

NORTH ROUNT FIRE PROTECTION DISTRICT

Financial Statements

December 31, 2018

NORTH ROUTH FIRE PROTECTION DISTRICT

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	6
Statement of Activities	7
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	8
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	9
Statement of Revenues, Expenditures and Changes in Fund Balances	10
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	11
Notes to Financial Statements	12
Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual: General Fund	28
FPPA Statewide Defined Benefit Pension Plan:	
Schedule of the District's Proportionate Share of the Net Pension Liability	29
Schedule of the District Contributions	30
FPPA Volunteer Firefighter Defined Benefit Pension Plan:	
Schedule of Changes in Net Pension Liability and Related Ratios	31
Schedule of the District Contributions	32
Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual: Debt Service Fund	33



Independent Auditor's Report

The Board of Directors
North Routt Fire Protection District
Routt County, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the North Routt 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 U.S. generally accepted accounting principles; 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 U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

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

Report on Summarized Comparative Financial Information

We have previously audited the District's December 31, 2017 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated June 19, 2018. In our opinion, the summarized comparative financial information presented herein as of and for the year ended December 31, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis on pages 3-5 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 the 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 U.S. generally accepted auditing standards, 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.

The General Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual on page 28 and the defined benefit pension plan schedules on pages 29-32 as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by U.S. generally accepted accounting principles. This requires supplementary 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 underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Debt Service Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual on page 33 is presented for purpose of additional analysis and is not a required part of the basic financial statements. This supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or the basic financial statement themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, this supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Catterson + Company, P.C.

Steamboat Springs, Colorado
June 11, 2019

**North Routt Fire Protection District
Management Discussion and Analysis
For the Audited Financial Statements
December 31, 2018**

Overview of the District

The North Routt Fire Protection District was established to provide quality fire response, rescue, and emergency medical services to residents and visitors within the District's area. Its services include but are not limited to:

- Providing trained firefighters to preserve and protect life, personal property, and wildland areas when presented with fires caused by nature or human.
- 1) Responding to mutual aid requests by other governmental agencies and special districts, including but not limited to local State Parks, Routt County Search and Rescue, and other fire departments within the county and state.
 - 2) Advising residents and visitors on the safe and proper methods of managing campfires/bonfires, slash pile burns, and agricultural burns.
 - 3) Providing trained rescuers and emergency medical technicians (EMTs) to aid, treat, and provide hospital transport for all people harmed as the result of accidents or medical conditions.
 - 4) Completing commercial building inspections for county food and liquor licensing.
 - 5) Promoting safety within the District through in-school programs and public classes and seminars.
 - 6) Overseeing the Community Wildfire Protection Plan for the District through coordination with State Parks, National Forest Service, and Routt County Emergency Management.

The District is governed under Colorado statute by an independently elected Board of Directors. The Fire Department is managed by a Fire Chief hired by the District Board who is responsible for the administration of all fire, rescue, medical services, and ancillary programs. The Fire Chief, in concert with the Board Treasurer, prepares and administers the budget that is adopted by the Board annually in accordance with Colorado statutory budget requirements.

Overview of Financial Statements

The North Routt Fire Protection District is in good financial condition as evidenced by the accompanying audited financial statements. Current debt can be met by current assets.

2018 Budgetary Highlights

The District's primary revenue source is from taxes levied against property included within the North Routt Fire Protection boundaries. Property and specific ownership taxes received in 2018, net of tax collection fees totaled \$196,026 for general operating purposes and \$98,159 for Debt Service/repayment of General Obligation bonds for capital construction.

The district's asset values increased by \$146,894 from December 31, 2017. This increase was primarily due to the new equipment acquired during the year, and an increase in the volunteer retirement fund value.

The district's net position increased \$73,915 from the 2017 figures because of the newer equipment/retirement of outdated apparatus and the GASB reporting requiring inclusion of projected figures of the state-wide plans administered by FPPA. Overall the district improved its financial position as evidenced by the increase in the net position. The district has \$100,584 of its funds restricted for emergencies and debt service.

General Operating Fund

The primary categories of expenditures in the General Fund include personnel, fire suppression and medical supplies, training and wellness benefits aimed toward the volunteers, general operating or administrative expenses.

