



FRONT RANGE FIRE RESCUE FIRE PROTECTION DISTRICT

BASIC FINANCIAL STATEMENTS

December 31, 2018

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FINANCIAL SECTION



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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Front Range Fire Rescue Fire Protection District
Johnstown, Colorado

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund of Front Range Fire Rescue 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 of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund of Front Range Fire Rescue 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.

Other Matters

Required Supplementary Information


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

Accounting principles generally accepted in the United States of America require that the General Fund – Budgetary Comparison Schedule, Schedule of Contributions and Schedule of Changes in Net Pension Liability (Asset) and Related Ratios, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Front Range Fire Rescue Fire Protection District's financial statements as a whole. The Individual Fund Schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements.

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



Littleton, Colorado
July 29, 2019

BASIC FINANCIAL STATEMENTS

FRONT RANGE FIRE RESCUE FIRE PROTECTION DISTRICT

STATEMENT OF NET POSITION

As of December 31, 2018

	GOVERNMENTAL ACTIVITIES
	<u>2018</u>
ASSETS	
Cash and Investments	\$ 6,322,708
Receivables	
Property Taxes	5,165,971
Accounts	28,102
Penion Asset - SWDB	381,096
Capital Assets, Not Being Depreciated	132,152
Capital Assets, Depreciated	
Net of Accumulated Depreciation	<u>5,890,515</u>
 TOTAL ASSETS	 <u>17,920,544</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Loss on Refunding	34,245
Related to Volunteer Pension	442,656
Related to SWDB Pension	<u>484,139</u>
 TOTAL DEFERRED OUTFLOWS OF RESOURCES	 <u>961,040</u>
LIABILITIES	
Accounts Payable	65,779
Accrued Salaries and Benefits	62,890
Interfund Balances	15,418
Noncurrent Liabilities	
Due within One Year	100,000
Due in More Than One Year	610,031
Pension Liability	1,928,680
Accrued Compensated Absences	<u>26,082</u>
 TOTAL LIABILITIES	 <u>2,808,880</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Revenues - Property Taxes	5,165,971
Related to Volunteer Pension	164,105
Related to SWDB Pension	<u>133,618</u>
 DEFERRED INFLOWS OF RESOURCES	 <u>5,463,694</u>
NET POSITION	
Net Investment in Capital Assets	5,312,636
Restricted for Emergencies	105,650
Restricted for Capital	2,378,913
Unrestricted	<u>2,811,811</u>
 TOTAL NET POSITION	 <u>\$ 10,609,010</u>

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

FRONT RANGE FIRE RESCUE FIRE PROTECTION DISTRICT

STATEMENT OF ACTIVITIES
Year Ended December 31, 2018

	Program Revenues		
	Charges for Services	Operating Grants and Contributions	
	Expenses		NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION
			Governmental Activities 2018
FUNCTIONS/PROGRAMS			
PRIMARY GOVERNMENT			
Governmental Activities			
General Government	\$ 3,686,985	\$ 58,909	\$ (3,628,076)
Interest on Long-Term Debt	30,514	-	(30,514)
Total Governmental Activities	\$ 3,717,499	\$ 58,909	(3,658,590)
GENERAL REVENUE			
Taxes			5,059,928
Interest			104,086
Other			121,253
TOTAL GENERAL REVENUE			5,285,267
Conveyance of net position from Milliken FPD and FRFPD			4,527,505
CHANGE IN NET POSITION			6,154,182
NET POSITION, Beginning			4,454,828
NET POSITION, Ending			\$ 10,609,010

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

FRONT RANGE FIRE RESCUE FIRE PROTECTION DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2018

	GENERAL FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL 2018
ASSETS				
Cash and Investments	\$ 4,242,626	\$ 2,065,750	\$ 14,332	\$ 6,322,708
Property Taxes Receivable	4,123,621	919,630	122,720	5,165,971
Due from General Fund	-	310,192	116,305	426,497
Accounts Receivable	24,345	3,013	744	28,102
TOTAL ASSETS	\$ 8,390,592	\$ 3,298,585	\$ 254,101	\$ 11,943,278
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Accounts Payable	\$ 65,737	\$ 42	\$ -	\$ 65,779
Accrued Expenses	62,890	-	-	62,890
Due To Other Funds	441,915	-	-	441,915
TOTAL LIABILITIES	570,542	42	-	570,584
DEFERRED INFLOWS				
Deferred Revenues - Property Taxes	4,123,621	919,630	122,720	5,165,971
TOTAL LIABILITIES AND DEFERRED INFLOWS	4,694,163	919,672	122,720	5,736,555
FUND EQUITY				
Fund Balance				
Restricted for Emergencies	105,650	-	-	105,650
Restricted for Capital Projects	-	2,378,913	-	2,378,913
Restricted for Debt Service	-	-	131,381	131,381
Unassigned	3,590,779	-	-	3,590,779
TOTAL FUND EQUITY	3,696,429	2,378,913	131,381	6,206,723
TOTAL LIABILITIES AND FUND EQUITY	\$ 8,390,592	\$ 3,298,585	\$ 254,101	

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.	6,022,667
Pension balances are not available resources and are not included in the fund financial statements	
Net pension liability	(1,928,680)
Net pension asset	381,096
Deferred outflows related to pension	926,795
Deferred inflows related to pension	(297,723)
Long-term liabilities, such as bonds payable and deferred loss on refunding, are not due and payable in the current period and are not reported in the funds.	
Bonds payable	(710,031)
Deferred loss on refunding	34,245
Accrued compensated absences	(26,082)
Net position of governmental activities	\$ 10,609,010

