

BENNETT FIRE PROTECTION DISTRICT

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

**BENNETT FIRE PROTECTION DISTRICT
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YEAR ENDED DECEMBER 31, 2018**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Bennett Fire Protection District
Arapahoe and Adams Counties, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the general fund, and the remaining fund information of the Bennett Fire Protection District (the District), as of and for the year ended December 31, 2018, 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.

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, the general fund, and the remaining fund information of the District as of December 31, 2018, 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 general fund budgetary comparison information and the GASB required pension schedules as listed in the table of contents 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The capital expansion fund budgetary comparison information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The capital expansion fund budgetary comparison information is the responsibility of management and was derived from and relates 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 capital expansion fund budgetary comparison information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The statistical 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.



CliftonLarsonAllen LLP

Greenwood Village, Colorado
March 12, 2019

BASIC FINANCIAL STATEMENTS

**BENNETT FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2018**

ASSETS

Cash Deposits	\$ 137,838
Investments	1,751,251
Restricted Deposits	1,951
Receivables:	
Property Tax	2,494,985
Service Fees, Net of Allowance for Doubtful Accounts of \$93,766	76,717
Other	16,086
Prepaid Items	55,382
Capital Assets, Not Being Depreciated	197,453
Capital Assets, Being Depreciated (Net of Accumulated Depreciation)	1,856,220
Net Pension Asset	383,305
Total Assets	6,971,188

DEFERRED OUTFLOWS OF RESOURCES

Related to Pension	268,081
Total Deferred Outflows of Resources	268,081

LIABILITIES

Accounts Payable	27,917
Accrued Interest	13,402
Accrued Wages	26,679
Deposits Held for Others	1,951
Unearned Revenue	12,697
Long-Term Liabilities:	
Due Within One Year	65,870
Due Within More Than One Year	491,875
Total Liabilities	640,391

DEFERRED INFLOWS OF RESOURCES

Deferred Property Tax	2,494,985
Related to Pension	134,464
Total Deferred Inflows of Resources	2,629,449

NET POSITION

Net Investment in Capital Assets	1,546,339
Restricted for Emergencies	90,693
Restricted for Net Pension Asset	516,922
Unrestricted	1,815,475
Total Net Position	\$ 3,969,429

See accompanying Notes to Financial Statements.

**BENNETT FIRE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018**

Functions/Programs	Expenses	Program Revenues Charges for Services	Net Revenue (Expense) and Changes in Net Position
Public Safety	\$ 2,491,696	\$ 306,537	\$ (2,185,159)
Interest and Fiscal Charges	16,419	-	(16,419)
Total	<u>\$ 2,508,115</u>	<u>\$ 306,537</u>	<u>(2,201,578)</u>

General Revenues:

Taxes:	
Property Taxes, Levied for General Purpose	2,370,287
Specific Ownership Taxes	204,328
Investment Earnings	34,386
Miscellaneous	119,914
Total General Revenues	<u>2,728,915</u>
Change in Net Position	527,337
Net Position - Beginning	3,442,092
Net Position - Ending	<u>\$ 3,969,429</u>

See accompanying Notes to Financial Statements.

**BENNETT FIRE PROTECTION DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2018**

ASSETS	<u>General</u>	<u>Other Governmental Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash Deposits	\$ 62,600	\$ 75,238	\$ 137,838
Investments	1,751,251	-	1,751,251
Restricted Deposits	1,951	-	1,951
EMS Accounts Receivable, Net of Allowance for Uncollectible of \$93,766	76,717	-	76,717
Other Accounts Receivable	16,086	-	16,086
Prepaid Items	55,382	-	55,382
Property Tax Receivable	2,494,985	-	2,494,985
Total Assets	<u>\$ 4,458,972</u>	<u>\$ 75,238</u>	<u>\$ 4,534,210</u>
 LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 27,917	\$ -	\$ 27,917
Accrued Wages and Payroll Liabilities	26,679	-	26,679
Deposits Held for Others	1,951	-	1,951
Unearned Revenue	12,697	-	12,697
Total Liabilities	<u>69,244</u>	<u>-</u>	<u>69,244</u>
 DEFERRED INFLOWS OF RESOURCES			
Deferred Property Tax	2,494,985	-	2,494,985
Deferred EMS Billing Revenue	54,327	-	54,327
Total Deferred Inflows of Resources	<u>2,549,312</u>	<u>-</u>	<u>2,549,312</u>
 FUND BALANCES			
Nonspendable	55,382	-	55,382
Restricted	87,366	3,327	90,693
Committed	-	71,911	71,911
Assigned	672,425	-	672,425
Unassigned	1,025,243	-	1,025,243
Total Fund Balances	<u>1,840,416</u>	<u>75,238</u>	<u>1,915,654</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 4,458,972</u>	<u>\$ 75,238</u>	<u>\$ 4,534,210</u>

See accompanying Notes to Financial Statements.

**BENNETT FIRE PROTECTION DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2018**

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

Total Fund Balances of the Governmental Funds	\$ 1,915,654
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds: Capital Assets, net	2,053,673
Certain revenues not available to pay liabilities of the current period are deferred in the governmental funds: Emergency Medical Service Fees	54,327
Certain assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds: Net Pension Asset	383,305
Deferred outflows of resources used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds: Related to Pension	268,081
Deferred inflows of resources used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds: Related to Pension	(134,464)
Some liabilities, including leases payable, accrued interest payable and compensated absences, are not due and payable in the current period and, therefore, are not reported in the fund balance sheet. Capital Lease Obligation Interest Payable Compensated Absences	(507,334) (13,402) <u>(50,411)</u>
Net Position of Governmental Activities	<u>\$ 3,969,429</u>

See accompanying Notes to Financial Statements.