Overall, expenditures in the General Fund were on track with what was budgeted and varied slightly for vehicle repairs from what was budgeted for 2018. Our 2004 Ford Ambulance required a major engine repair that was not foreseen. Grant Revenue was under budget due to not receiving funding for a grant for fire fighter protective gear.

Donations increased considerably from budgeted projections by \$46,010 in 2018 which a portion of was used for UTV equipment upgrades and a wildland skid unit (fire pump system) for the back of the Ranger UTV.

Property tax values were projected to decrease for 2018 vs 2017; the district's revenue collection experienced a slight increase in 2018 due to a slight increase in new construction and interest on unpaid taxes from past years. The District is in a good position to absorb a possible slight decline or flat recovery in revenues as evidenced by its strong current asset position. During the May election of 2018, the District was successful in having a ballot measure approved by district voters of a 4.0 mill levy increase for additional staffing, and a De-Gallagherization question to help stop the decrease of property tax collection revenues. The RAR will be reset to 7.15 from 7.25 for 2019-2020 assessment years, which normally would have a negative impact on our budget, with the voter approved measure we will be able to maintain our current revenue.

Capital Assets Activity

In 2012, the District produced the 10 Year Capital Improvement Plan which listed the addition of a couple off road vehicles (UTV's) for back country, wildland fire fighting capabilities. This purchase was approved by the Board of Directors during the October 2017 board meeting as part of the NRPFD Capital Equipment Acquisition and Retirement Plan, money received from donations in 2017 were allocated for this project. As part of the UTV Project was the addition of a wildland skid unit for the Ranger UTV, this was completed during the summer 2018. Additionally, the district received the ladder truck from SSFD, and a Ford F450 4x4 Wildland Fire Engine from the Federal Excess Property Program, both units have been put into service by NRPFD staff and volunteers. We also retired to the Wyman Museum in Craig our 1972 Peirce Fire Engine. Expenditures for maintenance of the buildings and equipment are included in the general operating fund.

Debt Service

A Debt Service Fund was created for the purpose of recording of principal and interest payment on General Obligation Bonds issued in January 2002. A separate tax levy is certified annually for this long-term debt. In 2011, the G.O. Bond was refinanced, resulting in a future savings to taxpayers of \$89,923. The actual principal paid in 2018 was \$65,000 and interest paid was \$25,878. The debt service is scheduled to be retired in 2026.

Contact Information

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NORTH ROUTT FIRE PROTECTION DISTRICT
Statement of Net Position
December 31, 2018
(with summarized financial information as of December 31, 2017)

	<u>2018</u>	<u>2017</u>
	<u>Governmental</u>	<u>Governmental</u>
	<u>Activities</u>	<u>Activities</u>
Assets:		
Cash and cash equivalents	\$ 480,985	\$ 421,530
Due from other governments	2,182	1,936
Accounts receivable, net	11,053	38,089
Property taxes receivable	422,531	278,024
Capital assets, net	1,176,850	1,223,094
Net pension asset:		
Cost-sharing defined benefit plan	15,966	-
	<hr/>	<hr/>
Total Assets	2,109,567	1,962,673
	<hr/>	<hr/>
Deferred Outflows of Resources:		
Deferred outflows related to pensions	57,881	74,641
	<hr/>	<hr/>
Total Deferred Outflows of Resources	57,881	74,641
	<hr/>	<hr/>
Liabilities:		
Accounts payable and accrued expenses	18,900	15,077
Accrued interest payable	4,613	5,100
Noncurrent liabilities:		
General obligation refunding bonds:		
Due within one year	65,000	65,000
Due in more than one year	550,000	615,000
Net pension liability:		
Volunteer firefighters defined benefit plan	93,916	124,703
Cost-sharing defined benefit plan	-	4,443
	<hr/>	<hr/>
Total Liabilities	732,429	829,323
	<hr/>	<hr/>
Deferred Inflows of Resources:		
Deferred property tax revenues	422,531	278,024
Deferred bond refunding premium	24,627	27,737
Deferred inflows related to pensions	20,883	9,167
	<hr/>	<hr/>
Total Deferred Inflows of Resources	468,041	314,928
	<hr/>	<hr/>
Net Position:		
Net investment in capital assets	537,223	515,357
Restricted for:		
Emergencies	7,024	7,626
Debt service	93,560	86,779
Unrestricted	329,171	283,301
	<hr/>	<hr/>
Total Net Position	<u>\$ 966,978</u>	<u>\$ 893,063</u>

