

**ESTES VALLEY FIRE  
PROTECTION DISTRICT**

**Financial Statements**

**December 31, 2017**

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Office of the State Auditor

September 28, 2018

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
<b>Independent Auditor’s Report</b> .....	I
<b>Management’s Discussion and Analysis</b> .....	IV
<b>Basic Financial Statements</b>	
<b>Government-Wide Financial Statements</b>	
Statement of Net Position .....	1
Statement of Activities.....	2
<b>Fund Financial Statements</b>	
<b>Governmental Fund</b>	
Balance Sheet.....	3
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position .....	4
Statement of Revenues, Expenditures and Changes in Fund Balance .....	5
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of the Governmental Fund to the Statement of Activities .....	6
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund .....	7-8
Statement of Fiduciary Net Position – Volunteer Pension Fund .....	9
Statement of Changes in Fiduciary Net Position – Volunteer Pension Fund .....	10
<b>Notes to the Financial Statements</b> .....	11-48
<b>Required Supplementary Information</b>	
Schedule of Changes in Net Pension Liability and Related Ratios – Volunteer Pension Fund – Last Ten Years .....	49
Schedule of Net Pension Liability – Volunteer Pension Fund – Last Ten Years .....	50
Schedule of District Contributions – Volunteer Pension Fund – Last Ten Years .....	52
Schedule of Investment Returns – Volunteer Pension Fund – Last Ten Years .....	53

**TABLE OF CONTENTS**  
(Continued)

**Page**

**Required Supplementary Information (continued)**

Schedule of the District's Proportionate Share of Net Pension Liability (Asset) – FPPA Pension Plan – Statewide Defined Benefit Plan Fund – Last Ten Years .....	54
Schedule of District Contributions – FPPA Pension Plan – Statewide Defined Benefit Plan Fund – Last Ten Years .....	56
Schedule of the District's Proportionate Share of the Net Pension Liability – PERA Pension Plan – Local Government Division Trust Fund – Last Ten Years .....	57
Schedule of District Contributions – PERA Pension Plan – Local Government Division Trust Fund – Last Ten Years .....	59
Notes to Required Supplementary Information .....	60-62

**Supplementary Information**

Schedule of Changes in Fiduciary Net Position – Budget and Actual Volunteer Pension Fund .....	63
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**Other Information**

Schedule of Assessed Valuation, Mill Levy and Property Taxes Collected .....	64
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## Dazzio & Associates, PC

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Certified Public Accountants

### INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Estes Valley Fire Protection District  
Larimer County, Colorado

We have audited the accompanying financial statements of the governmental activities, the major fund and the aggregate remaining fund information of the Estes Valley Fire Protection District as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the 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 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, the major fund and the aggregate remaining fund information of the Estes Valley Fire Protection District, as of December 31, 2017, and the respective changes in financial position and the 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 Management's Discussion and Analysis on pages IV – IX and the pension schedules on pages 49 – 59 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 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 sufficient evidence 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 Estes Valley Fire Protection District's basic financial statements. The Schedule of Changes in Fiduciary Net Position – Budget and Actual for the Volunteer Pension Fund (the Supplementary Information) and the Schedule of Assessed Valuation, Mill Levy and Property Taxes Collected (the Other Information) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplementary 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United

States of America. In our opinion, the Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Other Information 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.

*Dassio & Associates, P.C.*

September 19, 2018

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**ESTES VALLEY FIRE PROTECTION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2017**

As management of Estes Valley Fire Protection District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2017.

Based on the November 3, 2009, election results, the District was established by and in accordance with the Larimer County Court "Declaration of Organization" and "Decree of Formation" dated November 17, 2009. Effective January 1, 2010, the District assumed all responsibility for providing fire protection services, fire suppression and rescue services to the Town of Estes Park and the surrounding area of unincorporated Larimer County in accordance with the "Intergovernmental Agreement for Continuing Operations Between the Town of Estes Park and the Estes Valley Fire Protection District" dated December 8, 2009.

At December 31, 2015, net position changed due to the implementation of new accounting standard under governmental accounting standards board standard GASB 68. The calculation of pension cost has been changed from a funding emphasis to one of accruing the liability for future benefits as they are earned by the District's employees and volunteers, even though they will not be paid until future years. Based upon the timing of implementation, the beginning net position of the governmental activities was restated. Further information about GASB 68 is provided in Notes 8 and 9 of the financial statements.

**Financial Highlights**

- Assets exceeded liabilities and deferred inflows of resources by \$3,248,407 at the close of the fiscal year. Of this amount, \$1,008,172 is unrestricted and available to meet ongoing and future obligations of the District. Additionally, a 3.0% reserve, \$44,000 for emergencies required by Colorado Statute, is restricted in the general fund.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$1,384,323 which decreased \$161,727 from the prior year.
- Total net position increased by \$287,048 over the prior year.
- Total governmental fund type cash and investments decreased by \$254,016 as compared to the prior year.
- Property tax revenue increased by \$5,015 as compared to the prior year.
- Sales tax revenue increased by \$43,417 as compared to the prior year.
- General fund expenditures and transfers out increased by \$636,600 as compared to the prior year.
- At the end of the current fiscal year, assigned and unassigned fund balances for the general fund totaled \$1,158,317, or 55% of total general fund expenditures and transfers out.

**ESTES VALLEY FIRE PROTECTION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2017**

**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 are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to financial statements. This report also contains other 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 of the District's assets, liabilities and deferred outflows and inflows of resources, with the difference 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 District'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.

Both of the government-wide financial statements identify functions of the District that are principally to be supported by ad valorem taxes and shared sales taxes (governmental activities). The governmental activities of the District include providing fire protection services.

The government-wide financial statements can be found on pages 1 – 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. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

**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.

**ESTES VALLEY FIRE PROTECTION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2017**

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 governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for each of the funds – the general fund and the capital reserve fund – both of which are considered to be major funds.

The District adopts an annual appropriated budget for its general fund and capital reserve fund. Budgetary comparison statements have been provided for these funds in the basic financial statements to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 3 – 8 of this report.

***Fiduciary funds.*** Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. Fiduciary funds provide the same type of information as the government-wide financial statements.

The fiduciary fund financial statements can be found on pages 9 – 10 of this report.

***Notes to 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 financial statements can be found on pages 11 – 48 of this report.

***Required supplementary information.*** The required supplementary information to address pension data and statistics required by GASB 68 can be found on pages 49 – 62.

***Supplementary information.*** In addition to the basic financial statements and accompanying notes, this report also presents certain supplemental information. This supplemental information is located after the basic financial statements on pages 63 of this report.

***Other Information.*** Other information includes the Summary of Assessed Valuation, Mill Levy

**ESTES VALLEY FIRE PROTECTION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2017**

and Property Taxes Collected. This other information is located after the basic financial statements on pages 64 of this report.

***Government-wide Financial Analysis***

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The District's assets and deferred outflows exceeded liabilities and deferred inflows of resources by \$3,248,407 at the close of the most recent fiscal year.

**Summary of Net Position**

	<b>2017</b>	<b>2016</b>
<b>Assets</b>		
Current and Other Assets	\$ 2,066,035	\$ 2,279,681
Capital Assets, Net	2,196,235	1,791,102
Net Pension Assets	-	811
Total Assets	4,262,270	4,071,594
<b>Deferred Outflows of Resources</b>		
Deferred Outflows of Resources Related to Pensions	340,787	327,872
<b>Liabilities</b>		
Current Liabilities	78,663	165,044
Noncurrent Liabilities	79,192	92,678
Net Pension Liability	534,854	582,660
Total Liabilities	692,709	840,382
<b>Deferred Inflows of Resources</b>		
Property Tax Revenues and Other Inflows	628,049	593,587
Deferred Inflows of Resources Related to Pensions	33,892	4,138
Total Deferred Inflows of Resources	661,941	597,725
<b>Net Position</b>		
Investment in Capital Assets	2,196,235	1,791,102
Restricted for Emergencies	44,000	41,500
Unrestricted	1,008,172	1,128,757
Total Net Position	\$ 3,248,407	\$ 2,961,359

The increase in assets is primarily due to the increase in Capital Assets acquired in the current year.

**ESTES VALLEY FIRE PROTECTION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2017**

**Summary of Changes in Net Position**

	<b>2017</b>	<b>2016</b>
<b>Revenues</b>		
Program Revenues		
Charges for Services	\$ 11,833	\$ 12,169
Operating Grants and Donations	795,089	844,119
General Revenues		
Property Taxes	590,780	585,765
Specific Ownership Tax	55,174	47,396
Net Investment Income	9,590	3,012
Other	63,721	476
<b>Total Revenues</b>	<b>1,526,187</b>	<b>1,492,937</b>
<b>Expenses</b>		
Fire Protection and Emergency Services	1,239,139	1,182,356
<b>Total Expenses</b>	<b>1,239,139</b>	<b>1,182,356</b>
<b>Change in Net Position</b>	287,048	310,581
<b>Net Position - Beginning of Year</b>	2,961,359	2,650,778
<b>Net Position - End of Year</b>	\$ 3,248,407	\$ 2,961,359

The District's revenue in 2017 increased by \$33,250 over the previous year, an increase of roughly 2%.

**Financial Analysis of the Governmental Funds**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the District's governmental funds 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, unassigned 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 an ending fund balance of \$1,384,323. \$1,158,317 constitutes unassigned fund balance, which is available for spending at the government's discretion within the parameters established for each fund.