**BENNETT FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2018**

	General Fund	Other Governmental Fund	Total Governmental Funds
REVENUES			
Property Taxes	\$ 2,370,287	\$ -	\$ 2,370,287
Specific Ownership Taxes	204,328	-	204,328
Charges for Services	23,438	110,854	134,292
Interest	34,337	49	34,386
Emergency Medical Services	151,413	-	151,413
Outside Fleet Maintenance Income	52,722	-	52,722
Other	81,457	-	81,457
Total Revenues	<u>2,917,982</u>	<u>110,903</u>	<u>3,028,885</u>
EXPENDITURES			
Administration	84,990	-	84,990
Payroll and Human Resources	1,639,104	-	1,639,104
Facilities	159,112	-	159,112
Health and Safety	2,719	-	2,719
Operations	195,679	-	195,679
Training	25,307	-	25,307
Public Relations	11,551	-	11,551
Volunteer Reimbursement	7,280	-	7,280
Annual Banquet	10,894	-	10,894
Technology	13,103	-	13,103
Testing	10,999	-	10,999
Fleet	115,433	-	115,433
Miscellaneous	12,260	-	12,260
Insurance Reimbursement	27,736	-	27,736
Elections	8,292	-	8,292
Legal and Accounting	80,894	-	80,894
Contribution to Volunteers' Pension Fund	10,000	-	10,000
VFIS Volunteer Payments	13,110	-	13,110
Capital Outlay	205,169	79,897	285,066
Debt Service			
Principal	63,846	-	63,846
Interest	18,106	-	18,106
Total Expenditures	<u>2,715,584</u>	<u>79,897</u>	<u>2,795,481</u>
EXCESS REVENUE OVER EXPENDITURES	<u>202,398</u>	<u>31,006</u>	<u>233,404</u>
OTHER FINANCING SOURCES			
Insurance Proceeds	38,457	-	38,457
Total Other Financing Sources	<u>38,457</u>	<u>-</u>	<u>38,457</u>
NET CHANGE IN FUND BALANCE	240,855	31,006	271,861
Fund Balance - Beginning	<u>1,599,561</u>	<u>44,232</u>	<u>1,643,793</u>
FUND BALANCE - ENDING	<u>\$ 1,840,416</u>	<u>\$ 75,238</u>	<u>\$ 1,915,654</u>

See accompanying Notes to Financial Statements.

**BENNETT FIRE PROTECTION DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018**

Net Change in Governmental Funds Fund Balance	\$	271,861
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital Outlay		269,748
Depreciation		(198,010)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Principal Payments		63,846
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.</p>		
Emergency Medical Services		(22,412)
Unavailable Revenue		(9,478)
<p>Some items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Net Pension Expense		148,723
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Compensated Absences		1,372
<p>Accrued interest as reported in the statement of activities does not require the use of current financial resources and, therefore, the change in accrued interest is not reported as an expenditure in the governmental funds.</p>		
		1,687
Change in Net Position	\$	527,337

See accompanying Notes to Financial Statements.

**BENNETT FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Definition of Reporting Entity

Bennett Fire Protection District (the District) is a quasi-municipal corporation, governed pursuant to provisions of the Colorado Special District Act. The District was established to provide fire protection services and paramedic rescue services to parts of Arapahoe and Adams Counties.

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. The District is not a component unit of any other primary governmental entity, including the Town of Bennett.

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 and emergency medical service revenue.

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

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues, including emergency medical services, are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Depreciation is computed and recorded as an operating expense.

**BENNETT FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Expenditures for property and equipment are shown as increases in assets and payment of compensated absences are recorded as a reduction in liabilities. 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 considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property tax and emergency medical service fees. Expenditures, other than interest on long-term obligations are recorded when the liability is incurred or when the long-term obligation is paid. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental fund:

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

The District reports the following non-major governmental fund:

The *Capital Expansion Fund* is a capital projects fund and accounted for development fees that were to be used for the acquisition, construction or expansion of major capital facilities and for the acquisition of vehicles and equipment. This is labeled as Other Governmental Fund in the financial statements.

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 and other financing uses level and lapses at year-end. The District's board of directors can 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. For the year ended December 31, 2018, actual expenditures in the Capital Expansion Fund were \$38,538 more than the final budgeted amounts. This may be a violation of Colorado Budget Law.

Cash and Investments

Investments are carried at fair value.

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 by 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.

**BENNETT FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 generally, sales of the tax liens on delinquent properties are 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 a deferred inflow in the year they are levied and measurable. The deferred inflow property tax revenues are recorded as revenue in the year they are available or collected.

Other Receivables

All service fees related receivables are shown net of an allowance for doubtful accounts. The District's policy is to establish an allowance for uncollectible accounts based on historical collection trends.

Prepaid Items

Certain payments to vendors and other third parties reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Expenditures/expenses are recorded when the service underlying the prepaid item is provided.