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

NORTH ROUNT FIRE PROTECTION DISTRICT
Statement of Activities
For the Year Ended December 31, 2018
(with summarized financial information for the year ended December 31, 2017)

Functions/Programs	2018				Net (Expense)	2017
	Expenses	Program Revenues			Revenue	Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	and Change in Net Position	and Change in Net Position
Governmental Activities:						
Public safety:						
Personnel and volunteers	\$ 119,448	\$ -	\$ -	\$ -	\$ (119,448)	\$ (120,832)
Operations	64,899	32,508	55,707	50,000	73,316	112,154
Administration and general	49,620	-	-	-	(49,620)	(43,468)
Interest	22,280	-	-	-	(22,280)	(26,023)
Unallocated depreciation	106,253	-	-	-	(106,253)	(98,181)
Pension expense	(634)	-	-	-	634	(12,040)
Total Governmental Activities	\$ 361,866	\$ 32,508	\$ 55,707	\$ 50,000	(223,651)	(188,390)
General Revenues:						
Taxes:						
Property				270,928	279,362	
Specific ownership				23,257	22,972	
Other				3,381	1,913	
Total General Revenues				297,566	304,247	
Change in Net Position				73,915	115,857	
Net Position, Beginning of Year				893,063	777,206	
Net Position, End of Year				\$ 966,978	\$ 893,063	

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

NORTH ROUTT FIRE PROTECTION DISTRICT
Governmental Funds
Balance Sheet
December 31, 2018
(with summarized financial information as of December 31, 2017)

	2018			2017
	General Fund	Debt Service Fund	Total Governmental Funds	Total Governmental Funds
Assets:				
Cash and cash equivalents	\$ 405,798	\$ 75,187	\$ 480,985	\$ 421,530
Due from other governments	1,453	729	2,182	1,936
Accounts receivable:				
Ambulance services, net	8,740	-	8,740	8,839
Fire protection services	2,313	-	2,313	29,250
Property taxes receivable	328,381	94,150	422,531	278,024
Due from other fund	-	17,644	17,644	18,246
Total Assets	<u>\$ 746,685</u>	<u>\$ 187,710</u>	<u>\$ 934,395</u>	<u>\$ 757,825</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued expenses	\$ 18,900	\$ -	\$ 18,900	\$ 15,077
Due to other fund	17,644	-	17,644	18,246
Total Liabilities	<u>36,544</u>	<u>-</u>	<u>36,544</u>	<u>33,323</u>
Deferred Inflows of Resources:				
Deferred property tax revenue	328,381	94,150	422,531	278,024
Total Deferred Inflows of Resources	<u>328,381</u>	<u>94,150</u>	<u>422,531</u>	<u>278,024</u>
Fund Balances:				
Restricted for:				
Emergencies	7,024	-	7,024	7,626
Debt service	-	93,560	93,560	86,779
Assigned	121,680		121,680	121,680
Unassigned	253,056	-	253,056	230,393
Total Fund Balances	<u>381,760</u>	<u>93,560</u>	<u>475,320</u>	<u>446,478</u>
Total Liabilities, Deferred inflows of Resources and Fund Balances	<u>\$ 746,685</u>	<u>\$ 187,710</u>	<u>\$ 934,395</u>	<u>\$ 757,825</u>

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

NORTH ROUTH FIRE PROTECTION DISTRICT
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
December 31, 2018

Governmental funds total fund balance	\$	475,320
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
Capital assets used in governmental activities are not financial resources and, therefore are not reported in governmental funds.		1,176,850
Long-term liabilities within governmental activities are not due and payable in the current period and therefore, are not reported in governmental funds:		
Interest payable		(4,613)
Bonds payable		(615,000)
Unamortized deferred bond refunding premium		(24,627)
Net pension asset and net pension liability are not financial resources and, therefore are not reported as assets and liabilities in the governmental funds:		
Net pension asset		15,966
Net pension liability		(93,916)
Deferred outflows related to pensions		57,881
Deferred inflows related to pensions		(20,883)
		(79,952)
Governmental activities net position	\$	966,978

