

CORTEZ FIRE PROTECTION DISTRICT
FINANCIAL STATEMENTS AND INDEPENDENT
AUDITOR'S REPORT

December 31, 2018

C O N T E N T S

	<u>Page</u>
INDEPENDENT AUDITOR’S REPORT	1
FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	3
STATEMENT OF ACTIVITIES	4
BALANCE SHEET – GOVERNMENTAL FUNDS	5
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION	6
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS	7
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	8
STATEMENT OF FIDUCIARY NET POSITION – PENSION TRUST FUND	9
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – PENSION TRUST FUND	10
NOTES TO FINANCIAL STATEMENTS	11
REQUIRED SUPPLEMENTAL INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL – GENERAL FUND	28
SCHEDULE OF THE DISTRICT’S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY FPPA STATEWIDE DEFINED BENEFIT PLAN.....	29
SCHEDULE OF THE DISTRICT’S CONTRIBUTIONS TO THE FPPA STATEWIDE DEFINED BENEFIT PLAN.....	30
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS VOLUNTEER PENSION	31
SCHEDULE OF PENSION CONTRIBUTIONS – VOLUNTEER PENSION	32
SCHEDULE OF INVESTMENT RETURNS – VOLUNTEER PENSION	33
OTHER SUPPLEMENTAL INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACUTAL – VOLUNTEER PENSION TRUST FUND	34

INDEPENDENT AUDITOR'S REPORT

June 28, 2019

Board of Directors
Cortez Fire Protection District
Ignacio, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Cortez 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 District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinions

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

June 28, 2019
Cortez Fire Protection District
Page 2

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (pages 3 through 6), the general fund budgetary comparison (pages 32), and the pension information (pages 33 through 37) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Cortez Fire Protection District's basic financial statements. The supplemental budgetary comparison for the pension trust fund on page 38 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

 Beckstead & Co., LLC

Cortez Fire Protection District

STATEMENT OF NET POSITION

December 31, 2018

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 27,449
Investments	1,124,802
Prepaid expenses	16,007
Due from pension trust fund	10,548
Receivables	
Property taxes receivable	1,596,912
Grants receivable	244,099
Other receivables	35,578
Capital assets (net of accumulated depreciation)	
Land (non-depreciable)	38,439
Buildings	5,189,645
Vehicles and equipment	577,659
Improvements	16,162
Total assets	<u>8,877,300</u>
DEFERRED OUTFLOWS OF RESOURCES	
Items related to pension plans	282,452
Total deferred outflows of resources	<u>282,452</u>
LIABILITIES	
Accounts payable	\$ 445,070
Contribution payable to the pension trust fund	35,250
Short-term borrowing, line of credit	30,000
Accrued liabilities	77,845
Long-term liabilities, due within a year	
Lease purchase obligations	66,007
Long-term liabilities, due after one year	
Lease purchase obligations	1,202,436
Net pensions liability	415,649
Total liabilities	<u>2,272,257</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred property tax revenue	1,596,912
Items related to pension plans	69,140
Total deferred inflows of resources	<u>1,666,052</u>
NET POSITION	
Net investment in capital assets	4,553,462
Restricted for emergencies	140,888
Unrestricted	527,093
Total net position	<u>\$ 5,221,443</u>

The accompanying notes are an integral part of this statement.

Cortez Fire Protection District

STATEMENT OF ACTIVITIES

Year ended December 31, 2018

Function/Programs	Expenses	Program Revenues			Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Fire protection and emergency services	\$ 1,635,847	\$ -	\$ 33,321	\$ 1,393,778	\$ (208,748)
Interest on long-term obligations	55,152	-	-	-	(55,152)
Total governmental activities	<u>1,690,999</u>	<u>-</u>	<u>33,321</u>	<u>1,393,778</u>	<u>(263,900)</u>
General revenues:					
Property taxes					1,665,605
Interest earnings					<u>8,380</u>
Total general revenues					<u>1,673,985</u>
Change in net position					1,410,085
Net position at beginning of year					3,718,922
Prior period adjustment					<u>92,436</u>
Net position at beginning of year, restated					<u>3,811,358</u>
Net position at end of year					<u><u>\$ 5,221,443</u></u>

The accompanying notes are an integral part of this statement.

Cortez Fire Protection District

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2018

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 27,449
Investments	1,124,802
Prepaid expenses	16,007
Due from pension trust fund	10,548
Receivables	
Property taxes receivable	1,596,912
Grants receivable	244,099
Other	<u>35,578</u>
Total assets	<u>\$ 3,055,395</u>
LIABILITIES	
Accounts payable	\$ 445,070
Contribution payable to the pension trust fund	35,250
Short-term borrowing, line of credit	30,000
Accrued liabilities	<u>77,845</u>
Total liabilities	588,165
DEFERRED INFLOWS OF RESOURCES	
Deferred property tax revenue	1,596,912
Fund equity	
Reserved for emergencies	140,888
Nonspendable	16,007
Unassigned	<u>713,423</u>
Total fund equity	<u>870,318</u>
Total liabilities, deferred inflows of resources, and fund equity	<u>\$ 3,055,395</u>

The accompanying notes are an integral part of this statement.

