

**BOULDER RURAL FIRE PROTECTION DISTRICT**

**BASIC FINANCIAL STATEMENTS**

**December 31, 2018**

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## **FINANCIAL SECTION**



## JOHN CUTLER & ASSOCIATES

Board of Directors  
Boulder Rural Fire Protection District  
Boulder, Colorado

### INDEPENDENT AUDITORS' REPORT

#### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Boulder Rural Fire Protection District, as of and for the year ended December 31, 2018, 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.

#### Auditor's Responsibility

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

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

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

#### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Boulder Rural Fire Protection District, as of December 31, 2018, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison and pension information on pages 29-33 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, are 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.

*John Cutler & Associates, LLC*

July 31, 2019

**Boulder Rural Fire Protection District  
Management's Discussion and Analysis  
For the Year Ended December 31, 2018**

This section of the annual financial report offers readers of the Boulder Rural Fire Protection District's (the "District") financial statements management's discussion and analysis of the District's financial performance during the year ended December 31, 2018. 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 1988 by a number of citizens concerned about fire protection for their homes and businesses. The predominant fund approach for the District was comprised of two basic funds - the General Fund and a Volunteer Firefighters' Pension Fund.

On May 7, 1995 the taxpayers approved a ballot question to remove the TABOR limits that were imposed on the District in 1992. In May 1995, the voters approved a 2.0 mill increase to hire the District's first full-time career firefighters and on May 2, 2006, the voters approved a mill levy increase of 4.0 mills. In November 2015, the voters approved a mill levy increase of 4.0 mills. The final mill levy for the District was set at 15.747 mills for 2018.

**Financial Highlights**

- The District's net position increased \$1,659,523 or 31.69% during 2018.
- General revenues account for \$4,552,531 or 97.63% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital contributions accounted for \$110,355 or 2.37% of total revenues of \$4,662,886.
- The District had \$3,003,363 in expenses related to governmental activities; only \$110,355 of these expenses were offset by program specific charges for services and operating grants and contributions. General revenues, property and specific ownership taxes of \$4,489,349 plus \$63,182 in interest and other revenues were used to provide for these programs.
- The District had asset additions of \$56,810 during 2018. The District had asset disposals of \$15,735 during 2018.
- The District had outstanding long-term debt of \$253,562 at year-end.

**Boulder Rural Fire Protection District  
Management's Discussion and Analysis  
For the Year Ended December 31, 2018**

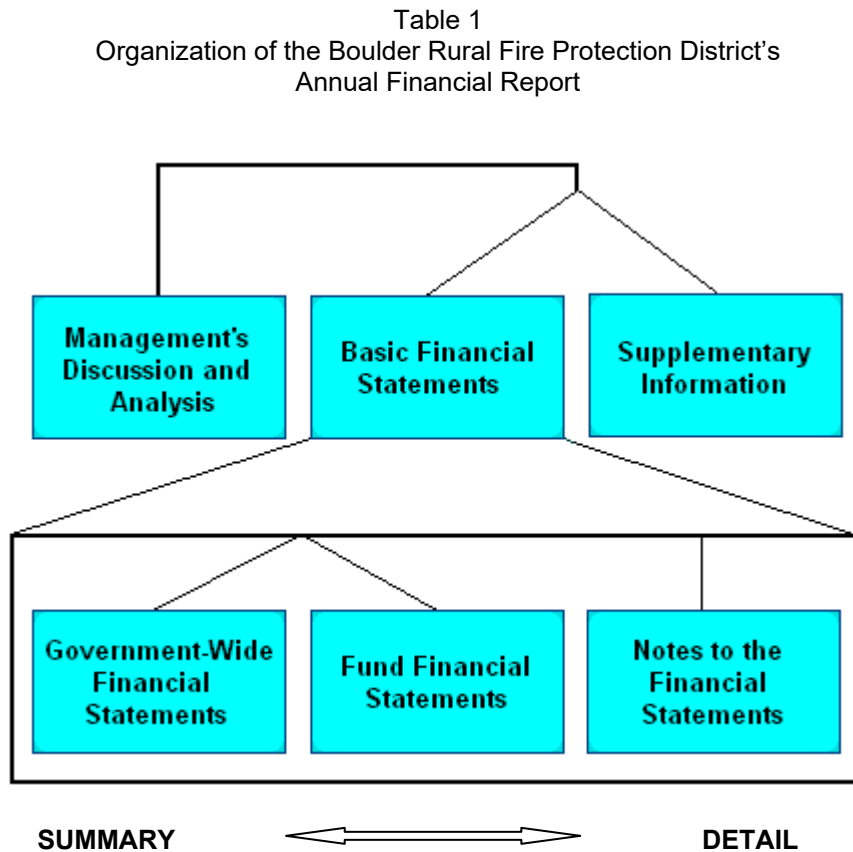
**Overview of the Financial Statements**

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

- The first two 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 district-wide statements.
- The governmental funds statements tell 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 and other supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

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



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Table 2 below, 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 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	Fund Financial Statements
		Governmental Funds
Scope	Entire District (except fiduciary funds)	The activities of the District which are not proprietary or fiduciary.
Required Financial Statements	Statement 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, deferred outflows of resources, liabilities and deferred inflows of resources, 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, deferred outflows of resources, liabilities and deferred inflows of resources. 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.

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The *statement of net position* presents information on all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, 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, the reader needs 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 two categories: governmental funds and fiduciary funds.

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus 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 fund 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 Boulder Rural Fire 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 balance for the general fund which is considered a major fund.

The basic governmental fund financial statements can be found on pages 3-5 of this report.

**Boulder Rural Fire Protection District  
Management's Discussion and Analysis  
For the Year Ended December 31, 2018**

**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 6-28 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*. This includes the required general fund budgetary comparison schedule, the schedule of funding progress, and the other supplementary information is budgetary comparison schedule for the volunteer firefighters' pension fund.

**Financial Analysis of the District as a Whole**

**Net Position and Changes in Net Position**

The District's combined net position was greater on December 31, 2018, than it was the year before, increasing by 31.69% to \$5,260,646. This increase in the District's financial position came from its governmental activities. Table 3 provides a summary of the District's net position at December 31:

**Table 3  
Condensed Statement of Net Position**

	2018	2017
<b>Assets</b>		
Current assets	\$ 8,204,085	\$ 6,805,028
Net pension asset	312,322	
Capital assets, net	5,218,449	5,456,712
<b>Total assets</b>	<b>13,734,856</b>	<b>12,261,740</b>
Deferred outflows of resources	682,031	651,061
<b>Liabilities</b>		
Current liabilities	129,508	177,840
Noncurrent liabilities	2,769,255	3,191,934
<b>Total liabilities</b>	<b>2,898,763</b>	<b>3,369,774</b>
Deferred inflows of resources	4,621,354	4,305,780
<b>Net position</b>		
Net investment in capital assets	3,541,502	3,438,221
Restricted	139,000	125,036
Unrestricted	3,216,268	1,673,990
<b>Total net position at December 31,</b>	<b>\$ 6,896,770</b>	<b>\$ 5,237,247</b>

**Boulder Rural Fire Protection District  
Management's Discussion and Analysis  
For the Year Ended December 31, 2018**

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  
Condensed Statement of Activities**

	2018	2017
<b><u>Revenues</u></b>		
Program revenues		
Charges for services	\$ 80,655	\$ 130,818
Operating grants & contributions	29,700	51,764
General revenues		
Property taxes and specific ownership	4,489,349	3,963,988
Earnings on investments	48,736	5,924
Other	14,446	15,359
<b>Total revenues</b>	<b>4,662,886</b>	<b>4,167,853</b>
<b><u>Expenses</u></b>		
Personnel	1,806,103	2,244,330
Administration	378,693	260,848
Office expenses	22,046	5,502
Operations	652,860	745,002
Training	34,202	36,907
Interest on long-term debt	109,459	134,594
<b>Total expenses</b>	<b>3,003,363</b>	<b>3,427,183</b>
<b>Increase in net position</b>	<b>\$ 1,659,523</b>	<b>\$ 740,670</b>