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

NORTH ROUTT FIRE PROTECTION DISTRICT
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2018
(with summarized financial information for the year ended December 31, 2017)

	2018			2017
	General Fund	Debt Service Fund	Total Governmental Funds	Total Governmental Funds
Revenues:				
Taxes:				
Property	\$ 180,539	\$ 90,389	\$ 270,928	\$ 279,362
Specific ownership	15,487	7,770	23,257	22,972
Charges for services:				
Ambulance services, net	21,772	-	21,772	15,134
Fire protection services	10,736	-	10,736	32,333
Grants	2,212	-	2,212	65,486
Donations	53,495	-	53,495	66,689
Other	3,381	-	3,381	1,913
Total Revenues	287,622	98,159	385,781	483,889
Expenditures:				
Public safety:				
Personnel and volunteers	141,533	-	141,533	142,762
Operations	64,899	-	64,899	67,488
Administration and general	49,120	500	49,620	43,468
Capital outlay	10,009	-	10,009	96,788
Debt service:				
Principal	-	65,000	65,000	60,000
Interest	-	25,878	25,878	28,197
Total Expenditures	265,561	91,378	356,939	438,703
Excess of Revenues Over Expenditures	22,061	6,781	28,842	45,186
Fund Balance, Beginning of Year	359,699	86,779	446,478	401,292
Fund Balance, End of Year	<u>\$ 381,760</u>	<u>\$ 93,560</u>	<u>\$ 475,320</u>	<u>\$ 446,478</u>

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

NORTH ROUTT FIRE PROTECTION DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2018

Changes in fund balances - governmental funds	\$	28,842
<p style="margin-left: 40px;">Amounts reported for governmental activities in the statement of activities are different because:</p>		
Governmental funds report capital outlays as expenditures; however, they are capitalized and depreciated in the statement of activities.		(46,244)
Repayment of principal on noncurrent liabilities is reported as an expenditure in the governmental funds but reduces noncurrent liabilities in the statement of net position.		65,000
Interest payable on debt is not recorded in the governmental funds but rather recognized as an expenditure when due.		487
The deferred bond refunding premium is not reported in the governmental funds but is amortized as a component of interest expense in the statement of activities.		3,111
In the governmental funds, expenditures for the defined benefit pension plans are measured by the amount of the financial resources used, whereas in the statement of activities, they are measured as the liability is accrued according to actuarial estimates. This is the amount the net pension asset and liability and the related deferred inflows and outflows changed in the current year.		22,719
Change in net position of governmental activities	\$	73,915

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

NORTH ROUTT FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2018
(with summarized financial information as of December 31, 2017 and for the year then ended)

Note 1: Summary of Significant Accounting Policies

The North Routt Fire Protection District (the District) was organized in Routt County, Colorado as a local government entity under Colorado Revised Statutes (CRS) to provide fire protection and ambulance services to northern Routt County, Colorado.

The District's financial statements are prepared in accordance with U.S. generally accepted accounting principles (US GAAP). The Governmental Accounting Standards Board (GASB) is the standard-setting body for the establishment of US GAAP in governmental entities. The following summary of the more significant accounting policies of the District is presented to assist the reader in interpreting these financial statements and should be viewed as an integral part of this report.

Reporting Entity

The reporting entity consists of (a) the primary government, i.e., the District, and (b) organizations for which the District is financially accountable. The District has one component unit for which it is financially accountable. The North Routt Fire Station Building Condominiums Owners Association (the Association) is a Colorado not-for-profit common interest realty association established in June 2003 under the Colorado Common Interest Ownership Act. The District owns 83.21% of the allocated interest percentage of the Association. However, the Association has no material net assets as of December 31, 2018 or material revenues and expenses for the year then ended. Therefore, the Association has been excluded from the District's financial statements.

The District has included its share of the fire station building as a capital asset in the statement of net position.

