

**Mountain View Fire Protection District**  
**Boulder & Weld Counties, Colorado**

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**Annual Financial Report and  
Independent Auditor's Report**

**December 31, 2018**

## Table of Contents

	Page
INDEPENDENT AUDITOR'S REPORT .....	i-ii
Management's Discussion and Analysis .....	iii-x
<b>BASIC FINANCIAL STATEMENTS:</b>	
<i>Government-wide Financial Statements:</i>	
Statement of Net Position .....	1
Statement of Activities .....	2
<i>Fund Financial Statements – Governmental Funds:</i>	
Balance Sheet and Reconciliation of Governmental Fund Balance Sheet with the Government-wide Statement of Net Position .....	3-4
Statement of Revenue, Expenditures and Changes in Fund Balances .....	5
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances with the Government-wide Statement of Activities .....	6
NOTES TO THE BASIC FINANCIAL STATEMENTS .....	7-36
<b>REQUIRED SUPPLEMENTARY INFORMATION:</b>	
Statement of Revenues, Expenditures and Changes in Fund Balance – Actual and Budget Governmental Fund Type – General Fund .....	37
Schedules of Employer Contributions.....	38
Schedules of Proportionate Share of the Net Pension Asset/Liability and Related Ratios .....	39
Schedule of Changes in Net Pension Liability and Related Ratios —Volunteer Pension Fund —Last 10 Years .....	40
Schedule of Changes in Net Pension Liability and Related Ratios —Old Hire Pension Fund —Last 10 Years .....	41
<b>OTHER SUPPLEMENTARY INFORMATION:</b>	
Statement of Revenues, Expenditures and Changes in Fund Balance – Actual and Budget Governmental Fund Type – Capital Reserve Fund .....	42
Statement of Revenues, Expenditures and Changes in Fund Balance – Actual and Budget Governmental Fund Type – Debt Service Fund .....	43



**Certified Public Accountants** (a professional corporation)  
1221 West Mineral Ave, Ste. 202 Littleton, Colorado 80120-4544 (303) 734-4800 Fax (303) 795-3356

## **Independent Auditor's Report**

To the Board of Directors  
Mountain View Fire Protection District

We have audited the accompanying financial statements of the governmental activities and the major fund of Mountain View Fire Protection District (the "District") as of and for the year ended December 31, 2018 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **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 and the major fund of Mountain View 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.

## **Emphasis of a Matter**

As discussed in Note 10 to the financial statements, management has implemented GASB Statement No. 75. As a result of this change in accounting principle, the net position as of December 31, 2017 has been restated. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison schedule for the General Fund, 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 Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Mountain View Fire Protection District's financial statements as a whole. The other supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements.

The other supplementary information, as listed in the table of contents, is the responsibility of management and was 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Littleton, Colorado  
June 21, 2019

# **Mountain View Fire Protection District Management's Discussion and Analysis December 31, 2018**

This report is for the Mountain View Fire Protection District for the year ending December 31, 2018. The Management Discussion and Analysis (MD&A) is designed to provide an overview of the financial activities of the District during 2018 and the integration of those activities within the long-term financial programs and planning of the District. The MD&A should be read in conjunction with the District's financial statements.

## **Background Information**

The Fire District was established in 1961. The predominate fund approach for the District is comprised of four basic funds, the General Fund, the Debt Service Fund which is used to account for expenditures funded by general obligation bonds for the District, the Capital Reserve Fund which is used to fund the capital improvement plan that may be funded over several years, and the Pension Fund, which is a fiduciary fund primarily for volunteer retirees' pension assets.

In 1991 the citizens of the District approved a 2.8 million-dollar bond issue to replace/add emergency equipment and build/remodel existing fire stations. In November, 1993 the District completed a bond refunding. The District's bonded indebtedness was fully retired in December 2008.

A ballot issue was passed on November 6, 2018, allowing the District to increase the mil levy from 11.747 to 16.247 mills beginning in January 1, 2019. This is the first increase in the District's mill levy since 2009.

## **Overview of Financial Statements**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise two components: 1) government-wide financial statements and fund financial statements, and 2) notes to the financial statements.

### **Government-wide and Fund Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private sector business. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. The fund financial statements present the District's financial position and results of operations using the traditional government modified accrual method of accounting, which accounts for the District's current financial resources. Unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as the balances of spendable resources available at the end of the fiscal year.

The statement of net position, using the full accrual basis of accounting, presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, the comparison of changes in net position may serve as a useful indicator on whether the financial position of the District is improving, deteriorating or maintaining status quo. In the case of the District, assets exceeded liabilities by \$27,197,180 at the close of the year. The largest portion of the District's net position reflects its investment in capital assets.

**Mountain View Fire Protection District  
Management's Discussion and Analysis  
December 31, 2018**

The statement of activities provides information about the District's annual operating activities and how those activities affect net position. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Therefore, the revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The reconciliations of the District's financial statements reflect explanations of the specific differences between the government-wide and fund financial statements.

The budgetary comparison schedules include a comparison of actual revenues and expenditures with the final budget.

**Notes to the Financial Statements**

The notes to the financial statements provide additional required disclosures about the District, its accounting policies and practices, its financial position and operating activities, and other required information. The information included in these notes is essential to a full understanding of the information contained in the financial statements.

**Financial Efforts of 2018**

This section contains a condensed comparison of revenues and expenses, changes in net position and explanations for significant differences.

**Mountain View Fire Protection District  
Management's Discussion and Analysis  
December 31, 2018**

The following is a summary of the District's statements of net position as of December 31, 2018 and 2017:

	<u>2018</u>	<u>2017 (restated)</u>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 9,723,214	\$ 9,309,794
Property Tax receivable	23,312,034	14,859,699
Accounts receivable	434,423	813,134
Prepaid expenses	<u>453,218</u>	<u>25,669</u>
<b>Total current assets</b>	<u>33,922,889</u>	<u>25,008,296</u>
<b>Non-current assets</b>		
Capital assets — net	16,543,164	15,371,409
Pension asset—District's proportionate share of Defined Benefit Plan	<u>1,728,386</u>	<u>-</u>
<b>Total non-current assets</b>	<u>18,271,550</u>	<u>15,371,409</u>
<b>Deferred outflows of resources</b>		
Volunteer Firefighters plan	114,757	170,060
Old Hire plan	15,825	15,825
Defined Benefit Plans	2,462,955	3,190,784
Deferred outflows related to OPEB	<u>10,077</u>	<u>18,362</u>
<b>Total deferred outflows of resources</b>	<u>2,603,614</u>	<u>3,395,031</u>
<b>Liabilities</b>		
Current liabilities	466,469	637,494
Noncurrent liabilities	326,065	316,983
Pension and OPEB liabilities	<u>2,263,147</u>	<u>3,193,624</u>
<b>Total liabilities</b>	<u>3,055,681</u>	<u>4,148,101</u>
<b>Deferred inflows of resources</b>		
Unearned revenue—property taxes	23,312,034	14,859,699
Deferred inflows related to pension plans	1,230,441	316,784
Deferred inflows related to OPEB	<u>2,717</u>	<u>1,290</u>
<b>Total deferred inflows of resources</b>	<u>24,545,192</u>	<u>15,177,773</u>
<b>Net Position</b>		
Net investment in capital assets	16,543,164	15,371,409
Restricted for emergencies	566,592	500,502
Unrestricted	<u>10,087,424</u>	<u>8,576,951</u>
<b>Total net position</b>	<u>\$27,197,180</u>	<u>\$24,448,862</u>

**Mountain View Fire Protection District  
Management's Discussion and Analysis  
December 31, 2018**

The following is a summary of the District's statements of activities for the years ended December 31, 2018 and 2017:

<b>Statement of Activities</b>			
<b>December 31,</b>			
	<b>2018</b>	<b>2017</b>	<b>Dollar Change</b>
	<u>2018</u>	<u>(restated)</u>	<u>Dollar Change</u>
<b>General Revenue:</b>			
Property Taxes	\$14,860,260	\$15,083,483	(\$223,223)
Specific Ownership Taxes	970,655	1,097,722	(127,067)
TIF revenues	89,974	85,325	4,649
Investment Earnings	194,167	83,286	110,881
Charges for Services	2,487,117	1,985,422	501,695
Grant Revenue	-	128,447	(128,447)
Miscellaneous	226,845	103,293	123,552
<b>Total Revenue</b>	<b><u>\$18,829,018</u></b>	<b><u>\$18,566,978</u></b>	<b><u>\$262,040</u></b>
<b>Expenses:</b>			
Fire-Protection-Operations	\$15,079,093	\$14,599,592	\$479,501
Depreciation	1,001,607	828,520	173,087
Disposition of Assets	-	297,345	(297,345)
<b>Total Expenditures</b>	<b><u>\$16,080,700</u></b>	<b><u>\$15,725,457</u></b>	<b><u>\$355,243</u></b>
<b>Changes in Net Position</b>	<b>\$2,748,318</b>	<b>\$2,841,521</b>	<b>(\$93,203)</b>
<b>Net Position - Beginning of Year</b>	<b><u>24,448,862</u></b>	<b><u>21,607,341</u></b>	<b><u>2,841,521</u></b>
<b>Net Position - End of Year</b>	<b><u>27,197,180</u></b>	<b><u>24,448,862</u></b>	<b><u>2,748,318</u></b>

**Material Changes:**

The Fire District experienced a loss in general property tax revenue, primarily due to the drop in oil and gas production and prices and the drop in the residential tax rate from 7.96% to 7.2%. The increased value of property in Boulder County was able to compensate for the drop in the residential tax rate and increased revenue to the District by \$438,282. The District's portion of Weld County property tax decreased by (\$661,505) for a total net loss of (\$223,223) from 2017 to 2018. The Wildland program collected \$1,245,044 in reimbursements and revenue, up by \$391,618 from 2017. An additional \$594,000 in overtime costs are the result of the Wildland team's deployment.