**ESTES VALLEY FIRE PROTECTION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2017**

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund totaled \$1,158,317 out of a total fund balance of \$1,384,323.

**Budgetary Highlights**

The District's total expenditures and other financing uses for 2017 in the general fund did not exceed appropriations. Actual expenditures were \$13,166 less than the amended budget. This is primarily attributable to cost savings recognized in district overhead expenditures.

**Capital Assets**

The District had \$2,196,235 in capital assets (net of accumulated depreciation) as of December 31, 2017. These capital assets include vehicles, furniture, educational statues and sculptures and equipment. During the year the District invested \$603,301 in capital asset additions.

The major capital assets obtained during the current fiscal year included:

- Training site/Burn Building - \$497,934
- Vehicles - \$64,109
- General and Office Equipment - \$41,258

**Requests 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 financial information should be addressed to: Office of Estes Valley Fire Protection District, 550 W. Eisenhower, Loveland, CO 80537.

## **BASIC FINANCIAL STATEMENTS**

**ESTES VALLEY FIRE PROTECTION DISTRICT**

**STATEMENT OF NET POSITION**

**December 31, 2017**

	<b>Governmental Activities</b>
<b>Assets</b>	
Cash	\$ 1,120,061
Cash - Restricted	183,572
Receivable from County Treasurer	3,801
Intergovernmental Receivable	88,118
Prepaid Expense	42,434
Property Taxes Receivable	628,049
Capital Assets Not Being Depreciated	185,398
Capital Assets, Net	2,010,837
<b>Total Assets</b>	4,262,270
<b>Deferred Outflows of Resources</b>	
Deferred Outflows Related to Pensions	340,787
<b>Liabilities</b>	
Accounts Payable	43,859
Accrued Payroll Liabilities	9,804
Noncurrent Liabilities:	
Due Within One Year	25,000
Due In More Than One Year	79,192
Net Pension Liability - Volunteer Pension Fund	418,306
Net Pension Liability - FPPA Pension Plan	19,187
Net Pension Liability - PERA Pension Plan	97,361
<b>Total Liabilities</b>	692,709
<b>Deferred Inflows of Resources</b>	
Property Taxes	628,049
Deferred Inflows Related to Pensions	33,892
<b>Total Deferred Inflows of Resources</b>	661,941
<b>Net Position</b>	
Investment In Capital Assets	2,196,235
Restricted for Emergencies (TABOR)	44,000
Unrestricted	1,008,172
<b>Total Net Position</b>	\$ 3,248,407

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

**ESTES VALLEY FIRE PROTECTION DISTRICT**

**STATEMENT OF ACTIVITIES**

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

<u>Function/Program Activities</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
		<u>Permits, Fees, Fines, and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Revenue and Changes in Net Position</u>
<b>Governmental Activities</b>					<b>Governmental Activities</b>
Fire Protection and Emergency Services	\$ 1,239,139	\$ 11,833	\$ 795,089	\$ -	\$ (432,217)
Total Governmental Activities	<u>\$ 1,239,139</u>	<u>\$ 11,833</u>	<u>\$ 795,089</u>	<u>\$ -</u>	<u>(432,217)</u>
		<b>General Revenues:</b>			
					Property Taxes 590,780
					Specific Ownership Taxes 55,174
					Gain on Disposition of Assets 53,751
					Unrestricted Investment Earnings 9,590
					Miscellaneous 9,970
					<u>Total General Revenues 719,265</u>
					Changes In Net Position 287,048
					Net Position - Beginning 2,961,359
					<u>Net Position - Ending \$ 3,248,407</u>

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

ESTES VALLEY FIRE PROTECTION DISTRICT

BALANCE SHEET  
GOVERNMENTAL FUND

December 31, 2017

	<b>General Fund</b>
<b>Assets</b>	
Cash	\$ 1,120,061
Cash - Restricted	183,572
Receivable from County Treasurer	3,801
Intergovernmental Receivable	88,118
Prepaid Expenses	42,434
Property Taxes Receivable	628,049
<b>Total Assets</b>	<b>\$ 2,066,035</b>
<b>Liabilities</b>	
Accounts Payable	\$ 43,859
Accrued Payroll Liabilities	9,804
<b>Total Liabilities</b>	<b>53,663</b>
<b>Deferred Inflows of Resources</b>	
Property Taxes	628,049
<b>Fund Balances</b>	
Nonspendable	
Prepaid Expenses	42,434
Restricted	
Emergencies (TABOR)	44,000
Committed	
LOSAP	126,372
Contractual	13,200
Unassigned	1,158,317
<b>Total Fund Balances</b>	<b>1,384,323</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 2,066,035</b>

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

**ESTES VALLEY FIRE PROTECTION DISTRICT**

**RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET  
TO THE STATEMENT OF NET POSITION**

**December 31, 2017**

Total Fund Balances - Governmental Fund		\$ 1,384,323
Total net position reported for governmental activities in the statement of of net position is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:		
Capital Assets	\$ 3,100,717	
Accumulated Depreciation	<u>(904,482)</u>	2,196,235
Pension assets and liabilities and related deferred inflows and outflows of resources are not current financial resources and, therefore, are not reported in the fund financial statements.		
Balances at December 31, 2017 are:		
Net Pension Liability	(534,854)	
Deferred outflows of resources related to pensions	186,091	
Deferred inflows of resources related to pensions	(33,892)	
Contributions Subsequent to the Measurement Date	<u>154,696</u>	(227,959)
Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position.		
Balances at December 31, 2017 are:		
Compensated Absences	(9,996)	
LOSAP	<u>(94,196)</u>	<u>(104,192)</u>
Net Position - Governmental Activities		<u><u>\$ 3,248,407</u></u>

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

**ESTES VALLEY FIRE PROTECTION DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUND**

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

	<b>General Fund</b>
<b>Revenues</b>	
Sales Tax - Town Of Estes Park	\$ 775,270
Property Taxes	590,780
Specific Ownership Tax	55,174
Grants	18,913
Wildland Fire Reimbursements	2,380
Contributions and Donations	906
Plan Reviews and Inspection Income	9,453
Proceeds from Sale of Assets	53,751
Net Investment Income	9,590
Miscellaneous Income	9,970
<b>Total Revenues</b>	<b>1,526,187</b>
<b>Expenditures</b>	
District Overhead	573,048
Operations Division	265,516
Training Division	86,417
Prevention Division	150,017
Debt Service	407,861
Capital Outlay	605,055
<b>Total Expenditures</b>	<b>2,087,914</b>
<b>Excess Revenues Over (Under) Expenditures</b>	<b>(561,727)</b>
<b>Other Financing Sources</b>	
Proceeds from Capital Lease	400,000
<b>Net Change in Fund Balances</b>	<b>(161,727)</b>
<b>Fund Balances - Beginning</b>	<b>1,546,050</b>
<b>Fund Balances - Ending</b>	<b>\$ 1,384,323</b>

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

**ESTES VALLEY FIRE PROTECTION DISTRICT**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES**

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

Net Change in Fund Balances - Total Governmental Fund \$ (161,727)

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

Governmental funds report capital outlays as expenditures. In the statement of activities, capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset.

Capital outlay	\$ 603,301	
Depreciation expense	<u>(198,168)</u>	405,133

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.

Pension expense - Change in:

Net Pension Asset	(811)	
Deferred Outflows Related to Pension	12,915	
Net pension liability	47,806	
Deferred Inflows Related to Pensions	<u>(29,754)</u>	30,156

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 governmental funds.

Compensated absences	11,809	
LOSAP	<u>1,677</u>	<u>13,486</u>

Change in Net Position - Governmental Activities \$ 287,048

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

**ESTES VALLEY FIRE PROTECTION DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
GENERAL FUND**

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

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
<b>Revenues</b>				
Sales Tax - Town of Estes Park	\$ 621,000	\$ 773,000	\$ 775,270	\$ 2,270
Property Taxes	593,587	590,780	590,780	-
Specific Ownership Tax	41,551	55,174	55,174	-
Grants	-	18,913	18,913	-
Wildland Fire Reimbursements	3,000	2,380	2,380	-
Contributions and Donations	1,000	906	906	-
Plan Reviews and Inspection Income	6,500	9,410	9,453	43
Proceeds from Sale of Assets	-	53,751	53,751	-
Net Investment Income	1,400	7,790	9,590	1,800
Miscellaneous Income	1,000	9,970	9,970	-
<b>Total Revenues</b>	<b>1,269,038</b>	<b>1,522,074</b>	<b>1,526,187</b>	<b>4,113</b>
<b>Expenditures</b>				
<b>District Overhead</b>				
Professional Services and Fees	89,931	132,615	86,075	46,540
Salaries and Benefits	225,460	230,370	223,880	6,490
Insurance	46,183	64,247	55,415	8,832
Membership Dues and Subscriptions	4,411	8,245	8,513	(268)
Catering and Special Circumstances	7,000	11,712	9,634	2,078
Stations Maintenance	64,409	45,690	50,193	(4,503)
Data Processing Equipment	5,740	366	366	-
Miscellaneous Equipment	-	5,039	5,039	-
Member Recognition	10,879	10,879	4,980	5,899
Contingencies	30,260	9,932	9,932	-
Pension Expense	80,000	80,000	80,000	-
LOSAP Awards	39,021	39,021	39,021	-
Subtotal District Overhead	<b>603,294</b>	<b>638,116</b>	<b>573,048</b>	<b>65,068</b>
<b>Operations Division</b>				
Salaries and Benefits	30,000	57,893	53,423	4,470
Maintenance Contracts	117,586	118,141	88,735	29,406
Equipment Acquisition	78,200	109,532	114,383	(4,851)
Supplies - Consumables	3,100	1,293	2,101	(808)
Catering and Special Circumstances	-	2,632	2,835	(203)
Firefighter Recruitment	2,000	229	229	-
Contingencies	5,000	3,810	3,810	-
Subtotal Operations Division	<b>235,886</b>	<b>293,530</b>	<b>265,516</b>	<b>28,014</b>