Measurement Focus and Basis of Accounting

The government-wide financial statements use a flow of economic resources measurement focus to determine net income and financial position. The accounting principles used are similar to those applicable to businesses in the private sector and maintained on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Governmental fund financial statements use a current financial resources measurement focus and are maintained on the modified accrual basis of accounting. Revenues are recognized when they become susceptible to accrual; that is, when they become both measurable and available to finance expenditures of the current period. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. The District considers revenues collected within 60 days after year end to be available and thus recognizes them as revenues in the current year.

Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Financial Statement Presentation

Government-Wide Financial Statements

The statement of net position and the statement of activities report information about the nonfiduciary activities of the District. The District's primary activities are categorized as governmental activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are clearly identified with a specific program. Program revenues include (a) charges for services, and (b) grants and contributions that are restricted for the operating or capital requirements of a specific program. All taxes and other revenues not meeting the criteria for classification as program revenues are reported as general revenues.

NORTH ROUNT FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2018
(with summarized financial information as of December 31, 2017 and for the year then ended)

Note 1: Summary of Significant Accounting Policies (continued)

Financial Statement Presentation (continued)

Fund Financial Statements

The fund financial statements report information about the District's funds.

The District reports the following major governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The *Debt Service Fund* is used to account for a mill levy restricted to making principal and interest payments on the District's general obligation refunding bonds.

Fund Balance Presentation

Fund balances of the governmental fund are classified as follows:

- Non-spendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- Restricted – includes amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation, or because of constraints that are externally imposed by creditors, grantors, contributors or the laws or regulations of other governments.
- Committed – includes amounts that can be spent only for specific purposes pursuant to constraints imposed by formal action of the District. Such formal action may be in form of an ordinance or resolution and may only be modified or rescinded by a subsequent formal action.
- Assigned – includes amounts that are intended by the District to be used for specific purposes, but are neither restricted nor committed. Assignments may be made only by the Board of Directors.
- Unassigned – represents the residual positive balance within the General Fund, which has not been restricted, committed or assigned.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

Cash

The District's cash balances consist of cash on hand and demand deposits.

Accounts Receivable

The District's accounts receivable consist of charges for fire protection services and ambulance services. The District estimates an allowance for uncollectible accounts for ambulance services based on review of collection percentage trends and insurance coverage of the transported persons.

The District's net accounts receivable from ambulance services as of December 31, 2018 and 2017 was as follows:

	2018	2017
Accounts receivable from ambulance services	\$ 17,440	\$ 17,639
Allowance for uncollectible accounts	(8,700)	(8,800)
	\$ 8,740	\$ 8,839

NORTH ROUTT FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2018
(with summarized financial information as of December 31, 2017 and for the year then ended)

Note 1: Summary of Significant Accounting Policies (continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

Capital Assets

Capital assets include land, buildings, vehicles and equipment. Capital assets are defined by the District as assets with an initial individual cost of \$3,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost. Donated capital assets are recorded at acquisition value. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings and improvements	20-40
Equipment	10
Vehicles	5-10

Deferred Gain on Refunding of Debt

The District's deferred gain on refunding of debt is the difference between the reacquisition price and the net carrying amount of the defeased debt and is reported as a deferred inflow of resources and recognized as a component of interest expense over the remaining life of the new debt.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until that time. The District's deferred outflows of resources relate to the recording of the net pension asset/liability.

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The District's deferred inflows of resources consist of unavailable revenues from property taxes and the recording of the net pension asset/liability.

Property Taxes

Property taxes are levied on December 15 of each year and attach as an enforceable lien on property on January 1. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The Routt County Treasurer's office collects property taxes and remits collections to the District on a monthly basis. In accordance with US GAAP, the assessed but uncollected property taxes have been recorded as receivable and as deferred inflow of resources as property taxes are assessed in one year as a lien on the property but not collected by the District until the subsequent year.

Pension Plans

For purposes of measuring the net pension asset/liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Fire & Police Statewide Defined Benefit Plan (SWDB) and Volunteer Firefighters Defined Benefit Plan and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Fire & Police Pension Association of Colorado (FPPA). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NORTH ROUNT FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2018
(with summarized financial information as of December 31, 2017 and for the year then ended)

Note 1: Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires the District's management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources, the disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Comparative Financial Statements

The financial statements include certain prior-year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with US GAAP. Accordingly, such information should be read in conjunction with the District's audited financial statements for the year ended December 31, 2017, from which the summarized information was derived.