A significant change in policy regarding the Capital Reserve Fund occurred in 2018. Many purchases that were once classified as a "capital" purchase were redefined as an operating cost out of the General Fund. Miscellaneous capital purchases were determined to be true operating costs and not a capital purchase. The Capital Reserve Fund budget is now tied to specific projects of one time purchases over \$5,000 or routine capital purchases that are funded over several years.

**Mountain View Fire Protection District  
Management's Discussion and Analysis  
December 31, 2018**

**General Fund:**

The general fund's purpose is to provide for the daily activities, salaries, expenses and operating costs of the District. This fund provides for functional areas of the organization - administration, emergency services, recruitment & retention, fire prevention, communications, training, fleet maintenance, wildland/rescue, stations & grounds, and firefighter health & safety. The general fund also provides for such other items as insurance, utilities and other costs the District incurs. The primary funding source for the general fund is taxation of real property. Other sources of income for the general fund include interest income on reserved funds, fees for plan reviews, fees for ambulance transports, specific ownership taxes and reimbursements for wildland deployments that cover some overhead costs.

The primary projects or program efforts for establishing funding during 2018 were:

1. Maintaining the current service level of the District.
2. Competitive salary and benefits packages to attract and retain skilled employees. In addition, the District entered into a collective bargaining agreement with the local union, and the 2018 budget reflected increases necessary to maintain a level of competitiveness and fairness as required by the agreement.
3. Wildland deployment program continuation
4. Ambulance transport program continuation

**Capital Assets and Debt Administration**

The Capital Reserve Fund was established to designate funds for purchasing large ticket items that may take several years to save for. The primary funding areas include apparatus development or purchase, station and facility development or construction and other large capital purchases such as firefighting and communication equipment. The primary funding source for the Capital Reserve Fund is the transfer of funds from the General Fund as designated by the Board of Directors of the Fire District. Investment in capital assets includes land, buildings, improvements, equipment, vehicles and firefighting and technology equipment.

Payments for the purchase of firefighting and EMS equipment, tech rescue and hazmat equipment; payments for construction, major repairs and maintenance of facilities and the payment for the Communications Tower in Niwot are included in this fund.

**Mountain View Fire Protection District  
Management's Discussion and Analysis  
December 31, 2018**

The following is a summary of the District's investment in Capital Assets for the years ended December 31, 2018 and 2017:

**Capital Assets  
December 31, 2017 and 2018**

	<b>2018</b>	<b>2017</b>	<b>Variance</b>	<b>Percentage Change</b>
Land - all stations	\$641,286	\$519,316	\$121,970	23%
Buildings/Improvements - all stations	14,324,446	14,191,163	133,283	1%
Medical Equipment	662,768	475,884	186,884	39%
Furniture and Equipment	1,456,403	1,343,219	113,184	8%
Machinery and Equipment	846,523	718,032	128,491	18%
Firefighting vehicles	7,162,505	6,331,197	831,308	13%
Vehicles - other	818,425	677,306	141,119	21%
<b>Total Capital Assets</b>	<b>\$25,912,356</b>	<b>\$24,256,117</b>	<b>\$1,656,239</b>	
Less: accumulated depreciation	(\$9,369,192)	(\$8,884,708)	(\$484,484)	
<b>Capital Assets, net of accumulated depreciation</b>	<b>\$16,543,164</b>	<b>\$15,371,409</b>	<b>\$1,171,755</b>	<b>8%</b>

Additional information on the District's capital assets can be found in Note 4 of this report.

**Long-term Debt**

The Fire District General Obligation Bond which was approved by the taxpayers of the District in 1991, was refunded in 2003 by a new General Obligation Bond, and was fully retired in 2016.

**Pension Activities**

The District offers four pension benefits; the pension funds managed by the Fire and Police Pension Association (FPPA) that provides a defined benefit pension for volunteer, old hire and current firefighters of the District and the pension fund managed by the Public Employer's Retirement Association (PERA) for administrative personnel. These pension funds administer the disbursement of benefits to retirees and the expenses of providing those benefits. Funding is provided by pension contributions from the District and employees. Additional funding is derived the State Pension Grant for volunteer firefighters and from invested assets of the fund.

**Mountain View Fire Protection District  
Management's Discussion and Analysis  
December 31, 2018**

**Economic Factors and Next Year's Budget**

The most significant change to Mountain View Fire's philosophy in financial planning for 2019 is related to oil & gas. The District plans to only rely on \$4 million from oil & gas revenues to fund operations over the next 10 years. This includes funding a formal equipment replacement plan and reserving some funds for major facility repairs that are needed on a regular basis. The remainder of the oil and gas revenues will be treated as "one-time" funds available for "one-time" purchases or to maintain reserves to cover years when oil and gas revenue drops. In the spring of 2018, Mountain View Fire's administration completed a plan estimating funding needs and gaps for the next 10 years. With that information, taxpayers voted to increase the District's mill levy by 4.50 mills in November. This represents a 40% increase to the Districts' rate of taxation, but total revenue is determined by the county assessor's valuation of all property values completed every odd numbered year.

Approximately 25% in reserves are required to fund operations in the following year. The Board adopted a policy in 2017 to maintain a minimum unassigned general fund reserve of 20%. With increased tax revenue, the General Fund reserves will be higher in the first few years until stations and staff are added according the 10 year plan for growth.

The District has taken a conservative approach to use increases in revenue from oil and gas to fund capital improvements and other one-time expenses and not on- ongoing operation costs, such as hiring new personnel. The District managed to increase its fund balance at the end of 2018 to prepare for future growth, the loss of oil and gas tax revenue and to make sure it can pay its financial obligations when due at the start of 2019 before tax revenues are received in May and June.

The District's budget for 2018 anticipated general property tax revenue of \$14,811,699 (based on an assessed valuation for the District, as certified by the Assessors of Boulder County and Weld County, of \$1,293,574,347 and a mill levy rate of 11.747).

The District's budget for 2019 anticipates general property tax revenue of \$23,312,034 (based on an assessed valuation for the District, as certified by the Assessors of Boulder County and Weld County, of \$1,479,528,188 and a mill levy rate of 16.247).

**Summary**

The Mountain View Fire Protection District successfully placed into operation or completed all project or program efforts funded with the 2018 annual budget without going into a deficit.

**Mountain View Fire Protection District  
Management's Discussion and Analysis  
December 31, 2018**

**Requests for Information**

This report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Mountain View Fire Protection District  
Attn: Tonya Olson, Finance Director  
3561 N. Stagecoach Road  
Longmont, CO 80504

## **Basic Financial Statements**

**Mountain View Fire Protection District**  
**Statement of Net Position**  
**December 31, 2018**

	<b>Governmental Activities</b>
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 9,723,214
Accounts receivable	434,423
Property taxes receivable	23,312,034
Prepaid expenses	453,218
Total current assets	33,922,889
Long-Term assets:	
Capital assets, net (Note 5)	16,543,164
Net pension asset	1,728,386
Total long-term assets	18,271,550
<b>Deferred Outflows of Resources</b>	
Deferred outflows related to pension	2,593,537
Deferred outflows related to OPEB	10,077
Total deferred outflows of resources	2,603,614
Total assets and deferred outflows of resources	\$ 54,798,053
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	\$ 365,197
Accrued liabilities	101,272
Total current liabilities	466,469
Noncurrent liabilities:	
Net pension liability	2,100,729
Net OPEB liability	162,418
Accrued compensated absences	326,065
Total noncurrent liabilities	2,589,212
<b>Deferred Inflows of Resources</b>	
Deferred property tax revenue	23,312,034
Deferred inflows related to pension	1,230,441
Deferred inflows related to OPEB	2,717
Total deferred inflows of resources	24,545,192
<b>Net Position</b>	
Net investment in capital assets	16,543,164
Restricted for emergencies	566,592
Unrestricted	10,087,424
Total net position	27,197,180
Total liabilities, deferred inflows of resources, and net position	\$ 54,798,053

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

**Mountain View Fire Protection District**  
**Statement of Activities**  
**For the Year Ended December 31, 2018**

<u>Functions/Program Activities</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Governmental Activities</u>
Governmental activities					
Public safety	\$16,080,700	\$ 2,487,117	\$ -	\$ -	\$ (13,593,583)
Total governmental activities	<u>\$16,080,700</u>	<u>\$ 2,487,117</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (13,593,583)</u>