(Continued)

**ESTES VALLEY FIRE PROTECTION DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
GENERAL FUND**

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

(Continued)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<b>Variance with Final Budget - Positive (Negative)</b>
<b>Training Division</b>				
Salaries and Benefits	72,973	52,459	51,861	598
Membership Dues and Subscriptions	3,150	3,150	50	3,100
Conferences	11,500	5,424	5,424	-
Internal Training	-	-	11,807	(11,807)
External Training	23,100	16,644	7,142	9,502
Supplies	2,500	3,022	3,334	(312)
Contingencies	-	6,799	6,799	-
Subtotal Training Division	<u>113,223</u>	<u>87,498</u>	<u>86,417</u>	<u>1,081</u>
<b>Prevention Division</b>				
Salaries and Benefits	177,720	140,335	135,660	4,675
Membership Dues and Subscriptions	1,615	350	215	135
Public Education	2,000	9,000	8,012	988
Fuels Mitigation Crew	13,100	6,130	6,130	-
Subtotal Prevention Division	<u>194,435</u>	<u>155,815</u>	<u>150,017</u>	<u>5,798</u>
<b>Debt Service</b>				
Lease Purchase - Principal	-	400,000	400,000	-
Lease Purchase - Interest	-	7,861	7,861	-
Subtotal Debt Service	<u>-</u>	<u>407,861</u>	<u>407,861</u>	<u>-</u>
<b>Capital Outlay</b>				
Fleet	73,162	107,121	107,121	-
Buildings and Grounds	110,000	411,139	497,934	(86,795)
Subtotal Capital Outlay	<u>183,162</u>	<u>518,260</u>	<u>605,055</u>	<u>(86,795)</u>
<b>Total Expenditures</b>	<u>1,330,000</u>	<u>2,101,080</u>	<u>2,087,914</u>	<u>13,166</u>
<b>Excess Revenues Over (Under) Expenditures</b>	(60,962)	(579,006)	(561,727)	17,279
<b>Other Financing Sources</b>				
Capital Lease Proceeds	400,000	399,750	400,000	250
<b>Net Change in Fund Balance</b>	339,038	(179,256)	(161,727)	17,529
<b>Fund Balance - Beginning</b>	1,234,856	1,528,794	1,546,050	17,256
<b>Fund Balance - Ending</b>	<u>\$ 1,573,894</u>	<u>\$ 1,349,538</u>	<u>\$ 1,384,323</u>	<u>\$ 34,785</u>

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

**ESTES VALLEY FIRE PROTECTION DISTRICT**

**STATEMENT OF FIDUCIARY NET POSITION  
VOLUNTEER PENSION FUND**

**December 31, 2017**

<b>Assets</b>	
Cash and Investments	\$ 1,672,806
<b>Total Assets</b>	<u>1,672,806</u>
<b>Net Position</b>	
Held in Trust for Pension Benefits	1,672,806
<b>Total Net Position</b>	<u>\$ 1,672,806</u>

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

**ESTES VALLEY FIRE PROTECTION DISTRICT**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
VOLUNTEER PENSION FUND**

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

**Additions**

Contributions:

Estes Valley FPD Contribution	\$ 80,000
State Participation Contribution	48,605
Total Contributions	<u>128,605</u>

Investment Income:

Interest and Dividends	39,913
Net Appreciation in Fair Value of Investments	76,624
Less Investment Expense	(15,530)
Total Net Investment Income	<u>101,007</u>

**Total Additions** 229,612

**Deductions**

Retiree Benefit Payments	136,697
Actuarial Study	6,748
Miscellaneous	2,498
Total Deductions	<u>145,943</u>

**Change in Plan Net Position** 83,669

**Plan Net Position - Beginning** 1,589,137

**Plan Net Position - Ending** \$ 1,672,806

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

**ESTES VALLEY FIRE PROTECTION DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

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**NOTE 1 – DEFINITION OF REPORTING ENTITY**

The Estes Valley Fire Protection District (the District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by order and decree of the District Court for Larimer County on November 17, 2009, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District provides fire protection services, fire suppression, and rescue services in the Town of Estes Park (Town) and surrounding areas of unincorporated Larimer County.

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, including a volunteer organization, Estes Park Volunteer Fire Department, which provides services for the District, but is not under the control of the District's Board of Directors. The District is not a component unit of any other primary governmental entity, including the Town of Estes Park.

**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. Governmental activities are normally supported by taxes, intergovernmental revenue and fees and charges.

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

ESTES VALLEY FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017

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The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenue. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenue* 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 revenue are reported instead as *general revenue*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as is the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Depreciation is computed and shown as an operating expense. Expenditures for capital assets are shown as increases in assets. Employer and plan member contributions are recognized in the period that contributions are due.

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 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 property taxes, sales taxes, and payment for fire services. All other revenue items are measurable and available only when cash is received by the District. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

**ESTES VALLEY FIRE PROTECTION DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

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The District reports the following major governmental funds:

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.

Additionally, the District reports the following fiduciary fund type using the accrual basis of accounting:

The *Volunteer Pension Fund* is a pension trust fund and is used to account for transactions relating to assets held by the District in the capacity of trustee for its volunteer firefighters' pension plan.

**Budgets**

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

The District has amended its annual budget for the year ended December 31, 2017.

**Pooled Cash and Investments**

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash and investments. Investments are carried at fair value.

Cash and investments are presented on the balance sheet in the basic financial statements at fair value.

**ESTES VALLEY FIRE PROTECTION DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

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**Capital Assets**

Capital assets, which include property and equipment, are reported in the government-wide financial statements. Capital assets defined by the District as assets include improvements to buildings and equipment with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. 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	15 years
Vehicles	5-20 years
Educational statues and sculptures	7 years
Furniture and fixtures	7 -20 years
General and office equipment	20 years

**Property Taxes**

Property taxes are levied by the District Board of Directors. The levy is based on assessed valuations determined by the County Assessors generally as of January 1 of each year. The levy is normally set December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurers collect the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and sales of the tax liens on delinquent properties are normally held in November or December. The County Treasurers remit the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflow of resources in the year they are levied and measurable. Property taxes are recorded as revenue in the year it is available or collected (the year it is levied for).

**ESTES VALLEY FIRE PROTECTION DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

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**Compensated Absences**

The District has a policy that allows employees to accumulate paid time off and sick pay up to certain maximum hours as stated in the District's Personnel Policy Manual. Vacation above the maximum allowable carry over is forfeited. Sick leave above the maximum allowable carryover is converted to vacation on a 2-for-1 basis. Conversion of any excess sick time to vacation is done prior to the calculation of compensated absences. Compensated absences are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The District's General Fund is used to liquidate compensated absences of the governmental activities.

**Long Term Obligations**

In the government-wide financial statements, debt premiums and discounts are deferred and amortized over the life of the issue using the percentage of current principal payments to total debt issue. Debt issuance costs, except any portion related to prepaid insurance costs, are expensed when incurred.

In the fund financial statements, governmental fund types recognize debt premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report separate sections for deferred outflows of resources. A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred outflow of resources related to GASB Statement No. 68 has been recorded as of December 31, 2017, which consists of five components: 1) contributions subsequent to measurement date; 2) change in experience; 3) change in assumptions; 4) change in investment earnings; and 5) change in proportionate share. (See Notes 8 and 9 for additional information.)

In addition to liabilities, the statement of net position will sometimes report separate sections for deferred inflows of resources. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District has two items that qualify for reporting as deferred inflows of resources. Property tax revenue is

ESTES VALLEY FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017

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considered a deferred inflow of resources in the year the taxes are levied and measurable and are recognized as an inflow of resources in the period they are collected. A deferred inflow related to GASB Statement No. 68 has been recorded as of December 31, 2017, which consists of one component: 1) change in experience. (See Notes 8 and 9 for additional information.)

**Pensions**

**FPPA.** For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Fire & Police Statewide Defined Benefit Plan and additions to/deductions from Fire & Police Statewide Defined Benefit Plan's fiduciary net position have been determined on the same basis as they are reported by the Fire & Police Pension Association of Colorado. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**PERA.** The District participates in the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the LGDTF 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.

**Net Position and Fund Equity**

Net Position

The government-wide financial statements utilize a net position presentation. Net position is categorized as investment in capital assets, restricted and unrestricted.

Investment in capital assets consists of 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.

Restricted net position is subject to restrictions by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provision or enabling legislation.

ESTES VALLEY FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017

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Unrestricted net position represents assets that do not have any third-party limitations on their use.

For government-wide presentation purposes, when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

Fund Balances

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned.