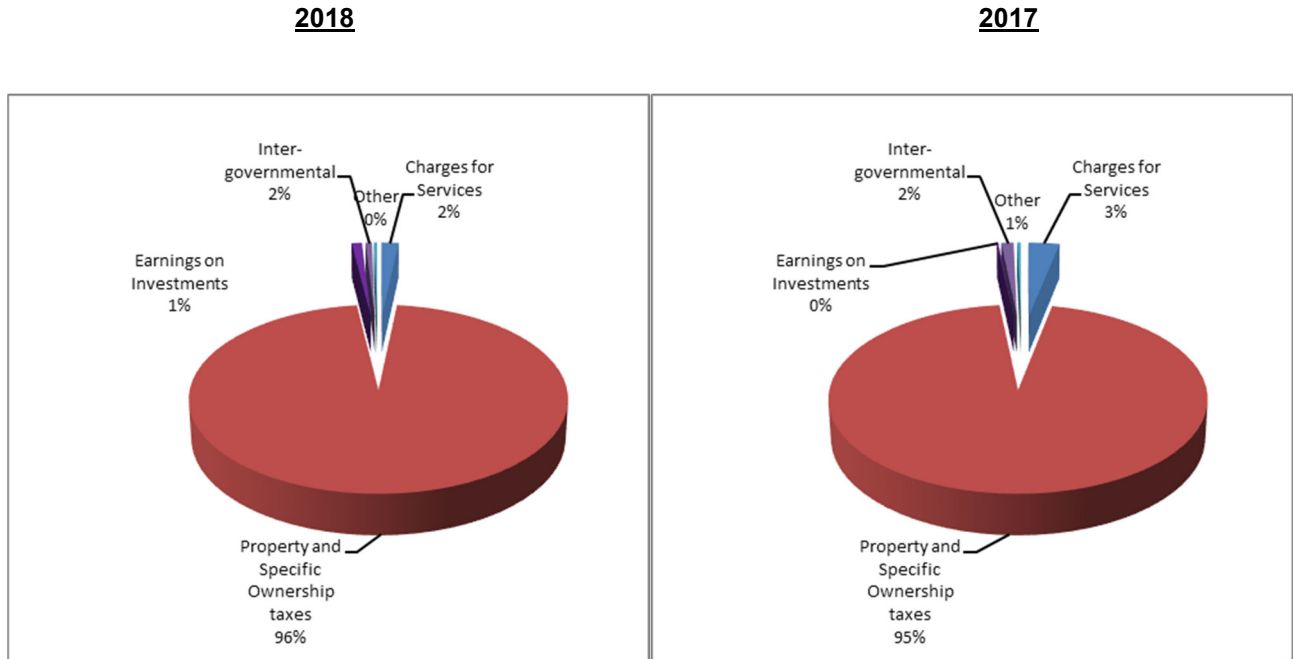
Property and specific ownership taxes account for most of the District's revenue, contributing about 97.63 cents for every dollar raised (see Table 5) displayed on the following page. Another 1.73 cents came from charges for services with the remainder from operating grants and contributions, earnings on investments and miscellaneous sources.

The District expenses predominantly relate to fire protection and emergency medical services, which includes administration, firefighting, prevention, communication, and vehicle and facility maintenance. Given that the District is a service organization providing fire protection, the majority of the expenses are for salaries and related employee benefits.

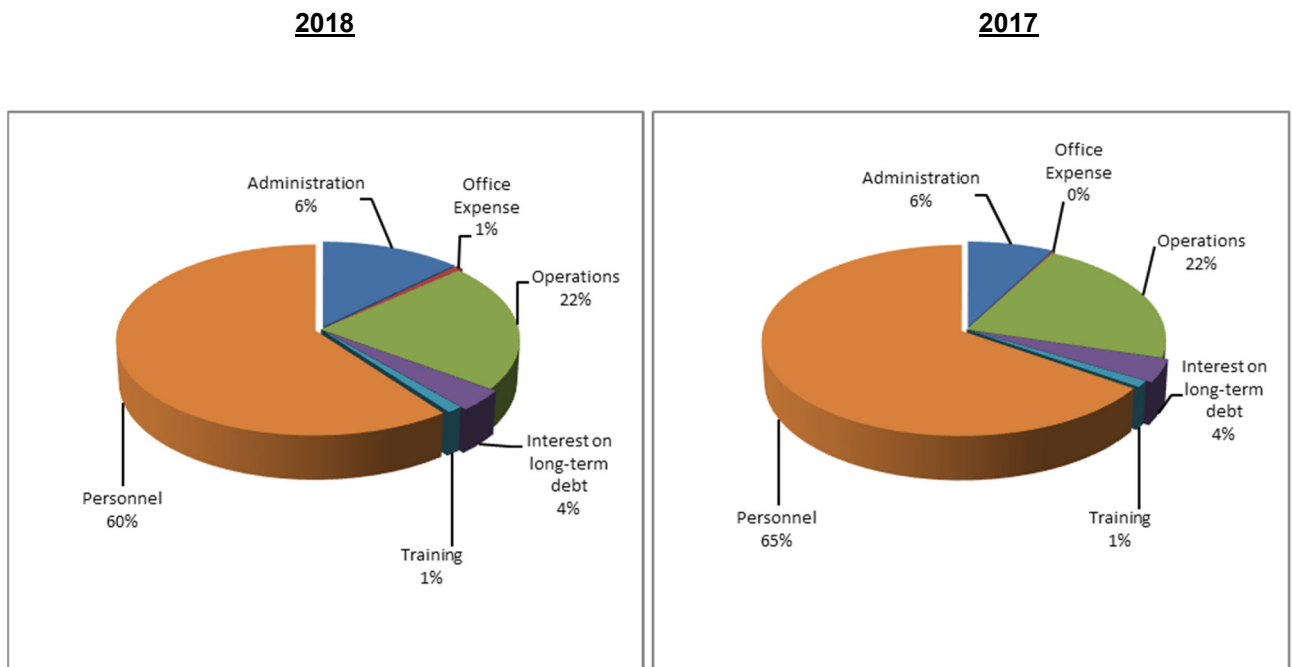
**Boulder Rural Fire Protection District  
Management's Discussion and Analysis  
For the Year Ended December 31, 2018**

Detailed below in Tables 5 and 6 are charts displaying revenues by sources and expenses by program for the total District.

**Table 5  
Sources of Revenues**



**Table 6  
Expenses**



**Boulder Rural Fire Protection District  
Management's Discussion and Analysis  
For the Year Ended December 31, 2018**

**Governmental Activities**

The increase in net position for governmental activities was \$1,659,523 for 2018.

The governmental funds monitor cash resources and expenditures. Capital outlay for 2018 was \$56,810. There were capital disposals of (\$15,735) in 2018.

As reflected on the reconciliation of general fund revenues and expenditures to the government-wide statement of activities (page 5), the net difference between capital outlays and depreciation expenses was \$(238,263) for 2018.

The statement of activities shows the cost of program services and the related charges for services and grants offsetting those costs. Table 7 reflects each program's total cost and net cost of services. That is, it identifies the cost of these services supported by unrestricted property taxes.

**Table 7  
Net Cost of Governmental Activities**

	Total Cost of Services	Net Cost of Services
Personnel	\$ 1,806,103	\$ 1,776,403
Administration	378,693	362,442
Office expense	22,046	22,046
Operations	652,860	588,456
Training	34,202	34,202
Interest on long-term debt	109,459	109,459
<b>Total</b>	<b>\$ 3,003,363</b>	<b>\$ 2,893,008</b>

**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 - personnel, administration, office expense, operations, and training. The general fund also provides for such other items as insurance, utilities, and other 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 earnings on investments, grants, charges for services, and miscellaneous revenues. The primary projects or program efforts for establishing needed funding during 2018 were:

1. Salaries and benefits for all existing full-time personnel of the District.
2. Normal operational costs of the District.

**Boulder Rural Fire Protection District  
Management's Discussion and Analysis  
For the Year Ended December 31, 2018**

**General Fund Budgetary Highlights**

The District's budget is prepared according to Colorado law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. The District's budget for the general fund anticipated that revenues combined with other financing sources would equal expenditures with no change in fund balance. Actual results for the year show a \$1,459,313 increase in fund balance.

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
- Administration
- Office Expense
- Operations
- Training

The District must maintain a 3% emergency reserve as a part of the TABOR Amendment (Taxpayer Bill of Rights). At December 31, 2018 the District's TABOR reserve amounted to \$139,000.

**Capital Assets and Debt Administration**

**Capital Assets**

By the end of 2018, the District had invested \$5,218,449, net of accumulated 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 decrease of \$238,263 or 4.4% from last year. Additional information on the District's capital assets can be found in Note 4 to the financial statements. Total depreciation expense for the year was \$295,073.

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

	Activities		% of Change 2018-2017
	2018	2017	
Land	\$ 450,000	\$ 450,000	0.0%
Buildings and improvements	4,282,452	4,431,086	-3.4%
Vehicles	151,226	239,668	-36.9%
Equipment	334,771	335,958	-0.4%
<b>Total</b>	<b>\$ 5,218,449</b>	<b>\$ 5,456,712</b>	

**Boulder Rural Fire Protection District  
Management's Discussion and Analysis  
For the Year Ended December 31, 2018**

**Long-Term Debt**

**Table 9  
Outstanding Long-Term Debt**

	Total Fire District		% of Change 2018-2017
	2018	2017	
Governmental activities:	\$ 1,779,845	\$ 2,018,491	-11.8%
Accrued compensated absences	102,898	58,148	77.0%
<b>Total</b>	<b>\$ 1,882,743</b>	<b>\$ 2,076,639</b>	

During 2018, the District did not issue any new debt. Colorado Revised Statute 32-1-1101(6) 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.