New Accounting Pronouncement

Effective January 1, 2018, the District adopted the provisions of GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefit Other Than Pension". The effect of adoption of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB) and to improve information about financial support for OPEB that is provided by other entities.

FPPA administers the Statewide Death & Disability Plan which qualifies as a cost sharing multiple-employer defined benefit OPEB plan under this Standard. As all contributions to the OPEB plan are classified as member contributions, the District's projected long-term contribution effort to the OPEB plan and total projected long-term contribution effort of all employers and nonemployer contributing entities are both \$0. Therefore, the District's proportionate share calculation is 0%.

Note 2: Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with US GAAP for all governmental funds.

The District conforms to the following procedures, in compliance with CRS, Title 29, Article 1, in establishing the budgetary data reflected in the financial statements:

- Prior to October 15, the Treasurer submits to the Board of Directors a proposed operating budget for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted by the Board of Directors to obtain taxpayer comments.
- Prior to December 31, the budget is adopted by formal resolution.
- Expenditures may not legally exceed appropriations at the fund level. Revisions that alter the total expenditures must be approved by the Board of Directors.
- All appropriations lapse at the end of each fiscal year.

The District did not adopt any supplemental appropriations for the year ended December 31, 2018.

Compliance

Expenditures in the General Fund exceeded appropriations by \$18,976 for the year ended December 31, 2018.

NORTH ROUNT FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2018
(with summarized financial information as of December 31, 2017 and for the year then ended)

Note 2: Stewardship, Compliance and Accountability (continued)

TABOR Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR contains tax spending, revenue and debt limitations that apply to the State of Colorado and all local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

Future 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 revenue increases with certain exceptions. Revenue in excess of the fiscal year spending limit must be refunded unless the voters approve retention of such revenue.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

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. The District has reserved \$7,024 of the December 31, 2018 fund balance in the General Fund for this purpose.

The District's voters passed a ballot question in 1998 that permanently lifted TABOR restrictions on the amount of revenue that the District can collect and retain. In 2018, the District's voters passed a ballot question that allows the District to adjust the mill levy annually by an amount sufficient to offset changes in revenue due to the Gallagher Amendment without holding a special election.

The District's management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions may require judicial interpretation.

Note 3: Detailed Notes on the Funds

Deposits

The carrying amount of the District's deposits as of December 31, 2018 and 2017 was \$480,985 and \$421,530, respectively, and bank balances were \$481,754 and \$438,260, respectively. Of the bank balances, \$250,000 as of December 31, 2018 and 2017 was covered by federal deposit insurance and \$231,754 and \$188,260, respectively, was uninsured but collateralized in accordance with provisions of the Colorado Public Deposit Protection Act (PDPA).

The PDPA requires that all units of local government deposit cash in eligible public depositories; eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The collateral pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must equal or exceed 102% of the aggregate uninsured deposits.

NORTH ROUNT FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2018
(with summarized financial information as of December 31, 2017 and for the year then ended)

Note 3: Detailed Notes on the Funds (continued)

Capital Assets

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

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental activities:				
Land	\$ 9,490	\$ -	\$ -	\$ 9,490
Other capital assets:				
Buildings	1,084,023	-	-	1,084,023
Vehicles	1,183,245	53,220	(45,000)	1,191,465
Equipment	300,499	6,789	-	307,288
Total other capital assets at cost	<u>2,567,767</u>	<u>60,009</u>	<u>(45,000)</u>	<u>2,582,776</u>
Less accumulated depreciation for:				
Buildings	(402,912)	(28,689)	-	(431,601)
Vehicles	(764,089)	(54,298)	45,000	(773,387)
Equipment	<u>(187,162)</u>	<u>(23,266)</u>	<u>-</u>	<u>(210,428)</u>
Total accumulated depreciation	<u>(1,354,163)</u>	<u>(106,253)</u>	<u>45,000</u>	<u>(1,415,416)</u>
Other capital assets, net	<u>1,213,604</u>	<u>(46,244)</u>	<u>-</u>	<u>1,167,360</u>
Governmental activities capital assets, net	<u>\$ 1,223,094</u>	<u>\$ (46,244)</u>	<u>\$ -</u>	<u>\$ 1,176,850</u>

Long-Term Liabilities

The District has the following long-term debt outstanding as of December 31, 2018:

General Obligation Refunding Bonds Series 2011

On October 4, 2011, the District issued \$1,000,000 of General Obligation Refunding Bonds Series 2011 to refund \$1,015,000 of the General Obligation Bonds Series 2002. Through the refunding, the District reduced its debt service and had an economic gain of \$84,651. Conditions for defeasance have been met and assets were placed in escrow and the liability has been removed from the financial statements. The refunded bonds were paid from escrow on December 1, 2011.

