



LOUISVILLE FIRE PROTECTION DISTRICT

Louisville, Colorado

FINANCIAL REPORT

December 31, 2018

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Louisville Fire Protection District
Louisville, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the general fund, and the fiduciary activities of Louisville Fire Protection District (LFPD) of Louisville, Colorado as of and for the years ended December 31, 2018 and 2017, which collectively comprise LFPD's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

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.

Auditors' Opinion

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 information of Louisville Fire Protection District as of December 31, 2018 and 2017, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Management Discussion and Analysis - Unaudited

The Management's Discussion and Analysis on pages 3 through 5 is presented to supplement the basic financial statements and to provide operational, economic and historical context to the financial statements. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion or any other form of assurance on it.

Individual Fund Statements

The Schedule of Revenues, Expenditures, Expenses and Changes in Fund Balance Budget and Actual - for the General Fund on page 23, with related notes on page 24, is presented to supplement the basic financial statements by providing general fund operational results (Non-GAAP Budgetary Basis) for the year.

The Schedule of Funding Progress for the Volunteer Firefighters Pension on page 25 reports funding progress and Pension Fund activity over time.

The Schedule of Changes in Net Position - Budget and Actual for the Fiduciary Fund on page 26 presents changes in net assets for the year compared to budgeted amounts (Non-GAAP Budgetary Basis).

We have applied certain limited procedures to the information presented on pages 23 - 26, which consisted principally of inquiries of management regarding the methods of measurement and presentation of these individual fund statements; however, we did not audit the information and express no opinion or any other form of assurance on them.



CAHILL & ASSOCIATES, P.C.
July 16, 2019

**LOUISVILLE FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

This discussion and analysis of Louisville Fire Protection District's (LFPD) financial performance provides an overview of LFPD's financial activities for the fiscal year ended December 31, 2018. This section is a summary of LFPD's financial activities based on currently known facts, decisions, or conditions. The Management's Discussion and Analysis (MD&A) section is only an introduction and should be read in conjunction with LFPD's financial statements which follow this section.

FINANCIAL HIGHLIGHTS

The net assets of LFPD exceeded liabilities, and deferred resources and pension obligations at December 31, 2017, by \$9,327,180. At December 31, 2018, \$9,577,161 represents net assets invested in capital assets; \$3,351,943 represents net assets reserved or committed for such future capital asset improvements/acquisitions and potential emergencies. A deficit of (\$3,727,389) represents PERA retirement obligation in excess of deferred resource outflows.

LFPD's total assets and deferred resources decreased by \$249,214 which is net of the current year provision for depreciation of \$720,678. Total liabilities, pension liability and deferred resources decreased by \$77,857. LFPD's total net position decreased by \$171,557.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Discussion and Analysis is intended to serve as an introduction of LFPD's basic financial statements. The financial statements of LFPD report information about LFPD using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term information about LFPD's overall financial status. The Statement of Net Position presents information on all LFPD's assets, liabilities and deferred resources with the difference reported as net position. Over time, analysis of causes for increases and decreases in net position may serve as a useful indicator of whether the financial position of LFPD is improving or deteriorating. The Statement of Activities and Governmental Fund Revenues, Expenditures, Expenses and Changes in Fund Balances and Net Position presents information showing how LFPD's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows; thus revenues and expenses are recorded in this statement for some items that will result in cash flows in future fiscal periods (for example, property tax to be collected by the county and not yet remitted to LFPD). The basic financial statements can be found on pages 6-10 of this report. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided within the financial statements. The notes to the financial statements can be found on pages 11-21 of this report.

FINANCIAL ANALYSIS

For the year ended December 31, 2018, assets exceeded liabilities and deferred resources by \$9,327,180. Firefighting is a capital-intensive enterprise, and approximately 100 percent of the net assets are invested in capital assets. Following is a summary of LFPD's net assets.

	<u>2018</u>	<u>2017</u>
Assets		
Current assets	\$ 8,494,585	\$ 8,777,060
Capital assets (net)	<u>9,577,161</u>	<u>8,637,749</u>
Total assets	<u>18,071,746</u>	<u>17,414,809</u>
Deferred Outflow of Resources	<u>378,089</u>	<u>1,282,220</u>
Total Assets and Deferred Outflow of Resources	<u>18,447,815</u>	<u>18,697,029</u>
Liabilities		
Current liabilities	555,877	361,910
Pension Liability	4,103,458	4,415,871
Deferred Resources	<u>4,461,500</u>	<u>4,420,511</u>
Total Liabilities and Deferred Resources	<u>9,120,835</u>	<u>9,198,292</u>
Net Position		
Restricted for emergencies	125,465	189,829
Pension net obligation	(3,727,389)	(3,133,651)
Committed for capital improvements	3,351,943	3,804,710
Invested in capital assets	<u>9,577,161</u>	<u>8,637,749</u>
Total Net Position	<u>\$ 9,327,180</u>	<u>\$ 9,498,737</u>

**LOUISVILLE FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018**

FINANCIAL ANALYSIS (Continued)

LFPD's General Fund balances decreased by \$507,952 in 2018. The following Summary Statement of Revenues, Expenses and Changes in General Fund Balances shows how the 2018 and 2017 changes in net assets occurred. The revenues were increased when compared to the prior year due to an increase in property tax revenue. The expenditures were higher in 2018 due to capital expenditures for new equipment and construction on an existing substation incurred in 2018.

Summary Statement of Revenues and Expenditures - General Fund

	<u>2018</u>	<u>2017</u>
Program & General Revenues	\$ 5,339,359	\$ 4,727,780
Expenditures	<u>(5,847,311)</u>	<u>(3,789,030)</u>
Net	<u>\$ (507,952)</u>	<u>\$ 938,760</u>

Operating Revenues

As shown below, revenue increased by approximately 13% while expenditures increased approximately 55%. The following table shows 2018 revenue compared to 2017.