**Defined Benefit Pension Plans**

***Volunteer Pension Plan***

At December 31, 2018 the District reported a Net Pension Liability for the Volunteer Pension Plan of \$886,512. This amount represents the present value of projected future benefits to volunteers based on their past service, less the current assets in the plan.

$$\text{Present Value of Future Benefits} - \text{Plan Assets} = \text{Net Pension Liability}/(\text{Asset})$$

When reviewing the plan, the Actuarial determines the annual contribution required to meet the future liability. At December 31, 2018, the District's actuarially determined contribution ("ADC") to the Volunteer Firefighter Pension Plan was \$91,738. Actual contributions in 2018 totaled \$109,200, \$17,462 in excess of the ADC. The District's most recent actuarial study indicated that the current levels of contributions to the plan are adequate to support the present plan. Should the District continue to contribute at a rate above the ADC, the plan will be fully funded earlier than necessary.

More information on the Volunteer Firefighter's Pension Plan can be found in Note 6 (pages 16-21).

***Statewide Defined Benefit Pension Plan***

In 2018, based on information in the actuarial study, FPPA reported a Net Pension Asset in the Statewide Defined Benefit Plan ("SWDB") Plan of \$1,439,272 of which the District's proportionate share (0.217%) was \$312,322. The net pension asset reported means that, based on current actuarial assumptions, assets of the plan exceed the present value of future payments. This number is reevaluated annually to ensure contributions are strong enough to meet future obligations.

The SWDB Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. Employer contribution rates for the SWDB Plan are set by state statute. Member contribution rates can be amended by state statute or election of the membership. In 2018, members 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.

**Boulder Rural Fire Protection District  
Management's Discussion and Analysis  
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More information on the Statewide Defined Benefit Pension Plan can be found in Note 6 (pages 21-28).

**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 Boulder Rural Fire Protection District at 6230 Lookout Road, Boulder, Colorado 80301.

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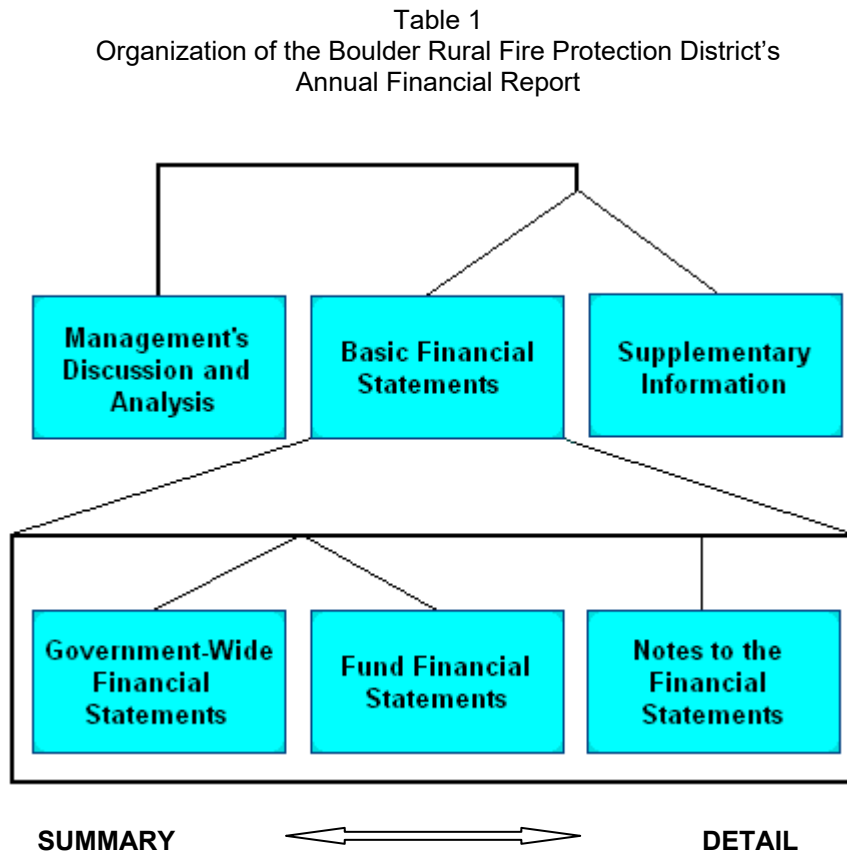
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**Financial Analysis of the District as a Whole**

**Net Position and Changes in Net Position**

The District's combined net position was greater on December 31, 2018, than it was the year before, increasing y 31.69% to \$5,260,646. This increase in the District's financial position came from its governmental activities. Table 3 provides a summary of the District's net position at December 31:

**Table 3  
Condensed Statement of Net Position**

	2018	2017
<b>Assets</b>		
Current assets	\$ 8,204,085	\$ 6,805,028
Net pension asset	312,322	
Capital assets, net	5,218,449	5,456,712
<b>Total assets</b>	<b>13,734,856</b>	<b>12,261,740</b>
Deferred outflows of resources	682,031	651,061
<b>Liabilities</b>		
Current liabilities	129,508	177,840
Noncurrent liabilities	2,769,255	3,191,934
<b>Total liabilities</b>	<b>2,898,763</b>	<b>3,369,774</b>
Deferred inflows of resources	4,621,354	4,305,780
<b>Net position</b>		
Net investment in capital assets	3,541,502	3,438,221
Restricted	139,000	125,036
Unrestricted	3,216,268	1,673,990
<b>Total net position at December 31,</b>	<b>\$ 6,896,770</b>	<b>\$ 5,237,247</b>

**Boulder Rural Fire Protection District  
Management's Discussion and Analysis  
For the Year Ended December 31, 2018**

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  
Condensed Statement of Activities**

	2018	2017
<b><u>Revenues</u></b>		
Program revenues		
Charges for services	\$ 80,655	\$ 130,818
Operating grants & contributions	29,700	51,764
General revenues		
Property taxes and specific ownership	4,489,349	3,963,988
Earnings on investments	48,736	5,924
Other	14,446	15,359
<b>Total revenues</b>	<b>4,662,886</b>	<b>4,167,853</b>
<b><u>Expenses</u></b>		
Personnel	1,806,103	2,244,330
Administration	378,693	260,848
Office expenses	22,046	5,502
Operations	652,860	745,002
Training	34,202	36,907
Interest on long-term debt	109,459	134,594
<b>Total expenses</b>	<b>3,003,363</b>	<b>3,427,183</b>
<b>Increase in net position</b>	<b>\$ 1,659,523</b>	<b>\$ 740,670</b>

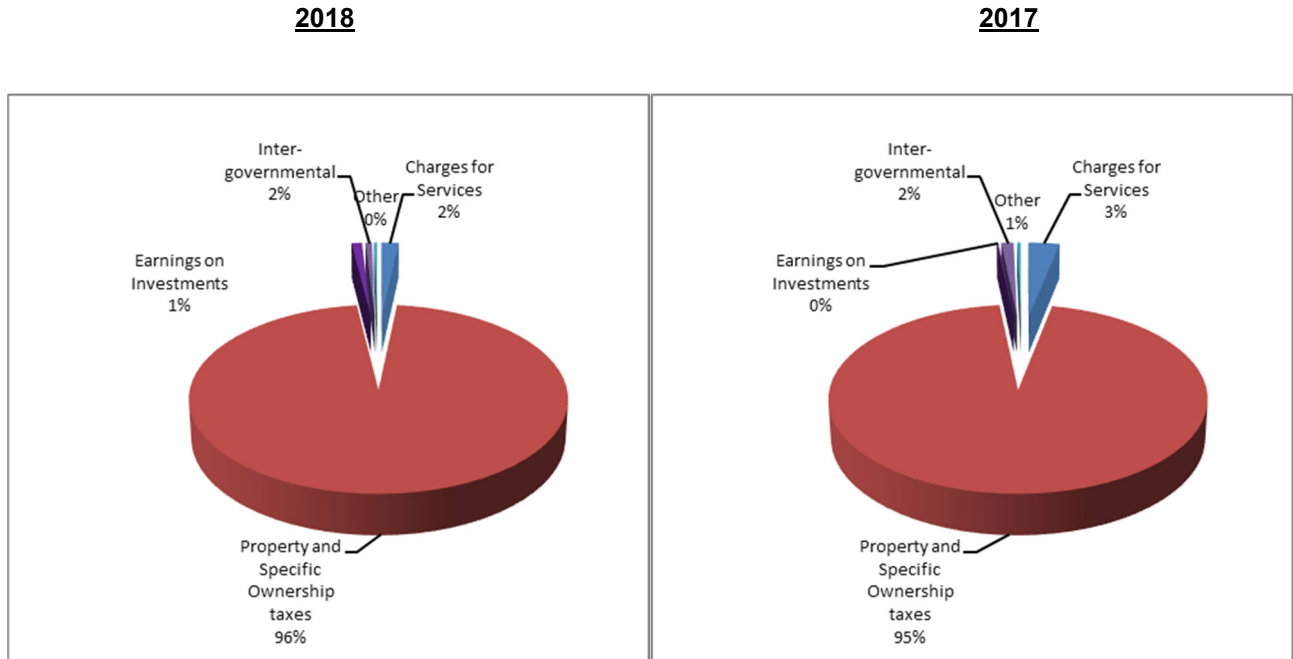
Property and specific ownership taxes account for most of the District's revenue, contributing about 97.63 cents for every dollar raised (see Table 5) displayed on the following page. Another 1.73 cents came from charges for services with the remainder from operating grants and contributions, earnings on investments and miscellaneous sources.