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

FRONT RANGE FIRE RESCUE FIRE PROTECTION DISTRICT

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

	GENERAL FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL 2018
REVENUE				
Taxes	\$ 4,360,188	\$ 566,979	\$ 132,761	\$ 5,059,928
Intergovernmental	58,909	-	-	58,909
Interest	71,108	32,893	85	104,086
Miscellaneous	121,253	-	-	121,253
TOTAL REVENUE	<u>4,611,458</u>	<u>599,872</u>	<u>132,846</u>	<u>5,344,176</u>
EXPENDITURES				
Current				
Contractual and Professional Services	318,309	161	200	318,670
Personnel	2,734,051	-	-	2,734,051
Equipment Maintenance	104,619	-	-	104,619
Materials and Supplies	221,041	-	-	221,041
Divisions	82,552	-	-	82,552
Treasurer's Fees	61,102	7,970	1,850	70,922
Capital Outlay	-	188,921	-	188,921
Debt Service	-	299,805	122,915	422,720
TOTAL EXPENDITURES	<u>3,521,674</u>	<u>496,857</u>	<u>124,965</u>	<u>4,143,496</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>1,089,784</u>	<u>103,015</u>	<u>7,881</u>	<u>1,200,680</u>
OTHER FINANCING SOURCES (USES)				
Coveyance of fund balance from Front Range Fire Rescue Authority	1,691,286	410,591	-	2,101,877
Conveyance of fund balance from Milliken Fire Protection District	23,619	1,424	123,500	148,543
TOTAL FINANCING SOURCES (USES)	<u>1,714,905</u>	<u>412,015</u>	<u>123,500</u>	<u>2,250,420</u>
NET CHANGE IN FUND BALANCES	2,804,689	515,030	131,381	3,451,100
FUND BALANCES, Beginning	<u>891,740</u>	<u>1,863,883</u>	<u>-</u>	<u>2,755,623</u>
FUND BALANCES, Ending	<u>\$ 3,696,429</u>	<u>\$ 2,378,913</u>	<u>\$ 131,381</u>	<u>\$ 6,206,723</u>

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

FRONT RANGE FIRE RESCUE 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	\$ 3,451,100
Revenues reported in the Statement of Activities associated with conveyance of assets are not financial resources and are excluded from the funds	
Conveyance of capital assets	3,133,007
Conveyance of deferred outflows of resources	517,364
Conveyance of deferred loss on refunding	39,952
Assumption of liabilities reported in the Statement of Activities associated with conveyance of assets are not uses of financial resources and are excluded from the funds	
Assumption of long-term debt	(958,639)
Assumption of pension liability	(424,399)
Assumption of deferred inflows of resources	(4,118)
Assumption of accrued compensated absences	(26,082)
Governmental funds report capital outlays as expenditures. In the statement of activities the cost of these assets are capitalized and allocated over their estimated useful lives and reported as depreciation expense	
Depreciation expense	(372,145)
Capital asset additions	188,922
Pension expenses and income do not use current financial resources and are excluded from the funds Pension expense. Current year contributions are reported as deferred outflows.	
Pension expense - volunteer plan	(178,519)
Pension income - SWDB plan	246,839
Current year contributions reported as deferred outflows	151,896
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.	
Principal payments	392,206
Amortization of premiums	2,505
Amortization of deferred loss on refunding	(5,707)
Change in Net Position of Governmental Activities	\$ 6,154,182

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

FRONT RANGE FIRE RESCUE FIRE PROTECTION DISTRICT

STATEMENT OF FIDUCIARY NET POSITION
 PENSION TRUST FUNDS
 December 31, 2018

	<u>VOLUNTEER PENSION TRUST</u>
ASSETS	
Cash and Investments	\$ 2,456,180
Property Taxes Receivable	229,907
Accounts Receivable - County Treasurer	753
Interest Receivable	6,198
Due from General Fund	<u>7,334</u>
 TOTAL ASSETS	 <u>2,700,372</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	
Deferred Revenue - Property Taxes	<u>229,907</u>
NET POSITION	
Reserved for Pension Benefits	<u>\$ 2,470,465</u>

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

FRONT RANGE FIRE RESCUE FIRE PROTECTION DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 PENSION TRUST FUNDS
 Year Ended December 31, 2018

	<u>VOLUNTEER PENSION TRUST</u>
ADDITIONS	
Taxes	\$ 141,736
State Contributions	45,930
Interest and Dividend Income	54,798
District Contribution - MFPD	40,000
Realized Gain on Investments	83,177
Conveyance of net position from Milliken FPD	<u>596,029</u>
TOTAL ADDITIONS	<u>961,670</u>
DEDUCTIONS	
Pension Payments	276,446
Actuarial Studies	13,569
Management Fees	32,492
Treasurer's Fees	1,993
Unrealized Loss on Investments	<u>222,753</u>
TOTAL DEDUCTIONS	<u>547,253</u>
CHANGE IN NET POSITION	<u>414,417</u>
NET POSITION, Beginning	<u>2,056,048</u>
NET POSITION, Ending	<u>\$ 2,470,465</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

FRONT RANGE FIRE RESCUE FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Front Range Fire Rescue Fire Protection District was formed to provide fire protection and emergency medical services to the Town of Johnstown and surrounding areas within its boundaries. The District is governed by a five-member Board of Directors elected by the residents.