	<u>2018 Amount</u>	<u>Percent of Total</u>	<u>2017 Amount</u>	<u>Percent of Total</u>
Property taxes	\$ 4,388,854	82.2 %	\$ 3,737,093	79.1 %
Ambulance Service Revenue	804,352	15.1 %	831,860	17.6 %
Investment Earnings	26,638	.5 %	12,072	.3 %
Plan Review Revenue	109,087	2.1 %	123,982	2.7 %
Other Revenue/Grants	10,448	.1 %	22,783	.3 %
	<u>\$ 5,339,359</u>	<u>100.0 %</u>	<u>\$ 4,727,780</u>	<u>100.0 %</u>

Property tax revenue increased due to a significant increase in assessed valuation. Because Boulder County assesses and collects property taxes, LFPD is unable to determine the amount and timing of collection for delinquent taxes outstanding as of December 31, 2018; therefore, there is no accrual for delinquent taxes.

Operating Expenditures

	<u>2018 Amount</u>	<u>Percent of Total</u>	<u>2017 Amount</u>	<u>Percent of Total</u>
Building construction, improvements and repairs	\$ 1,757,144	30.1 %	\$ 243,609	6.5 %
Equipment purchases and repairs	404,836	7.0 %	483,908	12.8 %
Volunteer firefighter expenses	101,525	1.7 %	57,776	1.6 %
Administration	1,408,306	24.1 %	1,036,262	27.4 %
Salaries - Firefighting operations	1,565,380	28.7 %	1,296,520	34.3 %
Salaries - Ambulance Service	610,120	10.4 %	670,955	17.4 %
	<u>\$ 5,847,311</u>	<u>100.0 %</u>	<u>\$ 3,789,030</u>	<u>100.0 %</u>

The increase in building improvements is due to construction on an existing station in 2018. Equipment purchases and repairs remained steady. Volunteer firefighting expenses were higher in the current year due to an increase in Volunteer reimbursements. Administration expenses were more in 2018 because of an increase in PERA related expenses. Firefighting salaries increased by 21% due to overtime pay, promotions and increased pay rates in 2018.

**LOUISVILLE FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018**

FINANCIAL ANALYSIS (Continued)

Capital Assets

LFPD's investment in capital assets (original cost less accumulated depreciation) as of December 31, 2018 was \$9,577,162. Capital assets consist of fire trucks, support vehicles, land, buildings, firefighting and ambulance equipment, and office furniture and equipment. Major asset acquisitions totaled \$1,660,091 and there were no capital dispositions during 2018. There was depreciation for the year of \$720,678. This results in a change of \$939,412 in net value of capital assets.

	<u>2018</u>	<u>2017</u>	<u>Total Dollar Change</u>
Land	\$ 484,510	\$ 484,510	\$ -
Building and Improvements (net)	7,212,413	5,901,025	1,311,388
Firefighting and Other Equipment (net)	<u>1,880,238</u>	<u>2,252,214</u>	<u>(381,257)</u>
Total	\$ <u>9,577,161</u>	\$ <u>8,637,749</u>	\$ <u>939,412</u>

This year's additions included \$1,615,158 in building improvements and \$44,933 for firefighting and other equipment.

Economic Factors and Future Outlook

The economy and property values of the Colorado Front Range, and specifically the area served by LFPD, have remained strong, as has local support of LFPD. Growth within the area increases the complexity of issues faced in providing fire protection and ambulance services. These issues have resulted in the need to hire more full-time professional employees to support the volunteer firefighters. An agreement with a neighboring district for providing ambulance services has helped to spread costs and improve efficiency of that service, although that arrangement is being discontinued.

The District's current mill levy of 6.686 mills was a result of voters of the District approval in 2007 of an annual 3.5 mill increase for the purpose of establishing a firefighter/paramedic program to provide ambulance service to the District, equipment and capital asset acquisition and replacement, paying the general operating and maintenance costs of the District, and continued funding for volunteer firefighter programs. This level of taxation has continued to improve the financial position of the District and assist the District with equipment costs of funding the ambulance service which LFPD implemented in 2008.

For 2019, LFPD has budgeted \$4,223,172 to the General Fund and \$238,328 to the Pension Fund from property tax revenues. LFPD has also budgeted \$1,903,000 from the capital reserve to be used for building-related improvements, equipment and apparatus acquisitions. Ambulance transport revenue is budgeted at \$512,846. The Pension Fund budget includes projected interest income from investments of \$25,000, reserve funds of \$35,084 and State of Colorado funding of \$167,363. This results in total budgeted revenue of \$6,639,018 for the General Fund and \$465,775 for the Pension Fund.

LFPD has budgeted \$6,639,018 for General Fund expenditures and \$465,775 for Pension Fund expenditures for 2019. General Fund expenditures have been budgeted to purchase and maintain firefighting equipment, provide firefighter training, maintain the ambulance service, implement computer upgrades, provide public education, purchase emergency medical service equipment and supplies, and fund additional full-time career personnel. Pension fund expenditures have been appropriated to fund volunteer firefighter pensions and related pension administrative costs.

LFPD maintains a web site at louisvillefire.com.

**LOUISVILLE FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018**

FINANCIAL ANALYSIS (Continued)

The following presents revenue and expenditures on a cash basis as utilized by the District for budgeting, reporting and analysis. The category for Reserves are the amount anticipated/required from pre-existing funds.