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 portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

*Restricted fund balance* – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

*Committed fund balance* – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

*Assigned fund balance* – The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

*Unassigned fund balance* – The residual portion of fund balance that does not meet any of the criteria described above.

ESTES VALLEY FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District's practice to use the most restrictive classification first.

**Use of Estimates**

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. An example of such an estimate that has been made by management is depreciation expense.

**NOTE 3 – CASH AND INVESTMENTS**

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

Statement of Net Position	
Cash and Investments	\$ 1,120,061
Cash and Investments - Restricted - Held for Emergency Reserves, LOSAP and Contractual commitments	183,572
Total Cash and Investments	<u>\$ 1,303,633</u>
Petty Cash	\$ 349
Deposits with Financial Institutions	710,387
Investments	592,897
Total Cash and Investments	<u>\$ 1,303,633</u>
Statement of Fiduciary Position	
Cash and Investments	<u>\$ 1,672,806</u>

**Cash Deposits**

The Colorado Public Deposit Protection Act (PDPA) governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels (\$250,000) 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

## ESTES VALLEY FIRE PROTECTION DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2017

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deposits. The institution's internal records identify the collateral by depositor and as such, these deposits are uninsured but collateralized. 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 deposits had a bank balance of \$712,538 and a carrying balance of \$710,387.

#### **Investments**

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments.

The District generally limits its concentration of investments to obligations of the United States, certain U.S. government agency securities and Local Government Investment Pools, which are believed to have minimal credit risk; minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk disclosure requirements or subject to investment custodial credit risk for investments that are in the possession of another party.

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 requirements.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

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

ESTES VALLEY FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017

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

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted Average under 60 Days	<u>592,897</u>

**CSAFE**

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust is similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper. A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. CSAFE is rated AAAM by Standard & Poor's. CSAFE records its investments at amortized cost and the District records its investments in CSAFE using the amortized cost method. There are no unrefunded commitments, the redemption frequency is daily and there is no redemption notice period.

Pension Plan cash and investments are discussed separately under Note 7.

**ESTES VALLEY FIRE PROTECTION DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**NOTE 4 – CAPITAL ASSETS**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated				
Construction in Process	\$ 199,517	\$ 171,633	\$ 185,752	\$ 185,398
Capital Assets Being Depreciated				
Buildings	-	546,265	-	546,265
Vehicles	1,930,298	23,213	(94,421)	\$ 1,859,090
General Equipment	415,025	22,890	-	437,915
Educational Statues and Sculptures	29,204	-	-	29,204
Office Equipment	26,154	25,052	(8,361)	42,845
Total Capital Assets Being Depreciated	<u>2,400,681</u>	<u>617,420</u>	<u>(102,782)</u>	<u>2,915,319</u>
Less Accumulated Depreciation for				
Buildings	-	6,070	-	6,070
Vehicles	600,478	152,319	(94,421)	658,376
General Equipment	160,749	29,797	-	190,546
Educational Statues and Sculptures	26,205	1,161	-	27,366
Office Equipment	21,664	8,821	(8,361)	22,124
Total Accumulated Depreciation	<u>809,096</u>	<u>198,168</u>	<u>(102,782)</u>	<u>904,482</u>
Total Capital Assets Being Depreciated, Net	<u>1,591,585</u>	<u>419,252</u>	<u>-</u>	<u>2,010,837</u>
Total Capital Assets, Net	<u>\$ 1,791,102</u>	<u>\$ 590,885</u>	<u>\$ 185,752</u>	<u>\$ 2,196,235</u>

All assets previously held by the Town were transferred to the District at net book value.

All depreciation expense was charged to the fire protection and emergency services program.

The Town has granted the use of the Dannels Fire Station to the District as part of the Special Use Permit between the Town and the United States Department of the Interior. In exchange for providing fire protection services, no fees or rent are charged to the District for the use of the Dannels Fire Station.

**ESTES VALLEY FIRE PROTECTION DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**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>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
Capital Lease - Training Site	\$ -	\$400,000	\$400,000	\$ -	\$ -
LOSAP	106,005	27,212	39,021	94,196	25,000
Compensated Absences	11,673	15,295	16,972	9,996	-
<b>Total Governmental Activities</b>	<u>\$117,678</u>	<u>\$442,507</u>	<u>\$455,993</u>	<u>\$104,192</u>	<u>\$ 25,000</u>

**Capital Lease**

On March 22, 2017, the District entered into a lease agreement in the amount of \$400,000 to finance the acquisition of a training burn building and to pay for the costs of issuance about the lease. The lease is due in 16 quarterly payments beginning on June 1, 2017 through March 1, 2021, with interest at 2.88%. The lease, plus accrued interest, was paid in full on December 5, 2017.

**Length of Service Award Program**

Accrued awards earned under the Length of Service Awards Program (LOSAP) are expected to be liquidated with revenues of the General Fund.

On January 1, 2018, the District created the Hero Plus Program (HPP) in accordance with Internal Revenue Code Section 457(e)(11). The program is administered by Lincoln Financial Group Trust Company, Inc. (LFG). On January 26, 2018, funds held by the District to service the LOSAP liability in the amount of \$92,146 were transferred to LFG. At such time, the liability under the LOSAP will be removed from the District’s financial statements.

The funds were placed in an irrevocable Rabbi Trust. Concurrently, LFG placed the funds into the respective qualified individuals’ accounts. The District will fund the HPP annually based upon the individual amounts earned each year.

ESTES VALLEY FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017

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**Compensated Absences**

Accrued compensated absences of the governmental activities are expected to be liquidated with revenues of the General Fund.

**NOTE 6 – NET POSITION**

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

Invested in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of obligations that are attributable to the acquisition, construction, or improvement of those assets, if any.

As of December 31, 2017, the District had invested in capital assets, calculated as follows:

Investment in Capital Assets	<u>\$ 2,196,235</u>
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The restricted component of net position consists of assets 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 a restricted net position as of December 31, 2017, as follows:

Restricted Net Position:

TABOR Emergencies (see Note 12)	<u>\$ 44,000</u>
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The unrestricted component of net position as of December 31, 2017, totaled \$1,008,172.

**ESTES VALLEY FIRE PROTECTION DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

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**NOTE 7 – VOLUNTEERS’ FIRE PENSION FUND**

**Plan Descriptions and Provisions**

The District administers a single employer pension plan (the Plan) for the benefit of its volunteers as authorized by State statute. The Plan is defined as a defined benefit, single-employer, noncontributory plan and provides retirement benefits for members and beneficiaries according to the Plan provisions as enacted and governed by the Pension Fund Board of Trustees. The Plan’s assets may be used only for the payment of benefits to the members of the Plan, in accordance with the terms of the Plan.

The Plan is governed by a Board of Directors which consists of the five District Board members and two individuals from the volunteer organization who are voted on by the volunteer organization members. The provisions of the Plan give the Board the right and authority to establish and amend the benefit provisions of the Plan.

Volunteer firefighters who attain both the age of fifty and complete twenty years of active service shall be eligible for a monthly pension, currently \$400. Volunteers who retire with ten years of credited service are entitled to a partial benefit. Based on the Board’s discretion, surviving spouses may be eligible for benefits up to an amount of 100%. The Plan does not publish a separate stand-alone report but is included in these financial statements as a Pension Trust Fund.

The Plan’s Board of Directors may levy a tax of not more than one-half mill on the taxable property in the District. The State of Colorado makes contributions as established by the legislature and based on the District contributions. Currently, the State matches 90% of District contributions.

**Employees Covered by Benefit Terms**

As of January 1, 2017 (the latest actuarial valuation performed), the following employees were covered by the benefit terms:

Retirees and Beneficiaries Currently Receiving Benefits	33
Inactive Employees Entitled to but not yet Receiving Benefits	5
Active Employees	34

**ESTES VALLEY FIRE PROTECTION DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2017**

**Actuarial Assumptions**

The actuarial assumptions that determined the total pension liability as of December 31, 2016 were based on the following:

	Valuation Date	
	January 1, 2017	January 1, 2015
Measurement date	December 31, 2016	December 31, 2015
Inflation	2.50%	2.50%
Salary increases including inflation	2.50%	2.50%
Mortality	RP - 2014 Healthy Annuitant and Employee Mortality Tables	RP - 2014 Healthy Annuitant and Employee Mortality Tables
Actuarial cost method	Entry Age Normal	Entry Age Normal

**Changes in Actuarial Assumptions Adopted January 1, 2017**

The termination assumption was changed to better reflect anticipated plan experience.

The expense assumption was changed from \$0 to \$6,000 per annum to better reflect anticipated plan experience.

There have been no significant changes between the valuation date and the fiscal year end.

**Discount Rate**

<b>Measurement date</b>	<b><u>December 31, 2016</u></b>	<b><u>December 31, 2015</u></b>
Discount rate	5.50%	5.50%
Long-term-expected rate of return, net of investment expense	5.50%	5.50%
Bond Buyer General Obligation 20-Bond Municipal Bond Index	3.78%	3.57%

The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

ESTES VALLEY FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017

**Investments**

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments in that the District has entered into a Trust Agreement with the WIN Advisor Group, Inc. to oversee the pension fund investments. Therefore, the pension investments are not limited to those described in Note 3 applicable to local governments. A majority of the Plan's investments are invested in mutual funds, commercial paper, and exchange trade funds. The investment funds and exchange trade funds are unrated as each fund is comprised of many different types of investments.