The District expenses predominantly relate to fire protection and emergency medical services, which includes administration, firefighting, prevention, communication, and vehicle and facility maintenance. Given that the District is a service organization providing fire protection, the majority of the expenses are for salaries and related employee benefits.

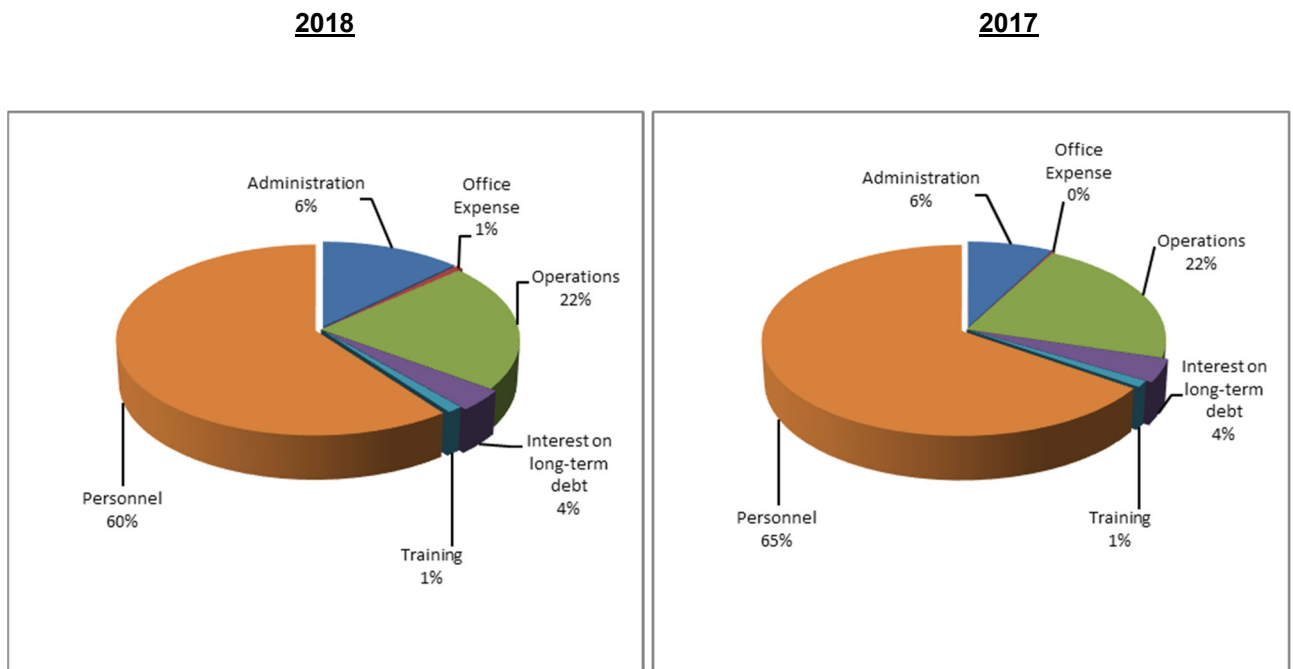
**Boulder Rural Fire Protection District  
Management's Discussion and Analysis  
For the Year Ended December 31, 2018**

Detailed below in Tables 5 and 6 are charts displaying revenues by sources and expenses by program for the total District.

**Table 5  
Sources of Revenues**



**Table 6  
Expenses**



**Boulder Rural Fire Protection District  
Management's Discussion and Analysis  
For the Year Ended December 31, 2018**

**Governmental Activities**

The increase in net position for governmental activities was \$1,659,523 for 2018.

The governmental funds monitor cash resources and expenditures. Capital outlay for 2018 was \$56,810. There were capital disposals of (\$15,735) in 2018.

As reflected on the reconciliation of general fund revenues and expenditures to the government-wide statement of activities (page 5), the net difference between capital outlays and depreciation expenses was \$(238,263) for 2018.

The statement of activities shows the cost of program services and the related charges for services and grants offsetting those costs. Table 7 reflects each program's total cost and net cost of services. That is, it identifies the cost of these services supported by unrestricted property taxes.

**Table 7  
Net Cost of Governmental Activities**

	Total Cost of Services	Net Cost of Services
Personnel	\$ 1,806,103	\$ 1,776,403
Administration	378,693	362,442
Office expense	22,046	22,046
Operations	652,860	588,456
Training	34,202	34,202
Interest on long-term debt	109,459	134,594
<b>Total</b>	<b>\$ 3,003,363</b>	<b>\$ 2,893,008</b>

**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 - personnel, administration, office expense, operations, and training. The general fund also provides for such other items as insurance, utilities, and other 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 earnings on investments, grants, charges for services, and miscellaneous revenues. The primary projects or program efforts for establishing needed funding during 2018 were:

1. Salaries and benefits for all existing full-time personnel of the District.
2. Normal operational costs of the District.

**Boulder Rural Fire Protection District  
Management's Discussion and Analysis  
For the Year Ended December 31, 2018**

**General Fund Budgetary Highlights**

The District's budget is prepared according to Colorado law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. The District's budget for the general fund anticipated that revenues combined with other financing sources would equal expenditures with no change in fund balance. Actual results for the year show a \$1,459,313 increase in fund balance.

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
- Administration
- Office Expense
- Operations
- Training

The District must maintain a 3% emergency reserve as a part of the TABOR Amendment (Taxpayer Bill of Rights). At December 31, 2018 the District's TABOR reserve amounted to \$139,000.

**Capital Assets and Debt Administration**

**Capital Assets**

By the end of 2018, the District had invested \$5,218,449, net of accumulated 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 decrease of \$238,263 or 4.4% from last year. Additional information on the District's capital assets can be found in Note 4 to the financial statements. Total depreciation expense for the year was \$295,073.

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

	Activities		% of Change 2018-2017
	2018	2017	
Land	\$ 450,000	\$ 450,000	0.0%
Buildings and improvements	4,282,452	4,431,086	-3.4%
Vehicles	151,226	239,668	-36.9%
Equipment	334,771	335,958	-0.4%
<b>Total</b>	<b>\$ 5,218,449</b>	<b>\$ 5,456,712</b>	

**Boulder Rural Fire Protection District  
Management's Discussion and Analysis  
For the Year Ended December 31, 2018**

***Long-Term Debt***

**Table 9  
Outstanding Long-Term Debt**

	Total Fire District		% of Change 2018-2017
	2018	2017	
Governmental activities:	\$ 1,779,845	\$ 2,018,491	-11.8%
Accrued compensated absences	102,898	58,148	-77.0%
<b>Total</b>	<b>\$ 1,882,743</b>	<b>\$ 2,076,639</b>	

During 2018, the District did not issue any new debt. Colorado Revised Statute 32-1-1101(6) 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.

**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 Boulder Rural Fire Protection District at 6230 Lookout Road, Boulder, Colorado 80301.

## **BASIC FINANCIAL STATEMENTS**

## BOULDER RURAL FIRE PROTECTION DISTRICT

## STATEMENT OF NET POSITION

As of December 31, 2018

	<u>Governmental Activities</u>
ASSETS	
Cash and Investments	\$ 3,870,799
Receivables	
Property Taxes	4,260,238
Accounts	63,809
Prepaid Items	9,239
Net Pension Asset - SWDB Pension	312,322
Capital Assets, not depreciated	450,000
Capital Assets, depreciated, net of accumulated depreciation	<u>4,768,449</u>
 TOTAL ASSETS	 <u>13,734,856</u>
DEFERRED OUTFLOWS OF RESOURCES	
Related to Volunteer Pension	103,426
Related to SWDB Pension	<u>578,605</u>
 TOTAL DEFERRED OUTFLOWS OF RESOURCES	 <u>682,031</u>
LIABILITIES	
Accounts Payable	46,467
Accrued Expenses	41,326
Accrued Interest	41,715
Noncurrent Liabilities	
Accrued Compensated Absences	102,898
Due within One Year	253,562
Due in More Than One Year	1,526,283
Net Pension Liability - Volunteer Pension	<u>886,512</u>
 TOTAL LIABILITIES	 <u>2,898,763</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Property Tax Revenue	4,260,238
Related to Volunteer Pension	30,314
Related to SWDB Pension	<u>330,802</u>
 TOTAL DEFERRED INFLOWS OF RESOURCES	 <u>4,621,354</u>
NET POSITION	
Net Investment in Capital Assets	3,541,502
Restricted for Emergencies	139,000
Unrestricted	<u>3,216,268</u>
 TOTAL NET POSITION	 <u>\$ 6,896,770</u>