The accounting policies of the Front Range Fire Rescue Fire Protection District (the "District") conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

Reporting Entity

In accordance with governmental accounting standards, the 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 is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the District. The District may also be financially accountable for organizations that are fiscally dependent upon it.

Based on the application of these criteria, the District does not include additional organizations in its 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 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*.

FRONT RANGE FIRE RESCUE 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)

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.

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 of the District, except those required to be accounted for in another fund.

The *Capital Projects Fund* accounts for financial resources and related expenditures for the construction and acquisition of major assets and the related debt service activities.

FRONT RANGE FIRE RESCUE 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)

Additionally, the District reports the following fund type:

The *Debt Service Fund* accounts for the activities associated with the servicing and payment of the District's General Obligation Bonds.

The *Pension Trust Fund* is a *Fiduciary Fund* that accounts for the activities of the volunteer fire defined benefit pension plans. Fiduciary Funds are used to report assets held in a trustee capacity for others outside the government. These activities are reported in a separate statement of fiduciary net assets. The District excludes this activity from government-wide financial statements because the District cannot use these assets to finance its operation.

Capital Assets

Capital assets, which 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 one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of assets 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	7- 40 years
Vehicles and Equipment	7- 20 years
Software	5-10 years

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

FRONT RANGE FIRE RESCUE FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 not in a spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact. The District does not report any nonspendable fund balances at December 31, 2018.
- 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. The District also restricts the amounts in the Capital Projects Fund for building projects.
- Assigned – The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than

FRONT RANGE FIRE RESCUE FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

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

those imposed on amounts that are classified as committed.

Fund Balance Classification (Continued)

- 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 did not have any committed resources 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.

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 or resources. This separate financial statement element, deferred outflow 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 liabilities, the statement of financial position and balance sheets will sometimes report a separate section for deferred inflows or resources. This separate financial statement element, deferred inflow 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.

FRONT RANGE FIRE RESCUE FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 September, 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.
- District Management is authorized to transfer budgeted amounts between departments within any fund. However, 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).
- The Pension Trust Funds expenditures exceeded the Budgets which may be in violation of State statutes. Total District expenditures did not exceed the Budget.
- Budgeted amounts in the financial statements are as originally adopted or as amended by the Board of Directors. All appropriations lapse at year end.

FRONT RANGE FIRE RESCUE FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 3: CASH AND INVESTMENTS

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

Deposits	\$ 5,097,334
Investments	<u>1,225,374</u>
Total	<u>\$ 6,322,708</u>

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

Deposits	\$ 138,014
Investments	<u>2,318,166</u>
Total	<u>\$ 2,456,180</u>

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 \$5,097,334. The bank balances with the financial institutions were \$5,129,872. Of these balances, \$500,000 was covered by federal insurance and \$4,629,872 was covered by collateral held by authorized escrow agents in the financial institutions name (PDPA).

FRONT RANGE FIRE RESCUE FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 3: CASH AND INVESTMENTS (Continued)

Investments

As of December 31, 2018, the District has the following governmental investments:

Investments	<u>Market Value</u>	<u>Maturity Less Than 1 year</u>	<u>Maturity 1 to 10 years</u>	<u>Concentration of Credit Risk</u>	<u>S&P Rating</u>
Colorado Trust	\$ 221,529	\$ 221,529	\$ -	6.45%	N/A
Corporate Bonds	398,330	149,171	249,159	23.83%	BBB-A-
US Treasury Bonds and Notes	555,614	208,583	347,031	16.67%	AA+
Certificates of Deposit	<u>49,902</u>	<u>-</u>	<u>49,902</u>	<u>40.30%</u>	<u>N/A</u>
Total	<u>\$ 1,225,375</u>	<u>\$ 579,283</u>	<u>\$ 646,092</u>	<u>100.00%</u>	

As of December 31, 2018, the District has the following fiduciary investments:

Investments	<u>Market Value</u>	<u>Maturity Less Than 1 year</u>	<u>Maturity 1 to 10 years</u>	<u>Concentration of Credit Risk</u>	<u>S&P Rating</u>
Corporate Bonds	\$ 369,994	\$ 50,283	\$ 319,711	15.96%	BBB-A-
Municipal Bonds	49,135	24,976	24,159	2.12%	AAA-AA+
US Treasury Bonds and Notes	126,234	-	126,234	5.45%	AA+
Equity Mutual Funds	388,950	388,950	-	16.78%	N/A
Common Stock	<u>1,383,853</u>	<u>1,383,853</u>	<u>-</u>	<u>59.69%</u>	<u>N/A</u>
Total	<u>\$ 2,318,166</u>	<u>\$ 1,848,062</u>	<u>\$ 470,104</u>	<u>100.00%</u>	

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 include:

- Obligations of the United States and certain U.S. government agency securities
- General obligation and revenue bonds of U.S. local government entities
- Commercial paper
- 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.

FRONT RANGE FIRE RESCUE FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

NOTE 3: CASH AND INVESTMENTS

Investments (Continued)

At December 31, 2018, the District had \$221,529 invested in the Colorado Government Liquid Asset Trust (COLOTRUST); an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. The Trust has been rated AAAM by Standard and Poor's.