Cortez Fire Protection District

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION

December 31, 2018

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

Total fund balance - governmental funds	\$ 870,318
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$9,682,439 and the accumulated depreciation is \$3,860,534	5,821,905
Deferred outflows and inflows as well as the net pension asset related to pensions are not available to pay for current-period expenditures or due and payable in the current period and, therefore, are not reported in the funds.	
Net pension liability	(415,649)
Deferred outflows: deferred amortization related to the pension plan	282,452
Deferred inflows: deferred amortization related to the pension plan	(69,140)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Lease purchase obligations	<u>(1,268,443)</u>
Total net position - governmental activities	<u><u>\$ 5,221,443</u></u>

The accompanying notes are an integral part of this statement.

Cortez Fire Protection District

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS

For the year ended December 31, 2018

<hr/>	
Revenues	
Taxes	\$ 1,665,605
Grants	1,393,778
Other local sources	
Interest	8,380
Other	33,321
	<u>41,701</u>
	Total revenues 3,101,084
Expenditures	
Fire protection and emergency services	
Salaries and benefits	1,182,883
Administration	124,977
Vehicle expenses	83,394
Facilities and utilities	36,517
Training	13,056
Other	69,393
	<u>1,510,220</u>
Debt service	
Principal	30,924
Interest	55,152
Total debt service	<u>86,076</u>
Capital outlay	<u>3,099,983</u>
	Total expenditures <u>4,696,279</u>
	Net change in fund balance (1,595,195)
Fund balance, beginning of year	2,498,617
Prior period adjustment	<u>(33,104)</u>
Fund balance, beginning of year, restated	2,465,513
Fund balance, end of year	<u><u>\$ 870,318</u></u>

The accompanying notes are an integral part of this statement.

Cortez Fire Protection District

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

December 31, 2018

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

Net change in fund balances - total governmental funds	\$ (1,595,195)
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.	
Depreciation expense	(289,231)
Capital outlay capitalized	3,099,983
Principal payments of lease purchase obligations are reported as an expenditure in governmental funds and thus has the effect of reducing fund balance because current financial resources have been used. The principal payments reduce the liabilities in the statement of net position and do not result in an expense in the statement of activities.	30,924
Governmental funds do not record the changes in the net pension asset, deferred outflows related to pension, and deferred inflows related to pension as an adjustment to current year expenditures. However, in the Statement of Activities, this change is shown as an adjustment to expenses.	151,788
In the governmental funds, expenditures for compensated absences are measured by the amount of financial resources used (essentially, the amounts actually paid to employees), whereas in the statement of activities, they are measured as the benefits are earned by employees during the year. This is the amount the liability for compensated absences increased during the year.	<u>11,816</u>
Change in net position of governmental activities	<u><u>\$ 1,410,085</u></u>

The accompanying notes are an integral part of this statement.

Cortez Fire Protection District

STATEMENT OF FIDUCIARY NET POSITION - PENSION TRUST FUND

December 31,

	<u>2018</u>
ASSETS	
Cash and cash equivalents	\$ (1,384)
Investments, at fair market value	2,114,972
Grant Receivable	41,791
Contribution receivable, District	<u>35,250</u>
Total assets	<u><u>\$ 2,190,629</u></u>
LIABILITIES	
Due to General Fund	<u>10,548</u>
Total liabilities	10,548
NET POSITION	
Held in trust for pension benefits	<u><u>\$ 2,180,081</u></u>

The accompanying notes are an integral part of this statement.

Cortez Fire Protection District

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - PENSION TRUST FUND

For the year ended December 31,

	<u>2018</u>
Additions	
Contributions	
State contribution	\$ 41,791
District contribution	<u>47,000</u>
	Total contributions 88,791
Investment return	<u>(40,526)</u>
	Total additions 48,265
Deductions	
Administrative expenses	14,723
Pension payments	<u>179,084</u>
	Total deductions <u>193,807</u>
	Change in net position (145,542)
Net position held in trust for pension benefits	
Beginning of year	<u>2,325,623</u>
End of year	<u><u>\$ 2,180,081</u></u>

The accompanying notes are an integral part of this statement.

Cortez Fire Protection District

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Cortez Fire Protection District (the District) was formed on June 25, 1986, for the purpose of providing fire protection and emergency services to Cortez, Colorado and the surrounding rural area in Montezuma County, Colorado. The District has an elected governing board and levies taxes on the property within the District for operations and debt service.