GENERAL FUND	2018	2018	2019
	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>
Revenue			
General Property Taxes	4,182,183	4,338,883	4,223,172
Ambulance Transport	425,947	804,351	512,846
Plan Reviews & Other	-	119,515	-
Capital Reserves	<u>1,900,000</u>	<u>354,302</u>	<u>1,903,000</u>
	<u>\$ 6,508,130</u>	<u>\$ 5,617,051</u>	<u>\$ 6,639,018</u>
Expenditures			
Employee Costs	\$ 3,543,032	\$ 3,302,382	\$ 3,606,679
Legal & Administration	104,000	86,765	131,000
Building & Grounds	172,200	141,986	181,700
Insurance	60,500	59,999	74,500
Office	99,200	91,808	73,700
Dispatch	12,500	658	4,500
Repairs & Maintenance	308,150	265,230	339,000
Education & Training	131,900	85,348	118,950
District Operations	141,600	115,170	184,500
Capital Improvements	1,900,000	1,440,121	1,903,000
Contingency	<u>35,048</u>	<u>27,584</u>	<u>21,489</u>
	<u>\$ 6,508,130</u>	<u>\$ 5,617,051</u>	<u>\$ 6,639,018</u>

**FIDUCIARY FUND - VOLUNTEER
FIREFIGHTER PENSION FUND**

	2018	2018	2019
	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>
Revenue			
General Property Taxes	\$ 238,328	\$ 238,328	\$ 238,328
State of Colorado	167,363	167,363	167,363
Investment Earnings	25,000	26,645	25,000
Reserve Funds	<u>51,309</u>	<u>35,764</u>	<u>35,084</u>
	<u>\$ 482,000</u>	<u>\$ 468,100</u>	<u>\$ 465,775</u>
Expenditures			
Volunteers' Pension	<u>\$ 482,000</u>	<u>\$ 468,100</u>	<u>\$ 465,775</u>

LOUISVILLE FIRE PROTECTION DISTRICT
General Fund Balance Sheet/Statements of Net Position
December 31, 2018
With Summarized Net Position at of December 31, 2017

	<u>Primary Government - 2018</u>			<u>2017</u>
	<u>General Fund</u>	<u>Adjustments Note A (p 8)</u>	<u>Statement of Net Position</u>	<u>Statement of Net Position</u>
ASSETS				
CURRENT ASSETS				
Cash and Equivalents	\$ 3,727,682	\$ -	\$ 3,727,682	\$ 4,195,808
Receivables	4,630,424	-	4,630,424	4,559,740
Interfund Receivables	136,479	-	136,479	21,712
	<u>8,494,585</u>	<u>-</u>	<u>8,494,585</u>	<u>8,777,060</u>
CAPITAL ASSETS, NET OF DEPRECIATION				
Land	-	484,510	484,510	484,510
Buildings & Improvements	-	7,212,413	7,212,413	5,901,026
Firefighting/Ambulance Equipment and Furniture	-	1,880,238	1,880,238	2,252,214
Total Capital Assets, Net of Depreciation	<u>-</u>	<u>9,577,161</u>	<u>9,577,161</u>	<u>8,637,749</u>
TOTAL ASSETS	8,494,585	9,577,161	18,071,746	17,414,809
DEFERRED OUTFLOW OF RESOURCES				
Pension Related Amounts	-	376,069	376,069	1,282,220
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ <u>8,494,585</u>	\$ <u>9,953,230</u>	\$ <u>18,447,815</u>	\$ <u>18,697,029</u>
CURRENT LIABILITIES				
Accounts Payable	\$ 193,757	\$ -	\$ 193,757	\$ 7,550
Payroll Liabilities	9,180	-	9,180	4,439
Accrued Vacation and Payroll	288,921	-	288,921	295,079
Accrued Length of Service Award	63,819	-	63,819	54,842
Total Current Liabilities	<u>555,677</u>	<u>-</u>	<u>555,677</u>	<u>361,910</u>
PENSION OBLIGATION	<u>-</u>	<u>4,103,458</u>	<u>4,103,458</u>	<u>4,416,871</u>
DEFERRED INFLOW OF RESOURCES				
Deferred Tax Revenue	4,461,500	-	4,461,500	4,420,511
TOTAL LIABILITIES, PENSION OBLIGATION & DEFERRED RESOURCES	\$ <u>5,017,177</u>	\$ <u>4,103,458</u>	\$ <u>9,120,836</u>	\$ <u>9,198,292</u>
GENERAL FUND BALANCE/NET POSITION				
Restricted - Emergency Funds	125,465	-	125,465	189,929
Pension Deficit Position	-	(3,727,389)	(3,727,389)	(3,133,651)
Restricted - Capital Improvements	3,351,943	-	3,351,943	3,804,710
Invested in Capital Assets	-	9,577,161	9,577,161	8,637,749
TOTAL GENERAL FUND BALANCE/NET POSITION	\$ <u>3,477,408</u>	\$ <u>5,849,772</u>	\$ <u>9,327,180</u>	\$ <u>9,498,737</u>

See Accompanying Notes to Financial Statements

LOUISVILLE FIRE PROTECTION DISTRICT
Statement of Activities and Governmental Fund Revenues
Expenditures, Expenses, and Changes in Fund Balance/Net Position
For the Year Ended December 31, 2018
With Summarized Information for the Year Ended December 31, 2017

	<u>Primary Government - 2018</u>			<u>2017</u>
	<u>General Fund</u>	<u>Adjustments Note B (p 8)</u>	<u>Statement of Activities</u>	<u>Statement of Activities</u>
PROGRAM REVENUES				
Ambulance Transport Fees	\$ 804,352	-	\$ 804,352	\$ 831,860
Other Revenue	10,448	-	10,448	22,763
Plan Review Revenue	109,087	-	109,087	123,862
Total General Revenues	<u>\$ 923,887</u>	<u>\$ -</u>	<u>\$ 923,887</u>	<u>\$ 978,485</u>
EXPENDITURES/EXPENSES				
Fire Protection-Operations	\$ 3,228,016	\$ 593,737	\$ 3,821,753	\$ 3,443,839
Ambulance Transport Services	988,485	-	988,485	927,301
Capital Outlay	1,660,091	(1,660,091)	-	-
Depreciation	-	720,678	720,678	775,151
Total Expenditures/Expenses	<u>5,856,592</u>	<u>(345,876)</u>	<u>5,510,916</u>	<u>5,146,291</u>
NET (EXPENSE) REVENUE	<u>(4,932,728)</u>	<u>345,876</u>	<u>(4,587,049)</u>	<u>(4,167,886)</u>
GENERAL REVENUES				
Property Taxes	\$ 4,388,854	-	\$ 4,388,854	\$ 3,737,093
Investment Earnings	26,838	-	26,838	12,072
Gain (Loss) on Bond Redemption	-	-	-	-
Gain on Sale of Equipment	-	-	-	-
Total General Revenues	<u>4,415,692</u>	<u>-</u>	<u>4,415,692</u>	<u>3,749,165</u>
CHANGE IN FUND BALANCE/NET POSITION	<u>(517,233)</u>	<u>\$ 345,876</u>	<u>(171,557)</u>	<u>(418,501)</u>
FUND BALANCE/NET POSITION				
Beginning of year	<u>3,994,841</u>		<u>9,498,737</u>	<u>9,917,238</u>
End of Year	<u>\$ 3,477,408</u>		<u>\$ 9,327,180</u>	<u>\$ 9,498,737</u>