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

BOULDER RURAL FIRE PROTECTION DISTRICT

STATEMENT OF ACTIVITIES  
Year Ended December 31, 2018

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>PRIMARY GOVERNMENT</b>					
<b>Governmental Activities</b>					
Personnel Services	\$ 1,806,103	\$ -	\$ 29,700	\$ -	\$ (1,776,403)
Administration	378,693	16,251	-	-	(362,442)
Office Expense	22,046	-	-	-	(22,046)
Operations	652,860	64,404	-	-	(588,456)
Training	34,202	-	-	-	(34,202)
Interest on Long-term Debt	109,459	-	-	-	(109,459)
Total Governmental Activities	<u>\$ 3,003,363</u>	<u>\$ 80,655</u>	<u>\$ 29,700</u>	<u>\$ -</u>	(2,893,008)
GENERAL REVENUES					
					4,261,305
					228,044
					48,736
					14,446
					<u>4,552,531</u>
					CHANGE IN NET POSITION
					1,659,523
					NET POSITION, Beginning
					<u>5,237,247</u>
					NET POSITION, Ending
					<u>\$ 6,896,770</u>

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

BOULDER RURAL FIRE PROTECTION DISTRICT

BALANCE SHEET  
GOVERNMENTAL FUNDS  
As of December 31, 2018

	GOVERNMENTAL FUNDS
ASSETS	
Cash and Investments	\$ 3,870,799
Property Taxes Receivable	4,260,238
Accounts Receivable	63,809
Prepaid Expenses	9,239
TOTAL ASSETS	<u>\$ 8,204,085</u>
LIABILITIES	
Accounts Payable	\$ 46,467
Accrued Expenses	41,326
TOTAL LIABILITIES	<u>87,793</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Property Tax Revenue	<u>4,260,238</u>
FUND BALANCE	
Fund Balance	
Nonspendable	9,239
Restricted for Emergencies	139,000
Unassigned	<u>3,707,815</u>
TOTAL FUND BALANCE	<u>3,856,054</u>
Amounts reported for governmental activities in the statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	5,218,449
Long-term liabilities are not due and payable in the current period and are not reported in the funds. These include the Capital Lease Payable (\$1,779,845), Accrued Interest (\$41,715), Net Pension Asset \$312,322, Net Pension Liability (\$886,512), Deferred Outflows Related to Pensions \$682,031, Deferred Inflows Related to Pensions (\$361,116), and Accrued Compensated Absences (\$102,898).	<u>(2,177,733)</u>
Net Position of governmental activities	<u>\$ 6,896,770</u>

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

BOULDER RURAL FIRE PROTECTION DISTRICT

STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
Year Ended December 31, 2018

	GOVERNMENTAL FUNDS
REVENUES	
Property Taxes	4,261,305
Specific Ownership Taxes	228,044
Intergovernmental	29,700
Charges for Services	80,655
Interest	48,736
Miscellaneous	14,446
	<hr/>
TOTAL REVENUES	4,662,886
	<hr/>
EXPENDITURES	
General Government	
Personnel Services	2,000,243
Administration	367,683
Office Expense	22,046
Operations	357,787
Training	34,202
Debt Service	
Principal	238,646
Interest	126,156
Capital Outlay	56,810
	<hr/>
TOTAL EXPENDITURES	3,203,573
	<hr/>
NET CHANGE IN FUND BALANCES	1,459,313
	<hr/>
FUND BALANCES, Beginning	2,396,741
	<hr/>
FUND BALANCES, Ending	3,856,054
	<hr/> <hr/>

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

BOULDER RURAL FIRE PROTECTION DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
Year Ended December 31, 2018

Amounts Reported for Governmental Activities in the Statement of Activities  
are Different Because:

Net Changes in Fund Balances - Total Governmental Funds	\$ 1,459,313
Difference in insurance expense reflected on the statement of activities and not in the statement of revenues, expenditures and changes in fund balance due to the change in prepaid insurance.	(11,010)
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. This is the amount by which depreciation expense (\$295,073), exceeded capital outlay \$56,810, for the current period.	(238,263)
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of Net Position. These include payments on the capital lease \$238,646, change in accrued interest \$16,697, and change in compensated absences (\$44,750).	210,593
Deferred Charges related to pension are not recognized in the governmental funds. However, for the government-wide funds that amount is capitalized and amortized.	<u>238,890</u>
Change in Net Position of Governmental Activities	<u><u>\$ 1,659,523</u></u>

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

BOULDER RURAL FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Boulder Rural Fire Protection District (the “District”) is organized under the provisions of Section 32-1-305 (6) of the Colorado Revised Statutes (“CRS”). It is a quasi-municipal corporation and a political subdivision of the State of Colorado with all powers thereof which includes the power to levy taxes against property within the District.

The accounting policies of the Boulder Rural Fire Protection District conform to accounting principles generally accepted in the United States of America as applicable to governmental units. Following is a summary of the more significant policies:

**Reporting Entity**

In accordance with governmental accounting standards, the Boulder Rural Fire Protection District has considered the possibility of inclusion of additional entities in its financial statements.

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 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 to impose specific financial burdens on, the District. The District may also be financially accountable for organizations that are fiscally dependent upon it.

Based upon the application of these criteria, no organizations are includable within the District’s reporting entity.

**Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District does not report any *business-type activities*.

BOULDER RURAL FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Government-Wide and Fund Financial Statements** (Continued)

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 collected 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.

Property taxes, specific ownership taxes, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be 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.

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

BOULDER RURAL FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**  
(Continued)

In the fund financial statements, the District reports the following major governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources and activities of the District.

**Cash and Investments**

Cash equivalents include investments with original maturities of three months or less. Investments are recorded at fair value.

**Accounts Receivable**

Receivables consist of amounts due from other governments. An allowance for doubtful accounts is not necessary as they have been fully collected in the succeeding year.

**Capital Assets**

Capital Assets include property 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 two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property and equipment of the District is depreciated using the straight-line method over the following estimated useful lives:

Buildings and Improvements	30 years
Machinery and Equipment	5 - 10 years
Vehicles	10 - 25 years

BOULDER RURAL FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Long-Term Obligations**

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the governmental activities fund type statement of net position.

The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Net Position**

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

*Net Investment in Capital Assets* includes the District's capital assets (net of accumulated depreciation) reduced by the outstanding balances of bonds that are attributable to the acquisition, construction, or improvement of those assets.

*Restricted Net Position* includes assets that have third-party (statutory, bond covenant, or granting agency) limitations on their use. The District typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a future project.

*Unrestricted Net Position* typically includes unrestricted liquid assets. The Board has the authority to revisit or alter this designation.

**Fund Balance Classification**

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable** – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District classifies Prepaid Expenses as nonspendable as these items are not expected to be converted to cash within the next year.

BOULDER RURAL FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Net Position** (Continued)

- **Restricted** – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies.
- **Committed** – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District does not have any committed fund balance as of December 31, 2018.
- **Unassigned** – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The District would typically use restricted fund balances first, followed by committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources.

**Compensated Absences**

Employees of the District are allowed to accumulate unused vacation and sick time. Upon termination of employment with the District, an employee may be compensated for accrued vacation and sick time at the current rate of pay. Personal leave benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services rendered and it is probable that the District will compensate the employees for the benefits earned. Upon termination of employment from the District, an employee will be compensated for all accrued vacation and compensatory time at their current rate of pay. In addition, sick leave is paid out on a three-for-one basis (i.e., three sick days for one day's pay) for certain eligible employees.

BOULDER RURAL FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position and balance sheets 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 and fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to the liabilities, the statement of financial position and balance sheets will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position and fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

**Property Taxes**

Property taxes are levied on November 1 and attach as an enforceable lien on property on January 1. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The County Treasurer's office collects property taxes and remits to the District on a monthly basis.

Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred revenue are recorded at December 31. As the tax is collected in the succeeding year, the deferred revenue is recognized as revenue and the receivable is reduced.

**Comparative Data**

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. However, complete comparative data in accordance with generally accepted accounting principles has not been presented since its inclusion would make the financial statements unduly complex and difficult to read.

Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

BOULDER RURAL FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

**NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgets and Budgetary Accounting**

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- In October, District Management submits to the Board of Directors a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally enacted through passage of a resolution.
- Any revisions that alter the total expenditures of any fund must be approved by the Board of Directors.
- Budgets are legally adopted for all funds of the District on a basis consistent with generally accepted accounting principles (GAAP).
- Budgeted amounts in the financial statements are as originally adopted or as amended by the Board of Directors. All appropriations lapse at year end.