Capital Assets

Capital assets, which include land, construction in progress, buildings, fire trucks and equipment, and office equipment, are reported 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. Such assets are recorded at acquisition cost or estimated acquisition cost if purchased or constructed. Donated capital assets are recorded at their acquisition cost 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 fixed assets, as applicable. Depreciation expense has been computed using the straight-line method over the estimated economic useful lives:

Buildings	50 Years
Fire Trucks and Equipment	5 – 30 Years
Office Equipment	3 – 5 Years

Deferred Outflows 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, 2018, 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 6 and 7 for additional information.)

**BENNETT FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

The District has a policy that allows employees to accumulate unused vacation, sick pay and compensatory time benefits up to certain maximum hours. 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.

Deferred Inflows of Resources

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 five items that qualify for reporting as deferred inflows of resources. Property tax revenue is 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. EMS revenue is considered a deferred inflow of resources for amounts not collected within the period of availability or 60 days as determined by the District. A deferred inflow related to GASB Statement No. 68 has been recorded as of December 31, 2018, which consists of three components: 1) change in experience; 2) change in investment earnings; and 3) change in proportionate share. (See Notes 6 and 7 for additional information.)

Fund Balance

The District reports fund balances in the governmental funds in accordance with Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes. As of December 31, 2018, fund balances of governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent either because they are not spendable in form or because they are legally or contractually required to be maintained intact. The District had \$55,382 in nonspendable resources related to prepaid items.

Restricted – amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation. Emergency reserves have been provided for as required under Article X, Section 20 of the Constitution of the state of Colorado (see Note 9). For the year ended December 31, 2018, the District had \$90,693 in the General Fund and Capital Expansion Fund that have been restricted in compliance with this requirement.

Committed – amounts that are subject to a purpose constraint imposed by a formal action of the board of directors. The board is the highest level of decision-making authority for the District. Commitments may be established, modified or rescinded only through resolutions approved by the board. For the year ended December 31, 2018, the District had \$71,911 in funds which fall under the classification of committed.

**BENNETT FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assigned – amounts that are subject to a purpose constraint that represents an intended use established by the District in its budget process. The purpose of the assignment must be narrower than the purpose of the General Fund. The District has \$672,425 in assigned fund balance as of December 31, 2018 as 2019 budgeted expenditures exceeded 2019 budgeted revenues by \$672,425.

Unassigned – represents the residual classification for the District’s General Fund and could report a surplus or deficit. The District has \$1,019,475 of fund balance in the General Fund for subsequent year expenditures.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, restricted fund balance is considered expended. For expenditures in which any unrestricted fund balance classification could be used, committed fund balance is considered first expended, then assigned, then unassigned.

New GASB Pronouncements

The Governmental Accounting Standards Board (GASB) released Statement NO. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, that is effective for the District for fiscal year ending December 31, 2018. This statement details the reporting requirements for employers regarding other post employment benefit (OPEB) plans.

FPPA administers the Statewide Death & Disability Plan discussed in Note 7, which qualifies as a cost sharing multiple-employer defined benefit OPEB plan under the standard. This plan covers substantially all active full-time (and some part-time) employees of fire and policie departments in Colorado. As it pertains to the requirements in Statement No. 75 regarding the FPPA Statewide Death & Disability Plan and the District, FPPA concluded that because all contributions to the plan are considered member (and not employer) contributions, the employers’ proportionate share of any Net OPEB liability (asset) is \$-0-. As such, GASB Statement No. 75 had no impact on the District for the year ended December 31, 2018.

NOTE 2 CASH AND INVESTMENTS

Cash and investments as of December 31, 2018 consist of the following:

Deposits with Financial Institutions	\$ 137,838
Restricted Deposits with Financial Institutions	1,951
Investments	1,751,251
Total Cash and Investments	\$ 1,891,040

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds.

**BENNETT FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

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 the aggregate uninsured deposits.

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

At December 31, 2018, the District's cash deposits had a carrying balance of \$137,838.

Restricted deposits represent monies held on behalf of the District's volunteer organization, Bennett Fire and Rescue.

Investments

Credit Risk

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

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

Interest Rate Risk

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the board of directors. Such actions are generally associated with a debt service reserve or sinking fund requirements. Revenue bonds of local government securities, corporate and bank securities and guaranteed investment contracts not purchased with bond proceeds are limited to maturities of three years or less.

As of December 31, 2018, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>
Colorado Local Government Liquid Asset Trust - PLUS	Less than One Year	\$ 638,330
Colorado Local Government Liquid Asset Trust - PRIME	Less than One Year	1,112,921
Total		<u>\$ 1,751,251</u>

**BENNETT FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Fair Value

As of December 31, 2018, the District had invested \$1,751,251 in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), 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 any security allowed under CRS 24-75-601. 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 is rated AAAM by Standard & Poor's and is measured at net asset value (NAV). There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

NOTE 3 PROPERTY AND EQUIPMENT

An analysis of the changes in capital assets for the year ended December 31, 2018 follows:

	Balance at January 1, 2018	Additions	Deletions	Balance December 31, 2018
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 114,365	\$ -	\$ -	\$ 114,365
Construction in Progress	-	83,088	-	83,088
Total Capital Assets, Not Being Depreciated	<u>114,365</u>	<u>83,088</u>	<u>-</u>	<u>197,453</u>
Capital Assets, Being Depreciated				
Buildings and Improvements	690,475	-	-	690,475
Fire Trucks and Equipment	3,246,126	186,660	-	3,432,786
Office Equipment	11,411	-	-	11,411
Total Capital Assets, Being Depreciated	<u>3,948,012</u>	<u>186,660</u>	<u>-</u>	<u>4,134,672</u>
Less Accumulated Depreciation for				
Buildings	289,113	15,284	-	304,397
Fire Trucks and Equipment	1,779,918	182,726	-	1,962,644
Office Equipment	11,411	-	-	11,411
Total Accumulated Depreciation	<u>2,080,442</u>	<u>198,010</u>	<u>-</u>	<u>2,278,452</u>
Total Capital Assets, Being Depreciated, Net	<u>1,867,570</u>	<u>(11,350)</u>	<u>-</u>	<u>1,856,220</u>
Government Capital Assets, Net	<u>\$ 1,981,935</u>	<u>\$ 71,738</u>	<u>\$ -</u>	<u>\$ 2,053,673</u>

All depreciation expense is charged to the public safety function/program.