See Accompanying Notes to Financial Statements

LOUISVILLE FIRE PROTECTION DISTRICT
Reconciliation of Government Fund Balance
To Net Position of Governmental Activities (Note A)
and
Reconciliation of Change in Fund Balance
To Statement of Activities Change in Net Position (Note B)
December 31, 2018

NOTE A
RECONCILIATION OF GOVERNMENTAL FUND BALANCE
TO NET POSITION OF GOVERNMENTAL ACTIVITIES

GENERAL FUND BALANCE	\$	3,477,408
Adjustments of General Fund Balance to Net Position:		
Capital assets of \$18,047,065, net of accumulated depreciation (\$8,469,903), are not financial resources and therefore not reportable in the General Fund		9,577,161
Deferred PERA pension outflows represent current costs that will offset future pension obligations		1,173,683
Deferred PERA pension inflows represent current revenues that will offset future pension obligations		(797,614)
Pension Obligation to be funded in future periods		<u>(4,103,458)</u>
NET POSITION	\$	<u>9,327,180</u>

NOTE B
RECONCILIATION OF CHANGE IN FUND BALANCES
TO STATEMENT OF ACTIVITIES CHANGE IN NET POSITION

CHANGE IN GENERAL FUND BALANCE	\$	(517,233)
Adjustments of Change in General Fund to Change in Net Position:		
Pension Plan net adjustment for accrual reporting		(593,737)
General Fund expenditures for Capital Asset acquisitions are reportable as assets to determine Net Position		1,660,091
Depreciation of Capital Assets spreading Capital Asset costs over anticipated service lives is a non-cash expense applied to estimate remaining value of the Capital Assets		<u>(720,578)</u>
CHANGES IN NET POSITION	\$	<u>(171,857)</u>

See Accompanying Notes to Financial Statements

LOUISVILLE FIRE PROTECTION DISTRICT
Statements of Fiduciary Net Position
Fiduciary Fund - Traditional Volunteer Firefighter Program
December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and Cash Equivalents	\$ 44,758	\$ 180,078
Receivables:		
State Matching Funds	167,363	-
Interest and Dividends	13,255	12,443
Investments, at fair value:		
U S Government Obligations - (fixed income)	<u>2,545,468</u>	<u>2,499,318</u>
TOTAL ASSETS	\$ <u>2,770,842</u>	\$ <u>2,691,839</u>

LIABILITIES AND NET POSITION

LIABILITIES

Interfund Payables	\$ 136,479	\$ 21,712
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NET POSITION

Held In Trust and Restricted for Pension Benefits	<u>2,634,363</u>	<u>2,670,127</u>
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TOTAL LIABILITIES AND NET POSITION	\$ <u>2,770,842</u>	\$ <u>2,691,839</u>
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UNFUNDED PENSION LIABILITY

	Jan 1, 2018 - Jan 1, 2019	Jan 1, 2017 - Jan 1, 2018
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Unfunded Pension Liability - Beginning	\$ 4,873,763	\$ 4,836,420
Components of Changes		
Revenue - Property Tax and State of Colorado	(405,691)	(405,691)
Investment (Income) Expense	(26,645)	(66,914)
Benefits Paid	464,500	475,756
Administrative Expenses	3,600	0
(Positive) Negative Changes from actuarial assumptions	<u>-</u>	<u>34,192</u>
Unfunded Pension Liability - Ending	\$ <u>4,909,527</u>	\$ <u>4,873,763</u>

See Accompanying Notes to Financial Statements

LOUISVILLE FIRE PROTECTION DISTRICT
Statements of Changes in Fiduciary Net Position
Fiduciary Fund - Traditional Volunteer Firefighter Program
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ADDITIONS		
Contributions:		
Property Tax	\$ 238,328	\$ 238,328
State Contribution	<u>167,363</u>	<u>167,363</u>
Total Contributions	405,691	405,691
Investment Earnings:		
Net Increase (Decrease) in Fair Value of Investments	(21,632)	19,369
Interest and Dividends	48,277	47,577
Loss on Redemption of Investments	<u>-</u>	<u>(32)</u>
Total Investment Earnings	<u>26,645</u>	<u>68,914</u>
TOTAL ADDITIONS	432,336	472,605
DEDUCTIONS		
Benefits	484,500	475,758
Actuarial Study	<u>3,600</u>	<u>-</u>
TOTAL DEDUCTIONS	488,100	475,758
CHANGE IN NET POSITION	(35,764)	(3,151)
NET POSITION RESTRICTED FOR PENSIONS		
Beginning of Year	<u>2,670,127</u>	<u>2,673,278</u>
End of Year	<u>\$ 2,634,363</u>	<u>\$ 2,670,127</u>

See Accompanying Notes to Financial Statements

LOUISVILLE FIRE PROTECTION DISTRICT
Notes to Basic Financial Statements
December 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Louisville Fire Protection District (the "District") is governed pursuant to provisions of the Colorado Special District Act, by a five member Board of Directors. The District's service area is located within Boulder County, Colorado. The District was established in 1978 and provides fire protection, rescue, emergency medical services and emergency services within its boundaries. The District receives the major portion of its revenue from taxes assessed on the property within its boundaries.

The District operates out of two stations plus a separate training facility. Staffing includes fire-fighting and ambulance/paramedic force consisting of twenty-nine full-time, career employees and approximately twenty-four volunteer firefighters. The District also employs administrative staff members.

The District is the primary special purpose government responsible for all fire protection and emergency services within its service areas. As a result, all significant activities have been included in the basic financial statements. The District's financial statements represent those of a stand-alone government, as there are no component units.

