>\$ (19,000)</u>
Covered employee payroll	N/A	N/A	N/A	N/A
Contributions as a percentage of covered employee payroll	N/A	N/A	N/A	N/A

Notes to Schedule:

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar - open
Remaining amortization period	20 years
Asset valuation method	5 - year smoothed fair value
Inflation	3.0%
Projected salary increases	N/A
Investment rate of return	7.5% per annum
Retirement age	50% per year of eligibility until 100% at age 65
Mortality	Pre-retirement mortality was based on the RP-2000 Combined Mortality Table with Blue Collar Adjustment, 40% multiplier for off-duty mortality, post retirement mortality was based on the RP-2000 Mortality Table, with Blue Collar Adjustment and the mortality of disabled retirees was based on the RP-2000 Disabled Mortality Table. All tables projected with Scale AA.

SUPPLEMENTAL INFORMATION

**BLACK FOREST FIRE/RESCUE PROTECTION DISTRICT
SCHEDULE OF EXPENDITURES
BUDGET TO ACTUAL
GENERAL FUND
Year Ended December 31, 2017**

	Original and Final Budget	Actuals	Variance with Final Budget Positive (Negative)
Administration			
County treasurer fees	\$ 23,574	\$ 23,586	\$ (12)
Brokerage expense	-	-	-
Bond issuance expense	500	200	300
Director's workshop/meeting	2,500	1,786	714
Ambulance billing fees	24,000	20,540	3,460
IT supplies and expenses	14,570	5,648	8,922
Insurance	110,000	105,703	4,297
Election	-	-	-
Office supplies/ printing/ postage	5,000	2,388	2,612
Dues and subscriptions	4,524	3,128	1,396
Morale and welfare	13,000	4,828	8,172
Public relations	3,000	1,999	1,001
Payroll service	4,658	3,328	1,330
Audit	9,000	9,500	(500)
Legal	10,000	8,084	1,916
Miscellaneous	1,000	286	714
Total administration	<u>225,326</u>	<u>191,004</u>	<u>34,322</u>
Wages			
Administration	148,705	146,358	2,347
Over-time pay	45,000	52,780	(7,780)
Full-time pay	545,865	518,790	27,075
Part-time pay	121,680	66,789	54,891
Volunteer stipend	-	16,301	(16,301)
Deployments	35,000	11,005	23,995
Over-time deployment backfill	15,000	3,310	11,690
Fire prevention / mitigation	40,000	7,509	32,491
Payroll taxes	23,886	19,739	4,147
	<u>975,136</u>	<u>842,581</u>	<u>132,555</u>
Benefits			
Pension benefits	54,692	53,177	1,515
Health insurance	83,810	78,175	5,635
FPPA - death and disability	16,502	16,936	(434)
	<u>155,004</u>	<u>148,288</u>	<u>6,716</u>
Firefighting supplies			
Supplies	10,000	7,222	2,778
Health / maintenance	1,000	711	289
Equipment repairs and maintenance	1,000	2,896	(1,896)
SCBA	6,000	665	5,335
PPE bunker gear	20,000	18,367	1,633
Uniforms	13,205	11,400	1,805
Wildland equipment and supplies	5,000	600	4,400
	<u>56,205</u>	<u>41,861</u>	<u>14,344</u>
Fire prevention and training			
Supplies	1,500	407	1,093
Public education	3,000	806	2,194
Tuition	36,000	15,118	20,882
Travel	6,000	2,707	3,293
In-house training	8,500	1,838	6,662
	<u>55,000</u>	<u>20,876</u>	<u>34,124</u>

(Continued)

BLACK FOREST FIRE/RESCUE PROTECTION DISTRICT
SCHEDULE OF EXPENDITURES
BUDGET TO ACTUAL
GENERAL FUND
Year Ended December 31, 2017