**General revenues**

Property taxes	14,860,260
Specific ownership taxes	970,655
TIF revenues	89,974
Investment income	194,167
Other income	<u>226,845</u>

**Total general revenues** 16,341,901

**Change in net position** 2,748,318

**Net position - beginning of year (restated)** 24,448,862

**Net position - end of year** \$ 27,197,180

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

**Mountain View Fire Protection District**  
**Governmental Funds Balance Sheet**  
**December 31, 2018**

	<b>General Fund</b>	<b>Capital Reserve Fund</b>	<b>Debt Service Fund</b>	<b>Total Governmental Funds</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 7,998,428	\$ 1,687,419	\$ 37,367	\$ 9,723,214
Accounts receivable	434,423		-	434,423
Property taxes receivable	23,312,034		-	23,312,034
Prepaid expenses	453,218		-	453,218
Due from other funds	129,513	1,561	-	131,074
<b>Total assets</b>	<b>\$32,327,616</b>	<b>\$ 1,688,980</b>	<b>\$ 37,367</b>	<b>\$ 34,053,963</b>
<b>Liabilities</b>				
Accounts payable	313,289	51,908	-	365,197
Accrued liabilities	101,272	-	-	101,272
Due to other funds	-	92,479	38,595	131,074
<b>Total liabilities</b>	<b>414,561</b>	<b>144,387</b>	<b>38,595</b>	<b>597,543</b>
<b>Deferred Inflows of Resources</b>				
Deferred property tax revenue	23,312,034	-	-	23,312,034
<b>Total deferred inflows of resources</b>	<b>23,312,034</b>	<b>-</b>	<b>-</b>	<b>23,312,034</b>
<b>Fund Balances</b>				
Restricted	566,592	-		566,592
Committed	504,500	-	-	504,500
Assigned	-	1,544,593	(1,228)	1,543,365
Unassigned	7,529,929	-	-	7,529,929
<b>Total fund balance</b>	<b>8,601,021</b>	<b>1,544,593</b>	<b>(1,228)</b>	<b>10,144,386</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$32,327,616</b>	<b>\$ 1,688,980</b>	<b>\$ 37,367</b>	<b>\$ 34,053,963</b>

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

**Mountain View Fire Protection District**  
**Reconciliation of the Governmental Fund Balance Sheet**  
**With the Government-Wide Statement of Net Position**  
**December 31, 2018**

**Fund Balances - Total Governmental Funds** \$ 10,144,386

Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the fund balance sheet. In the statement of net assets, the cost of these assets are capitalized and expensed over their useful lives through annual depreciation.

Governmental capital assets	25,912,356	
Less accumulated depreciation	<u>(9,369,192)</u>	16,543,164

Deferred outflows are not current assets or financial resources, and deferred inflows are not due and payable in the current period and therefore are not reported in the fund balance sheet.

Deferred outflows related to pension	2,593,537	
Deferred inflows related to pension	(1,230,441)	
Deferred outflows related to OPEB	10,077	
Deferred inflows related to OPEB	(2,717)	

Some liabilities, including net pension liability, net pension asset, and compensated absences are not due and payable in the current period and therefore are not reported in the fund balance sheet.

Net pension liability	(2,100,729)	
Net pension asset	1,728,386	
Net OPEB liability	(162,418)	
Compensated absences	<u>(326,065)</u>	

**Net position of governmental activities** **\$ 27,197,180**

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

**Mountain View Fire Protection District**  
**Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances**  
**December 31, 2018**

<b>Revenues</b>	<b>General Fund</b>	<b>Capital Reserve Fund</b>	<b>Debt Service Fund</b>	<b>Total</b>
Property tax	\$14,860,260	\$ -	\$ -	\$14,860,260
Specific ownership tax	970,655	-	-	970,655
TIF revenues	89,974	-	-	89,974
Fees for services	1,235,958	6,115	-	1,242,073
Investment earnings	154,362	39,786	19	194,167
Wildland revenue	1,245,044	-	-	1,245,044
Other income	226,845	-	-	226,845
<b>Total Revenues</b>	<u>18,783,098</u>	<u>45,901</u>	<u>19</u>	<u>18,829,018</u>
<b>Expenditures</b>				
Salaries and wages	8,946,117	-	-	8,946,117
Overtime wages	1,227,604	-	-	1,227,604
Benefits	3,188,698	-	-	3,188,698
General operating supplies	762,316	-	-	762,316
Small equipment/tools	75,617	-	-	75,617
Non-capital tech expenditures	136,056	-	-	136,056
Non-capital fleet expenditures	113,772	-	-	113,772
General purchased services	464,836	-	-	464,836
Contract services	458,540	-	-	458,540
Training	72,167	-	-	72,167
Repairs/maintenance equipment	209,261	-	-	209,261
Repairs/maintenance buildings	77,441	-	-	77,441
Utilities	312,717	-	-	312,717
Other	-	655	-	655
Capital outlay	2,500	2,147,438	-	2,149,938
<b>Total Expenditures</b>	<u>16,047,642</u>	<u>2,148,093</u>	<u>-</u>	<u>18,195,735</u>
<b>Excess of Revenues over Expenditures</b>	<u>2,735,456</u>	<u>(2,102,192)</u>	<u>19</u>	<u>633,283</u>
<b>Other financing sources and (uses)</b>				
Transfers in (out)	(2,640)	2,640	-	-
<b>Total other financing sources and (uses)</b>	<u>(2,640)</u>	<u>2,640</u>	<u>-</u>	<u>-</u>
<b>Net Change in fund balance</b>	2,732,816	(2,099,552)	19	633,283
<b>Fund balances:</b>				
<b>Beginning of the year</b>	<u>5,868,205</u>	<u>3,644,145</u>	<u>(1,247)</u>	<u>9,511,103</u>
<b>End of the year</b>	<u>\$ 8,601,021</u>	<u>\$ 1,544,593</u>	<u>\$ (1,228)</u>	<u>\$10,144,386</u>

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

**Mountain View Fire Protection District**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**And Changes In Fund Balances of Governmental Activities**  
**To The Statement of Activities**  
**December 31, 2018**

**Net change in fund Balances - total Governmental Funds** \$ 633,283

Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital outlays	2,201,661
Depreciation expense	(1,001,607)
Loss on disposal of capital assets	(28,299)

Governmental funds report amounts paid into pension and OPEB plans as expenditures. In the statement of activities, the cost of contributions are reclassified to deferred outflows of resources and pension expense is reported.

Current year pension contributions	769,545
Pension income, net	185,245
Current year OPEB contributions	9,309
OPEB expense	(12,727)

Compensated absences in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Liability at December 31, 2018	(326,065)
Liability at December 31, 2017 (as restated)	<u>317,973</u>

**Change in net position of governmental activities** **\$ 2,748,318**

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

# **Mountain View Fire Protection District**

## **Notes to Financial Statements**

### **December 31, 2018**

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#### **1. Definition of Reporting Entity**

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The Mountain View Fire Protection District was originally established as a special district to provide fire suppression, education and basic life medical support services to certain property owners within an area of Boulder and Weld Counties that covers approximately 240 square miles and includes portions of rural Longmont, Mead, Del Camino, Dacono, Erie, Brownsville and Niwot. On May 1, 1990, the District formally approved and adopted the name change to "Mountain View Fire Protection District" subsequent to the consolidation of the Longmont, Dacono and Erie volunteer fire departments.

The District operates under a governing Board of Directors and is considered a separate political subdivision of the State of Colorado providing fire protection services in portions of Boulder and Weld Counties.

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#### **2. Summary of Significant Accounting Policies**

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The financial statements of the Mountain View Fire Protection District (District) have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting.

The District's basic financial statements include the accounts and funds of all District operations. The accounting policies of the District conform to accounting principles generally accepted in the United States of America. The following is a summary of such significant policies:

##### **Principles Determining Scope of Reporting Entity**

The financial statements of the District consist only of the funds and account groups of the District. The District has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled by or dependent on the District. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and election of the respective governing board.

##### **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 activities of the District. Governmental activities are generally supported by taxes, charges for services and intergovernmental revenues. There are no business-type activities in the District for the year ended December 31, 2018.

**Mountain View Fire Protection District**  
**Notes to Financial Statements (continued)**  
**December 31, 2018**

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**2. Summary of Significant Accounting Policies (continued)**

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The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segments 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 those 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.

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 a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**Fund Financial Statements**

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, fund equity, revenues and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary and fiduciary.

The following funds were used by the District during 2018:

**GOVERNMENTAL FUNDS**

General Fund - To account for all financial resources except those required to be accounted for in another fund.

Capital Reserve Fund - To account for resources used for the acquisition and/or construction of capital facilities.

Debt Service Fund - To account for the proceeds from the issuance of general obligation bonds and the servicing of the related general long-term debt.