The District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established by GAAP and used by the District are discussed below.

Basic Financial Statements - Government Statements

The governmental financial statements report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is reduced by program revenues. General revenues including property tax revenues, investment earnings and miscellaneous revenues are budgeted to meet the operational and capital requirements of the function.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government 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 a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, LFPD considers revenues to be available if they are measurable at the end of the fiscal period. Expenditures generally are recorded when a liability is incurred.

Property tax revenue, ambulance service revenue, and interest income associated with the current fiscal period are considered to be susceptible to accrual, and have been recognized as revenues of the current fiscal period. All other revenue items are considered measurable and available only when the District receives payment. See Property Tax below.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental 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 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 or net position.

The District reports one major government fund: The General Fund which is used to account for all financial resources of the District except those required to be accounted for in the Fiduciary 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. The General Fund balance is further classified as being either invested in capital assets, restricted for emergencies or restricted for future capital acquisitions/improvements. Any commitments against these components of the General Fund are reported when the expense/expenditures are incurred.

Fiduciary Fund: Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support District programs. The reporting focus is on net position and changes in net position that are reported using accounting principles similar to businesses in the private sector.

The District's Fiduciary Fund is presented in the fiduciary fund financial statements by type (pension). Since by definition these assets are being held for the benefit of a third party (pension participants) and cannot be used to address activities or obligations of the government, these funds have not been incorporated into the government-wide statements and are restricted to be used for covered individuals' pension benefits.

Tax, Spending, and Debt Limitations

The Colorado State Constitution, Article X, Section 20 sets limits and specific requirements for state and local governments covering revenue-raising, spending abilities and other areas. Fiscal year spending and revenue limits are determined based on the prior year's spending adjusted for inflation and local growth. Revenue in excess of the limit must be refunded unless the voters approve retention of such revenue.

Fiscal year spending is generally defined as expenditures plus reserve increases with certain exceptions. Spending excludes spending from certain revenue and financial sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves. The amendment requires, with certain exceptions, voter approval prior to imposing new taxes, increasing tax rates, increasing a mill levy above that for the prior year, extending an expiring tax, or implementing a tax policy change directly causing a net tax revenue gain to any local government.

Except for bond refinancing at lower interest rates or adding volunteer firefighters to existing pension plans, the Constitution specifically prohibits the creation of multiple-fiscal year debt or other financial obligations without voter approval or irrevocably pledging present cash reserves for all future payments.

The Constitution requires that emergency reserves be established. These reserves must be at least five percent of Fiscal Year Spending (excluding bonded debt service). Emergency reserves as of December 31, 2018 totaling \$125,465 are included in the fund balance in the General Fund. The District is not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary benefit increases.

An election was held May 7, 1996, in which the following ballot issue received voter approval:

The Louisville Fire Protection District shall be permitted to collect and spend for the purpose of funding capital projects, including the purchase of equipment, as a voter approved revenue change and property tax revenue change under Article X, Section 20 of the Colorado Constitution, whatever additional revenues are raised annually in 1996 and each year thereafter from its existing mill levy without any increase, and from specific ownership taxes, interest income, grants, and any other income of the District; such authority to collect and expend such amounts to constitute an exception to all limits which otherwise apply including the provisions of the 5.5% limitation of Section 29-1-201, Colorado Statutes.

This section of the Constitution is complex and subject to judicial interpretation. Based on certain interpretations of its language, the District believes it is in compliance with the requirements.

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

The District has defined cash and cash equivalents to include cash on hand, demand deposits, and cash with fiscal agents. Highly liquid investments with a maturity of three months or less are also considered cash equivalents.

Investments

Investments are accounted for in the appropriate funds and are stated at market value. Investments consist of U.S. Treasury notes and bills, certificates of deposit, and money funds.

Deferred Resources

The District reports deferred resources in the governmental fund balance sheet. A deferral arises when potential revenue does not meet both the measurable and available criteria for recognition in the current period. In general, monies received within thirty-one days after year-end are considered to have been for prior year services. The District has accrued 2018 property taxes to be collected in 2019 as a deferred resource and a receivable in the accompanying governmental funds balance sheet. (See Property Tax below).

Encumbrances

Encumbrance accounting, under which purchase orders and other commitments for the expenditure of funds are tracked in order to reserve that portion of the applicable appropriation, is employed only in memorandum in the governmental funds. At year-end, open encumbrances are reported as reservations of fund balances since those commitments are accommodated through subsequent year's budget appropriations. Encumbrances do not constitute expenditures or liabilities. There were no encumbrances at December 31, 2018.

Property Tax

Annual property taxes are levied and assessed on property as of January 1 and are certified by the County by December 15th of the current year. On January 1 of the following year, the County Treasurer bills the property owners, thus establishing an enforceable lien on the property, and collects the property taxes on behalf of the District and remits them to the District on a monthly basis. The District has accrued the 2018 taxes to be collected in 2019 in the accompanying financial statements with a corresponding offset to deferred resources. Property tax revenues are recognized as revenue in the year in which they are intended to finance operating expenditures.

The Board of Directors designates the total mill levy to the general fund. The allocation to the pension fund is based on the prior year's contribution and the actuarial study's estimated required contribution.

Accumulated Unpaid Vacation and Sick Pay

Accumulated unpaid vacation and sick pay are accrued as earned.

Inter-fund Receivables and Payables

Lending and borrowing arrangements between funds that are outstanding at the end of the fiscal year are referred to as "inter-fund payables or receivables".

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Risk Management

All general fixed assets are covered by commercial insurance within limits deemed appropriate by management. The District also carries employee dishonesty and workers compensation covering employees, the Board of Directors' and the volunteer firefighters. There have been no significant reductions in insurance coverage, and there are no known claim liabilities required to be estimated and

disclosed for which the District bears risk of loss.