The District's annual financial report includes the accounts of all District operations.

The accounting policies of the District conform to generally accepted accounting principles as applicable to governments. The following is a summary of such significant policies:

Reporting Entity

The reporting entity consists of (a) the primary government; i.e., the District, and (b) organizations for which the District is financially accountable. The District is considered financially accountable for legally separate organizations if 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. Consideration is also given to other organizations, which are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the District. Organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

Based on the criteria above, the District is not financially accountable for any other entity, nor is the District a component unit of any other government.

Government-wide and Fund Financial Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. Currently, the District has only governmental activities.

Government-wide Financial Statements

In the government-wide Statement of Net Position, the governmental activities column is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in three parts: net investment in capital assets, restricted net position, and unrestricted net position.

The government-wide focus is on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

Cortez Fire Protection District

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

Fund Financial Statements

The financial transactions of the District are reported in an individual fund in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses.

The fund focus is on current available resources and budget compliance.

Fund Accounting

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

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

The District reports the following major governmental fund:

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

Information about the District's fiduciary fund follows:

The District's fiduciary fund is a pension trust fund. Pension trust funds are accounted for using the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when incurred.

Pension Trust Fund – The Pension Trust Fund is used to account for assets held by the District in a trustee capacity for the volunteer firefighter's retirement systems.

Measurement Focus and Basis of Accounting

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements.

Cortez Fire Protection District

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

Long-Term Economic Focus and Accrual Basis

Governmental activities in the government-wide financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

Current Financial Focus and Modified Accrual Basis

The governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, if any, is recognized when due.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Restricted Assets and Classification of Fund Balance

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments, or imposed by enabling legislation. It is the District's policy to use restricted assets first when an expense is incurred for which both restricted and unrestricted assets are available.

In the governmental fund financial statements fund balance is reported in five classifications.

Nonspendable: Prepaid expenses represent fund balance amounts that are not in spendable form.

Restricted: The Colorado Constitution as amended by TABOR (see separate tax, spending, and debt limitation footnote) requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. It is the District's policy to use restricted fund balance first when an expense is incurred for which both restricted and unrestricted fund balance are available.

Committed: Committed is that portion of fund balance that has been committed by the highest level of formal action of the District's Board of Directors and does not lapse at year-end. The District does not have any committed fund balance at year end. It is the District's policy to use committed fund balance first when an expense is incurred for which both restricted and unrestricted fund balance are available.

Cortez Fire Protection District

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

Assigned: Assignments of fund balance are designated by District management. The District does not have any assigned fund balance at year end.

Unassigned: Fund balance that has not been reported in any other classification is reported as unassigned.

Investments

Investments are stated at fair value.

Net Patient Service Revenue

The District has agreements with third-party payers that provide for payments to the District at amounts different from its established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers and others for services rendered.

Revenue Recognition - Property Taxes

Property taxes attach as an enforceable lien on property as of December 31. Taxes are levied on January 1 and are due and payable in equal installments on February 28 and June 15 or in full on April 30. In accordance with U.S. generally accepted accounting principles, the District has recorded as taxes receivable, current property taxes, which have been levied and are due within one year but are not yet considered delinquent. Because revenue from taxes receivable will not be available for expenditure until next year, management has deferred recognition of this revenue until next year.

Budgets and Budgetary Accounting

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

1. In accordance with State statutes, prior to October 15, the proposed operating budget is submitted to the District Board for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the two preceding years. State statutes require a more detailed line item budget be submitted in summary form. In addition, more detailed line item budgets are included for administration control.
2. Public hearings are conducted to obtain taxpayer comment.
3. Prior to December 31, the budget is legally enacted through passage of a resolution.
4. The District bookkeeper is required to present a monthly report to the District Board explaining any variance from the approved budget.

Cortez Fire Protection District

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

5. Formal budgetary integration is employed as a management control device during the year.
6. Budgets for the Governmental and Fiduciary Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse at the end of each calendar year.
8. The District Board may authorize supplemental appropriations during the year.

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of more than one year. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair market value on the date donated.

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

Buildings	50
Equipment and vehicles	8-15
Improvements	15

Pensions

For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Statewide Defined Benefit Plan administered by the Fire and Police Pension Association of Colorado (FPPA) and additions to/deductions from the pension plan's net position have been determined on the same basis as they are reported by FPPA. 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. Additionally, similar amounts are recorded for the Cortez Fire Protection District Pension Plan (CFPDPP) provided for volunteer firefighters of the District.