**Mountain View Fire Protection District**  
**Notes to Financial Statements (continued)**  
**December 31, 2018**

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**2. Summary of Significant Accounting Policies (continued)**

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**Measurement Focus and Basis of Accounting**

Measurement Focus

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when the payment is due. The major source of revenue susceptible to accrual is property tax. All revenue items are considered to be measurable and available only when cash is received by the District.

Basis of Accounting

The modified accrual basis of accounting is used for all governmental fund types. The following are modifications of the accrual basis method:

1. Expenditures other than accrued interest on general long-term debt are recognized at the same time the liabilities are incurred. Interest on long-term debt is recorded only when due.
2. Revenue is recorded when received in cash except for revenue that is not received but is measurable and available and therefore susceptible to accrual.

**Budgets and Budgetary Accounting**

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

1. Prior to October 31, the fire chief submits to the Board of Directors a proposed operating budget for each fund for the fiscal year commencing the following January 1. The operating budget for each fund includes proposed expenditures and the means of financing them.
2. Public hearings are conducted by the District Board of Directors to obtain taxpayer comments.

**Mountain View Fire Protection District**  
**Notes to Financial Statements (continued)**  
**December 31, 2018**

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**2. Summary of Significant Accounting Policies (continued)**

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3. Prior to December 1, the budget is legally enacted through passage of a resolution for each fund. The resolutions can be adjusted by the Board for unforeseen circumstances. Equal line item adjustments must be approved by the Board. The appropriation resolutions are reflected in each fund.
4. The Fire Chief is authorized to transfer amounts from contingency accounts, if any, to other accounts within the same fund.
5. Formal budgetary integration is employed as a management control device during the year for all funds.
6. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. The District Board of Directors approves all expenditures, including any revisions that alter the total expenditures of any fund.
8. All appropriations for all funds lapse at year-end.
9. Budgeted line items for the different expenditures are for management use only

**Accrued Absences**

Accrued absences include unused vacation earned by employees as of December 31, 2018. Full time employees earn vacation at varying rates based on years of employment, up to a maximum annual benefit of 240 hours for administrative personnel with 21 or more years of active service. Line employees are allowed a maximum annual benefit of 360 hours with 21 or more years of active service.

Sick leave is earned and accumulated at the rate of 96 hours per year by full time employees and is not paid upon termination or retirement.

**Interfund Transfers**

Transactions between funds that would be treated as revenues, expenditures or expenses if they involved external organizations are accounted for as revenues, expenditures or expenses in the funds involved. All other legally authorized fund transfers are treated as operating transfers and are included in the results of operations of governmental and trust type funds.

**Mountain View Fire Protection District**  
**Notes to Financial Statements (continued)**  
**December 31, 2018**

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**2. Summary of Significant Accounting Policies (continued)**

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**Capital Assets**

Capital assets are recorded at cost. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets, which are as follows:

Building/Improvements	10-25
Firefighting Equipment	7
Furniture and Equipment	5-10
Firefighting vehicles	25
Vehicles – Other	7

**Net Position and Fund Balance**

In the government-wide financial statements, net position is classified in the following categories:

- *Net Investment in Capital Assets* – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.
- *Restricted Net Position* – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Position* – This category represents the net position of the District, which are not restricted for any project or other purpose. A deficit will require future funding.

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

- *Nonspendable fund balance* - The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.
- *Restricted fund balance* - The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

# Mountain View Fire Protection District

## Notes to Financial Statements (continued)

### December 31, 2018

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#### 2. Summary of Significant Accounting Policies (continued)

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- *Committed fund balance* - The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.
- *Assigned fund balance* - 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 those imposed on amounts that are classified as committed.
- *Unassigned fund balance* – amounts that are available for any purpose; positive amounts are reported only in the general fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

The District establishes fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget.

#### **Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### **Revenue Recognition/Property Taxes**

Property taxes attach an enforceable lien on property as of January 1. Taxes are levied in December, payable in the following year in full by April 30, or in two equal installments due on the last day of February and June 15. The county treasurer bills and collects property taxes for all taxing entities within the county. The District is permitted to levy taxes for general governmental services, bond retirement and pension payments for volunteer firefighters. The combined tax rate to finance these services for the year ended December 31, 2018 was \$11.747 per \$1,000 of assessed valuation. This raised \$14,859,699 on an assessed valuation of \$1,293,574,347. Tax revenues for the District are recognized as they become available and are collected the following month. Property tax receipts collected by the county treasurer each month are remitted to the District by the tenth day of the subsequent month. Property tax revenues are recognized in the government-wide financial statements in the year that the property taxes are used to fund the operations of the District.

# Mountain View Fire Protection District

## Notes to Financial Statements (continued)

### December 31, 2018

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## 2. Summary of Significant Accounting Policies (continued)

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In the fund financial statements, property taxes are recognized in the year for which levied provided they become available and measurable. Property tax revenues are considered available when they become due or past due and are received by the District within 60 days of the end of the fiscal year.

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## 3. Deposits and Investments

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### *Custodial Credit Risks – Deposits*

Colorado state statutes govern the entity's deposits of cash. For deposits in excess of federally insured limits, Colorado Revised Statutes (CRS) require the depository institution to maintain collateral on deposit with an official custodian (as authorized by the State Banking Board). The Colorado Public Deposit Protection Act (PDPA) requires state regulators to certify eligible depositories for public deposit. PDPA requires the eligible depositories with public deposits in excess of the amounts insured by the Federal Deposit Insurance Corporation (FDIC) to create a single institutional collateral pool of obligations of the State of Colorado or local Colorado governments and obligations secured by first lien mortgages on real property located in the State. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the assets in the pool must be at least 102% of the uninsured deposits. As of December 31, 2018, the District had cash deposits with a bank balance of \$9,669,613 and a carrying balance of \$9,723,214.

### *Investments*

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

- obligations of the United States and certain U.S. government agency securities,
- certain international agency securities,
- general obligation and revenue bonds of U.S. local government entities,
- bankers' acceptances of certain banks,
- commercial paper,
- written repurchase agreements collateralized by certain authorized securities,
- certain money market funds,
- guaranteed investment contracts, and
- local government investment pools.

**Mountain View Fire Protection District**  
**Notes to Financial Statements (continued)**  
**December 31, 2018**

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**3. Deposits and Investments (continued)**

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

<b>Investments</b>	<b>Maturity Year</b>	<b>Fair Value</b>
COLOTRUST	Weighted average under 60 days	<u>\$ 9,185,467</u>

*Custodial Credit Risk - Investments*

For investments, custodial credit risk is the risk that in the event of a failure of a counter party, the District would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have a specific policy for custodial credit risk.

*Interest Rate Risk*

Colorado Revised Statutes limit investment maturities to five years or less from the date of purchase. This limit on investments is the means of limiting exposure to fair value losses arising from increasing interest rates.

COLOTRUST – During 2018, the District had invested in the Colorado Local Government Liquid Asset Trust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. 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 investments in COLOTRUST using the net asset value method. The Trust offers shares in two portfolios, COLOTRUST Prime and COLOTRUST Plus+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST Plus+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and 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 COLOTRUST investment pool is rated AAAM by Standard & Poors. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method.

The following is a reconciliation between the cash and investments recorded in the financial statements and the amounts reported in this footnote:

**Mountain View Fire Protection District**  
**Notes to Financial Statements (continued)**  
**December 31, 2018**

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**3. Deposits and Investments (continued)**

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Statement of net position:

Total cash and cash equivalents—Governmental Funds	<u>\$ 9,723,214</u>
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Cash and cash equivalents as of December 31, 2018, consist of the following:

Deposits with financial institutions	\$ 537,747
Investments	<u>9,185,467</u>
Total cash and cash equivalents	<u>\$ 9,723,214</u>

**Mountain View Fire Protection District**  
**Notes to Financial Statements (continued)**  
**December 31, 2018**

**4. Capital Assets**

The following table presents capital assets activity of the District for the year ended December 31, 2018:

	<b>Balance</b>			<b>Balance</b>
	<b>December 31,</b>	<b>Transfers/</b>	<b>Transfers/</b>	<b>December 31,</b>
	<b>2017</b>	<b>Additions</b>	<b>Retirements</b>	<b>2018</b>
Capital assets, not being depreciated:				
Land- all stations	\$ 519,316	\$ -	\$ -	\$ 519,316
Construction in progress	<u>-</u>	<u>121,970</u>	<u>-</u>	<u>121,970</u>
Total capital assets, not being depreciated	<u>519,316</u>	<u>121,970</u>	<u>-</u>	<u>641,286</u>
Capital assets, being depreciated:				
Buildings/improvements				
- all stations	14,191,163	133,283	-	14,324,446
Medical equipment	475,884	300,352	(113,468)	662,768
Furniture & equipment	1,343,219	296,745	(183,561)	1,456,403
Machinery & equipment	718,032	192,981	(64,490)	846,523
Firefighting vehicles	6,331,197	931,308	(100,000)	7,162,505
Vehicles - other	<u>677,306</u>	<u>225,022</u>	<u>(83,903)</u>	<u>818,425</u>
Total capital assets, being depreciated	<u>23,736,801</u>	<u>2,079,691</u>	<u>(545,422)</u>	<u>25,271,070</u>
Less accumulated depreciation for:				
Buildings/improvements	(3,720,153)	(560,409)	-	(4,280,562)
Medical equipment	(301,577)	(47,599)	86,197	(262,979)
Furniture & equipment	(1,132,321)	(62,957)	183,561	(1,011,717)
Machinery & equipment	(462,510)	(50,457)	63,462	(449,505)
Firefighting vehicles	(2,696,336)	(216,497)	100,000	(2,812,833)
Vehicles - other	<u>(571,811)</u>	<u>(63,688)</u>	<u>83,903</u>	<u>(551,596)</u>
Total accumulated depreciation	<u>(8,884,708)</u>	<u>(1,001,607)</u>	<u>517,123</u>	<u>(9,369,192)</u>
Total capital assets, being depreciated, net	<u>14,852,093</u>	<u>1,078,084</u>	<u>(28,299)</u>	<u>15,901,878</u>
Capital assets, net	<u>\$15,371,409</u>	<u>\$ 1,200,054</u>	<u>\$ (28,299)</u>	<u>\$16,543,164</u>