Fair Value Measurement and Application

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. Investments not measured at fair value and not categorized include governmental money market funds (PFM Funds Governmental Select series); money market funds (generally held by Bank Trust Departments in their role as paying agent or trustee); and CSAFE which record their investments at amortized cost.

FRONT RANGE FIRE RESCUE FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 4: CAPITAL ASSETS

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

Governmental activities:	Balance at December 31, 2017	Capital Assets Conveyed to MFPD -FRFRA January 1, 2018	Additions	Disposals/ Retirements	Balance at December 31, 2018
Capital assets, not being depreciated:					
Land	\$ 132,152	\$ -	\$ -	\$ -	\$ 132,152
Capital assets, being depreciated:					
Buildings and Improvements	1,347,385	2,478,797	22,473	-	3,848,655
Vehicles, Machinery and Equipment	3,396,025	1,864,912	166,449	-	5,427,386
Software	7,906	-	-	-	7,906
Total capital assets being depreciated	<u>4,751,316</u>	<u>4,343,709</u>	<u>188,922</u>	<u>-</u>	<u>9,283,947</u>
Less accumulated depreciation for:					
Buildings and Improvements	416,273	663,246	167,105	-	1,246,624
Vehicles, Machinery and Equipment	1,386,407	547,456	205,040	-	2,138,903
Software	7,906	-	-	-	7,906
Total accumulated depreciation	<u>1,810,586</u>	<u>1,210,702</u>	<u>372,145</u>	<u>-</u>	<u>3,393,433</u>
Total Capital Assets, Depreciated, Net	<u>2,940,730</u>	<u>3,133,007</u>	<u>(183,223)</u>	<u>-</u>	<u>5,890,515</u>
Total capital assets, net	<u>\$ 3,072,882</u>	<u>\$ 3,133,007</u>	<u>\$ (183,223)</u>	<u>\$ -</u>	<u>\$ 6,022,667</u>

Depreciation expense was charged to General Government activities of the District.

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.

Governmental Activities:	Balance at December 31, 2017	Transfer in from MFPD Additions	Reductions	Balance at December 31, 2018	Amounts Due Within One Year
Capital Leases	\$ 146,103	\$ 146,103	\$ 292,206	\$ -	\$ -
G.O. Bonds	-	795,000	100,000	695,000	100,000
Bond Premium	-	17,536	2,505	15,031	-
Total	<u>\$ 146,103</u>	<u>\$ 958,639</u>	<u>\$ 394,711</u>	<u>\$ 710,031</u>	<u>\$ 100,000</u>

Capital Lease

The District entered into a capital lease agreement to purchase equipment which was to be paid from revenue of the General Fund. The lease carried an interest rate in the amount of 2.6%. Annual lease payments in the amount of \$75,913 were due through June 2019. The District paid the lease in full, along with the identical outstanding lease of the Milliken Fire Protection

FRONT RANGE FIRE RESCUE FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 5: LONG-TERM DEBT (continued)

District in 2018.

G.O. Bonds

The Milliken Fire Protection District issued 2012 General Obligation (G.O.) Bonds, dated August 3, 2012, with principal and interest payments due semi-annually on December 1 and June 1, through 2024. Interest accrues at rates ranging from 2.0 % to 3.0%. Upon the dissolution of the Milliken Fire Protection District the liability of the outstanding G.O. Bonds was absorbed by the District.

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	\$ 100,000	\$ 19,665	\$ 119,665
2020	110,000	16,665	126,665
2021	115,000	13,365	128,365
2022	115,000	10,375	125,375
2023	125,000	7,270	132,270
2024	<u>130,000</u>	<u>3,770</u>	<u>133,770</u>
Total Debt Service Requirements	<u>\$ 695,000</u>	<u>\$ 71,110</u>	<u>\$ 766,110</u>

NOTE 6: RISK MANAGEMENT

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

NOTE 7: COMMITMENTS AND CONTINGENCIES

Front Range Fire Rescue Authority

In November 2014, the District entered into an intergovernmental agreement with the Milliken Fire Protection District to create the Front Range Fire Rescue Authority (the "Authority") which is organized as a separate legal entity pursuant to Section 29-1-301 (4). The Authority operated as an independent entity separate and distinct from the Districts. Effective January 1, 2015 the Districts assigned the personnel, assets, and property to the Authority which were used to provide fire services to residents of both Districts combined. Upon the dissolution of the

FRONT RANGE FIRE RESCUE FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

NOTE 7: COMMITMENTS AND CONTINGENCIES (continued)

Milliken Fire Protection District the Authority was also dissolved and its assets were transferred to the District effective January 1, 2018. See Note 10.

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. On November 2, 2010, voters within the District approved the collection, retention and expenditure of the full revenues generated by the District in 2010 and subsequent years without limitation.

The District has established an emergency reserve, representing 3% of fiscal year spending as required by the Amendment. At December 31, 2018, the emergency reserve of \$105,650 was recorded in the General Fund.

NOTE 8: PENSION PLANS

Volunteer Firefighters' Pension Plans

Plan Description - The District has established a defined benefit pension plan for volunteer firefighters as authorized by State of Colorado statute. In addition, upon the dissolution of the Milliken Fire Protection District, the District absorbed the Milliken Fire Pension Plan. Both Plans are now administered by the District. Any firefighter who has both attained the age of fifty and completed twenty years of active service shall be eligible for a monthly pension. The Plan also provides for burial benefit upon the death of an active or retired firefighter in the amount of \$200. Spouses of deceased firefighters who have served a minimum of ten years may receive benefits of 50% of the earned pension. This plan is reported as a pension trust fiduciary fund in the financial statements.

