

**FREDERICK-FIRESTONE
FIRE PROTECTION DISTRICT
BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

E

RECEIVED

Office of the State Auditor

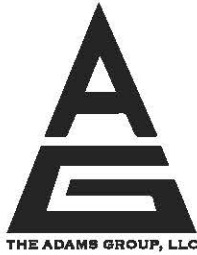
June 27, 2018

CONTENTS

| | |
|--|--------|
| Independent Auditors' Report | ii-iii |
| Management's Discussion and Analysis | iv-xvi |
| Basic Financial Statements | |
| Governmental Funds Balance Sheet/Statement of Net Position | 1 |
| Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities | 2 |
| Notes to the Financial Statements | 3-16 |

REQUIRED SUPPLEMENTARY INFORMATION

| | |
|---|----|
| Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund | 17 |
| Schedule of Changes in Net Pension Liability and Related Ratios | 18 |
| Schedule of Contributions | 19 |
| Schedule of the District's Proportionate Share of the Net Pension Liability | 20 |
| Schedule of the District's Contributions and Related Ratios | 21 |



CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

Board of Directors
Frederick-Firestone Fire Protection District
Frederick, Colorado

We have audited the accompanying financial statements of the governmental activities and major fund of the Frederick-Firestone Fire Protection District (District) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the basic financial statements of the District, 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.

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

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

Opinions

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

Other-Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule, and the Schedule of Changes in Net Pension Liability and Related Ratios, the Schedule of Contributions, the Schedule of the District's Proportionate Share of the Net Pension Liability and the Schedule of the District's Contributions and Related Ratios on pages iv through xvi and 17 and 18 through 21 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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.

The Adams Group, LLC

April 23, 2018
Denver, Colorado

**FREDERICK-FIRESTONE FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS**

This section of the annual financial report offers readers of the Frederick-Firestone Fire Protection District (the "District") financial statements the District's discussion and analysis of its financial performance during the year ended December 31, 2017. We encourage readers to consider the information presented here in conjunction with additional information furnished in the District's financial statements, which immediately follow this section.

Background Information

The District was created in December 1975 by a number of concerned citizens about fire protection for their homes and businesses. The predominate fund approach for the District was comprised of two (2) basic funds; the General Fund and a Volunteer Firefighters' Pension Fund.

In 1980, the District asked the voters for approval to increase the mil levy up to 7.750 to build Fire Station 1 and purchase equipment. On May 5, 1998, the taxpayers approved a ballot question to remove the TABOR limits imposed by the Colorado Constitutional Amendment on the District in 1992, thereby reducing the general operations mil levy to 7.560. In November 2002, the District Board of Directors asked the taxpayers to support a \$4,045,000 bond to remodel existing stations, build a new fire station, update equipment, and purchase new fire apparatus. The voters approved the bond by an approval rate of over 65%. In May 2006, voters approved an increase in the general operations mil levy to 11.360 mils in order to provide emergency medical transport services acquired in the dissolution of Tri-Area Ambulance District on January 1, 2006.

In an effort to take advantage of historically low interest rates and pass on savings to our taxpayers, the District refinanced its 2002 General Obligation Bonds in 2011. This refinance reduced the interest rate by 50%, translating to a direct savings to taxpayers of more than \$235,000. The General Obligation Refunding Bonds, Series 2011 were issued as fully registered bonds in denominations of \$5,000, or any integral multiple thereof. The Bonds initially were registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC") securities depository for the Bonds. Purchasers will not receive certificates representing their beneficial ownership interest in the Bonds. Interest on the Bonds is payable semiannually on June 1 and December 1, commencing December 1, 2011. The principal on the bonds will be payable upon surrender of the Bonds at the principal office of UMB Bank, n.a., Denver, Colorado, as Registrar and Paying Agent.

The final mil levy for the District was certified at 11.360 mils for general operations and 0.698 mils for general obligation bonds in 2016 to be collected during 2017. The District has adjusted the mil levy for its general obligations bonds each year since 2008 in order to balance revenue with minimum bond principal and interest payments.

2017 Financial Highlights

- The District's financial status reflected an increase in net position during the 2017 fiscal year. The increase was \$954,688 or an 4.60 percent increase from 2016.
- General revenues account for \$5,952,307 or 90.06 percent of all revenues. The District had \$648,087 program specific revenues in the form of charges for services, capital grants and contributions.
- The District had \$5,220,864 in expenses related to governmental activities, of which \$648,087 of these expenses were offset by program specific charges for services and operating grants and contributions. General revenues from property and specific ownership taxes of \$5,772,535 and interest and other revenues of \$179,772 were more than adequate to cover the 2017 expenses.
- Capital outlays from the Equipment Cost Recovery Reserve Account in 2017 were comprised of the purchase of two (2) additional staff vehicles; multiple purchases of tools, hoses, and equipment for a new fire engine; the purchase of self-contained breathing apparatus fit-testing equipment; the

purchase of ballistic personal protective equipment to enhance responder safety; the purchase and lifecycle replacement of SCBAs; and the purchase and lifecycle replacement of portable and mobile radios.

- Capital outlays from the Facilities Cost Recovery Reserve Account in the last quarter of 2017 were comprised of preliminary sitework and pre-construction expenses for the new Fire Station 4 facility at 10706 CR 7, Frederick, Colorado; the expense for capital maintenance and repair projects at existing facilities; and the purchase and installation of a new financial server.
- The District contributed \$26,816 to the TABOR Reserve Account in 2017. This fund is established to stay in compliance with the requirements of TABOR.
- The District reduced its outstanding long-term debt by \$260,000.
- The District's daily operating cost in 2017 was \$13,921 excluding any debt.
- With the passage of House Bill 17-1349 in May 2017, the ratio for valuation of assessment of residential property is set at 7.2% for the 2017 Assessment. This adjustment was last completed in 2003 when the rate was set at the current 7.96%. These adjustments are part of the Gallagher Act of 1982, which establishes a ratio of property taxes in which residential property taxes cannot exceed 45% of the state's overall assessed value. Residential property taxes comprise 56% of the District's net Assessed Valuation.
- Both of the District's anchor communities continue to experience large growth through residential and commercial property development and boundary expansion through annexations. The District is contractually obligated to include any property annexed by the Towns into the District's service area. This adds additional revenue through property tax collection. Since 2012, the District has had to seek relief from the Colorado District Court to exclude annexed properties by statutory authority from a neighboring fire district that refuses to voluntarily exclude the properties annexed by the District's contracted Towns. This process of exclusion has increased legal costs to the District that are being funded through the Fund Balance Reserve account. Through three (3) separate cases starting in 2013, the Colorado District Court upheld the District's claim for relief and ordered the exclusion of nine (9) annexed properties from the neighboring fire district. The Court of Appeals upheld all three (3) Colorado District Court rulings in an order issued in February 2017.
- Due to continuing increases in residential and commercial development, the demand of community development programs such as plan reviews and inspection activities, emergency service demands, and increased workloads on existing staff. Any workload increase at one level has an overflow and backlog effect on other areas and positions. In 2017, the District implemented three (3) Staffing Plan enhancements. The District added a part time Fire Prevention Specialist to offset plan review and inspection activities; and created two (2) Assistant Chief positions to address the overflow and backlog at the executive and command staff levels.

Overview of the Financial Statements

This annual financial report consists of three (3) parts: management’s discussion and analysis, the basic financial statements, and required supplementary information. The basic financial statements include two (2) kinds of statements that present different views of the District.

- The first two (2) statements are government-wide financial statements that provide both short-term and long-term information about the District’s overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District’s operations in more detail than the government-wide statements.
- The governmental fund statements reflect how basic services such as fire protection were financed in the short-term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplemental information that further explains and supports the financial statements with a comparison of the District’s general fund budget for the year and a schedule of funding progress for its pension fund.

Detailed in the following diagram are how the various parts of this annual report are arranged and related to one another.