NOTE 2 - CASH, DEPOSITS AND INVESTMENTS

Cash, deposits, and investments as of December 31, 2018 are classified in the accompanying financial statements as follows:

	<u>Book Balance</u>	<u>Bank Balance</u>
Governmental activities:		
Cash and Cash Equivalents	\$ <u>3,727,882</u>	\$ <u>4,080,967</u>
Total Governmental Activities	\$ <u>4,195,608</u>	\$ <u>4,267,292</u>
Fiduciary:		
Cash and Cash Equivalents	\$ 44,758	\$ 44,958
U.S. Government Securities	<u>2,545,466</u>	<u>2,545,466</u>
Total Fiduciary	\$ <u>2,590,224</u>	\$ <u>2,590,424</u>

Custodial Credit Risk

The custodial credit risk for deposits is the risk that the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. This risk is mitigated in that the District's deposits are subject to and in accordance with the State of Colorado's Public Deposit Protection Act (PDPA). Under this act, all uninsured deposits of public funds are to be fully collateralized. The eligible collateral pledged must be held in custody by any Federal Reserve Bank, or branch thereof, or held in escrow by some other bank in a manner as the banking commissioner shall prescribe by rule and regulation, or may be segregated from the other assets of the eligible public depository and held in its own trust department.

Investments

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest:

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As a means of limiting its exposure to fair value losses arising from prevailing market interest rates, the District currently limits the maturity of investment instruments to a maximum of five years for governmental funds.

NOTE 3 - CHANGES IN GENERAL FIXED ASSETS

A summary of changes in the cost of general fixed assets is as follows:

	<u>Balance</u> <u>Jan. 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Dec. 31, 2018</u>
Land	\$ 484,510	\$ -	\$ -	\$ 484,510
Buildings & Improvements	8,553,173	1,615,157	-	10,168,330
Fire Fighting Equipment	5,763,377	30,450	-	5,793,827
Ambulance Equipment	816,311	-	-	816,311
Furniture and Equipment	<u>769,603</u>	<u>14,483</u>	<u>-</u>	<u>784,086</u>
Total General Fixed Assets	16,386,974	1,660,090	-	18,047,064
Less Accumulated Depreciation	<u>(7,749,225)</u>	<u>(720,678)</u>	<u>-</u>	<u>(8,469,903)</u>
NET GENERAL FIXED ASSETS	<u>\$ 8,637,749</u>	<u>\$ 939,412</u>	<u>\$ -</u>	<u>\$ 9,577,161</u>

The District's policy is to capitalize individual equipment expenditures exceeding \$2,500.

NOTE 4 - VOLUNTEER PENSION FUND

In 2006, the Pension Board of Trustees approved a resolution recognizing, ratifying, and approving: 1) the creation within the District's Volunteer Program of a Traditional Volunteer Firefighter Program and a Reserve Volunteer Firefighter Program, effective December 1, 2006; 2) the closing of the Traditional Volunteer Firefighter Program to new members effective December 2, 2006; and 3) the establishment of the Louisville Volunteer Firefighter Length of Service Award Plan for the Reserve Volunteer Firefighter Program effective January 1, 2007. The following paragraphs describe terms of the current Traditional Volunteer Firefighter Program.

The District sponsors the Louisville Volunteer Fire Protection District Pension Fund (the Fund), a single-employer defined benefit pension plan for volunteer firefighters who are eligible for the Traditional Volunteer Firefighter Program. The plan is administered and may be amended by the District's Board of Directors in accordance with the Colorado Revised Statutes. No contributions are required to be made by covered members. Amounts and types of investments held by the Fund at December 31, 2018, are reported at fair market value and are further described in Note 2.

Plan Provisions for the Traditional Volunteer Firefighter Program

Covered fire fighters who have completed ten years of active service shall be eligible for a monthly pension at age fifty. The pension benefit is earned \$45 per month per year of volunteer service with a maximum monthly benefit of \$900. The plan continues to pay fifty percent of the retiree's pension benefit to the surviving spouse of retired participants.

Funding Policy for the Traditional Volunteer Firefighter Program

The District contributes an amount to the pension plan from proceeds of a mill levy on the assessed valuation of taxable property in the District. The Fund also receives a contribution from the State of Colorado which was \$167,363 each year for 2018 and 2017. This State contribution has remained a constant amount.

Length of Service Award

This District no longer covers new volunteers by the above program. Beginning in 2007 annual deposits are made to accounts maintained for covered volunteers. Accumulated accounts are distributed when a covered individual leaves the District.

NOTE 4 - PENSION FUND (Continued)

Actuarial Study for the Traditional Volunteer Firefighter Program

A biennial actuarial valuation is prepared by an actuarial consulting firm. The January 1, 2018 actuarial study concluded the asset position of the Fund and the anticipated level of contributions to the Fund were considered adequate to support the benefits on an actuarially sound basis, and that the current contributions level were adequate to pay the current service cost and amortize the unfunded accrued liability over 20 years. The unfunded actuarial past service liability was determined to be \$4,873,731. A copy of the current study may be obtained by contacting Actuarial Solutions Corp., 9646 S. Cherryvale Drive, Highlands Ranch, CO 80126.

The net pension obligation shown below is a standardized disclosure which measures the difference between the cumulative annual pension costs and contributions made to the Fund. The annual required contribution is a disclosure measure of the annual pension cost. Both standardized measures were calculated as of January 1, 2018, based upon the normal entry age actuarial cost method and certain actuarial assumptions including: a 3.0% rate of investment return (net of expenses); all covered volunteers will retire when first eligible, 90% of volunteers are married to spouses three years younger; and using the RP-2000 (dynamic) Table for pre-retirement and post retirement mortality.

Plan membership as of January 1, 2018 totaled 72 individuals and their beneficiaries. Of that total, seven were Active not yet drawing benefits; forty-seven were Normal Retired drawing benefits; eight were Beneficiaries drawing benefits and ten were Vested Retired not drawing benefits.

The following is derived from actuarial studies performed as of the dates indicated in the column headings.