**Mountain View Fire Protection District**  
**Notes to Financial Statements (continued)**  
**December 31, 2018**

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**5. Long-Term Liabilities**

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Long-term liability activity for the year ended December 31, 2018, was as follows:

	Balance December 31, 2017	Additions	Deletions	Balance December 31, 2018	Due Within One Year
Governmental activities:					
Compensated Absences	\$ 317,973	\$ 17,039	\$ (8,947)	\$ 326,065	\$ 8,947

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**6. Due To/From Other Funds**

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As of December 31, 2018, the Capital Reserve Fund owes the General Fund \$92,479 for funding of capital purchases. The Debt Service Fund owes the Capital Reserve Fund \$1,561 for funds advanced for debt service obligations. In addition, the Debt Service Fund owes the General Fund \$37,034 for funds advanced for debt service obligations in prior years.

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**7. Risk Management**

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The District is exposed to various risks of loss related to various torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District carries commercial insurance for all risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage

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**8. Pensions**

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The District currently maintains four (4) separate pension and retirement plans. The plans cover paid participating firefighters hired prior to associating with FPPA ("Old Hires" prior to January 1, 1993), new hires, paid administrative personnel and all volunteer firefighters. On January 1, 1993, the District's local volunteer and "old hire" Pension Fund affiliated with the Fire and Police Pension Associations' (FPPA) Fire and Police Members' Benefit Fund under the Colorado Revised Statutes, 31-30-005(1)(k), as amended, at which time all plan assets were transferred to FPPA for administrative purposes. Under the FPPA affiliation agreement, the District is responsible for the collection and transmission of all contributions to the local Pension Fund. The FPPA is responsible for the physical safekeeping and investing of such contributions as well as for making the appropriate and legally authorized payments of pension benefits and other expenses of the plan.

**Mountain View Fire Protection District**  
**Notes to Financial Statements (continued)**  
**December 31, 2018**

**8. Pensions (continued)**

	Net Pension Liability/(Asset)	Deferred Outflows of Resources	Deferred Inflows of Resources
Volunteer Plan	\$ 253,905	\$ 114,757	\$ 122,702
Old Hire Plan	55,986	15,825	14,795
FPPA Plan	(1,728,386)	2,203,401	631,026
PERA Plan	1,790,838	259,554	461,918

In the Statement of Net Position, all net pension liabilities have been aggregated and separately reported from the net pension asset.

As of December 31, 2018, the deferred inflows and outflows of resources resulting from all pension plans are comprised as follows:

Deferred outflows of resources:

Difference between actual and projected investment earnings	\$ 99,211
Difference between actual and expected experience	1,358,446
Changes in assumptions	279,324
Changes in proportionate share	87,011
Contributions received after measurement date	<u>769,545</u>
Total deferred outflows of resources	<u>\$ 2,593,537</u>

Deferred inflows of resources:

Difference between actual and expected experience	\$ 19,152
Difference between actual and expected earnings	1,072,439
Changes in proportionate share	<u>138,850</u>
Total deferred inflows of resources	<u>\$ 1,230,441</u>

Deferred outflows of resources of \$769,545, related to contributions subsequent to the measurement date, will reduce the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense (income) as follows:

2019	\$ 206,228
2020	136,993
2021	(212,543)
2022	(318,982)
2023	191,949
Thereafter	<u>589,906</u>
Total	<u>\$ 593,551</u>

# Mountain View Fire Protection District

## Notes to Financial Statements (continued)

### December 31, 2018

#### 8. Pensions (continued)

##### Volunteer Plan

The District's active volunteer firefighters participate in a non-contributing pension plan administered by a Board of Trustees, which includes District Board members and volunteer firefighters.

The benefit provisions and plan requirements were established by Colorado Revised Statutes and the Board of Trustees has adopted the following schedule of monthly benefits which was in effect at December 31, 2018:

Age and service retirement after age 50 with 20 years of credit service (Effective January 1, 2002).	\$300-\$500
Surviving spouse death benefit:	
After age and service retirement (maximum)	\$150-\$250
Lump-sum death benefit	\$100

Total covered payroll for this plan for 2018 was \$-0-. In 2018, the District contributions were \$28,076 towards meeting the unfunded liability. In addition, the State contribution was \$21,673.

An actuarial valuation is performed every two years to determine the pension benefit obligation. The latest available actuarial valuation was performed as of January 1, 2017. The measurement date was December 31, 2017. The following assumptions were used in computing the pension benefit obligation for this plan:

- Rate of return on investments and discount rate: 7.5%
- Actuarial Method: Entry Age Normal
- Amortization Method: Level Dollar, Open
- Remaining amortization period: 20 years
- Mortality: RP-2000 Mortality Tables for Blue Collar Employees.
- Projected earnings increases for all ages due to inflation: 3.00%

Plan membership as of January 1, 2017 was as follows:

Active members	1
Retirees and beneficiaries	69
Inactive, non-retired members	<u>13</u>
Total	83

The pension plan expense for 2018 was \$56,140. The net pension liability is impacted by a change in the discount rate as follows:

**Mountain View Fire Protection District**  
**Notes to Financial Statements (continued)**  
**December 31, 2018**

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**8. Pensions (continued)**

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	<b>1% Decrease (6.50%)</b>	<b>Current Rate (7.50%)</b>	<b>1% Increase (8.50%)</b>
Net pension liability	\$ 493,237	\$ 253,905	\$ 50,015

Changes in Net Pension Liability for the measurement period ended December 31, 2017:

Total Pension Liability:

Service cost	\$ 1,223
Interest	190,362
Benefit payments	<u>(227,120)</u>
Net change in total pension liability	(35,535)
Total pension liability -beginning	<u>2,649,061</u>
Total pension liability - ending (a)	<u><u>\$ 2,613,526</u></u>

Total Fiduciary Net Pension:

Contributions-employer	\$ 24,081
Net investment income	315,112
Benefit payments	(227,120)
Administrative expense	<u>(16,885)</u>
Net change in plan fiduciary net position	95,188
Plan fiduciary net position – beginning	<u>2,264,434</u>
Plan fiduciary net position – ending (b)	<u>2,359,622</u>
Net pension liability – ending (a)-(b)	<u><u>\$ 253,904</u></u>
Plan fiduciary net position as a percentage of total pension liability	90.29%

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of rates of return for each major asset class included in the pension plan's target asset allocation as of the valuation date are summarized in the following table:

**Mountain View Fire Protection District**  
**Notes to Financial Statements (continued)**  
**December 31, 2018**

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**8. Pensions (continued)**

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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Public Equity	37%	8.33%
Long Short	9%	7.15%
Private Capital	24%	9.70%
Fixed Income	15%	3.00%
Absolute Return	9%	6.46%
Managed Futures	4%	6.85%
Cash	2%	2.60%
Total	<u>100%</u>	

**"Old Hire" Employee Plan**

The District's paid employees, hired prior to associating with FPPA, participate in a contributing pension plan administered by the Board of Trustees. At December 31, 2018 there were no active paid firefighters, and one retired paid firefighter receiving monthly pension benefits from the plan.

Participants are eligible for retirement benefits upon reaching age 50 with 20 or more years of credit service, including partial credit for volunteer service. Retirement benefits are equal to 50% of the amount of the retiree's monthly regular salary as of the date of retirement plus, if the Board of Trustees authorizes such additional benefits, 50% of any increase in salary and longevity or additional pay based on length of service granted during the period of retirement to the rank occupied by the retiree. These benefits are established by State statute

Total covered payroll for this plan for 2018 was \$0. In 2018, the District contribution was \$3,295 towards meeting the unfunded liability.