Principal and interest on the General Obligation Refunding Bonds Series 2011 are payable in varying amounts, semi-annually at June 1 and December 1, at a net effective interest rate of 3.32% through maturity on December 1, 2026.

The District had issued \$1,250,000 General Obligation Bonds Series 2002, in February 2002 to acquire and construct fire protection improvements consisting of a new fire station and improvements to increase the level of fire protection and reduce the response time for emergency calls to areas within the District boundaries.

NORTH ROUNT FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2018
(with summarized financial information as of December 31, 2017 and for the year then ended)

Note 3: Detailed Notes on the Funds (continued)

Long-Term Liabilities (continued)

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
General obligation refunding bonds, series 2011	\$ 680,000	\$ -	\$ (65,000)	\$ 615,000	\$ 65,000
	<u>\$ 680,000</u>	<u>\$ -</u>	<u>\$ (65,000)</u>	<u>\$ 615,000</u>	<u>\$ 65,000</u>

Debt service requirements as of December 31, 2018 were as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 65,000	\$ 23,950	\$ 88,950
2020	70,000	22,000	92,000
2021	75,000	19,200	94,200
2022	80,000	16,200	96,200
2023	75,000	13,000	88,000
2024-2026	<u>250,000</u>	<u>20,200</u>	<u>270,200</u>
Total	<u>\$ 615,000</u>	<u>\$ 114,550</u>	<u>\$ 729,550</u>

Governmental Fund Balances

The District has restricted fund balance as of December 31, 2018 for the following:

- Emergency reserve required by TABOR
- Debt service funds for repayment of its General Obligation Refunding Bonds

The District's board of directors has assigned \$121,680 of its general fund balance as of December 31, 2018 to maintain a capital reserve.

When expenditures are incurred and both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first, then unrestricted resources in the order of committed, assigned, and then unassigned, as they are needed.

Note 4: Pension Plans

Fire and Police Statewide Defined Benefit Plan

Plan Description

The Plan is a cost-sharing multiple-employer defined benefit pension plan covering substantially all full-time employees of participating fire or police departments in Colorado hired on or after April 8, 1978 (New Hires), provided that they are not already covered by a statutorily exempt plan. As of August 1, 2003, the Plan may include clerical and other personnel from fire districts whose services are auxiliary to fire protection. The Plan became effective January 1, 1980.

Employers once had the option to elect to withdraw from the Plan, but a change in state statutes permitted no further withdrawals after January 1, 1988.

NORTH ROUTH FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2018
(with summarized financial information as of December 31, 2017 and for the year then ended)

Note 4: Pension Plans (continued)

Fire and Police Statewide Defined Benefit Plan (continued)

Plan Description (continued)

CRS Title 31, Article 31 grants the authority to establish and amend the benefit terms to the FPPA Board of Directors. The FPPA issues a publicly available financial report that can be obtained at www.fppaco.org.

Benefits Provided

A member is eligible for a normal retirement pension once the member has completed 25 years of credited service and has attained the age of 55.

The annual normal retirement benefit is 2% of the average of the member's highest three years' base salary for each year of credited service up to ten years, plus 2.5% for each year of service thereafter. The benefit earned prior to January 1, 2007 for members of affiliated Social Security employers will be reduced by the amount of Social Security income payable to the member annually. Effective January 1, 2007, members currently covered under Social Security will receive half the benefit when compared to the Plan. Benefits paid to retired members are evaluated and may be re-determined every October 1. The amount of any increase is based on the Board's discretion and can range from 0% to the higher of 3% or the Consumer Price Index (CPI).