**BENNETT FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 4 LONG-TERM DEBT

The following is an analysis of changes in the District's long-term obligations for the year ended December 31, 2018:

	Balance at January 1, 2018	Additions	Reductions	Balance December 31, 2018	Due Within One Year
Fire Truck - Capital Lease	\$ 571,180	\$ -	\$ 63,846	\$ 507,334	\$ 65,870
Compensated Absences	51,783	-	1,372	50,411	-
Total Long-Term Obligations	<u>\$ 622,963</u>	<u>\$ -</u>	<u>\$ 65,218</u>	<u>\$ 557,745</u>	<u>\$ 65,870</u>

Capital Lease

On February 26, 2015, the District entered into a lease to purchase agreement for a new fire truck and associated equipment for \$793,048. A down payment of \$100,000 was made, with the amount financed through the lease to purchase agreement being \$693,048. The lease requires principal and interest payments in the aggregate amount of \$81,953 annually with interest at 3.0%. The final payment is due in 2025. The District has the option to purchase all the equipment covered by the lease agreement on any rent payment due date by paying the full outstanding balance of the lease, plus the termination value amount set forth in the lease agreement.

The lease purchase agreement does not constitute a general obligation debt of the District as defined by Colorado Revised Statutes as there are annual appropriation clauses in the lease agreement.

Future minimum lease obligations and the net present value of these lease payments as of December 31, 2018 are as follows:

<u>Year Ending December 31,</u>	<u>Net Present Value</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 65,870	\$ 16,082	\$ 81,952
2020	67,958	13,994	81,952
2021	70,113	11,840	81,953
2022	72,335	9,618	81,953
2023	74,628	7,325	81,953
2024-2025	156,430	7,477	163,907
Total Minimum Lease Payments	<u>\$ 507,334</u>	<u>\$ 66,336</u>	<u>\$ 573,670</u>

As of December 31, 2018, the fire truck and associated equipment had a net book value of \$641,047 with accumulated depreciation of \$152,001.

**BENNETT FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 5 NET POSITION

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

Net investment in capital assets consists of capital assets, net of accumulated depreciation. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Outstanding borrowings that were attributable to the acquisition, construction or improvement of those assets reduce this amount.

As of December 31, 2018, the District had \$507,334 outstanding related to the fire truck capitalized in 2015. Total amount of net investment in capital assets as of December 31, 2018 was \$1,546,339.

Restricted net position includes resources that are restricted for use by external sources, such as creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. As noted in Note 9, the District was required to establish emergency reserves in the amount of \$90,693 as of December 31, 2018. In addition, the District had \$516,922 restricted for net pension asset on the statement of net position. This balance represents the difference between the net pension asset and deferred outflows of resources, less the deferred inflows associated with the FPPA volunteer pension plan and the FPPA Statewide Defined Benefit Plan.

NOTE 6 VOLUNTEERS' PENSION FUND

Plan Descriptions and Provisions

The District, on behalf of its volunteer firefighters, contributes to a defined benefit pension plan which is administered by FPPA. Assets of the plan are commingled for investment purposes in the Fire and Police Member's Benefit Fund, an agent multiple-employer defined benefit pension plan administered by FPPA. The plan provides retirement benefits for members and beneficiaries according to the plan provisions as enacted and governed by the pension fund board of trustees. Colorado Revised Statutes (CRS), as amended, establishes basic benefit provisions under the plan. FPPA issues a publicly available annual financial report that includes the assets of the volunteer plan. That report may be obtained by calling FPPA at 303-770-3772 in the Denver Metro area or 1-800-332-FPPA (3772) from outside the metro area.

Volunteer firefighters who complete the minimum annual training required by the District and are members in good standing of the volunteer organization, are eligible to participate in the plan for that year. Volunteers' rights to a benefit vest after ten years of service. Volunteers who retire at, or after the age of 50, with twenty years of credited service, are entitled to a benefit. Volunteers who retire with ten years of credited service are entitled to a partial benefit. Surviving spouses are entitled to a 50% benefit. In addition, the plan provides death and disability benefits funded by insurance policies.

**BENNETT FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 6 VOLUNTEERS' PENSION FUND (CONTINUED)

Volunteers Covered by Benefit Terms

At December 31, 2018, the following employees were covered by the benefit terms:

Retirees or Beneficiaries Currently Receiving Benefits	24
Inactive Employees Entitled to but Not Yet Receiving Benefits	6
Active Employees	22
Total	52

Contributions

Contributions are determined by the FPPA actuary, using the entry age normal cost method as of January 1, 2017. Contributions into the pension fund are derived from two sources: contributions directly from the District and contributions from the State based on assessed property values and other formulas. For the year ended December 31, 2018, the District's contributions were \$10,000.