An actuarial valuation is performed every two years to determine the pension benefit obligation. The latest available actuarial valuation was performed as of January 1, 2017. The measurement date was December 31, 2017. The following assumptions were used in computing the pension benefit obligation for this plan:

- Rate of return on investments and discount rate: 7.5%
- Actuarial Method: Entry Age Normal
- Amortization Method: Level Dollar, Open
- Remaining amortization period: 4 years
- Mortality: RP-2014 Mortality Tables for Blue Collar Employees
- Projected earnings increases for all ages due to inflation: 2.50%

**Mountain View Fire Protection District**  
**Notes to Financial Statements (continued)**  
**December 31, 2018**

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**8. Pensions (continued)**

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Plan membership as of January 1, 2017 was as follows:

Active Members	-
Retirees and beneficiaries	1
Inactive, non-retired members	<u>-</u>
Total	1

The pension plan expense for 2018 was \$43,802. The net pension liability is impacted by a change in the discount rate as follows:

	<b>1% Decrease (6.50%)</b>	<b>Current Rate (7.50%)</b>	<b>1% Increase (8.50%)</b>
Net pension liability	\$ 71,492	\$ 55,986	\$ 41,735

Changes in Net Pension Liability for the measurement period ended December 31, 2017:

Total Pension Liability:

Interest	\$ 22,110
Difference between actual and expected experience	41,788
Benefit payments	<u>(51,565)</u>
Net change in total pension liability	12,333
Total pension liability -beginning	<u>320,110</u>
Total pension liability - ending (a)	<u>\$ 332,443</u>

Plan Fiduciary Net Pension:

Contributions-employer	\$ 3,295
Net investment income	38,230
Benefit payments	(51,565)
Administrative expense	<u>(689)</u>
Net change in plan fiduciary net position	(10,729)
Plan fiduciary net position – beginning	<u>287,186</u>
Plan fiduciary net position – ending (b)	<u>276,457</u>
Net pension liability – ending (a)-(b)	<u>\$ 55,986</u>
Plan fiduciary net position as a percentage of total pension liability	83.16%

**Mountain View Fire Protection District**  
**Notes to Financial Statements (continued)**  
**December 31, 2018**

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**8. Pensions (continued)**

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The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of rates of return for each major asset class included in the pension plan's target asset allocation as of the valuation date are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Global Public Equity	37%	8.33%
Long Short	9%	7.15%
Private Capital	24%	9.70%
Fixed Income	15%	3.00%
Absolute Return	9%	6.46%
Managed Futures	4%	6.85%
Cash	2%	2.26%
Total	100%	

**Paid Fire Personnel Plan**

The District contributes to the Statewide Defined Benefit Plan, cost-sharing multiple-employer defined benefit pension plan administered by the Colorado Fire and Police Pension Association (FPPA). The Statewide Defined Benefit Plan provides retirement benefits for members and beneficiaries. Colorado statutes assign the authority to establish benefit provisions to the state legislature. FPPA issues a publicly available annual financial report that includes financial statements and required supplementary information for the Plan, which is available, by directly contacting the FPPA.

The financial statements of the Statewide Defined Benefit Plan are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The Plan investments are presented at fair value except for short-term investments, which are recorded at cost, which approximates fair value.

Disability and survivor benefits with respect to death and disability are funded by the State and are disbursed by FPPA according to State statute. Participants' contributions are fully refundable with simple interest of 5% upon request or termination of employment. Employer contributions remain with the plan to help provide benefits to remaining participants.

**Mountain View Fire Protection District**  
**Notes to Financial Statements (continued)**  
**December 31, 2018**

**8. Pensions (continued)**

Covered employees are required by State statute to contribute 9.5% of their salary (excluding paid overtime and comp time) to the plan. The District is required to contribute an additional or matching 8% of covered salary. For the year ended December 31, 2018, covered employees contributed \$822,102 on a base salary of \$8,444,272. The District contributed an additional \$609,571 to the plan on covered employees' behalf.

The following is based on an actuarial study completed as of January 1, 2017. The measurement date is December 31, 2017. The following assumptions were used in computing the pension benefit obligation for this plan:

- Rate of return on investments and discount rate: 7.5%
- Actuarial Method: Entry Age Normal
- Amortization Method: Level % of payroll, open
- Amortization period: 30 years
- Mortality: RP-2014 Mortality Tables for Blue Collar Employees
- Projected salary increases: 4%-14%
- Inflation: 2.5%

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 payments to determine the total pension liability.

The employer share of net pension asset as of the measurement period ended December 31, 2017 was \$1,728,386. The employer proportion was 1.20% based on Employer Contributions, a decrease from the prior year, when the proportion was 1.23%. The pension income for the period was \$660,289.

The net pension liability (asset) is impacted by a change in the discount rate as follows:

	<b>1% Decrease (6.50%)</b>	<b>Current Rate (7.50%)</b>	<b>1% Increase (8.50%)</b>
Net pension liability (asset)	\$ 1,881,698	\$ (1,728,386)	\$ (4,726,098)

**Mountain View Fire Protection District**  
**Notes to Financial Statements (continued)**  
**December 31, 2018**

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**8. Pensions (continued)**

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Rate of Return</b>
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%	

**Administrative Personnel Plan**

The District provides and contributes to the Statewide Defined Benefit Plan, cost-sharing multiple-employer defined benefit pension plan administered by the Public Employee Retirement Association (PERA) for administrative and non-firefighting personnel. The Statewide Defined Benefit Plan provides retirement benefits for members and beneficiaries. Colorado statutes assign the authority to establish benefit provisions to the state legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the Plan, which is available by directly contacting PERA.

The financial statements of the Statewide Defined Benefit Plan are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The Plan investments are presented at fair value except for short-term investments, which are recorded at cost and approximate fair value.

Covered employees are required by State statute to contribute 8% of their salary (excluding paid overtime and comp time) to the plan. The District contributes an additional or matching 11% of covered salary. For the year ended December 31, 2018, covered employees contributed \$72,891 on a base salary of \$911,140. The District contributed an additional \$128,603 to the plan on covered employee's behalf.

# Mountain View Fire Protection District

## Notes to Financial Statements (continued)

### December 31, 2018

#### 8. Pensions (continued)

The following is based on an actuarial study completed as of January 1, 2017. The measurement date is December 31, 2017. The following assumptions were used in computing the pension benefit obligation for this plan:

- Rate of return on investments and discount rate: 7.25%
- Actuarial Method: Entry Age
- Price inflation: 2.5%
- Real wage growth: 1.1%
- Wage inflation: 3.5%
- Salary increases: 3.5%-10.45%

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

The employer share of net pension liability as of the measurement period ended December 31, 2017 was \$1,790,838. The employer proportion was 0.16% based on Employer Contributions, a decrease from the prior year, when the proportion was 0.18%. The pension expense for the period ended 2017 was \$375,103.

The net pension liability for the plan is impacted by a change in the discount rate as follows:

	<b>1% Decrease (6.25%)</b>	<b>Current Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
Net pension liability	\$ 2,852,224	\$ 1,790,838	\$ 906,020

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

**Mountain View Fire Protection District**  
**Notes to Financial Statements (continued)**  
**December 31, 2018**

**8. Pensions (continued)**

Asset Class	Target Allocation	Long-Term Expected Rate of Return
US Equity – Large Cap	21.20%	4.30%
US Equity – Small Cap	7.42%	4.80%
Non US Equity – Developed	18.55%	5.20%
Non US Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non US 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%	

**9. Other Post-Employment Benefits**

**Summary of Significant Accounting Policies OPEB**

Mountain View Fire Protection District participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees’ Retirement Association of Colorado (“PERA”). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

**General Information about the OPEB Plan**

Eligible employees of Mountain View Fire Protection District are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, 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 the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA

# Mountain View Fire Protection District

## Notes to Financial Statements (continued)

### December 31, 2018

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#### 9. Other Post-Employment Benefits (continued)

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issues a publicly available comprehensive annual financial report that can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid. Enrollment in the PERACare is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit.

**Mountain View Fire Protection District**  
**Notes to Financial Statements (continued)**  
**December 31, 2018**

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**9. Other Post-Employment Benefits (continued)**

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Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

Contributions. Pursuant to Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02 percent of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and Mountain View Fire Protection District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from Mountain View Fire Protection District were \$9,309 for the year ended December 31, 2018.

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

At December 31, 2018, Mountain View Fire Protection District reported a liability of \$162,418 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2017.

Mountain View Fire Protection District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2017 relative to the total contributions of participating employers to the HCTF. At December 31, 2017, the District's proportion was 0.012 percent.

For the year ended December 31, 2018, Mountain View Fire Protection District recognized OPEB expense of \$12,727. At December 31, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of</u> <u>Resources</u>	<u>Deferred Inflows of</u> <u>Resources</u>
Difference between expected and actual experience	\$ 768	\$ -
Net difference between projected and actual earnings on plan investments	-	2,717
Contributions subsequent to the measurement date	<u>9,309</u>	<u>-</u>
Total	<u>\$ 10,077</u>	<u>\$ 2,717</u>

# Mountain View Fire Protection District

## Notes to Financial Statements (continued)

### December 31, 2018

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#### 9. Other Post-Employment Benefits (continued)

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\$9,309 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

2019	\$ (528)
2020	(528)
2021	(528)
2022	(528)
2023	151
Thereafter	13

*Actuarial assumptions.* The total OPEB liability in the December 31, 2016 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 percent in aggregate
Long-term investment rate of return, net of OPEB	
plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	5.00 percent
Medicare Part A premiums	3.00 percent for 2017, gradually rising to 4.25 percent in 2023
DPS benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation and on the pattern of sharing of costs between employers of each fund to that point. Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A.