Cortez Fire Protection District

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

CASH AND INVESTMENTS

Deposits with banks are comprised of the following at year end:

	<u>Carrying Amount</u>	<u>Bank Balance</u>	<u>Insured</u>	<u>Collateralized</u>
Certificates of deposit	\$ 837,410			
Money market deposit	287,392			
Other deposits	25,960			
Total	<u>\$ 1,150,762</u>	\$ 1,214,039	\$1,000,000	\$ 214,039

Cash presented in the financial statements is comprised of the following at year end:

Other deposits	\$ 25,960
Petty cash	105
	<u>\$ 26,065</u>

These cash balances are presented as follows:

Statement of Net Position	\$ 27,449
Statement of Fiduciary Net Position	(1,384)
	<u>\$ 26,065</u>

Investment balances presented in the financial statements are comprised of the following at year end:

	<u>Statement of Net Position</u>	<u>Statement of Fiduciary Net Position</u>
Certificates of deposit	\$ 837,410	
Money market deposits	287,392	
Cash held for reinvestment by broker		\$ 13,020
Franklin Balance Fund FBLAX		51,444
Franklin Co Tax-Free Income Fund FRCOX		474,333
Franklin High Income Fund FHAIX		98,320
Franklin Mutual Shares Fund TESIX		49,320
Franklin Rising Dividends Fund FRDPX		112,020
Franklin Total Return Fund FKBAX		186,487
Franklin U.S. Government Securities Fund FKUSX		186,684
Invesco Core Plus Bond Fund ACPSX		234,423
Invesco Corporate Bond Fund ACCBX		235,482
Invesco High Yield Fund AMHYX		240,383
Invesco Quality Income Fund VKMGX		233,056
	<u>\$ 1,124,802</u>	<u>\$ 2,114,972</u>

Cortez Fire Protection District

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of bank failure, the District's deposits may not be returned to it. The District's deposits are governed by Colorado statute. The Colorado Public Deposit Protection Act (PDPA) required that all units of local government deposit cash in eligible public depositories; eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool 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 aggregate uninsured deposits. The Colorado Divisions of Banking and Financial Services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

Investments

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

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

Investments are reported at fair value which is determined using selected bases. Short term investments are reported at cost which approximates fair value. Securities traded on a national or international exchange are valued at the last quoted market price. Cash deposits and money market mutual funds are reported at cost which reasonably approximates fair value.

Credit risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The District does not hold any debt securities at year end.

Custodial credit risk

The custodial credit risk for deposits is the risk that, in the event of a bank failure, the District will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investments or collateral securities that are in the possession of an outside party. The District's deposits are either covered by depository insurance or are collateralized under the Colorado Public Deposit Protection Act and are therefore not deemed to be exposed to custodial credit risk because they are held by the District or the District's custody agent in the District's name.

Cortez Fire Protection District

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

Concentration of credit risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District places no limit on the amount the District may invest in any one issuer.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

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. Colorado statutes limit authorized investments to those having a maturity of five years or less, unless the entity's governing body specifically authorizes longer maturities.

CAPITAL ASSETS

A summary of changes in capital fixed assets follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions / Transfers</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital asset not being depreciated				
Land	\$ 38,439	\$ -	\$ -	\$ 38,439
Construction in progress	1,792,942	3,099,983	(4,892,925)	-
Total assets not being depreciated	1,831,381	3,099,983	(4,892,925)	38,439
Capital assets being depreciated				
Buildings	591,501	-	4,892,925	5,484,426
Equipment and vehicles	4,135,906	-	-	4,135,906
Improvements	23,671	-	-	23,671
Total assets being depreciated	4,751,078	-	4,892,925	9,644,003
Less accumulated depreciation for:				
Buildings	(248,857)	(45,924)	-	(294,781)
Equipment	(3,315,729)	(242,518)	-	(3,558,247)
Improvements	(6,720)	(789)	-	(7,509)
Total accumulated depreciation	(3,571,306)	(289,231)	-	(3,860,537)
Net capital assets being depreciated	1,179,772	(289,231)	4,892,925	5,783,466
Net governmental activities capital assets	<u>\$ 3,011,153</u>	<u>\$ 2,810,752</u>	<u>\$ -</u>	<u>\$ 5,821,905</u>

Depreciation expense totaling \$289,231 was charged to fire protection and emergency services during the year.