**Table 1
Organization of the Frederick-Firestone Fire Protection District’s
Annual Financial Report**

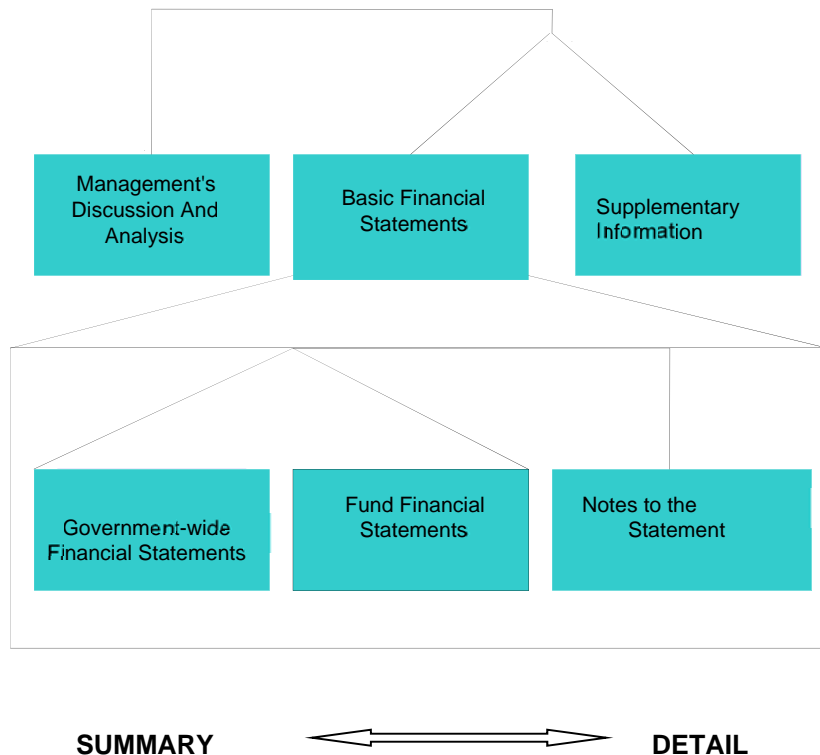


Table 2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the two (2) types of financial statements, government-wide and fund, found in the basic financial statements.

Table 2
Major Features of the Government-wide and Fund Financial Statements

| | Government-wide Statements | Governmental Funds Fund Financial Statements |
|--|--|---|
| Scope | Entire District (except fiduciary funds) | The activities of the District that are not proprietary or fiduciary |
| Required Financial Statements | Statements of Net Position Statement of Activities | Balance Sheet Statement of Revenues, Expenditures and Changes in Fund Balances |
| Accounting basis and measurement focus | Accrual accounting and economic resources focus | Modified accrual accounting and current financial focus |
| Type of asset/liability information | All assets and liabilities, both financial and capital, short-term and long-term | Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included |
| Type of inflow/outflow information | All revenues and expenses during year, regardless of when cash is received or paid | Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable |

Government-wide Statements

The government-wide statements are designed to provide readers a broad overview of the District's finances, in a manner similar to a private-sector business. The statement of net position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. These statements provide both short-term and long-term information about the District's overall financial status.

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

assess the District's overall health, you need to consider additional non-financial factors such as the condition of buildings and equipment.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flow in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). Included in governmental activities are most of the District's basic services such as fire protection.

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

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds, not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. The District funds are divided into one category, the governmental fund.

- *Governmental fund:* Most of the District's basic services are included in its governmental fund, which generally focuses on (1) inflows and outflows of cash and other financial assets and (2) balances remaining at year-end which are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine financial resources that may be available in the near term to finance the District's programs. Because this information does not encompass the long-term focus of the government-wide statements, a reconciling schedule is included on the governmental funds statements explaining the relationship (or difference) between them.

The District maintains one individual governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund which is considered a major fund.

The basic governmental fund financial statements can be found on pages 1-2 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 3-16 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required and other supplementary information.

Financial Analysis of the District as a Whole

Net Position and Changes in Net Position

The District's combined net position was larger on December 31, 2017, than they were the year before, increasing 8.45 percent to \$11,303,050. Table 3 provides a summary of the District's net position at December 31, 2017 and 2016.

Table 3
Condensed Statement of Net Position

| | <u>2017</u> | <u>2016</u> |
|---|----------------------------|----------------------------|
| Assets | | |
| Current assets | \$13,445,092 | \$12,245,598 |
| Capital assets, net | <u>5,174,090</u> | <u>4,617,369</u> |
| Total assets | <u>18,619,182</u> | <u>16,862,967</u> |
| Deferred outflows of resources | | |
| Deferred charge on refunding | 52,798 | 71,572 |
| Pension related deferred outflows | <u>1,099,477</u> | <u>946,668</u> |
| Total deferred outflows of resources | <u>1,152,275</u> | <u>1,018,240</u> |
| Current liabilities | 232,172 | 245,760 |
| Long-term liabilities | <u>1,901,768</u> | <u>1,974,450</u> |
| Total liabilities | <u>2,133,940</u> | <u>2,220,210</u> |
| Deferred inflows of resources | | |
| Pension related deferred inflows | 26,074 | 18,382 |
| Unearned revenue – property taxes | <u>6,308,393</u> | <u>5,294,253</u> |
| Total deferred inflows of resources | <u>6,334,467</u> | <u>5,312,635</u> |
| Net position | | |
| Net investment in capital assets | 3,750,929 | 2,596,844 |
| Restricted | 182,322 | 155,506 |
| Unrestricted | <u>7,369,799</u> | <u>7,596,012</u> |
| Total net position | <u><u>\$11,303,050</u></u> | <u><u>\$10,348,362</u></u> |

Table 4 provides a summary of the changes in net position. Following Table 4 is specific discussion related to overall revenues and expenses.

Table 4
Changes in Net Position from Operating Results

| | 2017 | 2016 |
|---------------------------------------|------------------|------------------|
| <u>Revenues</u> | | |
| Program revenues | | |
| Charges for services | \$648,087 | \$639,376 |
| Capital grants & contributions | 0 | 0 |
| General revenues | | |
| Property and specific ownership taxes | 5,772,535 | 5,402,059 |
| Earnings on investments | 72,765 | 29,963 |
| Intergovernmental | 74,115 | 9,003 |
| Other | 32,892 | 56,741 |
| Total revenue | 6,600,394 | 6,137,142 |
| <u>Expenses</u> | | |
| Personnel services | 4,178,645 | 3,811,397 |
| Professional services | 555,521 | 442,123 |
| Commodities and supplies | 223,053 | 173,974 |
| Education and travel | 58,414 | 55,685 |
| Equipment maintenance | 152,231 | 314,675 |
| Depreciation Expense | 418,975 | 362,508 |
| Interest and fiscal charges | 58,867 | 65,990 |
| Total expenses | 5,645,706 | 5,226,352 |
| Increase in net position | \$954,688 | \$910,790 |

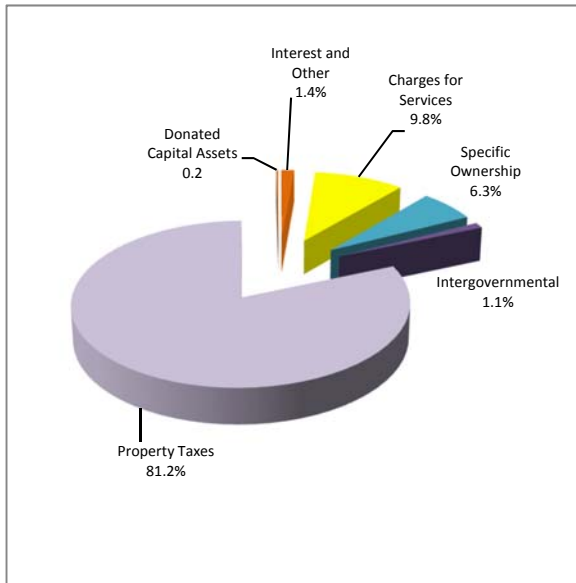
Property and specific ownership taxes account for a large portion of the District's revenue, contributing about 87.5 cents for every dollar raised. In 2016, property and specific ownership taxes account contributed 88 cents for every dollar, (see Table 5). During 2017 the District received approximately 9.8 cents for every dollar from program revenues; in comparison to approximately 10.4 cents for every dollar in 2016. During 2017 the District received 1.1 cent for every dollar from interest; in comparison to less than 1 cent for every dollar in 2016. During 2017 the District received less than 1 cent for every dollar from miscellaneous sources; the same as received for every dollar in 2016. During 2017 the District received 1.1 cent for every dollar from intergovernmental revenue; in comparison to less than 1 cent for every dollar came from intergovernmental revenue in 2016.

The District expenses predominantly related to all-hazard emergency services, which includes administration, fire protection, emergency medical transport, community risk reduction, communications and vehicle and facility maintenance. Given the District is a public service organization providing full-time emergency services, the majority of the expenses are for salaries and benefits, insurance, building utilities and repairs, vehicle and equipment maintenance, training and supplies.