Funding Policy - The Plan receives contributions from the District in an amount not to exceed one half mill of property tax revenue. Contributions are established and may be amended by

FRONT RANGE FIRE RESCUE FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

NOTE 8: **PENSION PLANS (continued)**

Volunteer Firefighters' Pension Plans

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

the District Board. As established by the legislature, the State of Colorado also contributes to the plan. An actuary is used to determine the adequacy of contributions.

The actuarial study as of January 1, 2018, 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.

As of the date of the report, there were 32 total members of the Plan. One of the 32 members were active.

Annual Pension Cost - For the year ended December 31, 2018, the District and State contributed \$131,689 and \$21,899, respectively, to the Front Range Fire Rescue Johnstown Fire Pension Plan. The District and State contributed \$40,000 and \$24,031, respectively, which was 100% of the required contributions for the Milliken Fire Pension Plan. The required contribution was determined as part of the January 1, 2018, actuarial valuation using the entry actuarial cost method. Actuarial assumptions included the following:

Interest Rate – 4.50% per annum, compounded annually, net of operating expenses
Retirement - Age 50 and 10 years of volunteer service
Disability - None
Mortality After Retirement– RP-2000 projected to 2018
Pre-Retirement Mortality – RP-2000 projected to 2018
Marital Status - 90% married, with males 3 years older

Based on the current value of the Fund, the Plan's current level of contributions are adequate to support the prospective benefit levels on an actuarially sound basis

At December 31, 2018 the District reported a pension liability in the amount of \$1,274,152 for the Front Range Fire Rescue Johnstown Pension Plan and \$654,528 for the Milliken Fire

Pension. The net pension liabilities were measured as of December 31, 2018, and were determined by an actuarial valuation as of December 31, 2018.

For the year ended December 31, 2018 the District recognized pension expense of \$96,314 for the Front Range Fire Rescue Johnstown Pension Plan. At December 31, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

FRONT RANGE FIRE RESCUE FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 8: PENSION PLANS (continued)

Volunteer Firefighters' Pension Plans

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between projected and actual earnings.	\$77,524	\$127,261
Total	\$77,524	\$127,261

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

Year ended December 31,	
2019	(\$ 7,022)
2020	(\$ 7,022)
2021	(\$ 7,022)
2022	(\$ 7,022)
2023	(\$ 21,649)

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

	1% Decrease (3.50%)	Current Discount Rate (4.50%)	1% Increase (5.50%)
Proportionate share of the net pension liability (asset)	\$ 1,681,978	\$ 1,274,152	\$ 940,218

For the year ended December 31, 2018 the District recognized pension expense of \$82,205 for the Milliken Fire Pension Plan. At December 31, 2018, the District reported deferred

FRONT RANGE FIRE RESCUE FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 8: PENSION PLANS (continued)

Volunteer Firefighters' Pension Plans

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

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>
Change in assumptions.	\$203,680	\$0
Difference between expected and actual experience.	\$138,968	\$0
Difference between projected and actual earnings.	\$ 22,484	\$36,844
Total	\$365,132	\$36,844

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

Year ended December 31,	
2019	\$ 20,415
2020	\$ 20,415
2021	\$ 20,415
2022	\$ 20,415
2023	\$ 20,415
Thereafter	\$226,213

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

	1% Decrease (3.50%)	Current Discount Rate (4.50%)	1% Increase (5.50%)
Proportionate share of the net pension liability (asset)	\$ 772,197	\$ 654,528	\$ 555,086

FRONT RANGE FIRE RESCUE FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

NOTE 9: **DEFINED BENEFIT PENSION PLANS**

Statewide Defined Benefit Pension Plan

Summary of Significant Accounting Policies

Pensions. Upon the dissolution of the Front Range Fire Rescue Authority effective January 1, 2018, the District now 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.

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.

FRONT RANGE FIRE RESCUE FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

NOTE 9: **DEFINED BENEFIT PENSION PLANS**

Statewide Defined Benefit Pension Plan (Continued)

General Information about the Pension Plan (Continued)

A member is eligible for an early retirement at age 50 or after 30 years of service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, an employee may elect to have member contributions, along with 5 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 member

Members of the SWDB Plan and their employers are contributing at the rate of 8.5 and 8 percent, respectively, of base salary for a total contribution rate of 16.5 percent in 2015. 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 re-entering 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 through 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 4.25 and 4 percent, respectively, of base salary for a total contribution rate of 8.25 percent in 2015. 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.

FRONT RANGE FIRE RESCUE FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 9: DEFINED BENEFIT PENSION PLANS

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 December 31, 2018, the District reported an asset in the amount of \$381,096 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018. Standard update procedures were used to roll forward the total pension liability to December 31, 2018. The District's proportion of the net pension liability was based on the 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, 2018, the District's liability proportion was 0.26490%, which was a decrease of 0.00657% from its proportion measured as of December 31, 2018.