Cortez Fire Protection District

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

CHANGES IN LONG - TERM DEBT

The following is a summary of long term debt transactions of the District for the year:

	Beginning Balance	Additions	Reductions	Ending Balance	Within One Year
HSE Leasing, LLC 2013 lease	\$ 119,955	\$ -	\$ (20,012)	\$ 99,943	\$ 18,894
HSE Leasing, LLC 2017 lease	1,179,413	-	(10,913)	1,168,500	47,113
Total long-term liabilities	<u>\$ 1,299,368</u>	<u>\$ -</u>	<u>\$ (30,925)</u>	<u>\$ 1,268,443</u>	<u>\$ 66,007</u>

The District has entered into two leases with HSE Leasing, LLC for the purchase of equipment in 2013 and for the financing of a fire station and related equipment in 2017. The 2013 equipment lease requires annual lease payments of \$21,708 through May, 2023, bears interest at 2.78% per annum, and is collateralized by fire equipment. The 2017 building and equipment lease requires semi-annual lease payments of \$42,607 through February, 2037, bears interest at 3.67% per annum, and is collateralized by a fire station and related equipment.

Lease purchase payments to maturity are as follows:

	Principal	Interest	Total
2019	\$ 66,007	\$ 40,916	\$ 106,923
2020	67,211	39,712	106,923
2021	69,384	37,539	106,923
2022	71,627	35,296	106,923
2023	73,943	32,980	106,923
2024-2028	292,360	133,715	426,075
2029-2033	345,590	80,485	426,075
2034-2037	282,321	19,545	301,866
	<u>\$ 1,268,443</u>	<u>\$ 420,188</u>	<u>\$ 1,688,631</u>

Cortez Fire Protection District

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

PENSION AND RETIREMENT PLANS

The District participates in two defined benefit pension plans. It participates in the Fire and Police Pension Plan (FPPA SWDB) and the Cortez Fire Protection Pension Plan (CFPDPP). Information regarding these plans is included in this note.

A summary of amounts reported in the financial statements related to the two defined benefit pension plans of the District follows:

	<u>FPPA SWDB</u>	<u>CFPDPP</u>	<u>Total</u>
Deferred outflows of resources	\$ 153,543	\$ 128,909	\$ 282,452
Deferred inflows of resources	46,097	23,043	69,140
Net pension liability (asset)	(131,475)	547,124	415,649

Defined Benefit, Multiple-Employer Cost Sharing Pension Plan

Plan Description. Full-time firefighters participate in the Statewide Defined Benefit Plan - Fire and Police Pension Plan (FPPA SWDB). The plan is a cost-sharing multiple-employer defined benefit pension plan administered by the Fire and Police Pension Association of Colorado (FPPA) that provides normal, early, vested, or deferred retirement and death benefits. Authority for the plan, including benefit and contribution provisions, is derived from Title 31, Articles 30, 30.5, and 31 of the Colorado Revised Statutes. The plan is amended by statute and is accounted for using the economic resources measurement focus and the accrual basis of accounting. FPPA issues a publicly available comprehensive annual financial report that can be obtained at http://fppaco.org/toc_frames.html.

Funding Policy. Statute requires the District contribute 8.00% of base salary and employees make a pre-tax contribution of 9.50% for a total contribution rate of 17.50%. In 2014, employees elected to increase the member contribution rate to the plan beginning in 2015. Employee contribution rates will increase 0.50% annually through 2022 to a total of 12.00% of base salary. Employer contributions will remain at 8.00% resulting in a combined contribution rate of 20.00% in 2022. The District's contributions to the FPPA SWDB for the year ended December 31, 2018, were \$50,376.

Pension Assets, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. At December 31, 2018, the District reported a liability (asset) of \$(131,475) for its proportionate share of the net pension asset / liability related to the FPPA SWDB plan. 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 December 31, 2016. Standard update procedures were used to roll forward the total pension asset to December 31, 2017. The District's proportion of the net pension asset was based on District contributions to FPPA SWDB plan for the calendar year 2017 relative to the total contributions of participating employers to the FPPA SWDB plan.

At December 31, 2017, the District's proportion was .091387%. At December 31, 2016 the District's proportion was .078507%.

Cortez Fire Protection District

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

For the year ended December 31, 2018, the District recognized pension expense (income) of \$(3,940). The components of the District's proportionate share of the net pension liability (asset) related to FPPA SWDB as of December 31, 2017, are as follows:

Plan fiduciary net position	\$ 2,205,421
Total pension liability	<u>2,073,946</u>
Net pension liability (asset)	<u>\$ (131,475)</u>

A summary of the District's deferred outflows of resources and deferred inflows of resources related to pensions for FPPA SWDB as of December 31, 2018 is as follows:

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 94,812	\$ 1,457
Change in assumptions	19,809	-
Net difference between projected and actual earnings on pension plan investments	-	44,640
Change in proportion	(11,454)	-
Contributions subsequent to the measurement date	<u>50,376</u>	<u>-</u>
	<u>\$ 153,543</u>	<u>\$ 46,097</u>

The \$50,376 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as an increase in the net pension asset in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as follows:

2019	\$ 5,937
2020	5,937
2021	5,937
2022	5,937
2023	5,937
Thereafter	<u>27,385</u>
	<u>\$ 57,070</u>