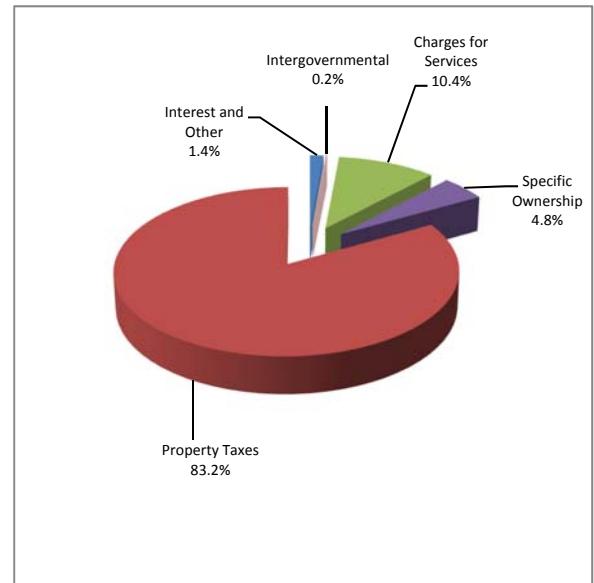
Detailed in Table 5 are charts displaying sources of revenue by program for the total District.

**Table 5
Sources of Revenues**

2017



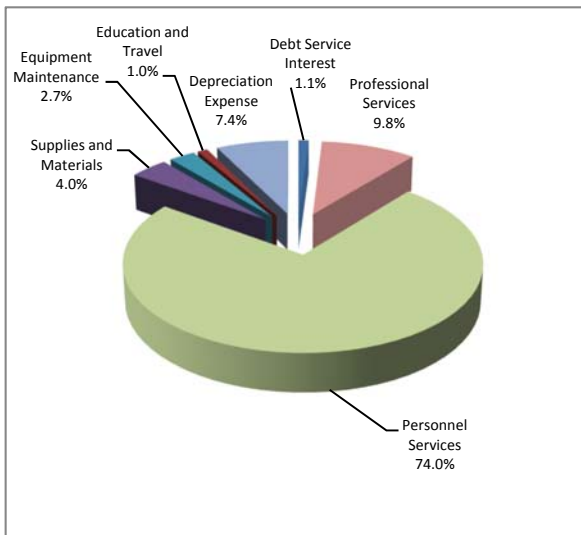
2016



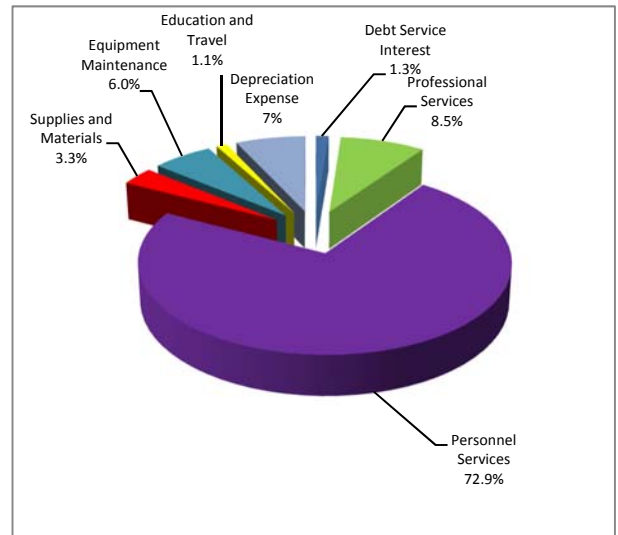
Detailed in Table 6 are charts displaying expenses by program for the total District.

**Table 6
Expenses**

2017



2016



Governmental Activities

The governmental funds monitor cash resources and expenditures. No capital outlay within these funds occurred during 2017; however, costs are expensed over time as depreciation expense.

As reflected on the reconciliation of governmental funds revenues and expenditures to the government-wide statement of activities on page 2, the net difference between capital outlay and depreciation expenses was 541,987 for 2017.

The statement of activities shows the cost of program services and the related charges for services. Table 7 reflects each program’s total cost and net cost of services for the year ended December 31, 2017. That is, it identifies the cost of these services supported by unrestricted property taxes.

**Table 7
Net Cost of Governmental Activities**

| | <u>Total Cost of Services</u> | <u>Net Cost of Services</u> |
|----------------------------|-----------------------------------|---------------------------------|
| Personnel Services | 4,178,645 | 3,530,558 |
| Professional Services | 555,521 | 555,521 |
| Supplies and Materials | 223,053 | 223,053 |
| Education and Travel | 58,414 | 58,414 |
| Equipment Maintenance | 152,231 | 152,231 |
| Interest on Long-Term Debt | 58,867 | 58,867 |
| Depreciation Expense | <u>418,975</u> | <u>418,975</u> |
| Total | <u><u>5,645,706</u></u> | <u><u>4,997,619</u></u> |

Financial Analysis of District’s Funds

General Fund

The general fund was established and is continually funded to provide for the daily activities, salaries, expenses, and operating costs of the District. This fund provides for functional areas of the organization - administration, firefighting, EMS transport, fire prevention, training, communications, vehicle maintenance, and facility maintenance. The general fund also provides for such other items as insurance, utilities, fees, and other operating costs the District incurs. The primary funding source for the general fund is taxation of real property. Other sources of income for the general fund include emergency medical transport services and code enforcement fees, interest income, and other income. The primary projects or program efforts for establishing needed funding during 2017 were:

1. Salaries and benefits for all personnel of the District.
2. Professional services such as legal, utility, and insurance services.
3. Supplies and materials such as protective equipment, information technology equipment, and medical supplies.
4. Education classes, travel, and supplies for district personnel and public education.
5. Equipment maintenance for all apparatus, vehicles, and power tools.
6. Reserve fund transfers to fund the renovation of a new facility.
7. Capital contributions to the reserve and cost recovery accounts.

General Fund Budgetary Highlights

The District's budget is prepared according to Colorado Law and is based on accounting for certain transaction on a basis of cash receipts and disbursements. The District's budget for the general fund anticipated that expenditures would exceed revenues by \$1,836,481. The actual results for the year show revenues exceeding expenditures by \$133,316.

It should be noted that the District's budget format is designed to establish and monitor divisional functions of the Fire District's operations to more closely align expenses with the areas of responsibility. These divisions are set up as cost centers for accountability in each of the following areas:

- Personnel services
- Professional services
- Supplies and materials
- Education and travel
- Equipment maintenance

The District must maintain a 3% emergency contingency restricted reserve account as a part of the TABOR Amendment (Taxpayer Bill of Rights). At December 31, 2017, the District's TABOR reserve amounted to \$182,322.

Capital Assets and Debt Administration

Capital Assets

By the end of 2017, the District had invested \$9,853,113 (before depreciation) in a broad range of capital assets, including land, buildings, site improvements, vehicles and other equipment (See Table 8). This amount represents a net increase of \$968,096 or 9.83 percent from last year. Additional information on the District's capital assets can be found in Note 3 to the financial statements. Total depreciation expense for the year was \$418,975.

**Table 8
Capital Assets (Net of Depreciation)**

| | Governmental Activities | | % of Change 2017-2016 |
|----------------------------|----------------------------|---------------------|--------------------------|
| | 2017 | 2016 | |
| Land | \$ 634,262 | \$ 634,262 | 0.0 % |
| Construction In-Progress | 200,759 | 40,759 | 79.7 % |
| Buildings and improvements | 2,590,055 | 2,654,040 | (2.5) % |
| Vehicles | 817,717 | 242,939 | 70.3 % |
| Equipment | 931,297 | 1,045,369 | (12.2)% |
| Total | \$ 5,174,090 | \$ 4,617,369 | |

Long-Term Debt

By the end of 2017, the District had \$1,450,000 in general obligation bonds, as shown below in Table 9. More detailed information about the District's long-term liabilities is presented in Note 4 to the financial statements.

The District did not issue any new debt during 2017. Colorado Revised Statute 32-1-1101(6)(a) states that a Fire District shall have a limit of bonded indebtedness determined by a specific formula. The District's outstanding debt is below this limit.