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

Deposits with Financial Institutions	\$ 86,887
Investments	<u>1,585,919</u>
Total Cash and Investments	<u>\$ 1,672,806</u>

	<u>Maturity</u>	<u>Fair Value</u>
Mutual funds	No stated maturity	\$ 674,249
Municipal Bonds	2024	102,149
Certificates of deposit	2019-2023	592,575
U.S. Treasury	2018	117,711
U.S. Treasury	2021	<u>99,235</u>
		<u>\$ 1,585,919</u>

The calculation of realized gains (losses) is independent of the calculation of the net change in the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current year may have been recognized as an increase or decrease in the fair value of investments reported in the prior year.

**Rate of Return**

For the plan year ended December 31, 2016, the Plan's annual money-weighted rate of return on plan investments, net of investment expense, was 6.12%. The money-weight rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**ESTES VALLEY FIRE PROTECTION DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

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Investment risk factors

There are many factors that can affect the value of investments. Some, such as custodial risk, concentration risk, and foreign currency risk, may affect both equity and fixed income securities. Equity securities respond to such factors as economic conditions, individual company earnings, performance, and market liquidity, while fixed income securities are particularly sensitive to credit risks and changes in interest rates. The Plan has established investment policies to provide the basis for the management of a prudent investment program appropriate to the particular needs of the Plan.

Credit risk

Credit risk is the risk that an issuer or other party to an investment will not fulfill its obligation to the Plan. Credit risk exposure is managed in accordance with investment guidelines as stated in the formal investment policy adopted by the Board. Investment decisions should be evaluated within the context of the entire portfolio, rather than on an individual investment basis, and as part of an overall investment strategy having risk and return objectives reasonably suited to the Plan's purpose.

Custodial risk

The Plan has no custodial credit risk. All securities are registered in the name of the Pension Trust as the Trustee for the Plan and held by third-party safekeeping agents. Investments in money market mutual funds are not exposed to custodial risk because their existence is not evidenced by securities that exist in physical or book entry form.

**Changes in the Net Pension Liability**

At December 31, 2016, the fiduciary net position as a percentage of total pension liability was 79.16%.

**ESTES VALLEY FIRE PROTECTION DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**Sensitivity of the net pension liability to the changes in the discount rate.**

The following table presents the net pension liability of the District, calculated using the discount rate of 5.50%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (4.50%) or one percentage point higher (6.50%) than the current rate.

	<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
	<b>4.50%</b>	<b>Discount Rate</b>	<b>6.50%</b>
	<u>4.50%</u>	<u>5.50%</u>	<u>6.50%</u>
Total Pension Liability	\$ 2,249,019	\$ 2,007,598	\$ 1,807,388
Fiduciary Net Position	1,589,292	1,589,292	1,589,292
Net Pension Liability	<u>\$ 659,727</u>	<u>\$ 418,306</u>	<u>\$ 218,096</u>

**Pension Expense 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 \$37,976. At December 31, 2017, the District reported deferred outflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ (30,929)
Changes of assumptions or other inputs	10,674	-
Net difference between projected and actual earnings on pension plan investments	64,622	-
Contributions subsequent to the measurement date	128,605	-
Total	<u>\$ 203,901</u>	<u>\$ (30,929)</u>

\$128,605 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018.

ESTES VALLEY FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017

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

<b>Year ended December 31,</b>	
2018	\$ 16,275
2019	16,275
2020	16,277
2021	<u>(4,460)</u>
	<u>\$ 44,367</u>

**NOTE 8 – EMPLOYEE RETIREMENT PLANS**

**Fire and Police Statewide Defined Benefit Plan (FPPA)**

**Defined Benefit Pension Plan**

**General Information about the Pension Plan**

The District contributes to the Statewide Defined Benefit Plan, a cost-sharing multiple-employer defined benefit pension plan administered by the Colorado Fire and Police Pension Association (FPPA). The Statewide Defined Benefit Plan (SWDB) provides retirement benefits for members and beneficiaries. Death and disability coverage is provided for members hired prior to January 1, 1997 through the Statewide Death and Disability Plan, which is also administered by the FPPA. This is a noncontributory plan. All full-time, paid firefighters of the District are members of the Statewide Defined Benefit Plan and the Statewide Death and Disability Plan. Local revenue sources are responsible for funding of the Death and Disability benefits for firefighters hired on or after January 1, 1997.

Colorado Revised Statutes Title 31, Article 31 grants the authority to establish benefit provisions to the state legislature. FPPA issues a publicly available annual financial report that includes financial statements and required supplementary information for both the Statewide Defined Benefit Plan and the Statewide Death and Disability Plan. FPPA issues a publicly available comprehensive annual financial report that can be obtained on FPPA's website at <http://www.fppaco.org>.

**ESTES VALLEY FIRE PROTECTION DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

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**Description of Benefits**

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

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

In addition, upon retirement a member may receive additional benefits credited to the member's "Separate Retirement Account" each year after January 1, 1988. These are attributable to contributions in excess of the actuarially determined pension cost and the allocation of the net Fire & Police Members' Benefit Investment Fund earnings and losses thereon. Members do not vest in amounts credited to their Separate Retirement Account until retirement, and the Plan may use such stabilization reserve amounts to reduce pension cost in the event such cost exceeds contributions. It was previously mentioned that reentry members have a higher contribution rate. As a result, their Separate Retirement Account (SRA) has two components; the standard SRA and the reentry SRA. The component of a member's SRA attributable to the higher contribution rate is considered the reentry SRA. The reentry SRA cannot be used to subsidize the costs for the non-reentry members. Effective July 1, 2016, the standard Separate Retirement Account contribution rate for members of the Fire & Police Statewide Defined Benefit Plan was set at 0%. The reentry Separate Retirement Account contribution rate was set at 3.70%.

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% 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% of the member's average highest three years' base salary for each year of credited service up to ten years, plus 2.5% for each year of service thereafter.

**ESTES VALLEY FIRE PROTECTION DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

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**Contributions**

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

Members of the SWDB plan and their employers are contributing at the rate of 9.0% and 8.0%, respectively, of base salary for a total contribution rate of 17.0% in 2016. In 2014, the members elected to increase the member contribution rate to the Plan beginning in 2015. Member contribution rates will increase 0.50% annually 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 20.5% of base salary in 2015. 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% in 2022.

The contribution rate for members and employers of affiliated social security employers is 4.25% and 4%, respectively, of base salary for a total contribution rate of 8.25% in 2015. Per the 2014 member election, the affiliated social security group will also have their required member contribution rate increase 0.25% annually beginning in 2015 through 2022 to a total of 6% of base salary. Employer contributions will remain at 4% resulting in a combined contribution rate of 10% in 2022.

Contributions to the Plan from the District were \$19,904 for the year ended December 31, 2017.

**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 net pension liability of \$19,187 for its proportionate share of the SWDB collective net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net asset was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all

ESTES VALLEY FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017

participating Districts, actuarially determined. At December 31, 2016, the District's proportion was 0.0530987259%, which was an increase of 0.0071158128% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the District recognized pension expense of \$22,322.

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	\$ 17,131	\$ (976)
Changes of assumptions or other inputs	13,106	-
Net difference between projected and actual earnings on pension plan investments	51,789	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	8,437	-
Contributions subsequent to the measurement date	19,904	N/A
Total	<u>\$ 110,367</u>	<u>\$ (976)</u>

\$19,904 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018.

ESTES VALLEY FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017

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

**Year ended December 31,**

2018	\$ 20,808
2019	20,808
2020	19,627
2021	8,603
2022	4,514
Thereafter	<u>15,127</u>
	<u>\$ 89,487</u>

**Actuarial assumptions**

The total pension asset in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Method	Entry Age Normal
Amortization Method	Level % of Payroll, Open
Amortization Period	30 Years
Long-term Investment Rate of Return*	7.50%
Projected Salary Increases	4.0% - 14.0%
Cost of Living 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.

**ESTES VALLEY FIRE PROTECTION DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

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, 2016 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Rate of Return</b>
Global Equity	36.0%	9.25%
Equity Long/Short	10.0%	7.35%
Illiquid Alternatives	23.0%	10.75%
Fixed Income	15.0%	4.10%
Absolute Return	10.0%	6.55%
Managed Futures	4.0%	5.50%
Cash	2.0%	0.0*
Total	100.0%	

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

**Discount Rate**

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

ESTES VALLEY FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017

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**Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate**

The following presents the District's proportionate share of the net pension liability/(asset) calculated using the discount rate of 7.50%, as well as what the District's 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%) or 1-percentage-point higher (8.50%) than the current rate:

	<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
	<b>6.50%</b>	<b>Discount Rate</b>	<b>8.50%</b>
	<b>7.50%</b>	<b>7.50%</b>	<b>8.50%</b>
Proportionate share of the net pension liability	<u>\$ 163,247</u>	<u>\$ 19,187</u>	<u>\$ 100,463</u>

The expected long-term rate of return on pension plan investments was 7.50%. The municipal bond rate used was 3.78%. The single discount rate for the plans was 7.50%.

**Pension Plan Fiduciary Net Position**

Detailed information about the SWDB's fiduciary net position is available in FPPA's comprehensive annual financial report, which can be obtained at <http://www.fppaco.org>.