**NOTE 3: DEPOSITS AND INVESTMENTS**

A summary of deposits and investments as of December 31, 2018 follows:

Petty Cash	\$	549
Cash Deposits		3,739,695
Investments		<u>130,555</u>
Total	\$	<u><b>3,870,799</b></u>

BOULDER RURAL FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

**NOTE 3:**      **DEPOSITS AND INVESTMENTS** (Continued)

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. 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 regulations. At December 31, 2018, State regulatory commissioners have indicated that all financial institutions holding deposits for the District are eligible public depositories. 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.

The District has no policy regarding custodial credit risk for deposits.

At December 31, 2018, the District had deposits with financial institutions with a carrying amount of \$3,739,695. The bank balances with the financial institutions were \$3,755,058. Of these balances \$250,000 was covered by federal depository insurance and \$3,505,058 was covered by collateral held by authorized escrow agents in the financial institutions name (PDPA).

**Investments**

Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Colorado statutes specify in which instruments the units of local government may invest which includes:

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

The above investments are authorized for all funds and fund types used by Colorado municipalities.

BOULDER RURAL FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

**NOTE 3: DEPOSITS AND INVESTMENTS** (Continued)

Local Government Investment Pool

The District had invested \$130,555 in the Colorado Government Liquid Asset Trust (ColoTrust) which has a credit rating of AAAM by Standard and Poor's. ColoTrust is an investment vehicle established for local government entities in Colorado to pool surplus funds and is regulated by the State Securities Commissioner. It operates similarly to a money market fund and each share is equal in value to \$1.00. Investments consist of U.S. Treasury and U.S. Agency securities, and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the entities.

ColoTrust is not a 2a7-like external investment pool. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. The government-investor does not "look through" the pool to report a pro rata share of the pool's investments, receivables, and payables.

**NOTE 4: CAPITAL ASSETS**

Capital assets activity for the year ended December 31, 2018, is summarized below:

	Balances <u>12/31/17</u>	<u>Additions</u>	<u>Deletions</u>	Balances <u>12/31/18</u>
<b>Governmental Activities</b>				
Capital Assets, not depreciated				
Land	\$ 450,000	\$ -	\$ -	\$ 450,000
Capital Assets, depreciated				
Buildings and Improvements	5,569,235	-	-	5,569,235
Machinery and Equipment	599,936	56,810	15,735	641,011
Vehicles	<u>1,786,992</u>	<u>-</u>	<u>-</u>	<u>1,786,992</u>
Total Capital Assets, depreciated	<u>7,956,163</u>	<u>56,810</u>	<u>15,735</u>	<u>7,997,238</u>
Less Accumulated Depreciation				
Buildings and Improvements	1,138,149	148,634	-	1,286,783
Machinery and Equipment	263,978	57,997	15,735	306,240
Vehicles	<u>1,547,324</u>	<u>88,442</u>	<u>-</u>	<u>1,635,766</u>
Total Accumulated Depreciation	<u>2,949,451</u>	<u>295,073</u>	<u>15,735</u>	<u>3,228,789</u>
Total Capital Assets, depreciated, Net	<u>5,006,712</u>	<u>(238,263)</u>	<u>-</u>	<u>4,768,449</u>
Governmental Activities, Capital Assets, Net	<u>\$ 5,456,712</u>	<u>\$ (238,263)</u>	<u>\$ -</u>	<u>\$ 5,218,449</u>

Depreciation expense was charged to the Operations on the Statement of Activities.

BOULDER RURAL FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

**NOTE 5: LONG-TERM DEBT**

Following is a summary of long-term debt transactions for the governmental activities for the year ended December 31, 2018.

	Balance <u>12/31/17</u>	<u>Additions</u>	<u>Payments</u>	Balance <u>12/31/18</u>	Due In <u>One Year</u>
Capital Lease Obligation	\$ 2,018,491	\$ -	\$ 238,646	\$ 1,779,845	\$ 253,562
Compensated Absences	<u>58,148</u>	<u>151,530</u>	<u>106,780</u>	<u>102,898</u>	<u>-</u>
Total	<u>\$ 2,076,639</u>	<u>\$ 151,530</u>	<u>\$ 345,426</u>	<u>\$ 1,882,743</u>	<u>\$ 253,562</u>

**Capital Lease Obligation**

In January 2010, the District executed the Lease and Purchase Option Agreement with a financial institution for proceeds totaling \$3,600,000. The proceeds of the lease were used for the purchase of land, and construction of a new facility. The initial lease term expired on December 31, 2010. The lease may be renewed, at the discretion of the District, for additional one-year lease terms, for up to a total of fourteen renewal periods, with a bargain purchase option at the conclusion of the lease. Management anticipates that the capital lease will be renewed annually through the year ending December 31, 2024. Interest on the lease has been imputed at a rate of 6.5% per annum, and payments are due annually each July 15<sup>th</sup>.

**Future Debt Service Requirements**

Annual debt service requirements for the bonds at December 31, 2018, are as follows.

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 253,562	\$ 111,240	\$ 364,802
2020	269,409	95,393	364,802
2021	286,247	78,555	364,802
2022	304,138	60,664	364,802
2023	323,146	41,656	364,802
2024	<u>343,343</u>	<u>21,459</u>	<u>364,802</u>
Total Debt Service Requirements	<u>\$ 1,779,845</u>	<u>\$ 308,967</u>	<u>\$ 2,188,812</u>

BOULDER RURAL FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

**NOTE 6: DEFINED BENEFIT PENSION PLANS**

**Volunteer Firefighters' Pension Plan**

**Summary of Significant Accounting Policies**

The District has established the Volunteer Firefighters' Pension Plan (the "Volunteer Plan"), an agent multiple-employer defined benefit pension fund administered by the Colorado Fire & Police Pension Association ("FPPA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the Volunteer Plan have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**General Information about the Pension Plan**

*Plan Description.* Any firefighter who has both attained the age of fifty and completed twenty years of active service shall be eligible for a monthly pension. Additionally, any firefighter that has reached the age of fifty with at least ten years of service will receive a pension benefit that is prorated for years of creditable volunteer service between 10 and 20 years. A firefighter who is disabled in the line of duty and whose disability is of such character and magnitude as to deprive the firefighter of earning capacity and extends beyond one year, shall be compensated in an amount determined by the Pension Board. The Plan also provides for a lump-sum burial benefit upon the death of an active or retired firefighter. Spouses of deceased firefighters may receive benefits as authorized by State statute. FPPA issues an annual, publicly-available financial report that includes the assets of the Volunteer Plan. That report may be obtained on FPPA's website at <http://www.fppaco.org>.

*Funding Policy.* An actuary is used to determine the annual required contribution ("ARC") necessary to maintain the actuarial soundness of the Plan. Colorado law requires the State to make an annual contribution to the Plan. Because the District's monthly benefit amount is over \$300, the State's annual contribution is calculated as the highest State contribution made between 1998 and 2001. The District makes an additional contribution to support the plan.

The actuarial study as of January 1, 2017, indicated that the current levels of contributions to the fund are adequate to support on an actuarially sound basis the prospective benefits for the present Plan.

Contributions to the Plan from the District were \$79,500 and from the State of Colorado were \$29,700 for the year ended December 31, 2018.

BOULDER RURAL FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2018

**NOTE 6: DEFINED BENEFIT PENSION PLANS** (Continued)

**Volunteer Firefighters' Pension Plan** (Continued)

**Employees Covered by Benefit Terms**

A summary of the current eligible active employees and retirees currently receiving benefit payments is outlined below:

Retirees and Beneficiaries	30
Inactive, Nonretired Members	4
Active Members	<u>7</u>
Total	<u><u>41</u></u>

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

At December 31, 2018, the District reported a liability of \$886,512. The net pension liability was measured as of December 31, 2017 and was determined by an actuarial valuation as of January 1, 2017. Standard update procedures were used to roll forward the total pension liability to December 31, 2018.

For the year ended December 31, 2018 the District recognized pension income of \$85,529.

At December 31, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	N/A	N/A
Net difference between projected and actual earnings on pension plan investments	\$23,926	\$30,314
Change in assumptions and other inputs	N/A	N/A
Contributions subsequent to the measurement date	\$79,500	N/A
Total	\$103,426	\$30,314

BOULDER RURAL FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2018

**NOTE 6: DEFINED BENEFIT PENSION PLANS** (Continued)

**Volunteer Firefighters' Pension Plan** (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (Continued)

\$79,500 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 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:

<b>Year ended December 31,</b>	
2019	\$3,755
2020	\$2,202
2021	(\$4,765)
2022	(\$7,580)
2023	-

*Actuarial assumptions:* Method, 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	3.00%
Salary Increases:	N/A
Investment Rate of Return:	7.50%
Retirement Age:	50% per year of eligibility until 100% at age 65.
Mortality:	<b>Pre-retirement:</b> RP-2000 Combined Mortality Table with Blue Collar Adjustment, 40% multiplier for off-duty mortality. <b>Post-retirement:</b> RP-2000 Combined Mortality Table, with Blue Collar Adjustment. <b>Disabled:</b> RP-2000 Disabled Mortality. 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.