**Table 9
Outstanding Long-Term Debt**

| | <u>Total Governmental Activities</u> | | <u>% of Change 2017-2016</u> |
|------------------------|--------------------------------------|-------------|----------------------------------|
| | <u>2017</u> | <u>2016</u> | |
| Government activities: | | | |
| Bonds payable | \$1,450,000 | \$1,710,000 | (15.2)% |

Pension Activities

Volunteer Firefighters' Pension Fund

The Volunteer Firefighters' Pension Fund was established and continually funded to provide for the provision of retirement pension benefits for volunteer firefighters of the District. The fund provides for the payment of benefits and expenses of providing of those benefits. The primary funding source for this fund is the transfer of funds from the general fund as designated by the District Board of Directors. Additional funding is derived from the interest from previously invested assets of the fund and from a State of Colorado funding mechanism specifically developed for these benefit efforts.

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following circumstances that could significantly affect its financial health in the future:

- The 2017 assessed value of all property in the District's boundaries increased from \$439,066,420 to \$523,171,665, increasing the general fund property tax revenue from \$4,987,795 in 2017 to \$5,943,230 projected for 2018. The District has experienced significant growth in residential development in 2016-2017 as well as growth in real property assessed values that will increase revenues in 2018. The Oil & Gas assessed values continue to fluctuate annually. Oil & Gas assessed values comprise 29% of the District's assessed valuation.
- The certified Mill Levy for the fiscal year of 2018 is 11.360 mills for all general operating purposes. An additional 0.698 mills is levied for debt service for General Obligation Bonds approved by voters in 2002 and refinanced by the District in 2011. The District maintains Intergovernmental Agreements (IGAs) with both the Towns of Frederick and Firestone and both the Frederick and Firestone Urban Renewal Authorities (FURAs) that provides for a 100% pass through of the District's mill levy for any funds collected by the FURAs in several Tax Increment Financing (TIF) areas. Based on a gross Assessed Valuation of \$523,171,665, which includes the FURA TIF areas' valuation of \$9,611,295, the total property tax and TIF pass through revenue for the District in 2018 will be \$6,616,535 for both General and Bond Funds, an increase of \$1,016,630 (18.15%) over

2017 property tax revenue collections. An additional \$595,412 in revenue is anticipated from other revenue sources including Specific Ownership taxes and charges for services.

- The District will continue the construction phase for the new facility for Fire Station 4 located at 10706 Weld County Road 7 between Weld County Road 22 and Highway 119. Currently, those services are being provided from a leased facility located in St. Vrain State Park at 3523 Highway 119 in Firestone. This new facility is necessary to maintain response time benchmarks and ISO requirements due to the development and inclusion of new property within the District's boundaries along the Highway 119/Firestone Boulevard corridor. To date, site development and preparation have been completed including; annexation into the Town of Frederick, completion of a floodplain study, demolition of existing structures, design concepts, dedication of utility easements, and acquisition of water shares and taps. Mishler Construction was chosen as the general contractor and building began in the first quarter of 2018. Construction is to be completed prior to the fourth quarter of 2018. The expected remaining cost of the facility is approximately \$2,400,000. This project will be funded out of the Facilities Cost Recovery account.
- The District will transfer an additional \$1,037,527 from Reserve Funds established for capital replacement and is funded through an annual General Fund allocation for the purpose of replacing or adding capital equipment and facilities. For 2018, those additional capital projects include: an addition of one (1) ALS ambulance, the replacement and lease of emergency medical services capital equipment, and life cycle replacements for firefighting breathing apparatus, gas monitoring equipment, thermal imaging cameras, and 800 MHz emergency radio hardware for personnel, stations and apparatus. An additional \$83,535 will be transferred from the District's Fund Balance Reserve Account for the purpose of paying for costs related to abatements and boundary alignments and associated legal costs.
- The District will further reduce its outstanding long-term debt by \$275,000 in 2018, with a projected payoff in 2021 of the general obligation bonds.
- The effects of increased workload and program complexities are evident in the Operations Section. In order to address this increased workload and program complexities, the District will hire an additional person within the Training Division in 2018. This position will be a Safety and Medical Officer (SAM Officer) at the rank of Lieutenant and shall be supervised by the current Training Captain. This position is needed to (1) improve consistency in training between shifts and ranks; (2) assist the Training Captain with classroom and practical skills as required by State and National standards; (3) assist the Division with Quality Assurance/Improvement within the Districts standards of care and overall mission; and (4) reduce the workload on the Training Captain to develop and enhance administrative functions not currently being met.
- In order to address the overflow and backlog at the executive levels, the Districts will hire a new administrative position of Finance Director in 2018. This position is needed to enhance the safeguarding of the District's assets and regularly and accurately report on financial status. The Finance Director will also develop and implement directives, regulations, policies and procedures to advance the District's mission, goals and objectives. The Finance Director will assist the Fire Chief in development and implementation of the District budgets and forecast the financial needs of the District. The Finance Director will oversee all payroll, accounts receivable and accounts payable processes. The Finance Director will also prepare financial statements, schedules and reports for the Board of Directors, Fire Chief, Group Supervisors and the District's Auditor to ensure all U.S. general accepted accounting procedures to include GASB and Special Districts of Colorado standards and regulations.
- Effective January 1, 2018, the District absorbed all the current Temporary Full Time (TFT) EMT/Firefighters who had previously been assigned by contract(s). The six (6) TFT positions were absorbed to provide equal pay and benefits for those individuals completing the same job and positions as other full-time EMT/Firefighters.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Frederick-Firestone Fire Protection District at 8426 Kosmerl Place, Frederick 80504-5444, or P.O. Box 129, Frederick, Colorado 80530; telephone 303-833-2742 or fax 303-833-3736. Please direct all questions or request to Fire Chief Jeremy Young or Finance Director Mike Cummins.

BASIC FINANCIAL STATEMENTS

FREDERICK-FIRESTONE FIRE PROTECTION DISTRICT
GOVERNMENTAL FUNDS BALANCE SHEET/STATEMENT OF NET POSITION
DECEMBER 31,2017

| | <u>General Fund</u> | <u>Adjustments</u> | <u>Statement of Net Position</u> |
|---|----------------------|----------------------|--------------------------------------|
| <u>Assets</u> | | | |
| Cash and cash equivalents | \$ 7,005,291 | \$ - | \$ 7,005,291 |
| Property tax receivable | 6,308,393 | - | 6,308,393 |
| Accounts receivable | 119,629 | - | 119,629 |
| Prepaid expenses | 11,779 | - | 11,779 |
| Capital assets, not depreciated | - | 835,021 | 835,021 |
| Capital assets, net of depreciation | - | 4,339,069 | 4,339,069 |
| Total Assets | \$ 13,445,092 | 5,174,090 | 18,619,182 |
| <u>Deferred Outflows of Resources</u> | | | |
| Deferred charge on refunding | - | 52,798 | 52,798 |
| Pension related deferred outflows | - | 1,099,477 | 1,099,477 |
| Total deferred outflows of resources | \$ - | 1,152,275 | 1,152,275 |
| <u>Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position</u> | | | |
| <u>Liabilities</u> | | | |
| Accounts payable | 27,263 | - | 27,263 |
| Accrued wages and benefits | 201,270 | - | 201,270 |
| Accrued interest | - | 3,639 | 3,639 |
| Unearned revenues | 65,112 | (65,112) | - |
| <u>Noncurrent liabilities</u> | | | |
| Due within one year | - | 309,383 | 309,383 |
| Net pension liability | - | 322,661 | 322,661 |
| Due more than a year | - | 1,269,724 | 1,269,724 |
| Total Liabilities | 293,645 | 1,840,295 | 2,133,940 |
| <u>Deferred Inflows of Resources</u> | | | |
| Unavailable property taxes | 6,308,393 | - | 6,308,393 |
| Pension related deferred inflows | - | 26,074 | 26,074 |
| Total Deferred Inflows of Resources | 6,308,393 | 26,074 | 6,334,467 |
| <u>Fund Balance</u> | | | |
| Non-spendable | 11,779 | (11,779) | - |
| Restricted | 576,389 | (576,389) | - |
| Committed | 4,192,429 | (4,192,429) | - |
| Assigned | 1,542,873 | (1,542,873) | - |
| Unassigned | 519,584 | (519,584) | - |
| Total Fund Balance | 6,843,054 | (6,843,054) | - |
| Total Liabilities, Deferred Inflows of Resources and Fund Balance | \$ 13,445,092 | | |
| <u>Net Position</u> | | | |
| Net investment in capital assets | | 3,750,929 | 3,750,929 |
| Restricted for | | | |
| Emergencies | | 182,322 | 182,322 |
| Unrestricted | | 7,369,799 | 7,369,799 |
| Total Net Position | | \$ 11,303,050 | \$ 11,303,050 |