**Mountain View Fire Protection District**  
**Notes to Financial Statements (continued)**  
**December 31, 2018**

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**9. Other Post-Employment Benefits (continued)**

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Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2016, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The PERA benefit structure health care cost trend rates that were used to measure the total OPEB liability are summarized in the table below:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2017	5.00%	3.00%
2018	5.00%	3.25%
2019	5.00%	3.50%
2020	5.00%	3.75%
2021	5.00%	4.00%
2022	5.00%	4.00%
2023	5.00%	4.25%
2024+	5.00%	4.25%

Mortality assumptions for the determination of the total pension liability for each of the Division Trust Funds as shown below are applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

The following economic and demographic assumptions were specifically developed for, and used in, the measurement of the obligations for the HCTF:

- The assumed rates of PERACare participation were revised to reflect more closely actual experience.
- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2017 plan year.

# Mountain View Fire Protection District

## Notes to Financial Statements (continued)

### December 31, 2018

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#### 9. Other Post-Employment Benefits (continued)

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- The percentages of PERACare enrollees who will attain age 65 and older ages and are assumed to not qualify for premium-free Medicare Part A coverage were revised to more closely reflect actual experience.
- The percentage of disabled PERACare enrollees who are assumed to not qualify for premium-free Medicare Part A coverage were revised to reflect more closely actual experience.
- Assumed election rates for the PERACare coverage options that would be available to future PERACare enrollees who will qualify for the “No Part A Subsidy” when they retire were revised to more closely reflect actual experience.
- Assumed election rates for the PERACare coverage options that will be available to those current PERACare enrollees, who qualify for the “No Part A Subsidy” but have not reached age 65, were revised to more closely reflect actual experience.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.
- The rates of PERACare coverage election for spouses of eligible inactive members and future retirees were revised to more closely reflect actual experience.
- The assumed age differences between future retirees and their participating spouses were revised to reflect more closely actual experience.

The actuarial assumptions used in the December 31, 2016, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA’s actuary, as needed.

Several factors were considered in evaluating the long-term rate of return assumption for the HCTF, including long-term historical data, estimates inherent in current market data, and 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 adoption of the long-term expected rate of return by the PERA Board, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

**Mountain View Fire Protection District**  
**Notes to Financial Statements (continued)**  
**December 31, 2018**

**9. Other Post-Employment Benefits (continued)**

Asset Class	Target Allocation	30 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	<u>1.00%</u>	0.20%
<b>Total</b>	<b>100.00%</b>	

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%.

Sensitivity of the Mountain View Fire Protection District proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
PERACare Medicare trend rate	4.00%	5.00%	6.00%
Initial Medicare Part A trend rate	2.00%	3.00%	4.00%
Ultimate Medicare Part A trend rate	3.25%	4.25%	5.25%
Net OPEB Liability	\$157,949	\$162,418	\$167,800

The discount rate used to measure the total OPEB liability was 7.25%. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above.

**Mountain View Fire Protection District**  
**Notes to Financial Statements (continued)**  
**December 31, 2018**

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**9. Other Post-Employment Benefits (continued)**

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Sensitivity of the Mountain View Fire Protection District proportionate share of the net OPEB liability to changes in the discount rate. The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$182,609	\$162,418	\$145,184

OPEB plan fiduciary net position. Detailed information about the HCTF'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](http://www.copera.org/investments/pera-financial-reports).

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**10. Prior Period Adjustments**

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The District has implemented new accounting standards that are applied retroactively and has also determined that certain material items were misstated in the prior year.

- Net Position as of December 31, 2017, has been restated for the implementation of GASBS 75 (see also Note 9).
- It was determined that certain pension-related balances were not properly reflected in the Statement of Net Position.
- An accrual for sick leave had been recorded; however, the District's policy does not allow for a payout of these benefits to current or former employees.

The beginning net position balance has been restated as follows to reflect these costs in the prior year:

Net Position as previously reported at December 31, 2017:	\$ 22,225,811
Retroactive application of GASBS 75	(151,640)
Pension reporting corrections, net	850,919
Removal of sick leave accrual	<u>1,523,772</u>
Net position as restated, January 1, 2018	<u>\$ 24,448,862</u>

# Mountain View Fire Protection District

## Notes to Financial Statements (continued)

### December 31, 2018

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#### 11. TABOR Compliance

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Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations, which apply to the State of Colorado and all local governments.

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

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

Spending excludes spending from certain revenue and financial sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves. The District considers \$566,592 as designated for the TABOR's three percent Reserved for Emergency for 2018.

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.

The District levied 7.817 mills for property taxes to be collected in 2008. On November 4, 2008, district voters approved an increase in the existing mill levy by 3.93 mills, resulting in a new mill levy of 11.747 mills. The revenue from the increase will be used to hire additional fire fighters, purchase additional medical and rescue equipment, and to meet increasing vehicle maintenance costs.

Except for bond refinancing at lower interest rates or adding employees to existing pension plans, the Amendment 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.

On November 4, 1997, District voters approved a ballot issue removing the related revenue and spending limitations of the TABOR Amendment without raising the existing mill levy of the general fund commencing fiscal year 1996 and continuing thereafter, as may be provided by law, for the purposes of defraying the costs of providing fire protection, rescue and emergency medical services

**Mountain View Fire Protection District**  
**Notes to Financial Statements (continued)**  
**December 31, 2018**

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**12. TABOR Compliance (continued)**

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

# **Mountain View Fire Protection District**

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**Required Supplementary Information**

**Mountain View Fire Protection District**  
**Statement of Revenues, Expenditures**  
**and Changes in Fund Balance—Actual and Budget**  
**Governmental Fund Type—General Fund**  
**December 31, 2018**

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues</b>			
Property tax	\$ 14,811,699	\$ 14,860,260	\$ 48,561
Specific ownership tax	954,908	970,655	15,747
TIF revenues	-	89,974	89,974
Fees for services	1,230,944	1,235,958	5,014
Investment earnings	21,050	154,362	133,312
Wildland revenue	65,521	1,245,044	1,179,523
Other income	5,400	226,845	221,445
Total Revenues	<u>17,089,522</u>	<u>18,783,098</u>	<u>1,693,576</u>
<b>Expenditures:</b>			
Salaries and wages	9,531,161	8,946,117	585,044
Overtime wages	589,420	1,227,604	(638,184)
Benefits	3,427,998	3,188,698	239,300
General operating supplies	703,027	762,316	(59,289)
Small equipment/tools	139,379	75,617	63,762
Non-capital tech expenditures	136,745	136,056	689
Non-capital fleet expenditures	182,500	113,772	68,728
General purchased services	857,448	464,836	392,612
Contract services	328,180	458,540	(130,360)
Training	158,460	72,167	86,293
Repairs/maintenance equipment	158,325	209,261	(50,936)
Repairs/maintenance buildings	129,248	77,441	51,807
Utilities	341,500	312,717	28,783
Capital outlay	-	2,500	(2,500)
Total Expenditures	<u>16,683,391</u>	<u>16,047,642</u>	<u>635,749</u>
<b>Excess Revenue Over (Under)</b>			
<b>Expenditures</b>	<u>406,131</u>	<u>2,735,456</u>	<u>2,329,325</u>
<b>Other financing sources and (uses)</b>			
Transfers in (out)	<u>(1,000,000)</u>	<u>(2,640)</u>	<u>997,360</u>
Total other financing sources and (uses)	<u>(1,000,000)</u>	<u>(2,640)</u>	<u>997,360</u>
<b>Net Change in fund balance</b>	(593,869)	2,732,816	3,326,685
<b>Fund Balance—Beginning of year</b>	<u>5,866,927</u>	<u>5,868,205</u>	<u>1,278</u>
<b>Fund Balance—End of Year</b>	<u>\$ 5,273,058</u>	<u>\$ 8,601,021</u>	<u>\$ 3,327,963</u>

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

**Mountain View Fire Protection District**  
**Required Supplementary Information**  
**Schedules of Employer Contributions**  
**As of Measurement Period Ended**

**Volunteer Plan**

<b><u>Measurement Period Ended*</u></b>	<b><u>Actuarially Required Contributions</u></b>	<b><u>Actual Employer Contributions</u></b>	<b><u>Contribution Excess/(Deficiency)</u></b>	<b><u>Actual Covered Payroll</u></b>	<b><u>Contributions as a Percentage of Covered Payroll</u></b>
12/31/2017	\$ 24,081	\$ 24,081	\$ -	\$ -	N/A**
12/31/2016	24,081	24,081	-	-	N/A**
12/31/2015	24,081	24,081	-	-	N/A**
12/31/2014	37,367	37,367	-	-	N/A**
12/31/2013	37,367	37,367	-	-	N/A**

**Old Hire Plan**

<b><u>Measurement Period Ended*</u></b>	<b><u>Actuarially Required Contributions</u></b>	<b><u>Actual Employer Contributions</u></b>	<b><u>Contribution Excess/(Deficiency)</u></b>	<b><u>Actual Covered Payroll</u></b>	<b><u>Contributions as a Percentage of Covered Payroll</u></b>
12/31/2017	\$ 3,295	\$ 3,295	\$ -	\$ -	N/A**
12/31/2016	-	3,295	3,295	-	N/A**
12/31/2015	-	-	-	-	N/A**
12/31/2014	-	-	-	-	N/A**
12/31/2013	-	3,295	3,295	-	N/A**

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

\*\* Ratio not applicable (N/A) since payroll is zero due to the plan covering volunteers.