Net Pension Asset

The total pension liability is based on an actuarial valuation performed as of January 1, 2017 and a measurement date of December 31, 2017. This measurement date is within two years of the plan sponsor's fiscal year-end of December 31, 2018 and may be used for December 31, 2018 reporting purposes.

Actuarial assumptions. The total pension liability was rolled forward from the actuarial valuation as of January 1, 2017 to the measurement date of December 31, 2017, and was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open*
Remaining Amortization Period	20 years*
Asset Valuation Method Period	5-Year smoothed fair value
Inflation	3.00%
Salary Increases	N/A
Investment Rate of Return	7.50%
Retirement Age	50% per year of eligibility until 100% at age 65.

Mortality rates were based on the following:

- Pre-retirement: RP-2000 Combined Mortality Table with Blue Collar Adjustment, 40% multiplier for off-duty mortality.
- Post-retirement: RP-2000 Combined Mortality Table with Blue Collar Adjustment
- Disabled: RP-2000 Disabled Mortality Table

All tables were projected and based on Scale AA.

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

**BENNETT FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 6 VOLUNTEERS' PENSION FUND (CONTINUED)

For the purpose of this valuation, the long-term expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.31% (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.5%.

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

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at December 31, 2016	\$ 798,236	\$ 920,029	\$ (121,793)
Changes for the Year			
Service Cost	8,996	-	8,996
Interest	58,078	-	58,078
Contributions – Employer	-	10,000	(10,000)
Net Investment Income	-	131,274	(131,274)
Benefit Payments, Including Refunds of			
Employee Contributions	(57,590)	(57,590)	-
Administrative Expenses	-	(10,873)	10,873
State of Colorado Supplemental			
Discretionary Payment	-	9,000	(9,000)
Net Changes	9,484	81,811	(72,327)
Balance at December 31, 2017	<u>\$ 807,720</u>	<u>\$ 1,001,840</u>	<u>\$ (194,120)</u>

Sensitivity of the net pension liability (asset) to the changes in the discount rate. The following table presents the net pension liability (asset) of the District, calculated using the discount rate of 7.5%, as well as what the District's net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate.

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
District's Net Pension Liability (Asset)	\$ (105,608)	\$ (194,120)	\$ (268,146)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued FPPA financial report.

**BENNETT FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 6 VOLUNTEERS' PENSION FUND (CONTINUED)

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

For the year ended December 31, 2018, the District recognized pension expense of \$18,616 for the Volunteer Pension Plan. At December 31, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 7,699	\$ -
Changes of Assumptions	5,182	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	18,158
District Contributions Subsequent to the Measurement Date	10,000	-
Total	<u>\$ 22,881</u>	<u>\$ 18,158</u>

\$10,000 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 (increase to asset) in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	Deferred Amounts
2019	\$ 15,316
2020	1,218
2021	(8,987)
2022	(12,824)
Total	<u>\$ (5,277)</u>

On July 1, 1992, the District purchased annuity contracts for the benefit of retired volunteers as of July 1, 1992. The annuity contracts are in the name of the District. The insurance company has assumed responsibility for paying benefits to this group of retired volunteers. For legal compliance purposes, the annuity contracts list the District as both the owner and beneficiary of the contract in that, if a retiree dies within the first ten years of the contract, the remaining contract is paid to the District. Such payments, if any, will be recorded as revenue when received. In July 2015, the Board of Directors decided to increase the payments for retirees under this agreement beyond the amount being paid by the annuity, effective January 1, 2016. The additional payments to the members of the class under the District's prior Length of Service Award Program were approved to be made from the General Fund. The payments will be made on a quarterly basis subject to annual appropriation. Total payments during 2018 were \$13,110.

**BENNETT FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 7 STATE FIRE AND POLICE PENSION PLAN (FPPA)

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/police officers) 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 statutes assign 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>.

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 percent of the average of the member's highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter. The benefit earned prior to January 1, 2007 for members of affiliated Social Security employers will be reduced by the amount of Social Security income payable to the member annually. Effective January 1, 2007, members currently covered under Social Security will receive half the benefit when compared to the Statewide Defined Benefit Plan. Benefits paid to retired members are evaluated and may be re-determined every October 1. The amount of any increase is based on the Board's discretion and can range from 0 to the higher of 3 percent or the Consumer Price Index.

A member is eligible for an early retirement at age 50 with at least five years of credited service or after 30 years of service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, an employee may elect to have member contributions, along with 5 percent as interest, returned as a lump sum distribution. Alternatively, a member with at least five years of accredited service may leave contributions with the Plan and remain eligible for a retirement pension at age 55 equal to 2 percent of the member's average highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter.

Contributions

The Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. Contributions rates for this Plan are set by state statute. Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or by election of the membership. Members of this SWDB plan and their employers contributed at the rate of 10 percent and 8 percent, respectively, of base salary for a total contribution rate of 18 percent in 2018.

**BENNETT FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 7 STATE FIRE AND POLICE PENSION PLANS (CONTINUED)

Members of the SWDB plan and their employers contributed at the rate of 9.5 percent and 8 percent, respectively, of base salary for a total contribution rate of 17.5 percent in 2017. In 2014, the members elected to increase the member contribution rate to the SWDB plan beginning in 2015. Member contribution rates will increase 0.5 percent annually through 2022 to a total of 12 percent of base salary. Employer contributions will remain at 8 percent resulting in a combined contribution rate of 20 percent in 2022. Contributions to the SWDB plan from the District were \$78,488 for the year ended December 31, 2018.