For the year ended December 31, 2018 the District recognized pension income of \$246,839. 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	\$ 274,825	\$ 4,223
Changes in assumptions	\$ 57,418	N/A
Net differences between projected and fund investment earnings.	N/A	\$ 129,395
Contributions subsequent to the measurement date	\$151,896	N/A
Total	\$484,139	\$ 133,618

Deferred outflows of resources of \$151,896 related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability and asset in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

FRONT RANGE FIRE RESCUE FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 9: DEFINED BENEFIT PENSION PLANS

Statewide Defined Benefit Pension Plan (Continued)

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

Year ended December 31	
2019	\$ 45,159
2020	\$ 39,266
2021	\$ (15,732)
2022	\$ (36,128)
2023	\$ 40,690
Thereafter	\$ 125,569

Actuarial assumptions. The total pension liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial Method	Entry Age Normal
Amortization Method	Level % of Payroll, Open
Amortization Period	30 Years
Asset Valuation Method	5-Year Smoothed Fair Value
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.50 percent
Salary increases, including wage inflation	4.0 – 14.0 percent
Cost of Living Adjustments (COLA)	0.00 percent

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% 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

FRONT RANGE FIRE RESCUE FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

NOTE 9: DEFINED BENEFIT PENSION PLANS

Statewide Defined Benefit Pension Plan (Continued)

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

return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2016 are summarized in the following table:

Asset Class	Target Allocation	10 Year Expected Geometric Real Rate of Return
Global Equity	37.0%	8.33%
Equity Long/Short	9.0%	7.15%
Illiquid Alternatives	24.0%	9.70%
Fixed Income	15.0%	3.00%
Absolute Return	9.0%	6.46%
Managed Futures	4.0%	6.85%
Cash	2.0%	2.26%
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.

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 3.78% (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%

FRONT RANGE FIRE RESCUE FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

NOTE 9: DEFINED BENEFIT PENSION PLANS

Statewide Defined Benefit 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 proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability (asset) calculated using the discount rate of 7.50 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 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 liability (asset)	\$414,901	(\$381,096)	(\$1,042,070)

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>

NOTE 10: DISSOLUTION OF MILLIKEN FIRE PROTECTION DISTRICT AND THE FRONT RANGE FIRE RESCUE AUTHORITY

On November 17, 2017, the electors of the Milliken Fire Protection District voted to dissolve the Milliken Fire Protection District effective January 1, 2018. This action prompted the subsequent dissolution of the Authority. The assets and liabilities of both entities were transferred to the Front Range Fire Rescue Fire Protection District as follows:

	Capital Assets	Other Assets	Other Liabilities	Deferred Outflows	Long-term Debt	Pension Liability	Deferred Inflows	Compensated Absences	Total
	<u>Transferred</u>	<u>Transferred</u>	<u>Transferred</u>	<u>Transferred</u>	<u>Transferred</u>	<u>Transferred</u>	<u>Transferred</u>	<u>Transferred</u>	
Milliken Fire Protection District	\$ 2,292,915	\$ 188,496	\$ -	\$ 87,022	\$(958,639)	\$ (331,057)	\$ -	\$ -	\$1,278,737
Front Range Fire Rescue Authority	840,092	2,512,270	(410,394)	430,342	-	(93,342)	(4,118)	(26,082)	3,248,768
	<u>\$ 3,133,007</u>	<u>\$2,700,766</u>	<u>\$(410,394)</u>	<u>\$517,364</u>	<u>\$(958,639)</u>	<u>\$ (424,399)</u>	<u>\$ (4,118)</u>	<u>\$ (26,082)</u>	<u>\$4,527,505</u>

REQUIRED SUPPLEMENTAL INFORMATION

FRONT RANGE FIRE RESCUE FIRE PROTECTION DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

Year Ended December 31, 2018

	2018		VARIANCE Positive (Negative)
	ORIGINAL AND FINAL BUDGET	ACTUAL	
REVENUE			
Property Taxes	\$ 4,048,515	\$ 4,048,339	\$ (176)
Specific Ownership Taxes	187,951	311,849	123,898
Intergovernmental	81,305	58,909	(22,396)
Interest	-	71,108	71,108
Miscellaneous	30,500	121,253	90,753
TOTAL REVENUE	<u>4,348,271</u>	<u>4,611,458</u>	<u>263,187</u>
EXPENDITURES			
Current			
Contractual and Professional Services	326,100	318,309	7,791
Personnel	2,837,709	2,734,051	103,658
Equipment Maintenance	87,500	104,619	(17,119)
Materials and Supplies	236,900	221,041	15,859
Divisions	139,750	82,552	57,198
Treasurer's Fees	59,305	61,102	(1,797)
Miscellaneous	7,000	-	7,000
Emergency Reserves/Contingency	196,202	-	196,202
TOTAL EXPENDITURES	<u>3,890,466</u>	<u>3,521,674</u>	<u>368,792</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>457,805</u>	<u>1,089,784</u>	<u>631,979</u>
OTHER FINANCING SOURCES (USES)			
Conveyance of fund balance from Front Range Fire Rescue Authority	-	1,691,286	1,691,286
Conveyance of fund balance from Milliken Fire Protection District	-	23,619	23,619
TOTAL OTHER SOURCES (USES)	<u>-</u>	<u>1,714,905</u>	<u>1,714,905</u>
NET CHANGE IN FUND BALANCE	457,805	2,804,689	2,346,884
FUND BALANCE, Beginning	<u>3,225,000</u>	<u>891,740</u>	<u>(2,333,260)</u>
FUND BALANCE, Ending	<u>\$ 3,682,805</u>	<u>\$ 3,696,429</u>	<u>\$ 13,624</u>

See the accompanying independent auditors' report.