The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Investment rate of return	7.5%
Salary increases	4% to 14%
Inflation	2.5%

Cortez Fire Protection District

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

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

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

Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2017, are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Global equity	37%	8.33%
Equity long/short	9%	7.15%
Illiquid alternatives	24%	9.70%
Fixed income	15%	3.00%
Absolute return	9%	6.46%
Managed futures	4%	6.85%
Cash	2%	2.26%
	100.00%	

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

Sensitivity of the District's Proportionate Share of the Net Pension Asset to Changes in the Discount Rate. The following table presents the District's proportionate share of the net pension liability (asset), calculated using a discount rate of 7.50%, as well as what the District's proportionate share of plan's net pension asset would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher:

Cortez Fire Protection District

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

	1% Decrease 6.5%	Single Discount Rate Assumption 7.5%	1% Increase 8.5%
District's proportionate share of the net pension liability (asset)	\$ 143,137	\$ (131,475)	\$ (359,504)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued FPPA financial reports found at <http://fppaco.org>.

Single Employer Pension Plan

Plan Description. The District's defined benefit pension plan, Cortez Fire Protection District Pension Plan (CFPDPP), provides pensions for all volunteer firemen with 10 years of service. The plan is a single-employer defined benefit pension plan administered by a Board of Trustees composed of District Board members and firefighters selected in accordance with Colorado State Statutes. Article 15 of the Regulations of the State grants the authority to establish and amend the benefit terms to the Board of Trustees.

Benefits Provided. The Cortez Fire Protection District Pension Plan provides retirement and death benefits. Retirement benefits for volunteer fireman with ten years of volunteer service are calculated as \$25.99 per month per year of volunteer service for a maximum of 20 years. Volunteer firemen with 10 years of service are eligible to retire at age 50. Volunteer firemen with 10 years of service are eligible for death benefits. Death benefits are a lump sum payment of \$600 if death occurs before retirement or 50% of the retiree's benefit if the member is married commencing on the date the deceased member would have turned age 50 for retired members.

Firefighters Covered by Benefit Terms. At December 31, 2018, the following firefighters were covered by the benefit terms:

Inactive plan members of beneficiaries currently receiving benefits	39
Inactive plan members entitled to but not yet receiving benefits	7
Active employees	<u>4</u>
Total	<u><u>50</u></u>

Contributions. Article 15 of the Regulations of the State grants the authority to establish and amend the contribution requirements of the District. The board establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined contribution for the District is ½ mill of the assessed valuation of the District. The State of Colorado's contribution has been established by the legislature and is based upon the amounts contributed by the district. The State currently matches 90% of the District's contributions up to a maximum of 1/2 mill on the assessed valuation. The firefighters do not contribute to the plan.

Cortez Fire Protection District

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

Net Pension Liability

The District's net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 with procedures to update the liability to the measurement date of December 31, 2018.

Actuarial assumptions - The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Closed
Remaining Amortization Period	20 Years
Asset Valuation Method	Market Value
Investment Rate Return	4.5%
Projected Salary Increases	N/A
Inflation	N/A
Cost of Living Adjustments	None

Mortality rates for Actives were based on the RP 2000 Table.

The actuarial assumptions used in the December 31, 2017 valuation were based on the Entry Age Cost Method for actuarial valuations as of June 15, 2007 or later.

Discount rate - The discount rate used to measure the total pension liability was 4.50 percent. The projection of cash flows used to determine the discount rate assumed that the State contributions will be made at the current contribution rate and that the District contributions will be made at rates equal to the difference between actuarially determined contribution rates and the State rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive volunteer firemen. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Cortez Fire Protection District

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at 12/31/2017	\$ 2,777,507	\$ 2,334,229	\$ 443,278
Changes for the year:			
Interest	121,172	-	121,172
Other	-	(8,606)	8,606
Differences between expected and actual experience	-	-	-
Service costs	7,610	-	7,610
Contributions - State	-	41,791	(41,791)
Contributions - District	-	47,000	(47,000)
Net investment income	-	(40,526)	40,526
Benefit payments	(179,084)	(179,084)	-
Administrative expenses	-	(14,723)	14,723
Net changes	(50,302)	(154,148)	103,846
Balances at 12/31/2018	<u>\$ 2,727,205</u>	<u>\$ 2,180,081</u>	<u>\$ 547,124</u>

Sensitivity of the net pension liability to changes in the discount rate — The following presents the net pension liability of the District, using the discount rate of 4.50 percent, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.50%) or 1-percentage-point higher (5.50%) than the current rate:

	1% Decrease 3.5%	Single Discount Rate Assumption 4.5%	1% Increase 5.5%
	District's proportionate share of the net pension liability (asset)	\$ 912,578	\$ 547,124

Cortez Fire Protection District

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

For the year ended December 31, 2018, the District recognized pension expense (income) of \$(96).