Pension Liability (Asset), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2018, the District reported an asset of \$189,185 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2017, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The District's proportion of the net pension asset was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities.

At December 31, 2017, the District's proportion was 0.13150 percent, which was an increase of 0.03238 percent from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the District recognized pension expense of (\$78,851). At December 31, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 136,429	\$ 2,096
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	64,235
Changes of Assumptions or Other Inputs	28,503	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	1,780	49,975
District Contributions Subsequent to the Measurement Date	78,488	-
Total	<u>\$ 245,200</u>	<u>\$ 116,306</u>

\$78,488 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30</u>	<u>Deferred Amounts</u>
2019	\$ 16,609
2020	13,683
2021	(13,618)
2022	(23,744)
2023	14,292
Thereafter	43,184
Total	<u>\$ 50,406</u>

**BENNETT FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 7 STATE FIRE AND POLICE PENSION PLANS (CONTINUED)

Actuarial assumptions. The total pension liability in the December 31, 2017 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*	7.5%
Projected Salary Increases	4.0 - 14.0%
Cost of Living Adjustments (COLA)	0.0%
*Includes Inflation at	2.5%

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

The 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, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	37.0%	8.33 %
Equity Long/Short	9.0%	7.15
Illiquid Alternatives	24.0%	9.70
Fixed Income	15.0%	3.00
Absolute Return	9.0%	6.46
Managed Futures	4.0%	6.85
Cash	2.0%	2.26
Totals	<u>100.0%</u>	

**BENNETT FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 7 STATE FIRE AND POLICE PENSION PLANS (CONTINUED)

Discount Rate

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

Sensitivity of the District's Proportionate Share of the Net Pension Liability (Asset) 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 percent, as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.5%)	1% Increase (8.50%)
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 205,966	\$ (189,185)	\$ (517,307)

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>.

Changes between the measurement date of the net pension asset and December 31, 2018

The FPPA Board completed an actuarial experience study and approved changes to the actuarial assumptions effective January 1, 2019. The inflation assumption will remain at 2.5%. The investment return assumption will be reduced from 7.5% to 7.0% to reflect the reduced real return expected from recent capital market data. The reduction in the investment return assumption will increase the total pension liability.

Deferred Compensation Plan

The District has two deferred compensation plans created in accordance with Internal Revenue Code Section 457 in which employees can participate. The plans allow employees to defer a portion of their salary until future years. The first plan is administered by FPPA and participation in the plan is optional for all firefighting employees.

In 2012, the District started a second deferred compensation plan which is administered by Lincoln Financial Group. The plan was primarily established for administrative personnel not covered by FPPA. For the year ended December 31, 2018 and December 31, 2017, the District contributed \$1,534 and \$897, respectively, into the plan for administrative personnel, with a continuing 1.8% matching contribution in future years. Any other full-time employees who are covered by FPPA can participate in this plan with no matching funds from the District.

**BENNETT FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 8 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to volunteers; or acts of God. The District maintains commercial insurance coverage for all risks of loss. The District did not have any claim settlements in excess of coverage for each of the past three years.

NOTE 9 COMMITMENTS AND CONTINGENCIES

State Grants

Under the terms of state grants, periodic audits may be required, and certain costs may be questioned as not being appropriate expenditures. Such audits could lead to reimbursements to the grantor agencies. The District's management is not aware of any wrongful spending for which they would have to reimburse the grantor agencies for expenditures.

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.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

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

On November 4, 1997, a majority of the District's electors authorized the District to collect, retain and expend, without imposing any new taxes or increases in its present mill levy on general property, the full revenue generated by its existing mill levy (6.257 mills), nonfederal grants, fees and any other excess revenue commencing January 1, 1996 and each subsequent year, notwithstanding any state restriction on Fiscal Year Spending, including without limitation, the restrictions of Article X, Section 20 of the Colorado Constitution and spent as voter approved revenue changes and an exception to the limits which would otherwise apply for (a) equipment purchase, repair and maintenance, (b) capital improvements, and (c) District services, without limiting in any year the amount of other revenue that may be collected and spent by the District.

**BENNETT FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 9 COMMITMENTS AND CONTINGENCIES (CONTINUED)

On October 14, 1999, the Division of Local Government reviewed the District's November 1997 election question and found the language of the ballot question sufficient to waive the 5.5% property tax revenue limitation.

On May 6, 2008, a majority of the District's electors authorized the District to increase the existing mill levy by 2.650 mills, to provide fire, rescue, emergency medical and other emergency services, resulting in a total District mill levy rate exclusive of refunds, abatements or debt service, not to exceed 8.907 mills and authorized the District to collect, retain and spend the tax revenue collected from such total property tax rate, and all other revenue received from any source; commencing with taxes payable January 1, 2009, and continuing thereafter.

On November 7, 2017, a majority of the District's electors authorized the District to increase the existing mill levy by a rate up to 4.093 mills, resulting in a total District mill levy rate exclusive of refunds, abatements or debt service, not to exceed 13.000 mills through ballot issue No. 4D. The revenue therefrom would be used to pay the District's operating, maintenance and other expenses, including personnel costs necessary to improve the District's public and life safety-related services; commencing with taxes payable January 1, 2018; as a voter-approved revenue change, offset and exception to the limits which would otherwise apply under Article X, Section 20 of the Colorado Constitution (TABOR), or any other law, and as a permanent waiver of the 5.5% limitation under Section 29-1-301, C.R.S.