FRONT RANGE FIRE RESCUE FIRE PROTECTION DISTRICT

SCHEDULE OF CONTRIBUTIONS
 VOLUNTEER FIREFIGHTERS' PENSION PLANS
 December 31, 2018

<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>
2015	\$ 127,095	\$ 127,095	\$ -	N/A	N/A
2016	123,367	123,367	-	N/A	N/A
2017	117,927	117,927	-	N/A	N/A
2018	106,831	217,589	(110,758)	N/A	N/A

*Includes both employer and State of Colorado Supplementary Discretionary Payment
 This report will include ten years of data when available.

See the accompanying independent auditors' report.

FRONT RANGE FIRE RESCUE FIRE PROTECTION DISTRICT

SCHEDULE OF CHANGES IN NET PENSION LIABILITY/(ASSET) AND RELATED RATIOS
VOLUNTEER FIREFIGHTERS' PENSION PLAN
FRONT RANGE FIRE RESCUE JOHNSTOWN FIRE PENSION

Measurement Period Ending December 31,	2018	2017	Revised 2016
Total Pension Liability			
Service Cost	\$ 8,280	\$ 8,653	\$ 11,042
Interest Cost	135,633	135,869	138,927
Experience Loss/(Gain)/(Deferred Inflow)	(72,259)	102,489	(38,555)
Difference Between Expected and Actual Experiences	-	-	-
Assumption Changes	140,394	-	-
Benefit Payments	(179,609)	(181,950)	(176,800)
Net Change in Total Pension Liability	32,439	65,061	(65,386)
Total Pension Liability - Beginning	3,175,340	3,110,279	3,175,665
Total Pension Liability - Ending	<u>\$ 3,207,779</u>	<u>\$ 3,175,340</u>	<u>\$ 3,110,279</u>
Plan Fiduciary Net Position			
Employer Contribution	\$ 131,659	\$ 96,028	\$ 123,367
State Contributions	21,899	21,899	76,682
Actual Return on Assets	(68,635)	232,646	-
Benefit Payments	(179,609)	(181,950)	(176,800)
Pension Plan Administrative Expenses	(27,735)	(23,983)	(21,978)
Net Change in Plan Fiduciary Net Position	(122,421)	144,640	1,271
Plan Fiduciary Net Position - Beginning	2,056,048	1,911,408	1,910,137
Plan Fiduciary Net Position - Ending	<u>1,933,627</u>	<u>2,056,048</u>	<u>1,911,408</u>
Net Pension Liability/(Asset)	\$ 1,274,152	\$ 1,119,292	\$ 1,198,871
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	60.28%	64.75%	61.45%
Covered Employee Payroll	N/A	N/A	N/A
Net Pension Liability/(Asset) as a Percentage of Covered Employee Payroll	N/A	N/A	N/A

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

See accompanying independent auditors' report.

FRONT RANGE FIRE RESCUE FIRE PROTECTION DISTRICT

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

Measurement Period Ending December 31,	2018	2017	Restated 2016	2015	2014
Total Pension Liability					
Service Cost	\$ -	\$ -	\$ -	\$ 2,939	\$ 13,331
Interest on the Total Pension Liability	52,833	54,576	66,355	68,311	65,842
Benefit Changes	-	143,771	-	-	92,319
Difference Between Expected and Actual Experiences	-	1,156	(14,693)	-	(38,841)
Assumption Changes	770	-	229,136	-	-
Benefit Payments	(96,837)	(91,688)	(93,665)	(96,371)	(92,940)
Net Change in Total Pension Liability	(43,234)	107,815	187,133	(25,121)	39,711
Total Pension Liability - Beginning	1,226,514	1,118,699	931,566	956,687	916,976
Total Pension Liability - Ending	<u>\$ 1,183,280</u>	<u>\$ 1,226,514</u>	<u>\$ 1,118,699</u>	<u>\$ 931,566</u>	<u>\$ 956,687</u>
Plan Fiduciary Net Position					
Employer Contribution	\$ 40,000	\$ 50,000	\$ 34,954	\$ 30,000	\$ 39,969
Pension Plan Net Investment Income	(34,471)	55,180	28,001	10,775	37,086
Benefit Payments	(96,837)	(91,688)	(93,665)	(96,371)	(92,940)
Pension Plan Administrative Expenses	-	-	(1,126)	(3,232)	(1,247)
State of Colorado Supplemental Discretionary Payment	24,031	24,031	24,031	24,031	24,031
Net Change in Plan Fiduciary Net Position	(67,277)	37,523	(7,805)	(34,797)	6,899
Plan Fiduciary Net Position - Beginning	596,029	558,506	566,311	601,108	594,209
Plan Fiduciary Net Position - Ending	<u>528,752</u>	<u>596,029</u>	<u>558,506</u>	<u>566,311</u>	<u>601,108</u>
Net Pension Liability/(Asset)	\$ 654,528	\$ 630,485	\$ 560,193	\$ 365,255	\$ 355,579
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	44.69%	48.60%	49.92%	60.79%	62.83%
Covered Employee Payroll	N/A	N/A	N/A	N/A	N/A
Net Pension Liability/(Asset) as a Percentage of Covered Employee Payroll	N/A	N/A	N/A	N/A	N/A

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

See accompanying independent auditors' report.