**Deferred Compensation Plan**

The District has a deferred compensation plan created in accordance with Internal Revenue Code Section 457. This plan is administered by the FPPA. Participation in the plan is optional for all District employees. The plan allows the employees to defer a portion of their salary until future years. The District's contributions to the FPPA administered 457 plan for the years ended December 31, 2017, 2016, and 2015 were \$-0-, \$4,590, and \$9,609 respectively.

ESTES VALLEY FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017

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**Public Employees' Retirement Association of Colorado (PERA)**

**Defined Benefit Pension Plan**

**General Information about the Pension Plan**

*Plan description.* Eligible employees of the District are provided with pensions through the Local Government Division Trust Fund (LGDTF) – a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, 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. PERA issues a publicly available comprehensive annual financial report that can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

**Description of Benefits**

PERA provides retirement, disability, 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. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

The lifetime retirement benefit for all eligible retiring employees under the PERA Benefit Structure is the greater of the:

- Highest average salary multiplied by 2.5% and then multiplied by years of service credit
- The value of the retiring employee's member contribution account plus a 100% match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

The lifetime retirement benefit for all eligible retiring employees under the Denver Public Schools (DPS) benefit structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit
- \$15 times the first 10 years of service credit plus \$20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance

**ESTES VALLEY FIRE PROTECTION DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

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based on life expectancy and other actuarial factors.

In all cases the service retirement benefit is limited to 100 percent of highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50% or 100% on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure receive an annual increase of 2%, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2% or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2% or the average CPI-W for the prior calendar year, not to exceed 10% of PERA's Annual Increase Reserve (AIR) for the LGDTF.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the retirement benefit formula shown above considering a minimum 20 years of service credit, if deemed disabled.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

ESTES VALLEY FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017

**Contributions**

Eligible employees and the District are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24- 51-401, *et seq.* Eligible employees are required to contribute 8% of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

<b>Contributions</b>	<b>Rate <sup>1</sup></b>
Employer contribution rate	10.00%
Amount of Employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24- 51-208(1)(f)	(1.02%)
Amount Apportioned to the LGDTF	8.98%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	1.50%
<b>Total Employer Contribution Rate to the LGDTF</b>	<b>12.68%</b>

<sup>1</sup> Rates are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the District were \$6,187 for the year ended December 31, 2017.

**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 \$97,361 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 December 31, 2015. Standard update procedures were used to roll forward the total pension liability to December 31, 2016. The District proportion of the net pension liability was based on District contributions to the LGDTF for the calendar year 2016 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2016, the District proportion was 0.0072101098%, which was a decrease of 0.0002510618% from its proportion measured as of December 31, 2015.

**ESTES VALLEY FIRE PROTECTION DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

For the year ended December 31, 2017, the District recognized pension expense of \$15,637. 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	\$ 1,733	\$ -
Changes of assumptions or other inputs	6,906	(282)
Net difference between projected and actual earnings on pension plan investments	11,693	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	(1,705)
Contributions subsequent to the measurement date	6,187	N/A
Total	\$ 26,519	\$ (1,987)

\$6,187 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 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:

**Year ended December 31,**

2018	\$ 9,938
2019	5,019
2020	3,276
2021	112
	\$ 18,345

**ESTES VALLEY FIRE PROTECTION DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2017**

*Actuarial assumptions.* The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial Cost Method	Entry Age
Price Inflation	2.80%
Real wage growth	1.10%
Wage Inflation	3.90%
Salary increases, including wage inflations	3.90% - 10.85%
Long-term Investment Rate of Return, net of pension plan investment expenses, including price inflation	7.50%
Discount Rate	7.50%
Post-retirement benefit increases: PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (automatic)	2.00%
PERA benefit structure hired after 12/31/06 (ad-hoc, substantively automatic)	Financed by the Annual Increase Reserve (AIR)

Based on the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic assumptions were adopted by PERA's Board on November 18, 2016 and effective as of December 31, 2016. These revised assumptions shown below were reflected in the roll-forward calculation of the total pension liability from December 31, 2015 to December 31, 2016:

Actuarial Cost Method	Entry Age
Price Inflation	2.40%
Real wage growth	1.10%
Wage Inflation	3.50%
Salary increases, including wage inflations	3.50% - 10.45%
Long-term Investment Rate of Return, net of pension plan investment expenses, including price inflation	7.25%
Discount Rate	7.25%
Post-retirement benefit increases: PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (automatic)	2.00%
PERA benefit structure hired after 12/31/06 (ad-hoc, substantively automatic)	Financed by the Annual Increase Reserve (AIR)

**ESTES VALLEY FIRE PROTECTION DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

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Mortality rates used in the December 31, 2015 valuation were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with Males set back 1 year, and Females set back 2 years. Active member mortality was based upon the same mortality rates but adjusted to 55% of the base rate for males and 40% of the base rate for females. For disabled retirees, the RP-2000 Disabled Mortality Table (set back 2 years for males and set back 2 years for females) was assumed.

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2008 through December 31, 2011, adopted by PERA's Board on November 13, 2012, and an economic assumption study, adopted by PERA's Board on November 15, 2013 and January 17, 2014.

As a result of the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic actuarial assumptions including withdrawal rates, retirement rates for early reduced and unreduced retirement, disability rates, administrative expense load, and pre- and post-retirement and disability mortality rates were adopted by PERA's Board on November 18, 2016 to more closely reflect PERA's actual experience. As the revised economic and demographic assumptions are effective as of the measurement date, December 31, 2016, these revised assumptions were reflected in the total pension liability roll-forward procedures.

Healthy mortality assumptions for active members reflect the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70% factor applied to male rates and a 55% factor applied to female rates.

Healthy, post-retirement mortality assumptions reflect the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73% factor applied to rates for ages less than 80, a 108% factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78% factor applied to rates for ages less than 80, a 109% factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was changed to reflect 90% of the RP-2014 Disabled Retiree Mortality Table.

**ESTES VALLEY FIRE PROTECTION DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA’s Board on October 28, 2016. As a result of the October 28, 2016 actuarial assumptions workshop and the November 18, 2016 PERA Board meeting, the economic assumptions changed, effective December 31, 2016, as follows:

- Investment rate of return assumption decreased from 7.50% per year, compounded annually, net of investment expenses to 7.25% per year, compounded annually, net of investment expenses.
- Price inflation assumption decreased from 2.80% per year to 2.40% per year.
- Real rate of investment return assumption increased from 4.70% per year, net of investment expenses, to 4.85% per year, net of investment expenses.
- Wage inflation assumption decreased from 3.90% per year to 3.50% per year.

Several factors were considered in evaluating the long-term rate of return assumption for the LGDTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

As of the November 18, 2016 adoption of the current long-term expected rate of return by the PERA Board, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>30 Year Expected Geometric Real Rate of Return</b>
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income – Developed	1.84%	0.60%

ESTES VALLEY FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017

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Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25%.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated economic and demographic actuarial assumptions adopted by PERA’s Board on November 18, 2016.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for

**ESTES VALLEY FIRE PROTECTION DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

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future plan members not financed by their member contributions.

- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above assumptions and methods, LGDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%.

As of the prior measurement date, the long-term expected rate of return of 7.50% on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination did not use the municipal bond index rate, and therefore, the discount rate was 7.50%, 0.25% higher compared to the current measurement date.

ESTES VALLEY FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017

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**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 7.25%, 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 (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
	<b>6.25%</b>	<b>Discount Rate</b>	<b>8.25%</b>
	<b>7.25%</b>	<b>7.25%</b>	<b>8.25%</b>
Proportionate share of the net pension liability	<u>\$ 143,554</u>	<u>\$ 97,361</u>	<u>\$ 59,108</u>

**Pension plan fiduciary net position**

Detailed information about the LGDTF’s fiduciary net position is available in PERA’s comprehensive annual financial report which can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

**NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS**

**Health Care Trust Fund**

*Plan Description* – The District contributes to the Health Care Trust Fund (“HCTF”), a cost-sharing multiple-employer healthcare trust administered by PERA. The HCTF benefit provides a health care premium subsidy and health care programs (known as PERACare) to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the C.R.S., as amended, establishes the HCTF and sets forth a framework that grants authority to the PERA Board to contract, self-insure and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of health care subsidies. PERA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the HCTF. That report can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

*Funding Policy* – The District is required to contribute at a rate of 1.02% of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the District are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the

**ESTES VALLEY FIRE PROTECTION DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

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HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending December 31, 2015, 2014, and 2013, the District contributions to the HCTF were \$498, \$447, and \$432, respectively, equal to their required contributions for each year.

**NOTE 10 – INTERGOVERNMENTAL AGREEMENTS**

The District has entered into intergovernmental agreements with the Town as a result of the District's organization and the continuation of fire protection services for the Town. Specifically, the Town has agreed to remit to the District 7% of sales tax revenue it receives. These taxes are remitted to the District monthly. During 2017, 2016, and 2015, the District received \$775,270, \$731,853, and \$681,357, respectively, in sales taxes from the Town.

The Town provides dispatching and communication services to the District for an appropriate annual amount to be agreed upon by the parties during September of each calendar year for the subsequent year. Further, the Town agrees to allow the District to occupy and use the Dannels Fire Station and the Estes Park Fire Training Area. The District shall comply with all terms and conditions of the Special Use Permit between the United States Department of the Interior and the Town dated April 29, 1996, with the exception of certain landscaping responsibilities to be maintained by the District. During 2017, the District paid the Town \$19,720 for dispatching services.