NOTE 10 SUBSEQUENT EVENT

On December 26, 2018, the District signed a master equipment lease agreement for the lease of fire equipment in the amount of \$272,475. As of December 31, 2018, the agreement had not been signed by the lessor. As a result, the equipment has not been capitalized and no liability is recorded as of December 31, 2018. It is anticipated that the agreement will be entered into during fiscal year 2019.

NOTE 11 ECONOMIC DEPENDENCY

The District currently receives property tax revenue from two counties – Adams and Arapahoe. For Adams County, one taxpayer comprises over 20% of the County's total taxable assessed valuation. Loss of this taxpayer to the County would greatly reduce the taxable assessed valuation, thus reducing the amount of property tax revenue received by the District from the County.

REQUIRED SUPPLEMENTARY INFORMATION

**BENNETT FIRE PROTECTION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED DECEMBER 31, 2018**

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 2,373,803	\$ 2,370,287	\$ (3,516)
Specific Ownership Taxes	120,000	204,328	84,328
Interest	5,000	34,337	29,337
Emergency Medical Services	160,000	151,413	(8,587)
Outside Fleet Maintenance Income	15,000	52,722	37,722
Other	5,000	143,352	138,352
Total Revenues	2,678,803	2,956,439	277,636
EXPENDITURES			
Administration	99,500	84,990	14,510
Payroll and Human Resources	1,853,933	1,639,104	214,829
Facilities	219,100	159,112	59,988
Health and Safety	3,205	2,719	486
Operations	182,300	195,679	(13,379)
Training	36,000	25,307	10,693
Public Relations	8,700	11,551	(2,851)
Volunteer Reimbursement	15,000	7,280	7,720
Annual Banquet	11,000	10,894	106
Technology	28,450	13,103	15,347
Testing	12,300	10,999	1,301
Fleet	113,000	115,433	(2,433)
Miscellaneous	10,000	12,260	(2,260)
Insurance Reimbursement	-	27,736	(27,736)
Elections	8,000	8,292	(292)
Legal and Accounting	83,500	80,894	2,606
Contribution to Volunteers' Pension Fund	10,000	10,000	-
VFIS Volunteer Payments	14,000	13,110	890
Capital Lease	82,000	81,952	48
Capital Outlay	522,500	205,169	317,331
Total Expenditures	3,312,488	2,715,584	596,904
EXCESS REVENUE OVER (UNDER)			
EXPENDITURES	(633,685)	240,855	874,540
NET CHANGE IN FUND BALANCE			
Fund Balance - Beginning	1,488,067	1,599,561	111,494
FUND BALANCE - ENDING	\$ 854,382	\$ 1,840,416	\$ 986,034

**BENNETT FIRE PROTECTION DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY (ASSET)
FIRE AND POLICE PENSION ASSOCIATION STATEWIDE DEFINED BENEFIT PLAN
LAST FIVE FISCAL YEARS**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Pension Liability (Asset)	0.132%	0.099%	0.085%	0.088%	0.084%
District's Proportionate Share of the Net Pension Liability (Asset)	(189,185)	35,816	(1,506)	(98,816)	(75,244)
District's Covered Payroll	981,100	769,195	507,287	414,188	393,747
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(19.3%)	4.7%	(0.3%)	(23.9%)	(19.1%)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	106.30%	98.21%	100.10%	106.80%	105.80%

* The amounts presented for each fiscal year were determined as of December 31 based on the measurement date of the Plan. Covered payroll is presented based on the fiscal year. Information earlier than 2014 was not available.

**BENNETT FIRE PROTECTION DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
FIRE AND POLICE PENSION ASSOCIATION STATEWIDE DEFINED BENEFIT PLAN
LAST TEN FISCAL YERAS**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Contractually Required Contribution	\$ 78,488	\$ 61,535	\$ 40,583	\$ 33,135	\$ 31,500	\$ 29,239	\$ 28,836	\$ 19,849	\$ 14,874	\$ 12,908
Contributions in Relation to the Contractually Required Contribution	<u>78,488</u>	<u>61,535</u>	<u>40,583</u>	<u>33,135</u>	<u>31,500</u>	<u>29,239</u>	<u>28,836</u>	<u>19,849</u>	<u>14,874</u>	<u>12,908</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 981,100	\$ 769,195	\$ 507,287	\$ 414,188	\$ 393,747	\$ 365,486	\$ 360,450	\$ 248,113	\$ 185,925	\$ 161,350
Contributions as a Percentage of Covered Payroll	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%

*The amounts for each fiscal year were determined as of December 31.