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

FREDERICK-FIRESTONE FIRE PROTECTION DISTRICT
STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES

| | General Fund | Adjustments | Statement of Activities |
|--|---------------------|------------------|----------------------------|
| <u>Revenues</u> | | | |
| Taxes | | | |
| Property taxes | \$ 5,286,867 | \$ - | \$ 5,286,867 |
| Property taxes-tax increment financing | 68,750 | - | 68,750 |
| Specific ownership taxes | 416,918 | - | 416,918 |
| Charges for services | 648,087 | - | 648,087 |
| Intergovernmental | 9,003 | 65,112 | 74,115 |
| Earnings on investments | 72,765 | - | 72,765 |
| Other | 18,158 | - | 18,158 |
| Donated capital assets | - | 14,734 | 14,734 |
| Total revenues | <u>6,520,548</u> | <u>79,846</u> | <u>6,600,394</u> |
| <u>Expenditures/Expenses</u> | | | |
| Current | | | |
| Salaries and benefits | 4,127,213 | 51,432 | 4,178,645 |
| Professional services | 555,521 | - | 555,521 |
| Commodities and supplies | 223,053 | - | 223,053 |
| Education and travel | 58,414 | - | 58,414 |
| Equipment maintenance | 152,231 | - | 152,231 |
| Capital outlay | 960,962 | (960,962) | - |
| Depreciation Expense | - | 418,975 | 418,975 |
| Debt service | | | |
| Principal | 260,000 | (260,000) | - |
| Interest and fiscal charges | 49,838 | 9,029 | 58,867 |
| Total expenditures | <u>6,387,232</u> | <u>(741,526)</u> | <u>5,645,706</u> |
| Excess of revenues over expenditures | 133,316 | (133,316) | - |
| Changes in net position | | 954,688 | 954,688 |
| Fund balances/Net position | | | |
| Beginning of the year | <u>6,709,738</u> | <u>-</u> | <u>10,348,362</u> |
| End of the year | <u>\$ 6,843,054</u> | <u>\$ -</u> | <u>\$ 11,303,050</u> |

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

FREDERICK-FIRESTONE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Frederick-Firestone Fire Protection District (District) is an independent local governmental unit organized under the laws of the State of Colorado and governed by an elected five-member Board of Directors (Board) to provide fire protection and emergency medical services within the boundaries of the District in Weld County, Colorado. The Department was formed in 1915 and the District was formed in 1976.

The accounting policies of the District conform to generally accepted accounting principles as applicable to governmental entities. The following is a summary of the more significant policies.

Reporting Entity

The definition of the reporting entity is based primarily on financial accountability. The District is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if the District officials appoint a voting majority of the organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the District. The District may also be financially accountable for organizations that are fiscally dependent upon it. As required by generally accepted governmental accounting principles, the financial statements of the reporting entity include those of the District (the primary government) which has no component units. The District does not exercise oversight responsibility over any other entity, nor is the District a component of any other governmental entity.

Government-wide and fund financial statements

The government-wide financial statements (i.e., statement of net position column and the statement of activities column) report information on all of the non-fiduciary activities of the District. As a general rule, interfund activity is eliminated from the government-wide financial statements.

Measurement focus, basis of accounting, and financial statement presentation

The statement of net position column on the governmental fund balance sheet/statement of net position and the statement of activities column on the statement of governmental fund revenues, expenditures, and changes in fund balance/statement of activities are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The governmental funds column on the governmental fund balance sheet/statement of net position and the statement of governmental revenues, expenditures, and changes in fund balance/statement of activities are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

FREDERICK-FIRESTONE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement focus, basis of accounting, and financial statement presentation (Continued)

Property taxes, specific ownership taxes, grants and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenues are considered measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Fund accounting

The District uses governmental funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

Governmental funds

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources of funds and uses the balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

The District reports the following major governmental fund:

General Fund – The general fund is used to account for all financial resources of the District except those required to be accounted for in another fund. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Colorado and the bylaws of the District.

Assets, Liabilities and Net Position/Fund Balances

Cash and Investments – Cash equivalents are defined as investments with original maturities of three months or less. Investments are stated at fair value.

The District follows State statutes which allow the following investments:

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

Receivables – All receivables are reported at their gross values and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. At December 31, 2017, management has recorded an allowance of \$442,446 for contractual allowances and uncollectible ambulance service fees. All receivables are expected to be collected within one year.

FREDERICK-FIRESTONE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position/Fund Balances (Continued)

Prepaid Expenses – Payments made to vendors for services that will benefit periods beyond year-end are recorded as prepaid items and will be reported as expenditures in the following year.

Capital Assets – Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets 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 asset lives are not capitalized. Capital assets of the District are depreciated using the straight-line method over the following estimated useful lives.

| | |
|----------------------------|------------|
| Buildings and improvements | 50 years |
| Machinery and equipment | 15 years |
| Vehicles | 7-20 years |

Compensated Absences – Employees of the District are allowed to accumulate unused vacation and sick time. Upon separation from employment with the District, an employee will be compensated for accrued vacation time, up to the employee's maximum, at their current rate of pay. Accrued sick time is not paid to the employee upon separation.

Accumulated unpaid vacation pay is accrued when earned in the government-wide financial statements. A liability is reported in the governmental fund financial statements when payment is due.

Long-Term Debt – In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities fund statement of net position.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond 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 current expenditures.

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. Deferred outflows of resources include the deferred charge on 2002 Series Bond refunding and certain amounts related to the District's defined benefit pension plans which are to be amortized and recognized as revenue/expense in future periods.

FREDERICK-FIRESTONE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position/Fund Balances (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources include property taxes earned but levied for a subsequent period and certain amounts related to the District's defined benefit pension plans which are to be amortized and recognized as revenue/expense in future periods.

Net Position/Fund Balances – In the government-wide financial statements, net position is restricted when constraints placed on the net position are externally imposed. Fund balances of the governmental funds are classified as follows:

Nonspendable – Amounts that cannot be spent either because they are in nonspendable form (i.e. inventories or prepaid items) or because they are legally or contractually required to be maintained intact.

Restricted – Amounts that can be spent only for specific purposes because of constitutional provisions, enabling legislation, constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. At December 31, 2017, the District has \$182,322 restricted for emergencies and \$394,067 restricted for debt service.

Committed – Amounts that can be used only for specific purposes determined by a formal action of District's Board of Directors (Board). The Board is the highest level of decision making body for the District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. At December 31, 2017, the District has committed funds for an operational contingency of \$1,691,242, an equipment cost recovery of \$472,547 and a facility cost recovery of \$2,028,640. The District's goal is to have a combination of 25% of the operating budget in the reserve for emergencies and the operational contingency.

Assigned – Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Only the Board may assign fund balances for specific purposes. At December 31, 2017 the District has 1,542,873 of assigned fund balance.

Unassigned – All other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first.

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

Property taxes

Property taxes are levied by December 15, on assessed valuation as of December 10 of each year and attach as an enforceable lien on January 1 of the following year. Taxes are due in full by April 30, or in two installments by February 28, and June 15. Taxes become delinquent after those dates and are subject to interest charges.

FREDERICK-FIRESTONE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property taxes (continued)

Property owners within the boundaries of the District have been assessed \$6,308,393 in taxes for 2017. Since these taxes are levied for operations during 2017, the taxes are classified as deferred inflows of resources. Taxes are collected and remitted monthly to the District by the Treasurer's Office of Weld County.

Revenues – Exchange and non-exchange transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

Non-exchange transactions, in which the District receives value without directly giving value in return, include grants and donations. On an accrual basis, revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized.

Interest income, fees for providing ambulance services, and intergovernmental revenues are considered to be susceptible to accrual.

Budgets

In accordance with the Colorado Budget Law, the Board holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. The Board can modify the budget and appropriation resolutions upon completion of notification and publication requirements. The appropriation is at the total fund expenditures level and lapses at year end. A budget is legally adopted for the General Fund on a basis consistent with U.S. generally accepted accounting principles. Prior to December 31, the budget is legally enacted through passage of a resolution.

District management is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of the general fund must be approved by the Board.

Tax, spending, and debt limitations

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, (TABOR) which has several limitations, including revenue increases, spending abilities, and other specific requirements of state and local government.