Defined Benefit Retirement Plan - Schedule of Funding Progress at January 1:

	<u>2018</u>	<u>2016</u>	<u>2014</u>
Actuarial accrued liability	\$ 7,553,327	\$ 7,519,633	\$ 7,842,044
Actuarial value of assets	<u>(2,679,596)</u>	<u>(2,784,178)</u>	<u>(2,636,164)</u>
Unfunded actuarial accrued liability	<u>\$ 4,873,731</u>	<u>4,735,455</u>	<u>5,205,880</u>
Funded Ratio	<u>35%</u>	<u>37%</u>	<u>34%</u>

Annual Pension Cost and Net Pension Obligation

Estimated annual required contribution to cover current service costs plus 20 year amortization of the Entry Age Normal Accrued Liability	\$ 358,099	\$ 383,427	\$ 399,570
Contributions made	\$ (405,691)	\$ (405,691)	\$ (405,691)

NOTE 5 - DEFINED BENEFIT PENSION PLAN

Louisville Fire Protection District participates in the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). 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 LGDTF are determined by the fund administrators using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 5 DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan

Eligible employees of the Louisville Fire Protection District are provided with pensions through the Local Government Division Trust Fund (LGDTF)—a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

The fund provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

The lifetime retirement benefit for all eligible retiring employees under the Benefit Structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit
- The value of the retiring employee's member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

The lifetime retirement benefit for all eligible retiring employees under the LFPD Benefit Structure is the greater of the

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit
- \$15 times the first ten years of service credit plus \$20 times service credit over ten years plus a monthly amount equal to the annualized member contribution account balance based on life expectancy and other actuarial factors.

In all cases the service retirement benefit is limited to 100 percent of highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50 percent or 100 percent on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs), referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the LFPD benefit structure receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve for the LGDTF.

NOTE 5- DEFINED BENEFIT PENSION PLAN- (Continued)

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the retirement benefit formula shown above considering a minimum 20 years of service credit, if deemed disabled.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

Eligible employees and Louisville Fire Protection District are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq.* Eligible employees are required to contribute 8 percent of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

	Rate
Employer Contribution Rate ¹	10.00%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f) ¹	(1.02)%
Amount Apportioned to the LGDTF ¹	8.98%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 ¹	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 ¹	1.50%
Total Employer Contribution Rate to the LGDTF ¹	12.68%

¹Rates are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions revenue is recognized by the LGDTF in the period in which the compensation becomes payable to the member and the Louisville Fire Protection District is statutorily committed to pay the contributions to the LGDTF. Employer contributions received by the LGDTF from Louisville Fire Protection District were \$340,212 for the year ended December 31, 2018.

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

At December 31, 2018, the Louisville Fire Protection District reported a liability of \$4,103,458 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 December 31, 2017. The Louisville Fire Protection District's proportion of the net pension liability was based on LFPD's contributions to the LGDTF for the calendar year 2017 relative to the total contributions of participating employers to the LGDTF.

NOTE 5 - DEFINED BENEFIT PENSION PLAN- (Continued)

For the year ended December 31, 2018, the Louisville Fire Protection District recognized pension expense of \$933,498. At December 31, 2018, the Louisville Fire Protection 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	256,708	0
Changes of assumptions or other inputs	43,348	797,614
Net difference between projected and actual earnings on pension plan investments	395,407	0
Changes in proportion and differences between contributions recognized and proportionate share of contributions	(926,625)	0
Contributions subsequent to the measurement date	541,218	N/A
Total	300,056	797,614

Deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other 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,	
2018	186,280
2019	(98,010)
2020	(290,072)
2021	(295,755)
Thereafter	-

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

Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 – 10.45 percent
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount Rate	7.25 percent
Future post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07; and DPS Benefit Structure (automatic)	2.00 percent

NOTE 5 - DEFINED BENEFIT PENSION PLAN- (Continued)

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with Males set back 1 year, and Females set back 2 years.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2012 through December 31, 2015, adopted by PERA's Board on November 18, 2016, and an economic assumption study, adopted by PERA's Board on November 18, 2016.

The LGDTF's long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

As of the most recent analysis of the long-term expected rate of return, presented to the PERA Board on November 18, 2016, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	10 Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income – Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

* In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25%.

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the fixed statutory rates specified in law, including current and future AED and SAED, until the Actuarial Value Funding Ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Based on those assumptions, the LGDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current 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. The discount rate determination does not use the Municipal Bond Index Rate. There was no change in the discount rate from the prior measurement date.

The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 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 (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	4,324,226	4,103,458	2,076,020

Detailed information about the LGDTF's fiduciary net position is available in PERA's comprehensive annual financial report which can be obtained at www.copera.org/investments/pera-financial-reports.

Voluntary Investment Program

Employees of the Louisville Fire Protection District that are also members of the LGDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available comprehensive annual financial report for the Program. That report can be obtained at www.copera.org/investments/pera-financial-reports.

The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Louisville Fire Protection District did not contribute or make matching contributions to this plan for 2018. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended December 31, 2018, program members contributed \$60,218 to the Voluntary Investment Program.

Other Post-Employment Benefits

Health Care Trust Fund

The Louisville Fire Protection District contributes to the Health Care Trust Fund ("HCTF"), a cost-sharing multiple-employer healthcare trust administered by PERA. The HCTF benefit provides a health care premium subsidy and health care programs (known as PERACare) to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the C.R.S., as amended, establishes the HCTF and sets forth a framework that grants authority to the PERA Board to contract, self-insure and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of health care subsidies. PERA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the HCTF. That report can be obtained at www.copera.org/investments/pera-financial-reports.

The Louisville Fire Protection District is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the Louisville Fire Protection District are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending December 31, 2018, December 31, 2017 and December 31, 2016, the Louisville Fire Protection District contributions to the HCTF were \$201,006, \$181,911 and \$158,728, respectively, equal to their required contributions for each year.