During 2017, the Town continued to provide essential support services such as information technology support and fleet maintenance at an agreed upon amount which is set annually. The total amount paid to the Town for these services in 2017 was \$24,422.

**NOTE 11 – 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; or natural disasters.

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 intergovernmental agreement to provide public officials' liability and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

**ESTES VALLEY FIRE PROTECTION DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

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The District pays annual premiums to the Pool for public officials' liability and 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 for all other risks of loss. The District did not have any claim settlements in excess of coverage in any of the past three fiscal years.

**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 which apply to the State of Colorado and all local governments.

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR.

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.

On November 3, 2009, a majority of the District's electors authorized the District to collect, retain and spend all revenues and other funds from any revenue source, provided that the District's 1.95 mill levy tax rate shall not be increased without further voter approval and the revenues from all such sources be spent as voter approved revenue changes and as an exception to the limits which would otherwise apply, including without limitation to TABOR.

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'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

**ESTES VALLEY FIRE PROTECTION DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

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interpretation of how to calculate Fiscal Year Spending limits, will require judicial interpretation.

**NOTE 13 – RELATED PARTIES**

Certain members of the Board of Directors own local companies with which the District conducts business. The total amount paid for these services during the year ended December 31, 2017, totaled \$1,550.

**REQUIRED SUPPLEMENTARY INFORMATION**

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**ESTES VALLEY FIRE PROTECTION DISTRICT**

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
VOLUNTEER PENSION FUND  
LAST 10 YEARS \***

<b>Measurement period ending December 31,</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Total Pension Liability</b>			
Service Cost	\$ 40,090	\$ 40,090	\$ 39,112
Interest on Total Pension Liability	109,590	109,045	108,438
Effect of economic/demographic gains or losses	(39,766)	-	-
Effect of assumptions changes or inputs	13,724	-	-
Benefit payments	(135,192)	(143,152)	(131,939)
Net Change in Total Pension Liability	(11,554)	5,983	15,611
Total Pension Liability - Beginning	2,019,152	2,013,169	1,997,558
Total Pension Liability - Ending (a)	<u>\$ 2,007,598</u>	<u>\$ 2,019,152</u>	<u>\$ 2,013,169</u>
<b>Plan Fiduciary Net Position</b>			
Employer Contributions	\$ 118,605	\$ 128,605	\$ 102,705
Net investment income	90,802	(32,207)	8,168
Benefit payments	(135,192)	(143,152)	(131,939)
Administrative expense	(3,606)	(7,914)	(3,051)
Net Change in Plan Fiduciary Net Position	70,609	(54,668)	(24,117)
Plan Fiduciary Net Position - Beginning	1,518,683	1,573,351	1,597,468
Plan Fiduciary Net Position - Ending (b)	<u>\$ 1,589,292</u>	<u>\$ 1,518,683</u>	<u>\$ 1,573,351</u>
Net Pension Liability/(Asset) - Ending (a)-(b)	<u>\$ 418,306</u>	<u>\$ 500,469</u>	<u>\$ 439,818</u>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	79.16%	75.21%	78.15%
<b>Covered Employee Payroll</b>	N/A	N/A	N/A
<b>Contributions as a Percentage of Covered Employee Payroll</b>	N/A	N/A	N/A

Information above is presented as of the measurement date.

\* Information is not currently available for prior years; additional years will be displayed as they become available.

**ESTES VALLEY FIRE PROTECTION DISTRICT**

**SCHEDULE OF NET PENSION LIABILITY  
VOLUNTEER PENSION FUND  
LAST 10 YEARS \***

	<b>2016</b>
<b>Net Pension Liability</b>	
Total Pension Liability	\$ 2,007,598
Fiduciary Net Position	1,589,292
Net Pension Liability	\$ 418,306
 <b>Fiduciary Net Position as a % of Total Pension Liability</b>	 79.16%
<b>Covered Employee Payroll</b>	N/A
<b>Net Pension Liability as a % of Covered Payroll</b>	N/A

The total pension liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below.

**Discount Rate:**

Discount Rate	5.50%
Long-term-expected rate of return, net of of investment expense	5.50%
Municipal Bond Rate	3.78%

**Other Key Actuarial Assumptions:**

Actuarial valuation date	January 1, 2017
Measurement date	December 31, 2016
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar - Closed
Remaining Amortization Period	20 years
Asset Valuation Method	Market Value of Assets
Inflation	2.50%
Salary Increases	N/A
Mortality	RP-2014 Healthy Annuitant and Employee Mortality Tables

Information above is presented as of the measurement date.

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

\* Information is not currently available for prior years; additional years will be displayed as they become available.

<b>2015</b>	<b>2014</b>	<b>2013</b>
\$ 2,019,152	\$ 2,013,169	\$ 1,997,558
1,518,683	1,573,351	1,597,468
<u>\$ 500,469</u>	<u>\$ 439,818</u>	<u>\$ 400,090</u>
75.21%	78.15%	79.97%
N/A	N/A	N/A
N/A	N/A	N/A
5.50%	5.50%	5.50%
5.50%	5.50%	5.50%
3.57%	3.65%	4.73%
January 1, 2015	January 1, 2015	January 1, 2015
December 31, 2015	December 31, 2014	December 31, 2013
Entry Age Normal	Entry Age Normal	Entry Age Normal
Level Dollar - Closed	Level Dollar - Closed	Level Dollar - Closed
22 years	22 years	22 years
Market Value of Assets	Market Value of Assets	Market Value of Assets
2.50%	2.50%	2.50%
N/A	N/A	N/A
RP-2014 Healthy Annuitant and Employee Mortality Tables	RP-2014 Healthy Annuitant and Employee Mortality Tables	RP-2014 Healthy Annuitant and Employee Mortality Tables

**ESTES VALLEY FIRE PROTECTION DISTRICT**

**SCHEDULE OF DISTRICT CONTRIBUTIONS  
VOLUNTEER PENSION FUND  
LAST 10 YEARS**

<b>Year Ending December 31,</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Employer Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Contributions as a % of Covered Payroll</b>
2008	\$ 70,001	\$ 129,605	\$ (59,604)	N/A	N/A
2009	\$ 113,656	\$ 133,298	\$ (19,642)	N/A	N/A
2010	\$ 113,656	\$ 146,133	\$ (32,477)	N/A	N/A
2011	\$ 78,565	\$ 130,298	\$ (51,733)	N/A	N/A
2012	\$ 78,565	\$ 128,605	\$ (50,040)	N/A	N/A
2013	\$ 71,135	\$ 128,605	\$ (57,470)	N/A	N/A
2014	\$ 71,135	\$ 102,705	\$ (31,570)	N/A	N/A
2015	\$ 81,151	\$ 128,605	\$ (47,454)	N/A	N/A
2016	\$ 81,151	\$ 118,605	\$ (37,454)	N/A	N/A
2017	\$ 76,302	\$ 128,605	\$ (52,303)	N/A	N/A

**ESTES VALLEY FIRE PROTECTION DISTRICT**

**SCHEDULE OF INVESTMENT RETURNS  
VOLUNTEER PENSION FUND  
LAST 10 YEARS \***

<b>Year Ending December 31,</b>	<b>Net Money- Weighted Rate of Return</b>
2007	N/A
2008	N/A
2009	N/A
2010	N/A
2011	N/A
2012	N/A
2013	N/A
2014	0.53%
2015	-2.11%
2016	6.12%

\* Information is not currently available for prior years; additional years will be displayed as they become available.

The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**ESTES VALLEY FIRE PROTECTION DISTRICT**

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)**

**FPPA PENSION PLAN - STATEWIDE DEFINED BENEFIT PLAN FUND**

**LAST 10 YEARS \***

	<b>2016</b>	<b>2015</b>
District's Proportion of the Net Pension Liability (Asset)	0.0530987259%	0.0459829131%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 19,187	\$ (811)
District Covered Employee Payroll	\$ 248,806	\$ 223,653
Proportionate Share of Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	7.712%	(0.363)%
Calculation of Collective Net Pension Liability:		
Total Pension Liability	\$ 2,021,526,883	\$ 1,846,961,999
Plan Fiduciary Net Position	1,985,393,043	1,848,724,853
Net Pension Liability (Asset)	\$ 36,133,840	\$ (1,762,854)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	98.21%	(100.10)%

Information above is presented as of the measurement date.

\* Information is not currently available for prior years; additional years will be displayed as they become available.

<u>2014</u>	<u>2013</u>
0.0539194697%	0.0553693995%
\$ (60,853)	\$ (49,511)
\$ 242,475	\$ 240,488
(25.097)%	(20.588)%
\$ 1,652,901,084	\$ 1,533,631,141
1,765,758,630	1,623,049,809
<u>\$ (112,857,546)</u>	<u>\$ (89,418,668)</u>
(106.83)%	(105.83)%

**ESTES VALLEY FIRE PROTECTION DISTRICT**

**SCHEDULE OF DISTRICT CONTRIBUTIONS  
FPPA PENSION PLAN - STATEWIDE DEFINED BENEFIT PLAN FUND  
LAST 10 YEARS \***

<b>Year Ending December 31,</b>	<b>Statutorily Required Contribution</b>	<b>Actual Employer Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Employees Payroll</b>	<b>Contributions as a % of Covered Payroll</b>
2013	\$ 19,239	\$ 19,239	\$ -	\$240,488	8.00%
2014	\$ 19,398	\$ 19,398	\$ -	\$242,475	8.00%
2015	\$ 17,892	\$ 17,892	\$ -	\$223,653	8.00%
2016	\$ 22,623	\$ 22,623	\$ -	\$282,784	8.00%
2017	\$ 19,904	\$ 19,904	\$ -	\$248,806	8.00%

\* Information is not currently available for prior years; additional years will be displayed as they become available.