**BENNETT FIRE PROTECTION DISTRICT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
FIRE AND POLICE PENSION ASSOCIATION VOLUNTEER PENSION FUND
LAST FOUR FISCAL YEARS**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014*</u>
Total Pension Liability				
Service Cost	\$ 8,996	\$ 4,981	\$ 4,981	\$ 4,459
Interest	58,078	35,247	35,300	38,845
Changes in Benefit Terms	-	275,148	-	-
Differences Between Expected and Actual Experience	-	24,933	-	(61,344)
Changes of Assumptions	-	16,782	-	-
Benefit Payments, Including Refunds of Employee Contributions	<u>(57,590)</u>	<u>(51,794)</u>	<u>(30,561)</u>	<u>(28,455)</u>
Net Change in Total Pension Liability	9,484	305,297	9,720	(46,495)
Total Pension Liability - Beginning of Year	<u>798,236</u>	<u>492,939</u>	<u>483,219</u>	<u>529,714</u>
Total Pension Liability - End of Year	<u>807,720</u>	<u>798,236</u>	<u>492,939</u>	<u>483,219</u>
Plan Fiduciary Net Position				
Contributions - Employer	10,000	10,000	10,000	10,000
Net Investment Income	131,274	47,591	16,354	57,947
Benefit Payments, Including Refunds of Employee Contributions	(57,590)	(51,794)	(30,561)	(28,455)
Administrative Expenses	(10,873)	(1,693)	(3,728)	(1,718)
State of Colorado Supplemental Discretionary Payment	9,000	9,000	9,000	9,000
Net Change in Plan Fiduciary Net Position	<u>81,811</u>	<u>13,104</u>	<u>1,065</u>	<u>46,774</u>
Plan Fiduciary Net Position - Beginning of Year	<u>920,029</u>	<u>906,925</u>	<u>905,860</u>	<u>859,086</u>
Plan Fiduciary Net Position - End of Year	<u>1,001,840</u>	<u>920,029</u>	<u>906,925</u>	<u>905,860</u>
Net Pension Liability (asset) - End of Year	<u>\$ (194,120)</u>	<u>\$ (121,793)</u>	<u>\$ (413,986)</u>	<u>\$ (422,641)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	124.03%	115.26%	183.98%	187.46%
Covered Payroll	N/A	N/A	N/A	N/A
County's Net Pension Liability as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A

*Information prior to 2014 is unavailable.

**BENNETT FIRE PROTECTION DISTRICT
SCHEDULE OF PENSION CONTRIBUTIONS
FIRE AND POLICE PENSION ASSOCIATION VOLUNTEER PENSION FUND
LAST TEN FISCAL YEARS**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially Determined Contribution	\$ 19,000	\$ 19,000	\$ 19,000	\$ 19,000	\$ 19,000	\$ 19,000	\$ 28,000	\$ 38,000	\$ 38,000	\$ 38,000
Contributions in Relation to the Actuarially Determined Contribution	19,000	19,000	19,000	19,000	19,000	19,000	28,000	38,000	\$ 38,000	\$ 38,000
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule:

Valuation Date:

Actuarially determined contribution rates are calculated as of January 1 of add numbered years. The contribution rates have a one-year lag, so the actuarial valuation as of January 1, 2015 determines the contribution amounts for 2016 and 2017.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open*
Remaining Amortization Period	20 Years*
Asset Valuation Method	5-Year Smoothed Fair Value
Inflation	3.0%
Salary Increases	N/A
Investment Rate of Return	7.50%
Retirement Age	50% Per Year of Eligibility until 100% at Age 65.
Mortality	Pre-Retirement: RP-2000 Combined Mortality Table with Blue Collar Adjustment, 40% multiplier for off-duty mortality. Post-retirement: RP-2000 Combined Mortality Table, with Blue Collar Adjustment. Disabled: RP-2000 Disabled Mortality Table. All tables projected with Scale AA.

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

SUPPLEMENTARY INFORMATION

**BENNETT FIRE PROTECTION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – CAPITAL EXPANSION FUND
YEAR ENDED DECEMBER 31, 2018**

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Development Fees	\$ -	\$ 110,854	\$ 110,854
Interest	50	49	(1)
Total Revenues	<u>50</u>	<u>110,903</u>	<u>110,853</u>
EXPENDITURES			
Contingency	41,359	-	41,359
Capital Outlay	-	79,897	(79,897)
Total Expenditures	<u>41,359</u>	<u>79,897</u>	<u>(38,538)</u>
EXCESS REVENUE OVER (UNDER) EXPENDITURES	(41,309)	31,006	72,315
NET CHANGE IN FUND BALANCE	(41,309)	31,006	72,315
Fund Balance - Beginning	<u>41,309</u>	<u>44,232</u>	<u>2,923</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ 75,238</u>	<u>\$ 75,238</u>

STATISTICAL INFORMATION

**BENNETT FIRE PROTECTION DISTRICT
SUMMARY OF ASSESSED VALUATION, MILL LEVY, AND
PROPERTY TAXES COLLECTED (UNAUDITED)
DECEMBER 31, 2018**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Tax Levy	Mills Levied	Total Property Taxes		Percent Collected to Levied
			Levied	Collected Currently	
	(1)				
2014	\$ 132,170,750	8.907	\$ 1,177,245	\$ 1,178,393	100.10%
2015	149,866,557	8.907	1,334,861	1,306,759	97.89%
2016	207,057,662	8.907	1,844,263	1,791,938	97.16%
2017	194,865,584	9.063	1,766,067	1,747,350	98.94%
2018	182,010,853	13.041	2,373,604	2,368,060	99.77%
Estimated for the Year Ending December 31, 2019	\$ 191,744,893	13.012	\$ 2,494,985		

NOTE:

Property taxes collected in any one year include collection of delinquent property taxes levied and/or abatements of valuations in prior years. Information received from the County Treasurers does not permit identification of specific year of assessment.

- (1) On October 14, 1999, the Division of Local Government reviewed the District's November 1997 election question and found the language of the ballot question sufficient to waive the 5.5% property tax revenue limitation.