In 1998, the District's voters approved changes that reduced certain limits imposed by TABOR. As a result, the District is permitted to retain all revenues from all sources and from ad valorem property taxes based on 11.360 mills. The District's mill levy shall not be increased without voter approval. TABOR is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of TABOR. However, the District has made certain interpretations of TABOR's language in order to determine its compliance. The District has recorded \$182,322 restricted net position for emergencies at December 31, 2017, based on 3% of governmental expenditures.

FREDERICK-FIRESTONE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 - CASH AND INVESTMENTS

A summary of deposits and investments at December 31, 2017, follows:

| | |
|--------------------------------|-------------------------|
| Cash deposits | \$ 685,860 |
| Cash with County Treasurer | 24,625 |
| Investments | <u>6,294,806</u> |
| Total cash and investments | <u>\$ 7,005,291</u> |

Deposits

Custodial Credit Risk – Deposits - In the case of deposits, this is the risk that in the event of bank failure, the government’s deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2017, the carrying amount and bank balance of the District’s deposits were \$685,860 and \$752,421. Of the bank balances \$250,000 was covered by FDIC insurance and \$502,421 was covered by the PDPA.

The District’s investment policy does not include custodial risk for deposits.

Investments

The District invests funds in the Colorado Local Government Liquid Asset Trust (“COLOTRUST”). As COLOTRUST is valued at a net asset value, there is not an investment component to be valued under GASB Statement No. 72, *Fair Value Measurement and Application*. COLOTRUST is an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00.

The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for the Trust’s portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust’s investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian’s internal records segregate investments owned by the Trust. COLOTRUST places no restrictions or limitations on withdrawals. COLOTRUST is rated AAAM by Standards & Poor’s. At December 31, 2017, the District invested \$4,044,060 in COLOTRUST PLUS+ and \$2,250,746 invested in COLOTRUST PRIME.

Interest Rate Risk – The District’s investment policy as it references Colorado Statutes requires that no investment may have a maturity in excess of five years from the date of purchase.

FREDERICK-FIRESTONE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

The District has interest rate risk related to its investments in COLOTRUST. At December 31, 2017, COLOTRUST PLUS+ had a weighted average maturity of 42 days to reset and 81 days to final maturity. COLOTRUST PRIME had a weighted average maturity of 34 days to reset and 94 days to final maturity.

Concentration of Credit Risk - The District places no limit on the amount that may be invested in any one issuer. However, the District's investment policy indicates that its concentration of investments will be in local government investment pools.

Credit Risk – The District is required to comply with State of Colorado (State) statutes which specify instruments meeting defined rating, maturity and concentration risk criteria in which local governments may invest. State statutes do not address custodial risk.

NOTE 3 - CAPITAL ASSETS

The following is a summary of changes in governmental fixed assets during 2017.

| | <u>Balances</u> <u>12/31/16</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balances</u> <u>12/31/17</u> |
|---------------------------------------|------------------------------------|-------------------|------------------|------------------------------------|
| Governmental Activities | | | | |
| Capital assets, not being depreciated | | | | |
| Land | \$ 634,262 | \$ - | \$ - | \$ 634,262 |
| Construction in progress | 40,759 | 160,000 | - | 200,759 |
| Total Capital Assets, Not Being | | | | |
| Depreciated | <u>675,021</u> | <u>160,000</u> | <u>-</u> | <u>835,021</u> |
| Capital assets, being depreciated | | | | |
| Buildings | 3,732,705 | 14,734 | - | 3,747,439 |
| Machinery and Equipment | 3,754,007 | 137,314 | (7,600) | 3,883,721 |
| Vehicles | 723,284 | 663,648 | - | 1,386,932 |
| Total Capital Assets, Being | | | | |
| Depreciated | <u>8,209,996</u> | <u>815,696</u> | <u>(7,600)</u> | <u>9,018,092</u> |
| Less Accumulated Depreciation | | | | |
| Buildings | (1,078,665) | (78,719) | - | (1,157,384) |
| Machinery and Equipment | (2,708,638) | (251,386) | 7,600 | (2,952,424) |
| Vehicles | (480,345) | (88,870) | - | (569,215) |
| Total Accumulated Depreciation | <u>(4,267,648)</u> | <u>(418,975)</u> | <u>7,600</u> | <u>(4,679,023)</u> |
| Total Capital Assets, Being | | | | |
| Depreciated, Net | <u>3,942,348</u> | <u>396,721</u> | <u>-</u> | <u>4,339,069</u> |
| Governmental Activities Capital | | | | |
| Assets, Net | <u>\$ 4,617,369</u> | <u>\$ 556,721</u> | <u>\$ -</u> | <u>\$ 5,174,090</u> |

Depreciation was charged to the general government program of the District.

FREDERICK-FIRESTONE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 - LONG-TERM DEBT

The following is a summary of long-term debt transactions for the governmental activities of the District for the year ended December 31, 2017.

| | Balance <u>12/31/2016</u> | <u>Additions</u> | <u>Reductions</u> | Balance <u>12/31/2017</u> | Due Within <u>One Year</u> |
|----------------------|------------------------------|-------------------|-------------------|------------------------------|-------------------------------|
| 2011 Refunding Bonds | \$ 1,710,000 | \$ - | \$ 260,000 | \$ 1,450,000 | \$ 275,000 |
| 2011 Bond Premium | 35,190 | - | 9,231 | 25,959 | - |
| Compensated Absences | <u>132,661</u> | <u>122,983</u> | <u>152,496</u> | <u>103,148</u> | <u>34,383</u> |
| Total | <u>\$ 1,877,851</u> | <u>\$ 122,983</u> | <u>\$ 421,727</u> | <u>\$ 1,579,107</u> | <u>\$ 309,383</u> |

Accrued compensated absences are being paid from resources generated by the General Fund.

Interest paid during the year totaled \$49,838.

2011 Refunding Bonds

The District issued 2011 Refunding Bonds, dated October 27, 2011, with principal and interest payments due semiannually on June 1 and December 1, through 2023. Interest accrues at rates ranging from 2.00% to 3.70%. Current Interest Bonds, maturing on or after December 1, 2014, are subject to early redemption at the option of the District, in whole or in part in integral multiples of \$5,000, with no redemption premium. Current Interest Bonds maturing on December 1, 2020 are subject to mandatory sinking fund redemption, beginning on December 1, 2019 without any redemption premium.

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------|---------------------|-------------------|---------------------|
| 2018 | \$ 275,000 | \$ 43,663 | \$ 318,663 |
| 2019 | 285,000 | 36,787 | 321,787 |
| 2020 | 290,000 | 28,950 | 318,950 |
| 2021 | 300,000 | 20,250 | 320,250 |
| 2022 | <u>300,000</u> | <u>10,500</u> | <u>310,500</u> |
| Total | <u>\$ 1,450,000</u> | <u>\$ 140,150</u> | <u>\$ 1,590,150</u> |

Advance Refunding

The net proceeds of \$2,960,000 from the issuance of the 2012 Refunding Bonds were used, along with funds from the District, to advance refund the 2002 Series Bonds with a total principal amount of \$3,055,000. The net proceeds were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded bonds. As a result, the refundable bonds are considered to be defeased, and the related liability for the bonds has been removed from the District's liabilities.

NOTE 5 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains insurance through a commercial carrier for these risks of loss. Settled claims have not exceeded insured amounts in the last three years.

FREDERICK-FIRESTONE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 - PENSION PLANS

The District maintains the following separately administered pension plans:

| Plan Name | Plan Type |
|--------------------------------------|--|
| Volunteer Firefighters' Pension Plan | Agent multiple-employer defined benefit |
| Statewide Defined Benefit Plan | Cost-sharing multiple-employer defined benefit |

The defined benefit plans are administered by the Fire and Police Pension Association of Colorado ("FPPA"). It is reported in the FPPA comprehensive annual financial report (CAFR). The CAFR of the FPPA may be obtained by contacting FPPA at 5290 DTC parkway, Suite 100, Greenwood Village, Colorado 80111-2721.

Volunteer Firefighters' Pension Plan

Plan Description- The District has established the Volunteer Firefighters' Pension Plan (the "Volunteer Plan"), an agent multiple-employer defined benefit pension plan for volunteer firefighters as authorized by State of Colorado Statute. During 2017, the plan was closed to new members.