A summary of the District's deferred outflows of resources and deferred inflows of resources related to pensions for FPPA SWDB as of December 31, 2018 is as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual		
Earnings on pension plan investments	\$ 128,909	\$ 23,043
	<u>\$ 128,909</u>	<u>\$ 23,043</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as follows:

2019	\$ 32,558
2020	18,079
2021	26,623
2022	<u>28,606</u>
	<u>\$ 105,866</u>

Payable to the Pension Plan

At December 31, 2018, the District had a payable of \$35,250 for its contributions to the Plan. This contribution was made in 2019. All other required contributions to the pension plan were paid prior to year end.

TAX, SPENDING AND DEBT LIMITATIONS

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 governments. During 2013, the District passed a ballot question authorizing the District to collect, retain, and spend for any lawful purpose the revenues generated from all sources in each fiscal year thereafter. The amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the amendment. However, the District has made certain interpretations of the amendment's language in order to determine its compliance.

RISK OF LOSS

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 for which the government carries commercial insurance. There have been no significant reductions in coverage from the prior year, and settlements have not exceeded coverage during the year.

Cortez Fire Protection District

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

PRIOR PERIOD ADJUSTMENTS

During 2018, the District determined that the following adjustments were necessary to properly state beginning net position in the government-wide financial statements and beginning fund balance in the general fund:

	General Fund Balance	Net Position
Capital outlay accounts payable not recorded at December 31, 2017	\$ (33,702)	\$ -
Pension accounts related to the Fire and Police Pension Association of Colorado not recorded at December 31, 2017	-	134,228
Incorrect recording of deferred outflows related to the Cortez Fire Protection District volunteer pension plan at December 31, 2017	-	(41,792)
Other	598	-
	<u>\$ (33,104)</u>	<u>\$ 92,436</u>

REQUIRED SUPPLEMENTAL INFORMATION

Cortez Fire Protection District

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

For the year ended December 31, 2018

	Original Budget	Final Budget	Actual	Over (Under) Budget
Revenues				
Taxes	\$ 1,667,713	\$ 1,667,713	\$ 1,665,605	\$ (2,108)
Grants	1,650,000	1,650,000	1,393,778	(256,222)
Other local sources				
Interest	5,000	5,000	8,380	3,380
Other	30,000	30,000	33,321	3,321
	<u>35,000</u>	<u>35,000</u>	<u>41,701</u>	<u>6,701</u>
Total revenues	3,352,713	3,352,713	3,101,084	(251,629)
Expenditures				
Fire protection and emergency services				
Salaries and benefits	1,186,660	1,186,660	1,182,883	(3,777)
Administration	137,100	137,100	124,977	(12,123)
Vehicle expenses	69,500	69,500	83,394	13,894
Facilities and utilities	48,000	48,000	36,517	(11,483)
Training	41,000	41,000	13,056	(27,944)
Other	115,500	115,500	69,393	(46,107)
	<u>1,597,760</u>	<u>1,597,760</u>	<u>1,510,220</u>	<u>(87,540)</u>
Debt service				
Principal			30,924	
Interest			55,152	
Total debt service	106,891	106,891	<u>86,076</u>	(20,815)
Capital outlay	<u>3,375,000</u>	<u>3,375,000</u>	<u>3,099,983</u>	<u>(275,017)</u>
Total expenditures	<u>5,079,651</u>	<u>5,079,651</u>	<u>4,696,279</u>	<u>(383,372)</u>
Net change in fund balance	(1,726,938)	(1,726,938)	(1,595,195)	131,743
Fund balance, beginning of year	2,465,513	2,465,513	2,465,513	-
Fund balance, end of year	<u>\$ 738,575</u>	<u>\$ 738,575</u>	<u>\$ 870,318</u>	<u>\$ 131,743</u>

Cortez Fire Protection District

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
STATEWIDE DEFINED BENEFIT PLAN - FIRE AND POLICE PENSION PLAN

	December 31,				
	2017	2016	2015	2014	2013
District's proportion of the net pension liability	0.091387%	0.078507%	0.098043%	0.065791%	0.065791%
District's proportionate share of the net pension (asset) liability	\$ (131,475)	\$ 28,368	\$ (1,728)	\$ (74,250)	\$ (58,829)
District's covered-employee payroll	\$ 534,550	\$ 401,787	\$ 400,288	\$ 285,750	\$ 285,750
District's proportionate share of the net pension (asset) liability as a percentage of its covered-employee payroll	-24.60%	7.06%	-0.43%	-25.98%	-20.59%
Plan fiduciary net position as a percentage of the total pension liability	106.34%	98.21%	100.10%	106.83%	105.83%