BOULDER RURAL FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

**NOTE 6: DEFINED BENEFIT PENSION PLANS** (Continued)

**Volunteer Firefighters' Pension Plan** (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (Continued)

*Assumption Changes:* The assumptions shown above pertain to the actuarial valuation as of January 1, 2015 and the associated Actuarially Determined Contribution for the year ending December 31, 2016. Following a regularly scheduled experience study in 2015, the Board adopted a new assumption set for first use in the January 1, 2016 valuations. Due to the biennial valuation process, the new assumptions will first apply to the January 1, 2017 Volunteer valuations.

The primary changes, which can be observed in the January 1, 2017 valuation, as compared to the assumptions shown are as follows:

Inflation                      2.50%

Mortality                      **Pre-retirement:** RP-2014 Mortality Tables for Blue Collar Employees, projected with Scale BB, 55% multiplier for off-duty mortality. Increased by 0.00020 for on-duty related Fire and Police experience.

**Post-retirement:** For ages less than 55, RP-2014 Mortality Tables for Blue Collar Employees. For ages 65 and older, RP-2014 Mortality Tables for Blue Collar Healthy Annuitants. For ages 55 through 64, a blend of the previous tables. All tables are projected with Scale BB.

**Disabled:** RP-2014 Disabled Generational Mortality Table generationally projected with Scale BB with a minimum 3% rate for males and 2% for females.

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.

BOULDER RURAL FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2018

**NOTE 6: DEFINED BENEFIT PENSION PLANS** (Continued)

**Volunteer Firefighters' Pension Plan** (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (Continued)

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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.0%	2.26%
Fixed Income	15.0%	3.00%
Managed Futures	4.0%	6.85%
Absolute Return	9.0%	6.46%
Long Short	9.0%	7.15%
Global Public Equity	37.0%	8.33%
Private Capital	24.0%	9.70%
Total	100.0%	

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

*Changes in the Net Pension Liability*

	<b>Increase/(Decrease)</b>		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (a) – (b)
Balances at 1/1/2018	\$ 1,559,099	\$ 532,918	\$ 1,026,181
Changes for the year:			
Contributions - Employer	-	159,000	(159,000)
Service Cost	7,502	-	7,502
Interest on the total pension liability	112,362	-	112,362
Net investment income	-	79,639	(79,639)
Benefit Payments	(131,611)	(131,611)	-
Pension plan administrative expense	-	(8,806)	8,806
State of Colorado – Supplemental Discretionary Payment	-	29,700	(29,700)
<b>Balances at 12/31/2018</b>	<b>\$ 1,547,352</b>	<b>\$ 660,840</b>	<b>\$ 886,512</b>

BOULDER RURAL FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

**NOTE 6: DEFINED BENEFIT PENSION PLANS** (Continued)

**Volunteer Firefighters' Pension Plan** (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (Continued)

*Sensitivity of the District's net pension asset to changes in the discount rate.* The following presents the net pension asset calculated using the discount rate of 7.50 percent, as well as the net pension 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 (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension asset	\$1,033,621	\$886,512	\$761,802

*FPPA System Description.* The Fire & Police Pension Association administers an agent multiple-employer Public Employee Retirement System (PERS). The PERS represents the assets of numerous separate plans that have been pooled for investment purposes. The pension plans have elected to affiliate with FPPA for plan administration and investment only.

FPPA issues a publicly available comprehensive annual financial report that can be obtained at <http://www.fppaco.org>

**Statewide Defined Benefit Pension Plan**

**Summary of Significant Accounting Policies**

*Pensions.* The District contributes to the Statewide Defined Benefit Pension Plan ("SWDB Plan"), a cost-sharing multiple employer defined benefit pension plan, which is administered by the FPPA. The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the SWDB Plan have been determined using the economic resources measurement focus and the accrual basis of accounting. Assets of the SWDB Plan are commingled for investment purposes in the Fire and Police Member's Benefit Fund.

BOULDER RURAL FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

**NOTE 6: DEFINED BENEFIT PENSION PLANS** (Continued)

**Statewide Defined Benefit Pension Plan** (Continued)

**General Information about the Pension Plan**

*Plan description.* The SWDB Plan provides retirement benefits for members and beneficiaries according to plan provisions as enacted and governed by FPPA's Pension Fund Board of Trustees. Colorado Revised Statutes ("CRS"), as amended, establishes basic benefit provisions under the SWDB Plan. FPPA issues an annual, publicly-available financial report that includes the assets of the SWDB Plan. That report may be obtained on FPPA's website at <http://www.fppaco.org>.

*Benefits provided.* 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 SWDB 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 after completion of 30 years of service or attainment of age 50 with at least five years of credited 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 a least five years of accredited service may leave contributions with the SWDP 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 SWDB Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. Contribution rates for the SWDB Plan are set by state statute. Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or election of the membership.

BOULDER RURAL FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

**NOTE 6: DEFINED BENEFIT PENSION PLANS** (Continued)

**Statewide Defined Benefit Pension Plan** (Continued)

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

Members of the SWDB Plan and their employers are contributing 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 from members and employers of departments reentering the system are established by resolution and approved by the FPPA Board of Directors. The re-entry group has a combined contribution rate of 20.5 percent of base salary in 2015. It is a local decision as to whether the member or employer pays the additional 4 percent contribution. Per the 2014 member election, the re-entry group will also have their required member contribution rate increase 0.5 percent annually beginning in 2015 through 2022 for a total combined member and employer contribution rate of 24 percent in 2022.

The contribution rate for members and employers of affiliated social security employers is 4.75 and 4 percent, respectively, of base salary for a total contribution rate of 8.5 percent in 2016. Per the 2014 member election, members of the affiliate social security group will have their required contribution rate increase 0.25 percent annually beginning in 2015 through 2022 to a total of 6 percent of base salary. Employer contributions will remain at 4 percent resulting in a combined contribution rate of 10 percent in 2022.

At December 31, 2018, the District reported an asset in the amount of \$312,322 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 January 1, 2017. Standard update procedures were used to roll forward the total pension liability to December 31, 2018. The District's proportion of the net pension asset was based on the District's contributions to the SWDB Plan for the calendar year 2017 relative to the total contributions of participating employers to the SWDB Plan.

At December 31, 2017, the District's proportion was 0.21709%, which was a decrease of 0.02953% from its proportion measured as of December 31, 2016.

BOULDER RURAL FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2018

**NOTE 6: DEFINED BENEFIT PENSION PLANS** (Continued)

**Statewide Defined Benefit Pension Plan** (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (Continued)

For the year ended December 31, 2018 the District recognized pension income of \$68,598. At December 31, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$225,229	\$3,461
Net difference between projected and actual earnings on pension plan investments	\$211,737	\$317,781
Changes in proportion and differences between contributions recognized and proportionate share of contributions	\$9,820	\$9,560
Change in assumptions and other inputs	\$47,056	N/A
Contributions subsequent to the measurement date	\$84,763	N/A
Total	\$578,605	\$330,802

\$84,763 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended December 31</b>	
2019	\$ 24,568
2020	\$ 24,568
2021	\$ 24,568
2022	(\$ 46,011)
Thereafter	\$ 135,347

*Actuarial assumptions.* The actuarial valuations for the SWBP were used to determine the total pension liability and actuarially determined contributions for the fiscal year ending December 31, 2017. The valuations used the following actuarial assumptions and other inputs:

BOULDER RURAL FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2018

**NOTE 6: DEFINED BENEFIT PENSION PLANS** (Continued)

**Statewide Defined Benefit Pension Plan** (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and  
Deferred Inflows of Resources Related to Pensions** (Continued)

Total Pension Liability:

Actuarial Valuation Date	January 1, 2018
Actuarial Method	Entry Age Normal
Amortization Method	Level % of Payroll, Open
Amortization Period	30 Years
Long-term investment Rate of Return*	7.50 percent
Projected salary increases*	4.0 – 14.0 percent
Cost of Living Adjustments (COLA)	0.00 percent
*Includes Inflation at 2.5%	

Actuarially Determined Contributions:

Actuarial Valuation Date	January 1, 2017
Actuarial Method	Entry Age Normal
Amortization Method	Level % of Payroll, Open
Amortization Period	30 Years
Long-term investment Rate of Return*	7.50 percent
Projected salary increases*	4.0 – 14.0 percent
Cost of Living Adjustments (COLA)	0.00 percent
*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.

BOULDER RURAL FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2018

**NOTE 6: DEFINED BENEFIT PENSION PLANS** (Continued)

**Statewide Defined Benefit Pension Plan** (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (Continued)

At least every five years the Fire & Police Pension Association's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2015 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the Fire & Police Pension Association's actuaries, Gabriel, Roeder, Smith & Co., based upon their analysis of past experience and expectations of the future.