	Original and Final Budget	Actuals	Variance with Final Budget Positive (Negative)
(Continued)			
Communications			
Telephone	10,000	6,928	3,072
Internet	1,600	1,808	(208)
Equipment repairs and maintenance	33,640	-	33,640
Tower land annual lease	100	100	-
Cellular phone	7,000	7,568	(568)
Pager service	500	1,092	(592)
Radio subscription/license fee	8,815	13,400	(4,585)
	<u>61,655</u>	<u>30,896</u>	<u>30,759</u>
Vehicles			
Fire - gas and oil	9,000	6,973	2,027
Fire - repairs and maintenance	15,000	25,836	(10,836)
EMS - gas and oil	5,500	3,474	2,026
EMS - repairs and maintenance	11,500	13,099	(1,599)
Administration - gas and oil	7,500	4,937	2,563
Administration - repairs and maintenance	4,500	9,736	(5,236)
	<u>53,000</u>	<u>64,055</u>	<u>(11,055)</u>
Medical services			
Equipment and supplies	20,000	27,783	(7,783)
EMS equipment repairs and maintenance	2,500	904	1,596
EMS contracts	4,000	6,986	(2,986)
	<u>26,500</u>	<u>35,673</u>	<u>(9,173)</u>
Station, building and grounds			
Station 1 - supplies	7,000	6,037	963
Station 1 - repairs and maintenance	15,000	14,808	192
Station 1 - cable	500	597	(97)
Station 1 - trash	500	414	86
Station 1 - gas	10,000	6,497	3,503
Station 1 - electric	12,000	11,713	287
Station 1 - water	1,000	1,569	(569)
Station 1 - alarm	500	96	404
Station 2 - supplies	5,000	313	4,687
Station 2 - repairs and maintenance	2,000	5,682	(3,682)
Station 2 - cable	575	626	(51)
Station 2 - trash	300	414	(114)
Station 2 - gas	5,000	2,141	2,859
Station 2 - electric	8,000	3,015	4,985
Station 2 - alarm	400	103	297
	<u>67,775</u>	<u>54,025</u>	<u>13,750</u>
Contributions to Volunteer Pension Plan	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Debt Service			
Real property lease	142,000	146,020	(4,020)
Vehicles leases	51,280	51,281	(1)
Bond principal	170,000	170,000	-
Bond interest	26,525	26,525	-
	<u>389,805</u>	<u>393,826</u>	<u>(4,021)</u>
Capital Improvements			
Administrative	1,000	-	1,000
Firefighting	32,000	2,895	29,105
Communications	10,000	3,590	6,410
Vehicles	-	35,500	(35,500)
	<u>43,000</u>	<u>41,985</u>	<u>1,015</u>
Total expenditures	<u>\$ 2,118,406</u>	<u>\$ 1,875,070</u>	<u>\$ 243,336</u>

OTHER INFORMATION

**BLACK FOREST FIRE/RESCUE PROTECTION DISTRICT
SUMMARY OF ASSESSED VALUATION, MILL LEVY
AND PROPERTY TAXES COLLECTED
December 31, 2017**

<u>Year Ended December 31,</u>	<u>Prior Year Assessed Valuation for Current Year Property (Operations)</u>	<u>Prior Year Assessed Valuation for Current Year Property (Debt Service)</u>	<u>Mills Levied</u>		<u>Total Property Tax</u>		<u>Percent Collected to Levied</u>
			<u>Operations</u>	<u>Debt Service</u>	<u>Levied</u>	<u>Collected</u>	
2016	\$ 141,458,340	\$ 191,297,090	9.215	1.022	\$ 1,499,044	\$ 1,495,290	99.75%
2017	\$ 149,221,020	\$ 204,077,900	9.215	0.963	\$ 1,571,597	\$ 1,571,733	100.01%
Estimated for year ending December 31, 2018	\$ 160,320,010	\$ 224,897,000	9.215	0.899	\$ 1,679,534		

NOTE: Property taxes collected in any one year include collection of delinquent property taxes assessed in prior years. Information received from the County Treasurers' does not permit identification of specific year of assessment.

**BLACK FOREST FIRE/RESCUE PROTECTION DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2017**

Year Ending December 31,	\$1,725,000 General Obligation Refunding Bonds Dated May 19, 2011 Interest Rate 2.000% to 4.000% Principal Due June 1			\$448,398 Vehicle Lease Dated April 16, 2013 Interest Rate 2.531%			TOTALS		
	Interest Due June 1 and December 1			Principal and Interest Due April 1					
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 180,000	\$ 21,925	\$ 201,925	\$ 44,139	\$ 7,142	\$ 51,281	\$ 224,139	\$ 29,067	\$ 253,206
2019	185,000	16,675	201,675	45,256	6,025	51,281	230,256	22,700	252,956
2020	185,000	10,200	195,200	46,401	4,879	51,280	231,401	15,079	246,480
2021	200,000	3,250	203,250	47,576	3,705	51,281	247,576	6,955	254,531
2022	-	-	-	48,780	2,500	51,280	48,780	2,500	51,280
2023	-	-	-	50,169	1,266	51,435	50,169	1,266	51,435
	<u>\$ 750,000</u>	<u>\$ 52,050</u>	<u>\$ 802,050</u>	<u>\$ 282,321</u>	<u>\$ 25,517</u>	<u>\$ 307,838</u>	<u>\$ 1,032,321</u>	<u>\$ 77,567</u>	<u>\$ 1,109,888</u>