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**ESTES VALLEY FIRE PROTECTION DISTRICT**

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
PERA PENSION PLAN - LOCAL GOVERNMENT DIVISION TRUST FUND**

**LAST 10 YEARS \***

	<b>2016</b>	<b>2015</b>
District's Proportion of the Net Pension Liability (Asset)	0.0072101098%	0.0074611716%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 97,361	\$ 82,191
District Covered Employee Payroll	\$ 43,798	\$ 42,439
Proportionate Share of Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	222.296%	193.669%
Calculation of Collective Net Pension Liability (\$ in thousands):		
Total Pension Liability	\$ 5,123,847	\$ 4,762,090
Plan Fiduciary Net Position	3,773,506	3,660,509
Net Pension Liability	\$ 1,350,341	\$ 1,101,581
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.65%	76.87%

Information above is presented as of the measurement date.

\* Information is not currently available for prior years; additional years will be displayed as they become available.

<u>2014</u>	<u>2013</u>
0.0077168726%	0.0081999535%
\$ 69,167	\$ 67,479
\$ 42,285	\$ 43,748
163.573%	154.245%
\$ 4,647,777	\$ 4,517,239
3,751,468	3,694,318
<u>\$ 896,309</u>	<u>\$ 822,921</u>
80.72%	81.78%

**ESTES VALLEY FIRE PROTECTION DISTRICT**

**SCHEDULE OF DISTRICT CONTRIBUTIONS  
PERA PENSION PLAN - LOCAL GOVERNMENT DIVISION TRUST FUND  
LAST 10 YEARS \***

<b>Year Ending December 31,</b>	<b>Statutorily Required Contribution</b>	<b>Actual Employer Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Employees Payroll</b>	<b>Contributions as a % of Covered Payroll</b>
2013	\$ 5,547	\$ 5,547	\$ -	\$ 43,748	12.68%
2014	\$ 5,362	\$ 5,362	\$ -	\$ 42,285	12.68%
2015	\$ 5,381	\$ 5,381	\$ -	\$ 42,439	12.68%
2016	\$ 5,554	\$ 5,554	\$ -	\$ 43,798	12.68%
2017	\$ 6,187	\$ 6,187	\$ -	\$ 48,795	12.68%

\* Information is not currently available for prior years; additional years will be displayed as they become available.

**ESTES VALLEY FIRE PROTECTION DISTRICT**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2017**

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**FPPA Pension Plan**

**Changes in plan provisions.**

The plan provisions have not changed since the prior valuation.

**Changes of assumptions.**

Since the prior valuation, the Board adopted new assumptions based on the 2015 Experience Study. The changes from the prior assumption set are as follows:

**Economic Assumptions**

- Reduce the inflation assumption from 3.00% to 2.50%.
- Increase the real rate of return assumption from 4.50% to 5.00%, resulting in no overall change to the nominal return assumption of 7.50%.
- Add an explicit assumption for administrative expenses in the contribution determination.
- Increase the productivity component of the salary scale assumption from 1.00% to 1.50%. Combining with the inflation rate of 2.50% creates ultimate salary scale assumption of 4.00%, which is unchanged from the prior assumption.
- Slightly modify the service-based promotional/longevity component of the salary scale.

**Mortality Assumptions**

- Update the post-retirement mortality tables for non-disabled retirees to a table based on the RP-2014 generational mortality tables with blue collar adjustment. In addition, update the projected rate of improvement in longevity from Scale AA to the more recently published Scale BB.
- Update the occupationally disabled post-retirement mortality assumption to be the same table as used for the healthy annuitants, except with a three year set-forward.
- Update the pre-retirement off-duty mortality tables to 55% of the RP-2014 mortality tables for active employees. Make no adjustment to the on-duty mortality rate of 0.00020.

**Other Demographic Assumptions**

- Slightly increase the pattern of retirement.
- Combine the termination assumption for police and fire.
- Increase the rates of both occupational and total disability to reflect higher incidence of disability observed during the study period than expected.

## ESTES VALLEY FIRE PROTECTION DISTRICT

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION DECEMBER 31, 2017

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#### Actuarial Methods and Policies

- Recommend no change to the use of the 5-year smoothing technique to determine the actuarial value of assets, used for determining the annual employer contribution rates.
- Recommend continued use of the Entry Age Actuarial Cost Method.

#### Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the FPPA's comprehensive annual report which can be obtained at:

<http://www.fppaco.org/annualreports.html>.

#### PERA Pension Plan

#### Changes of Assumptions

The following assumption changes were made in the Division Trust Funds:

- The investment return assumption was lowered from 7.50 percent to 7.25 percent.
- The price inflation assumption was lowered from 2.80 percent to 2.40 percent.
- The wage inflation assumption was lowered from 3.90 percent to 3.50 percent.
- The post-retirement mortality assumption for healthy lives for the State and Local Government Divisions was changed to the RP-2014 Healthy Annuitant Mortality Table with adjustments for credibility and gender adjustments of a 73 percent factor applied to ages below 80 and a 108 percent factor applied to age 80 and above, projected to 2018, for males, and a 78 percent factor applied to ages below 80 and a 109 percent factor applied to age 80 and above, projected to 2020 for females.
- For disabled retirees, the mortality assumption was changed to reflect 90 percent of RP-2014 Disabled Retiree Mortality Table.
- The mortality assumption for active members was changed to RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.
- The rates of retirement, withdrawal, and disability were revised to reflect more closely actual experience.
- The estimated administrative expense as a percentage of covered payroll was increased from 0.35 percent to 0.40 percent.
- The SEIR for the Local Government Division was lowered from 7.50 percent to 7.25 percent, reflecting the change in the long-term expected rate of return.

ESTES VALLEY FIRE PROTECTION DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2017

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**Pension plan fiduciary net position**

Detailed information about the LGDTF's fiduciary net position is available in PERA's comprehensive annual financial report which can be obtained at:  
[www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

**SUPPLEMENTARY INFORMATION**

**ESTES VALLEY FIRE PROTECTION DISTRICT**

**SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION  
BUDGET AND ACTUAL  
VOLUNTEER PENSION FUND**

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

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Additions</b>			
Interest and Dividends	\$ 25,000	\$ 39,913	\$ 14,913
Net Appreciation (Depreciation) in Fair Value of Investments	-	76,624	76,624
Estes Valley FPD Contribution	80,000	80,000	-
State Participation Contribution	48,605	48,605	-
<b>Total Additions</b>	<u>153,605</u>	<u>245,142</u>	<u>91,537</u>
<b>Deductions</b>			
Retiree Benefit Payments	150,000	136,697	13,303
Audit Fees	2,500	-	2,500
Actuarial Study	6,500	6,748	(248)
Investment Fees	7,500	15,530	(8,030)
Miscellaneous	5,000	2,498	2,502
Retiree Death Benefit Payments	800	-	800
Contingency	2,700	-	2,700
<b>Total Deductions</b>	<u>175,000</u>	<u>161,473</u>	<u>13,527</u>
<b>Change in Plan Net Position</b>	(21,395)	83,669	105,064
<b>Plan Net Position - Beginning</b>	<u>1,571,286</u>	<u>1,589,137</u>	<u>17,851</u>
<b>Plan Net Position - Ending</b>	<u><u>\$ 1,549,891</u></u>	<u><u>\$ 1,672,806</u></u>	<u><u>\$ 122,915</u></u>

See the Accompanying Independent Auditor's Report

## **OTHER INFORMATION**

**ESTES VALLEY FIRE PROTECTION DISTRICT**

**SCHEDULE OF ASSESSED VALUATION, MILL LEVY AND  
PROPERTY TAXES COLLECTED**

Levy Year	Collection Year	Assessed Valuation	Mill Levy			Total Levy	Current Collection	Collection Rate
			General	Debt	Total			
2011	2012	\$ 297,268,990	1.950	0.000	1.950	\$ 579,675	\$ 575,944	99.36%
2012	2013	296,738,190	1.950	0.000	1.950	578,639	577,955	99.88%
2013	2014	282,549,790	1.950	0.000	1.950	550,972	547,294	99.33%
2014	2015	274,499,120	1.950	0.000	1.950	535,273	531,439	99.28%
2015	2016	302,715,411	1.950	0.000	1.950	590,295	585,765	99.23%
2016	2017	304,403,755	1.950	0.000	1.950	593,587	590,780	99.53%

Estimated for  
year ending  
December 31,  
2018

\$ 322,076,550    1.950    0.000    1.950    \$628,049

**Note:**

Property taxes collected in any one year include collection of delinquent property taxes levied in prior years. Information received from the County Treasurer does not permit identification of specific year of levy.

**Source:** Larimer County Assessor and Treasurer

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