The assumption changes were effective for actuarial valuations beginning January 1, 2018 and were used in the roll-forward calculation of the total pension liability as of December 31, 2017. Actuarial assumptions effective for actuarial valuations prior to January 1, 2017 were used in the determination of the actuarially determined contributions as of December 31, 2017. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

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 (assumed at 2.5%). 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:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Global Equity	37.0%	8.33%
Equity Long/Short	9.0%	7.15%
Illiquid Alternatives	24.0%	9.7%
Fixed Income	15.0%	3.0%
Absolute Return	9.0%	6.46%
Managed Futures	4.0%	6.85%
Cash	2.0%	2.26%
Total	100.0%	

BOULDER RURAL FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2018

**NOTE 6: DEFINED BENEFIT PENSION PLANS** (Continued)

**Statewide Defined Benefit Pension Plan** (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (Continued)

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

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.31% (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 7.50%.

*Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.* Regarding the sensitivity of the net asset liability/(asset) to changes in the Single Discount Rate, the following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.50%, as well as what the plan's net pension liability/(asset) would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension liability (asset)	\$340,025	(\$312,322)	(\$854,012)

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

BOULDER RURAL FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

**NOTE 6: DEFINED BENEFIT PENSION PLANS** (Continued)

**Statewide Defined Benefit Pension Plan** (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (Continued)

*Subsequent Event:* 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% which will increase the cost of pension benefits. The change in the investment return assumption reflects the reduced real return expectations from recent capital market data.

**NOTE 7: 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.

**NOTE 8: COMMITMENTS AND CONTINGENCIES**

Claims and Judgments - The District participates in a number of federal, state, and local programs that are fully or partially funded by grants received from other governmental units. Expenses financed by grants are subject to audit by the appropriate grantor government. If expenses are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. The District believes that disallowed expenses, if any, would not have a material effect on the overall financial position of the District.

TABOR Amendment - Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government. The Amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the Amendment. The District has established an emergency reserve, representing 3% of fiscal year spending (excluding debt service), as required by the Amendment. At December 31, 2018, the emergency reserve of \$139,000 was recorded in the General Fund.

**REQUIRED SUPPLEMENTAL INFORMATION**

## BOULDER RURAL FIRE PROTECTION DISTRICT

GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
Year Ended December 31, 2018

	2018		VARIANCE Positive (Negative)
	ORIGINAL AND FINAL BUDGET	ACTUAL	
REVENUES			
Property Taxes	\$ 4,277,849	\$ 4,261,305	\$ (16,544)
Specific Ownership Taxes	213,892	228,044	14,152
Intergovernmental	65,025	29,700	(35,325)
Charges for Services	53,183	80,655	27,472
Interest	905	48,736	47,831
Miscellaneous	22,235	14,446	(7,789)
	<u>4,633,089</u>	<u>4,662,886</u>	<u>29,797</u>
TOTAL REVENUES			
EXPENDITURES			
General Government			
Personnel Services	2,471,150	2,000,243	470,907
Administration	399,258	367,683	31,575
Office Expense	64,434	22,046	42,388
Operations	480,695	357,787	122,908
Training	110,355	34,202	76,153
Debt Service			
Principal	622,643	238,646	383,997
Interest	-	126,156	(126,156)
Capital Outlay	1,250,600	56,810	1,193,790
Contingency	19,480	-	19,480
	<u>5,418,615</u>	<u>3,203,573</u>	<u>2,215,042</u>
TOTAL EXPENDITURES			
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(785,526)</u>	<u>1,459,313</u>	<u>2,244,839</u>
OTHER FINANCING SOURCES			
Proceeds from Capital Lease	1,138,000	-	(1,138,000)
CHANGE IN FUND BALANCE	352,474	1,459,313	1,106,839
FUND BALANCE, Beginning	<u>1,853,177</u>	<u>2,396,741</u>	<u>543,564</u>
FUND BALANCE, Ending	<u>\$ 2,205,651</u>	<u>\$ 3,856,054</u>	<u>\$ 1,650,403</u>

See the accompanying independent auditors' report.

BOULDER RURAL FIRE PROTECTION DISTRICT

SCHEDULE OF PENSION CONTRIBUTIONS  
VOLUNTEER FIREFIGHTERS' PENSION PLAN

<u>FY Ending December 31</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution*</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Actual Contribution as a % of Covered Payroll</u>
2009	104,890	97,700	7,190	N/A	N/A
2010	109,200	109,200	-	N/A	N/A
2011	109,200	109,200	-	N/A	N/A
2012	111,214	109,200	2,014	N/A	N/A
2013	113,200	123,851	(10,651)	N/A	N/A
2014	106,841	109,200	(2,359)	N/A	N/A
2015	112,746	109,200	3,546	N/A	N/A
2016	91,738	109,200	(17,462)	N/A	N/A
2017	91,738	109,200	(17,462)	N/A	N/A
2018	91,738	109,200	(17,462)	N/A	N/A

\*Includes both employer and State of Colorado Supplementary Discretionary Payment

See the accompanying independent auditors' report.

## BOULDER RURAL FIRE PROTECTION DISTRICT

SCHEDULE OF CHANGES IN NET PENSION LIABILITY/(ASSET) AND RELATED RATIOS  
VOLUNTEER FIREFIGHTERS' PENSION PLAN

Measurement Period Ending December 31,	2014	2015	2016	2017
<b>Total Pension Liability</b>				
Service Cost	\$ 11,491	\$ 8,559	\$ 8,559	\$ 7,502
Interest on the Total Pension Liability	114,355	109,263	108,201	112,362
Benefit Changes	-	-	-	-
Difference Between Expected and Actual Experiences	(57,353)	-	17,113	-
Assumption Changes	-	-	54,661	-
Benefit Payments	(139,150)	(130,600)	(133,413)	(131,611)
Net Change in Total Pension Liability	(70,657)	(12,778)	55,121	(11,747)
Total Pension Liability - Beginning	1,587,413	1,516,756	1,503,978	1,559,099
Total Pension Liability - Ending	\$ 1,516,756	\$ 1,503,978	\$ 1,559,099	\$ 1,547,352
<b>Plan Fiduciary Net Position</b>				
Employer Contribution	\$ 79,500	\$ 79,500	\$ -	\$ 159,000
Pension Plan Net Investment Income	37,265	10,983	27,813	79,639
Benefit Payments	(139,150)	(130,600)	(133,413)	(131,611)
Pension Plan Administrative Expenses	(1,278)	(1,590)	(1,134)	(8,806)
State of Colorado Supplemental Discretionary Payment	29,700	29,700	29,700	29,700
Net Change in Plan Fiduciary Net Position	6,037	(12,007)	(77,034)	127,922
Plan Fiduciary Net Position - Beginning	615,922	621,959	609,952	532,918
Plan Fiduciary Net Position - Ending	621,959	609,952	532,918	660,840
Net Pension Liability/(Asset)	\$ 894,797	\$ 894,026	\$ 1,026,181	\$ 886,512
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	41.01%	40.56%	34.18%	42.71%
Covered Payroll	N/A	N/A	N/A	N/A
Net Pension Liability/(Asset) as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A

This schedule will report ten years of data when it is available.

See the accompanying independent auditors' report.

BOULDER RURAL FIRE PROTECTION DISTRICT  
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE  
 STATEWIDE DEFINED BENEFIT PLAN

Years Ended December 31,

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
District's proportionate share of the Net Pension Liability (Asset)	0.245%	0.277%	0.244%	0.247%	0.217%
District's proportionate share of the Net Pension Liability (Asset)	\$ (319,141)	\$ (313,078)	\$ (4,305)	\$ 89,114	\$ (312,322)
District's covered payroll	\$ 1,065,413	\$ 1,247,525	\$ 1,183,838	\$ 1,268,637	\$ 1,353,150
District's proportionate share of the Net Pension Liability (Asset) as a percentage of its covered payroll	-30.0%	-25.1%	-0.4%	7.0%	-23.1%
Plan fiduciary net position as a percentage of the total pension liability	105.8%	106.8%	100.1%	98.2%	106.3%

Notes:

This schedule is reported as of December 31, as that is the plan year end.

This schedule will report ten years of data when it is available.

See the accompanying independent auditors' report.

BOULDER RURAL FIRE PROTECTION DISTRICT

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS  
STATEWIDE DEFINED BENEFIT PLAN

Years Ended December 31,

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Statutorily required contributions	\$ 85,233	\$ 99,802	\$ 94,707	\$ 101,652	\$ 108,252	\$ 84,763
Contributions in relation to the statutorily required contributions	<u>85,233</u>	<u>99,802</u>	<u>94,707</u>	<u>101,652</u>	<u>108,252</u>	<u>84,763</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 1,065,413	\$ 1,247,525	\$ 1,183,838	\$ 1,268,637	\$ 1,353,150	\$ 1,059,533
Contributions as a percentage of covered payroll	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%

Notes:

This schedule will report ten years of data when it is available.

See the accompanying independent auditors' report.