Cortez Fire Protection District

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
STATEWIDE DEFINED BENEFIT PLAN - FIRE AND POLICE PENSION PLAN

	December 31,					
	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 50,376	\$ 42,764	\$ 32,143	\$ 32,023	\$ 22,860	\$ 22,860
Contributions in relation to the contractually required contributions	(50,376)	(42,764)	(32,143)	(32,023)	(22,860)	(22,860)
Contribution excess (deficiency)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 629,700	\$ 534,550	\$ 401,787	\$ 400,288	\$ 285,750	\$ 285,750
Contributions as a percentage of covered-employee payroll	8%	8%	8%	8%	8%	8%

Cortez Fire Protection District

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
CORTEZ FIRE PROTECTION DISTRICT PENSION PLAN

December 31,

	2018	2017	2016
Total pension liability			
Service cost	\$ 7,610	\$ 7,610	\$ 8,628
Interest	121,172	123,319	117,550
Difference in experience levels	-	(5,259)	10,375
Changes in assumptions	-	-	155,478
Benefit payments	(179,084)	(169,563)	(165,713)
Net change in total pension liability	(50,302)	(43,893)	126,318
Total pension liability, beginning	2,777,507	2,821,400	2,695,082
Total pension liability, ending	2,727,205	2,777,507	2,821,400
Plan fiduciary net position			
Contributions - District	47,000	47,000	60,000
Contributions - State	41,791	41,791	36,000
Net investment income	(40,526)	111,534	156,806
Benefit payments	(179,084)	(169,563)	(172,307)
Administrative expense	(14,723)	(2,350)	(5,468)
Other	-	-	-
Net change in plan fiduciary net position	(145,542)	28,412	75,031
Plan fiduciary net position, beginning	2,325,623	2,297,211	2,222,180
Plan fiduciary net position, ending	2,180,081	2,325,623	2,297,211
Net pension liability	\$ 547,124	\$ 451,884	\$ 524,189
Plan fiduciary net position as a percentage of the total pension liability	79.94%	83.73%	81.42%

Covered employee payroll and net pension liability as a percentage of covered employee payroll for this plan are not applicable.

Cortez Fire Protection District

SCHEDULE OF PENSION CONTRIBUTIONS
CORTEZ FIRE PROTECTION DISTRICT PENSION PLAN

December 31,

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Actuarially determined contribution	\$ 44,855	\$ 88,791	\$ 88,791	\$ 72,006	\$ 70,309	\$ 90,021	\$ 85,734	\$ 128,845
Contributions in relation to the actuarially determined contribution	88,791	88,791	96,000	76,000	81,791	113,616	114,413	188,545
Contribution deficiency (excess)	<u>\$(43,936)</u>	<u>\$ -</u>	<u>\$ (7,209)</u>	<u>\$ (3,994)</u>	<u>\$(11,482)</u>	<u>\$(23,595)</u>	<u>\$(28,679)</u>	<u>\$(59,700)</u>

Contributions as a percentage of covered employee payroll and covered employee payroll are not applicable.

Valuation date:

Actuarially determined contributions rates are calculated as of January 1 of even numbered years and used for two years.

Methods and assumptions used to determine the contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed
Remaining amortization period	20 years
Asset valuation method	Market value
Investment rate return	4.50%
Projected salary increases	N/A
Inflation	N/A
Cost of living adjustments	None
Mortality	RP 2000 Table

Cortez Fire Protection District

SCHEDULE OF INVESTMENT RETURNS
CORTEZ FIRE PROTECTION DISTRICT PENSION PLAN

December 31,

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Annual money-weighted rate of return, net of investment expense	-1.87%	5.04%	7.28%

OTHER SUPPLEMENTAL INFORMATION

Cortez Fire Protection District

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - PENSION TRUST FUND

For the year ended December 31, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Additions				
Contributions				
State contribution	\$ 36,000	\$ 36,000	\$ 41,791	\$ 5,791
District contribution	47,000	47,000	47,000	-
Total contributions	<u>83,000</u>	<u>83,000</u>	<u>88,791</u>	<u>5,791</u>
Investment return	73,200	73,200	(40,526)	(113,726)
Total additions	<u>156,200</u>	<u>156,200</u>	<u>48,265</u>	<u>(107,935)</u>
Deductions				
Administrative expenses	7,875	7,875	14,723	6,848
Pension payments	181,292	181,292	179,084	(2,208)
Total deductions	<u>189,167</u>	<u>189,167</u>	<u>193,807</u>	<u>4,640</u>
Change in net position	<u><u>\$ (32,967)</u></u>	<u><u>\$ (32,967)</u></u>	<u><u>\$ (145,542)</u></u>	<u><u>\$ (112,575)</u></u>