Benefits Provided- Any firefighter who has both attained the age of fifty and completed twenty years of active service shall be eligible for a full benefit monthly pension of \$200. The Volunteer Plan also provides for a lump-sum burial benefit upon the death of an active or retired firefighter.

Spouses of deceased firefighters receive benefits equal to one-half those of a firefighter. Benefits are determined by the Volunteer Firefighter Pension Board.

Contributions- In addition to contributions from the District, the Volunteer Plan received contributions from the State in an amount not to exceed one-half mill of property tax revenue. The contributions are not actuarially determined. An actuary is used to determine the adequacy of contributions. Amounts to be contributed are determined by the District as part of its budget process. The actuarial study as of January 1, 2017, indicated that the current level of contributions to the fund, approximately \$19,006 per year, is adequate to support, on an actuarially sound basis, the prospective benefits for the present Volunteer Plan. For the year ended December 31, 2017 the District and State actual contributions of \$10,003 and \$9,003, respectively, were equal to the required contributions to the Volunteer Plan. The State contribution is included in the financial statements as an on-behalf payment.

State of Colorado Fire and Police Pension Association-Defined Benefit Plan

Plan Description- The District contributes to a the Statewide Defined Benefit Plan ("SWDB"), a cost sharing multiple-employer defined benefit pension plan administered by the FPPA for the District's paid permanent staff.

The SWDB provides retirement benefits for member and beneficiaries. Death and disability coverage is provided for plan members through the Statewide Death and Disability Plan, which is also administered by the FPPA. All paid permanent firefighters are members of the Statewide Death and Disability Plan.

Plan Benefits- The benefits requirements of plan members and the District are established by State statute.

FREDERICK-FIRESTONE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 - PENSION PLANS (CONTINUED)

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 the credited service up to ten years, plus 2.5% of each year of service thereafter. Benefits paid to retired members are evaluated and may be re-determined every October 1. The amount of any increase is based on the Board's discretion and can range from 0 to the higher of 3% or the Consumer Price Index.

A member is eligible for an early retirement at age 50 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.

Plan Contributions- 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.

The contribution rate is 9% of covered salary for all plan members and 8% for the District. Member contribution rates will increase 0.5% annually through 2022 to a total of 12% percent of base salary. The Districts contribution will remain at 8% resulting in a combined rate of 20% in 2022.

The Districts contributions were \$240,430 for the year ended December 31, 2017.

All Defined Benefit Plans

Employees Covered by Benefit Terms- Employee membership data related to the Volunteer Plan, as of January 1, 2017 was as follows:

| | |
|---|-----------|
| Retirees and beneficiaries currently receiving benefits | 14 |
| Total | <u>14</u> |

Pension Assets and Liabilities- At December 31, 2017, the Volunteer Plan reported a net pension liability of \$125,915. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017.

At December 31, 2017, the District reported a net pension liability of \$196,746 for its proportionate share of the SWDB net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017. The District's proportion of the net pension 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 participating entities, actuarially determined. At December 31, 2016, the District's proportion was 0.5445%, which was a decrease of 0.0285% from its proportion measured as of December 31, 2015.

FREDERICK-FIRESTONE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 - PENSION PLANS (CONTINUED)

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resource- For the year ended December 31, 2017, the District recognized expense of \$19,464 related to the Volunteer Plan and \$61,481 related to the SWDB. In addition, the District reported deferred outflows of resources and deferred inflows of resources from the following sources for each plan:

| | <u>Deferred Outflow of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|--|--|
| <u>Volunteer Plan</u> | | |
| Net difference between projected and actual earnings on Plan investments | \$ 7,921 | \$ - |
| District contributions subsequent to the measurement date | <u>10,003</u> | <u>-</u> |
| Total | <u>\$ 17,924</u> | <u>\$ -</u> |

| | <u>Deferred Outflow of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|--|--|
| <u>SWDB</u> | | |
| Differences between expected and actual experience | \$ 175,670 | \$ 10,006 |
| Changes in assumptions | 134,394 | - |
| Net difference between projected and actual earnings on Plan investments | 531,059 | - |
| Changes in proportion and differences between District contributions and proportionate share of contributions | - | 16,068 |
| District contributions subsequent to the measurement date | <u>240,430</u> | <u>-</u> |
| Total | <u>\$ 1,081,553</u> | <u>\$ 26,074</u> |

The District's contributions subsequent to the measurement date, \$10,003 for the volunteer plan and \$240,430 for SWDB plan will be recognized as a reduction of the net pension liability in the year ending December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

| <u>Year ending December 31:</u> | <u>Volunteer Plan</u> | <u>SWDB</u> |
|---------------------------------|---------------------------|-------------|
| 2018 | \$ 2,534 | \$ 200,955 |
| 2019 | 2,536 | 200,955 |
| 2020 | 2,193 | 188,843 |
| 2021 | 658 | 75,796 |
| 2022 | - | 33,873 |
| Thereafter | - | 114,627 |

FREDERICK-FIRESTONE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 - PENSION PLANS (CONTINUED)

Actuarial Assumptions - The significant actuarial assumptions used to measure the total pension liability are as follows. For the Volunteer Plan the inflation rate was changed from 3% to 2.5% and the mortality tables for the January 1, 2017 valuation were changed to the RP-2014 Morality Tables.

| | Volunteer Plan | SWDB |
|-------------------------------|------------------------|-----------------------------------|
| Measurement date | December 31, 2016 | December 31, 2016 |
| Actuarial valuation date | January 1, 2017 | January 1, 2017 |
| Actuarial cost method | Entry age normal | Entry age normal |
| Amortization method | Level dollar, open | Level percentage of payroll, open |
| Remaining amortization period | 17 years | 30 years |
| Asset valuation method | 5 year smoothed market | 5 year smoothed market |
| Inflation | 3.00% | 2.5% |
| Salary increases | N/A | 4.0%-14.0% |
| Investment rate of return | 7.50% | 7.50% |

For the Volunteer Plan mortality Pre and Post-retirement: RP-2000 Combined Mortality Table with Blue Collar adjustment, and pre-retirement 40% multiplier for off-duty mortality. Disabled retirement: RP-2000 Disabled Mortality Table for males and females. All tables projected with Scale AA.

Effective January 1, 2016, for the SWDB Plan mortality 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.

For both plans, the long-term expected rate of return on investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are as follows:

FREDERICK-FIRESTONE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 - PENSION PLANS (CONTINUED)

| Asset Class | Target Allocation | Long-Term Expected Rate of Return |
|-----------------------|-------------------|-----------------------------------|
| 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% |

Discount Rate - The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that, where applicable, employer, employee and state contributions will be made at the current contribution rate and will also be made at the current statutorily required or actuarially determined rates.

Based on those assumptions, 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 long-term expected rate of return on investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Department's Net Pension Liability - Changes in the Department's net pension liability for the Volunteer Plan for the year ended December 31, 2017 were as follows:

| | Increase (Decrease) | | |
|---|--------------------------------------|--|--|
| | Total Pension Liability [a] | Plan Fiduciary Net Position [b] | Net Pension Liabilities [a] - [b] |
| <u>Volunteer Plan</u> | | | |
| Balance, December 31, 2016 | \$ 237,721 | \$ 132,026 | \$ 105,695 |
| Changes for the year: | | | |
| Interest | 16,680 | - | 16,680 |
| Difference between expected and actual experience | 14,657 | - | 14,657 |
| Changes in assumptions | 13,571 | - | 13,571 |
| Net investment income | - | 6,146 | (6,146) |
| Contributions - employer | - | 10,003 | (10,003) |
| Benefit payments including refunds of employee contributions | (31,200) | (31,200) | - |
| Administrative expense | - | (464) | 464 |
| State of Colorado supplemental discretionary payment | - | 9,003 | (9,003) |
| Net changes | 13,708 | (6,512) | 20,220 |
| Balance, December 31, 2017 | \$ 251,429 | \$ 125,514 | \$ 125,915 |

FREDERICK-FIRESTONE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 - PENSION PLANS (CONTINUED)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. - The following presents the District's net pension liability or the District's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, 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 (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

| | Discount rate | Volunteer Plan | SWDB |
|-----------------------|---------------|----------------|--------------|
| 1% decrease | 6.5% | \$ 143,613 | \$ 1,673,990 |
| Current discount rate | 7.5% | 125,915 | 196,746 |
| 1% increase | 8.5% | 110,385 | (1,030,179) |

NOTE 7 - LEASES

The District leases real and personal property under operating leases that expire 2022. Included in these amounts is a new five year lease for real property at St. Vrain State Park. The District anticipates terminating this lease during 2018 when the new fire station is completed. Total rental expense for the year ended December 31, 2017 was \$27,348. The future minimum annual rental commitments under these leases are as follows:

| <u>Year Ending December 31:</u> | |
|---------------------------------|-------------------|
| 2018 | \$ 44,969 |
| 2019 | 44,969 |
| 2020 | 17,617 |
| 2021 | 3,000 |
| 2022 | <u>3,000</u> |
| Total minimum payments required | <u>\$ 113,555</u> |

NOTE 8 - COMMITMENTS

The District has entered into a construction contract for Station 4. The total amount of the contract is \$2,554,003. The remaining contract amount at December 31, 2017 is \$2,394,003.