INDIVIDUAL FUND SCHEDULES

FRONT RANGE FIRE RESCUE FIRE PROTECTION DISTRICT

CAPITAL PROJECTS FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2018

	2018		VARIANCE Positive (Negative)
	ORIGINAL AND FINAL BUDGET	ACTUAL	
REVENUE			
Property taxes	\$ 526,654	\$ 526,402	\$ (252)
Specific ownership taxes	24,194	40,577	16,383
Interest	-	32,893	32,893
Transfer from General Fund	264,700	-	(264,700)
TOTAL REVENUE	815,548	599,872	(215,676)
EXPENDITURES			
Current			
Administrative Fees	-	161	(161)
Treasurer's Fees	7,766	7,970	(204)
Capital Outlay	470,000	188,921	281,079
Debt Service - Lease payments	303,652	299,805	3,847
TOTAL EXPENDITURES	781,418	496,857	284,561
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	34,130	103,015	68,885
OTHER FINANCING SOURCES (USES)			
Conveyance from Front Range Fire Rescue Authority	-	410,591	410,591
Conveyance from Milliken Fire Protection District	-	1,424	1,424
TOTAL OTHER SOURCES (USES)	-	412,015	412,015
CHANGE IN FUND BALANCE	34,130	515,030	480,900
FUND BALANCE, Beginning	1,860,000	1,863,883	3,883
FUND BALANCE, Ending	<u>\$ 1,894,130</u>	<u>\$ 2,378,913</u>	<u>\$ 484,783</u>

See the accompanying independent auditors' report.

FRONT RANGE FIRE RESCUE FIRE PROTECTION DISTRICT

DEBT SERVICE FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2018

	ORIGINAL AND FINAL BUDGET	2018 ACTUAL	VARIANCE Positive (Negative)
REVENUE			
Property Taxes	\$ 123,318	\$ 123,330	\$ 12
Specific Ownership Taxes	5,809	9,431	3,622
Interest	-	85	85
TOTAL REVENUE	129,127	132,846	3,719
EXPENDITURES			
Current			
Administrative Fees	-	200	(200)
Treasurer's Fees	1,765	1,850	(85)
Debt Service	123,318	122,915	403
TOTAL EXPENDITURES	125,083	124,965	118
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	4,044	7,881	118
OTHER FINANCING SOURCES (USES)			
Transfer from Milliken Fire Protection District	-	123,500	123,500
TOTAL OTHER SOURCES (USES)	-	123,500	123,500
CHANGE IN FUND BALANCE	4,044	131,381	127,337
FUND BALANCE, Beginning	-	-	-
FUND BALANCE, Ending	<u>\$ 4,044</u>	<u>\$ 131,381</u>	<u>\$ 127,337</u>

See the accompanying independent auditors' report.

FRONT RANGE FIRE RESCUE FIRE PROTECTION DISTRICT

VOLUNTEER PENSION TRUST FUND-Front Range Fire Rescue Johnstown
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2018

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUE			
Taxes	\$ 131,601	\$ 131,592	\$ (9)
Specific Ownership Taxes	6,046	10,144	4,098
State Contribution	21,899	21,899	-
Interest and Dividend Income		43,167	43,167
Realized Gains on Investments	-	65,745	65,745
TOTAL REVENUE	<u>159,546</u>	<u>272,547</u>	<u>113,001</u>
EXPENDITURES			
Benefit Payments	-	179,609	(179,609)
Actuarial Study	-	8,081	(8,081)
Management Fees	-	27,735	(27,735)
Unrealized Loss on Investments	-	169,466	(169,466)
Treasurer's Fees	1,765	1,993	(228)
TOTAL EXPENDITURES	<u>1,765</u>	<u>386,884</u>	<u>(385,119)</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>157,781</u>	<u>(114,337)</u>	<u>(272,118)</u>
CHANGE IN NET POSITION	157,781	(114,337)	(272,118)
NET POSITION, Beginning	<u>-</u>	<u>2,056,048</u>	<u>2,056,048</u>
NET POSITION, Ending	<u>\$ 157,781</u>	<u>\$ 1,941,711</u>	<u>\$ 1,783,930</u>

See the accompanying independent auditors' report

FRONT RANGE FIRE RESCUE FIRE PROTECTION DISTRICT

VOLUNTEER PENSION TRUST FUND-Milliken Fire
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2018

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUE			
State Contribution	\$ 24,031	\$ 24,031	\$ -
District Contribution - MFPD	40,000	40,000	-
Interest and Dividend Income	-	11,630	11,630
Realized Gains on Investments	-	17,432	17,432
Conveyance of net position from Milliken FPD	-	596,029	596,029
TOTAL REVENUE	<u>64,031</u>	<u>689,122</u>	<u>625,091</u>
EXPENDITURES			
Benefit Payments	-	96,837	(96,837)
Actuarial Study	-	5,488	(5,488)
Management Fees	-	4,757	(4,757)
Unrealized Loss on Investments	-	53,288	(53,288)
TOTAL EXPENDITURES	<u>-</u>	<u>160,370</u>	<u>(160,370)</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>64,031</u>	<u>528,752</u>	<u>464,721</u>
CHANGE IN NET POSITION	64,031	528,752	464,721
NET POSITION, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION, Ending	<u>\$ 64,031</u>	<u>\$ 528,752</u>	<u>\$ 464,721</u>

See the accompanying independent auditors' report