Required Supplementary Information

LOUISVILLE FIRE PROTECTION DISTRICT
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability
Last Ten Fiscal Years*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's percentage of the total net pension liability	0.358542089%	0.527016952%	0.547191617%	0.281800000%	0.259134125%
District's proportionate share of the net pension liability	\$ 4,109,458	\$ 4,415,871	\$ 3,824,597	\$ 2,526,013	\$ 2,132,469
District's covered payroll	\$ 2,324,921	\$ 1,982,144	\$ 1,971,779	\$ 1,544,270	\$ 1,582,504
District's proportionate share of the net pension liability as a percentage of its covered payroll	176%	223%	194%	164%	154%
Plan fiduciary net position as a percentage of the total pension liability	79.37%	73.65%	76.87%	80.72%	73.55%
District's Required Contribution	\$ 294,800	\$ 251,336	\$ 250,022	\$ 195,613	\$ 175,302

District's Required Contribution 2018: \$316,397.

* Information for all of the prior ten years is not available.
The District reports present information for years that information is available.

LOUISVILLE FIRE PROTECTION DISTRICT
Schedule of Revenues, Expenditures, Expenses and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
Required Supplementary Information
For the Year Ended December 31, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>GENERAL and PROGRAM REVENUES</u>			
Property Taxes	\$ 4,182,183	\$ 4,388,854	\$ 206,671
Ambulance Transport Fees	425,947	804,352	378,405
Investment Earnings	-	26,638	26,638
Plan Review Revenue	-	109,067	109,067
Miscellaneous	-	10,448	10,448
Total General and Program Revenues	4,608,130	5,339,369	731,229
<u>EXPENDITURES/EXPENSES</u>			
Fire Protection/Ambulance Transport - Operations	4,608,130	4,196,501	411,629
Capital Outlay	1,900,000	1,660,091	239,909
Total Expenditures/Expenses	6,508,130	5,856,592	651,538
Revenues Over (Under) Expenditures and Expenses	(1,900,000)	(617,233)	\$ 1,382,767
Budgeted from Prior Fund Balance Restricted for Capital Improvements	1,900,000	-	
	\$ -	-	
FUND BALANCE, BEGINNING OF YEAR		3,994,641	
FUND BALANCE, END OF YEAR		\$ 3,477,408	

See Independent Auditors' Report, and Notes to Financial Statements and Following Notes to Required Supplementary Information

LOUISVILLE FIRE PROTECTION DISTRICT
Notes to Required Supplementary Information
December 31, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

During September of each year, the Board of Directors for the District meets to prepare a proposed budget for the forthcoming year. At this meeting, requests from interested parties are heard and considered in the preparation of the budget. A notice as to the proposed budget is then published in a local newspaper, in order that interested citizens can voice their concerns about the proposed budget. In this notice, concerned citizens are requested to attend a Board of Directors meeting, usually held in October, at which time the proposed budget is considered by the Board.

After hearing any comments from concerned citizens, and after making any amendments to the proposed budget that may be forthcoming, the budget is approved by the entire Board of Directors and the mill levy request is certified to the County Treasurer.

At the same meeting that the budget is adopted, or at a meeting later in the year but prior to December 31, the necessary resolutions to adopt the budget, appropriate sums of money for the operation of the District, and to adopt the mill levy certification, are made by the Board.

The budget is used by the Board of Directors during the District's year to control expenditures and as a management device for assessment of how the District is meeting its obligations on a month-to-month basis. The Board of Directors is authorized to transfer budgeted amounts between accounts within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the entire Board of Directors and formalized by a resolution prior to the close of the budget year. The final amended budget is used in this report.

NOTE B - PROPERTY ACQUISITIONS AND IMPROVEMENTS

The 2018 budget included \$1,900,000 for the major refurbishing of existing equipment and the purchase of new emergency response and firefighting equipment as well as improvements to the training station.

LOUISVILLE FIRE PROTECTION DISTRICT
Schedule of Funding Progress
Volunteer Firefighters' Pension Fund
Required Supplementary Information
December 31, 2018

ANALYSIS OF FUNDING PROGRESS

<u>Actuarial Report January 1,</u>	<u>Actuarial Value of Assets</u>	<u>(AAL) Actuarial Accrued Liability</u>	<u>Excess (Shortfall) of Assets Over AAL</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>
2014	2,636,164	7,842,044	(5,205,880)	34%	N/A
2016	2,784,178	7,519,633	(4,735,455)	37%	N/A
2018	2,679,596	7,553,327	(4,873,731)	35%	N/A

REVENUES BY SOURCE

<u>Year</u>	<u>Property Taxes</u>	<u>State Contributions</u>	<u>Investment Income</u>	<u>Total</u>
2016	238,328	167,363	(7,174)	398,517
2017	238,328	167,363	66,914	472,605
2018	238,328	167,363	26,645	432,336

EXPENSES BY TYPE

<u>Year</u>	<u>Benefits</u>	<u>Administrative Expenses</u>	<u>Total</u>
2016	493,950	5,500	499,450
2017	475,756	-	475,756
2018	464,500	3,600	468,100

Other Supplementary Information

LOUISVILLE FIRE PROTECTION DISTRICT
Schedule of Changes in Net Assets
Budget and Actual (Non-GAAP Budgetary Basis)
Fiduciary Fund - Traditional Volunteer Firefighter Program
Other Supplementary Information
December 31, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
ADDITIONS			
Contributions:			
Property Tax	\$ 238,328	\$ 238,328	\$ -
State Contribution	167,363	167,363	-
Total Contributions	<u>405,691</u>	<u>405,691</u>	<u>-</u>
Investment Earnings:			
Net Decrease in Fair Value of Investments	-	(21,832)	(21,632)
Interest and Dividends	25,000	48,277	23,277
Total Investment Earnings	<u>25,000</u>	<u>26,645</u>	<u>1,645</u>
TOTAL ADDITIONS	430,691	432,336	1,645
DEDUCTIONS			
Benefits	477,000	464,500	12,500
Administrative Expenses	5,000	3,600	1,400
TOTAL DEDUCTIONS	<u>482,000</u>	<u>468,100</u>	<u>13,900</u>
CHANGE IN NET ASSETS	(51,309)	(35,764)	\$ <u>15,545</u>
Budgeted from Prior Year Fund Balance	<u>51,309</u>		
	\$ -		
NET POSITION, BEGINNING OF YEAR		<u>2,673,278</u>	
NET POSITION, END OF YEAR		<u>\$ 2,637,514</u>	