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

**Mountain View Fire Protection District**  
**Required Supplementary Information**  
**Schedules of Proportionate Share of the Net Pension and OPEB Liabilities and Related Ratios**

**Statewide Defined Benefit Plan**

<b>Measurement Period Ended*</b>	<b>Proportion of the Net Pension Liability/Asset</b>	<b>Proportionate Share of the Net Pension Liability (Asset)</b>	<b>Actual Covered Payroll</b>	<b>Net Pension Liability (Asset) as a Percentage of Covered Payroll</b>	<b>Fiduciary Net Position as a Percentage of Total Pension Liability/Asset</b>
12/31/2017	1.20%	\$ (1,728,386)	\$ 8,444,272	-20.5%	106.3%
12/31/2016	1.23%	\$ 442,771	\$ 7,349,516	6.0%	98.2%
12/31/2015	1.14%	\$ (20,132)	\$ 6,565,250	-0.3%	100.1%
12/31/2014	1.20%	\$ (1,358,189)	\$ 5,901,675	-23.0%	106.8%

**Colorado PERA - Pension**

<b>Measurement Period Ended*</b>	<b>Proportion of the Net Pension Liability</b>	<b>Proportionate Share of the Net Pension Liability</b>	<b>Actual Covered Payroll</b>	<b>Net Pension Liability as a Percentage of Covered Payroll</b>	<b>Fiduciary Net Position as a Percentage of Total Pension Liability</b>
12/31/2017	0.16%	\$ 1,790,838	\$ 911,140	196.5%	79.4%
12/31/2016	0.18%	\$ 2,440,962	\$ 1,023,788	238.4%	73.6%
12/31/2015	0.21%	\$ 2,357,172	\$ 1,150,400	204.9%	76.9%
12/31/2014	0.23%	\$ 2,036,520	\$ 1,246,364	163.4%	80.7%

**Colorado PERA - OPEB**

<b>Measurement Period Ended*</b>	<b>Proportion of the Net OPEB Liability</b>	<b>Proportionate Share of the Net OPEB Liability</b>	<b>Actual Covered Payroll</b>	<b>Net OPEB Liability as a Percentage of Covered Payroll</b>	<b>Fiduciary Net Position as a Percentage of Total OPEB Liability</b>
12/31/2017	0.12%	\$ 162,418	\$ 911,140	17.8%	17.5%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

\* The data provided in this schedule is based as of the measurement date of the District's net pension liability, which is as of the beginning of the year.

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

**Mountain View Fire Protection District**  
**Required Supplementary Information**  
**Volunteer Pension Fund**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
**Last 10 Years**

Measurement period ended December 31,	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total pension liability</b>				
Service cost	\$ 1,223	\$ 4,783	\$ 4,783	\$ 6,642
Interest	190,362	183,755	186,343	189,244
Difference between expected and actual experience	-	41,849	-	(10,160)
Changes of assumptions	-	86,085	-	-
Benefit Payments	<u>(227,120)</u>	<u>(226,160)</u>	<u>(225,135)</u>	<u>(221,906)</u>
<b>Net change in total pension liability</b>	(35,535)	90,312	(34,009)	(36,180)
<b>Total pension liability - Beginning</b>	2,649,061	2,558,749	2,592,758	2,628,938
<b>Total pension liability - Ending (a)</b>	2,613,526	2,649,061	2,558,749	2,592,758
<b>Plan fiduciary net position</b>				
Employer contributions	24,081	37,367	37,367	37,367
Net investment income	315,112	116,767	43,542	158,185
Benefit payments	(227,120)	(226,160)	(225,135)	(221,906)
Administrative expense	(16,885)	(3,704)	(4,956)	(4,006)
State of Colorado supplemental discretionary payment	<u>-</u>	<u>33,630</u>	<u>33,630</u>	<u>27,109</u>
<b>Net change in plan fiduciary net position</b>	95,188	(42,100)	(115,552)	(3,251)
<b>Plan fiduciary net position - beginning</b>	2,264,434	2,306,534	2,422,086	2,425,337
<b>Plan fiduciary net position - end (b)</b>	2,359,622	2,264,434	2,306,534	2,422,086
<b>District's net pension liability - ending (a)-(b)</b>	253,904	384,627	252,215	170,672
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	90.29%	85.48%	90.14%	93.42%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

Note 2: The data provided in this schedule is based as of the measurement date of the District's net pension liability.

**Mountain View Fire Protection District**  
**Required Supplementary Information**  
**Old Hire Pension Fund**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
**Last 10 Years**

Measurement period ended December 31,	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total pension liability</b>				
Service cost	\$ -	\$ -	\$ -	\$ -
Interest	22,110	24,111	21,193	23,055
Difference between expected and actual experience	41,788	-	38,197	-
Changes of assumptions	-	-	28,839	-
Benefit Payments	<u>(51,565)</u>	<u>(50,063)</u>	<u>(48,605)</u>	<u>(47,189)</u>
<b>Net change in total pension liability</b>	12,333	(25,952)	39,624	(24,134)
<b>Total pension liability - Beginning</b>	320,110	346,062	306,438	330,572
<b>Total pension liability - Ending (a)</b>	332,443	320,110	346,062	306,438
<b>Plan fiduciary net position</b>				
Employer contributions	3,295	-	-	38,182
Net investment income	38,230	15,451	6,658	22,539
Benefit payments	(51,565)	(50,063)	(48,605)	(47,189)
Administrative expense	<u>(689)</u>	<u>(2,347)</u>	<u>(858)</u>	<u>(3,413)</u>
<b>Net change in plan fiduciary net position</b>	(10,729)	(36,959)	(42,805)	10,119
<b>Plan fiduciary net position - beginning</b>	287,186	324,145	366,950	356,831
<b>Plan fiduciary net position - end (b)</b>	276,457	287,186	324,145	366,950
<b>District's net pension liability - ending (a)-(b)</b>	55,986	32,924	21,917	(60,512)
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	83.16%	89.71%	93.67%	119.75%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

Note 2: The data provided in this schedule is based as of the measurement date of the District's net pension liability.

# **Mountain View Fire Protection District**

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**Other Supplementary Information**

**Mountain View Fire Protection District**  
**Statement of Revenues, Expenditures**  
**and Changes in Fund Balance—Actual and Budget**  
**Governmental Fund Type—Capital Reserve Fund**  
**December 31, 2018**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>			
Fees for services	\$ -	\$ 6,115	\$ 6,115
Investment earnings	<u>7,000</u>	<u>39,786</u>	<u>32,786</u>
Total Revenues	<u>7,000</u>	<u>45,901</u>	<u>38,901</u>
<b>Expenditures:</b>			
Other	-	655	(655)
Capital outlay	<u>3,604,830</u>	<u>2,147,438</u>	<u>1,457,392</u>
Total Expenditures	<u>3,604,830</u>	<u>2,148,093</u>	<u>1,456,737</u>
<b>Excess Revenue Over (Under)</b>			
<b>Expenditures</b>	<u>(3,597,830)</u>	<u>(2,102,192)</u>	<u>1,495,638</u>
<b>Other financing sources and (uses)</b>			
Transfers in (out)	<u>1,000,000</u>	<u>2,640</u>	<u>(997,360)</u>
Total other financing sources and (uses)	<u>1,000,000</u>	<u>2,640</u>	<u>(997,360)</u>
<b>Net Change in fund balance</b>	(2,597,830)	(2,099,552)	498,278
<b>Fund Balance—Beginning of year</b>	<u>2,903,521</u>	<u>3,644,145</u>	<u>740,624</u>
<b>Fund Balance—End of Year</b>	<u>\$ 305,691</u>	<u>\$ 1,544,593</u>	<u>\$ 1,238,902</u>

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

**Mountain View Fire Protection District**  
**Statement of Revenues, Expenditures**  
**and Changes in Fund Balance—Actual and Budget**  
**Governmental Fund Type—Debt Service Fund**  
**December 31, 2018**

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues</b>			
Investment earnings	\$ 19	\$ 19	\$ -
Total Revenues	19	19	-
<b>Expenditures:</b>			
Other	20	-	20
Total Expenditures	20	-	20
<b>Net Change in fund balance</b>	(1)	19	20
<b>Fund Balance—Beginning of year</b>	(1,267)	(1,247)	20
<b>Fund Balance—End of Year</b>	\$ (1,268)	\$ (1,228)	\$ 40

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