The District has also entered into a software licensing agreement. Annual payments of \$7,800 are due over the next two years.

NOTE 9 - NEW ACCOUNTING PRONOUNCEMENTS

Governmental Accounting Standards Board Statement No. 87 Leases. In June of 2017 the GASB issued Statement No. 87. The objective of this Statement is to better meet the needs of financial statement users by improving accounting and financial reporting for leases by governments by establishing a single model for lease accounting. Under this guidance, the District will be required to recognize a right-to-use lease asset and a lease liability for leases that were previously reported as operating leases. For 2017 those leases are reported in Note 7. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Management is currently determining the effects of the implementation of this statement on its financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

FREDERICK-FIRESTONE FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended December 31,

2017

| | <u>Original and Final</u> <u>Budget</u> | <u>Actuals</u> | <u>Variance Favorable</u> <u>(Unfavorable)</u> |
|--|--|---------------------|---|
| <u>Revenues</u> | | | |
| Taxes | | | |
| Property taxes | \$ 5,294,263 | \$ 5,286,867 | \$ (7,396) |
| Property taxes-tax increment financing | 74,396 | 68,750 | (5,646) |
| Specific ownership taxes | 229,950 | 416,918 | 186,968 |
| Charges for services | 556,494 | 648,087 | 91,593 |
| Intergovernmental | - | 9,003 | 9,003 |
| Earnings on investments | 1,332 | 72,765 | 71,433 |
| Other | 18,742 | 18,158 | (584) |
| | <u>6,175,177</u> | <u>6,520,548</u> | <u>345,371</u> |
| <u>Expenditures/Expenses</u> | | | |
| Current | | | |
| Salaries and benefits | 4,434,327 | 4,127,213 | 307,114 |
| Professional services | 578,120 | 555,521 | 22,599 |
| Commodities and supplies | 261,159 | 223,053 | 38,106 |
| Education and travel | 99,782 | 58,414 | 41,368 |
| Equipment maintenance | 209,494 | 152,231 | 57,263 |
| Capital outlay | 2,118,938 | 960,962 | 1,157,976 |
| Debt service | | | |
| Principal | 260,000 | 260,000 | - |
| Interest and fiscal charges | 49,838 | 49,838 | - |
| | <u>8,011,658</u> | <u>6,387,232</u> | <u>1,624,426</u> |
| Excess of revenues over (under) expenditures | <u>\$ (1,836,481)</u> | 133,316 | <u>\$ 1,969,797</u> |
| Fund balances | | | |
| Beginning of the year | | <u>6,709,738</u> | |
| End of the year | | <u>\$ 6,843,054</u> | |

FREDERICK-FIRESTONE FIRE PROTECTION DISTRICT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
VOLUNTEER PENSION TRUST FUND
LAST 10 FISCAL YEARS*

| Measurement period ending December 31, | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--|-------------------|-------------------|-------------------|
| <u>Total Pension Liability</u> | | | |
| Interest | \$ 16,680 | \$ 17,693 | \$ 18,525 |
| Differences between expected and actual experience | 14,657 | - | 1,684 |
| Changes in assumptions | 13,571 | - | - |
| Benefit payments | <u>(31,200)</u> | <u>(31,200)</u> | <u>(31,400)</u> |
| Net change in total pension liability | 13,708 | (13,507) | (11,191) |
| | | | |
| Total pension liability-beginning | <u>237,721</u> | <u>251,228</u> | <u>262,419</u> |
| Total pension liability-ending | <u>\$ 251,429</u> | <u>\$ 237,721</u> | <u>\$ 251,228</u> |
| | | | |
| <u>Plan Fiduciary Net Position</u> | | | |
| Net investment income | 6,146 | 2,552 | 8,850 |
| Employer contributions | 10,003 | 10,003 | 10,003 |
| Benefit payments including refunds of employee contributions | (31,200) | (31,200) | (31,400) |
| Pension plan administrative expense | (464) | (1,334) | (591) |
| State of Colorado discretionary payment | <u>9,003</u> | <u>9,003</u> | <u>9,003</u> |
| Net change in plan fiduciary net position | (6,512) | (10,976) | (4,135) |
| Plan fiduciary net position-beginning | <u>132,026</u> | <u>143,002</u> | <u>147,137</u> |
| Plan fiduciary net position-ending (b) | <u>\$ 125,514</u> | <u>\$ 132,026</u> | <u>\$ 143,002</u> |
| | | | |
| Net pension liability-ending (a)-(b) | \$ 125,915 | \$ 105,695 | \$ 108,226 |
| | | | |
| Plan fiduciary net position as a percentage of total pension liability | 49.92% | 55.54% | 56.92% |
| | | | |
| Covered payroll | N/A | N/A | N/A |
| | | | |
| Net pension liability as percentage of covered employee payroll | N/A | N/A | N/A |

*Fiscal year 2015 was the first year of implementation, therefore only available years are shown.

FREDERICK-FIRESTONE FIRE PROTECTION DISTRICT
SCHEDULE OF CONTRIBUTIONS
VOLUNTEER PENSION TRUST FUND
LAST 10 FISCAL YEARS*

| Measurement period ending December 31, | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--|-------------------|-------------------|-------------------|
| Actuarially determined contribution | \$ 10,395 | \$ 11,852 | \$ 11,852 |
| Actual contribution | <u>19,006</u> | <u>19,006</u> | <u>19,006</u> |
| Contribution excess | <u>\$ (8,611)</u> | <u>\$ (7,154)</u> | <u>\$ (7,154)</u> |
| Covered payroll | N/A | N/A | N/A |
| Actual contribution as a percentage of covered employee payroll | N/A | N/A | N/A |

*Fiscal year 2015 was the first year of implementation, therefore only available years are shown.

FREDERICK-FIRESTONE FIRE PROTECTION DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET PENSION
LIABILITY
STATEWIDE DEFINED BENEFIT PLAN
LAST 10 FISCAL YEARS*

| Measurement period ending December 31, | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|---|-------------|-------------|-------------|-------------|
| District's proportion (percentage) of the collective net pension liability | 0.5445% | 0.5160% | 0.5405% | 0.5310% |
| District's proportionate share of the collective net pension liability | \$ 196,746 | \$ 9,096 | \$ 609,986 | \$ 474,858 |
| Covered-employee payroll | 2,786,617 | 2,501,351 | 2,430,600 | 2,306,563 |
| District's proportionate share of the net Pension liability as a percentage of its covered-employee payroll | 7.06% | 0.36% | 25.10% | 20.59% |
| Plan fiduciary net pension as a percentage of the total pension liability | 98.21% | 100.10% | 106.80% | 105.80% |

*Fiscal year 2015 was the first year of implementation, therefore only available years are shown.

FREDERICK-FIRESTONE FIRE PROTECTION DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS AND RELATED RATIOS
LAST 10 FISCAL YEARS*

| Reporting period ending December 31, | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|--|----------------|----------------|----------------|----------------|----------------|
| Statutorily required contributions | \$ 240,430 | \$ 222,929 | \$ 200,108 | \$ 194,448 | \$ 184,525 |
| Contributions in relation to the statutorily required contributions | <u>240,430</u> | <u>222,929</u> | <u>200,108</u> | <u>194,448</u> | <u>184,525</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered-employee payroll | \$ 3,005,373 | \$ 2,786,617 | \$ 2,501,351 | \$ 2,430,600 | \$ 2,306,563 |
| Contribution as a percentage of covered of employee payroll | 8.0% | 8.0% | 8.0% | 8.0% | 8.0% |

*Fiscal year 2015 was the first year of implementation, therefore only available years are shown.

*-Fiscal year 2015 was the first year of implementation, therefore only available years are shown.