In addition, upon retirement a member may receive additional benefits credited to the member's "Separate Retirement Account" (SRA) each year after January 1, 1988. These are attributable to contributions in excess of the actuarially determined pension cost and the allocation of the net Fire & Police Members' Benefit Investment Fund earnings and losses thereon. Members do not vest in amounts credited to their SRA until retirement, and the Plan may use such stabilization reserve amounts to reduce pension cost in the event such cost exceeds contributions. It was previously mentioned that reentry members have a higher contribution rate. As a result their SRA has two components; the standard SRA and the reentry SRA. The component of a member's SRA attributable to the higher contribution rate is considered the reentry SRA. The reentry SRA cannot be used to subsidize the costs for the non-reentry members. Effective July 1, 2014, the standard Separate Retirement Account contribution rate for members of the Fire & Police Statewide Defined Benefit Plan was set at 0%. The reentry Separate Retirement Account contribution rate was set at 3.6%.

A member is eligible for an early retirement after completion of 30 years of service or attainment of age 50. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, an employee may elect to have member contributions, along with 5% as interest, returned as a lump sum distribution. Alternatively, a member with at least five years of accredited service may leave contributions with the Plan and remain eligible for a retirement pension at age 55 equal to 2% of the member's average highest three years' base salary for each year of credited service up to ten years, plus 2.5% for each year of service thereafter.

A member may elect to participate in the deferred retirement option plan (DROP) after reaching eligibility for normal retirement, early retirement, or vested retirement and age 55. A member can continue to work while participating in the DROP, but must terminate employment within 5 years of entry into DROP. The member's percentage of retirement benefit is determined at the time of entry into the DROP. The monthly payments that begin at entry into the DROP are accumulated in a DROP account until the member terminates service, at which time the DROP accumulated benefits can be paid as periodic installments, a lump sum, or if desired, a member may elect to convert the DROP to a lifetime monthly benefit with survivor benefits. While participating in the DROP, the member continues to make pension contributions that are credited to the DROP. Effective January 1, 2003, the member shall self-direct the investments of their DROP funds. The DROP balance invested with the asset custodian at December 31, 2017 was \$117,642,052. This amount was not included in the Plan Net Position.

NORTH ROUNT FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2018
(with summarized financial information as of December 31, 2017 and for the year then ended)

Note 4: Pension Plans (continued)

Fire and Police Statewide Defined Benefit Plan (continued)

Contributions

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

Members of this Plan and their employers are contributing at the rate of 9.5% and 8%, respectively, of base salary for a total contribution rate of 17.5% in 2017. In 2014, the members elected to increase the member contribution rate to the Plan beginning in 2015. Member contribution rates will increase 0.5% annually through 2022 to a total of 12% of base salary. Employer contributions will remain at 8% resulting in a combined contribution rate of 20% in 2022.

Contributions from members and employers of plans reentering the system are established by resolution and approved by the FPPA Board of Directors. The reentry group has a combined contribution rate of 21.5% of base salary in 2017. Per the 2014 member election, the reentry group will also have their required member contribution rate increase 0.5% annually beginning in 2015 through 2022 for a total combined member and employer contribution rate of 24% in 2022.

The contribution rate for members and employers of affiliated social security employers is 4.75% and 4%, respectively, of base salary for a total contribution rate of 8.75% in 2017. Per the 2014 member election, the affiliated social security group will also have their required member contribution rate increase 0.25% annually beginning in 2015 through 2022 to a total of 6% of base salary. Employer contributions will remain at 4% resulting in a combined contribution rate of 10% in 2022.

Contributions to the Plan from the District were \$5,356 and \$5,200, respectively, for the years ended December 31, 2018 and 2017.

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

At December 31, 2018 and 2017, the District reported a liability (asset) of (\$15,966) and \$4,443, respectively, for its proportionate share of the collective net pension liability (asset) of the Plan. The net pension liability (asset) was measured as of December 31, 2017 and 2016, respectively, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability (asset) was based on the District's contributions to the Plan for the years ended December 31, 2017 and 2016 relative to the total contributions of participating employers to the Plan. At December 31, 2017 and 2016, the District's proportion was 0.0011097% and 0.0012298%, respectively.

NORTH ROUTT FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2018
(with summarized financial information as of December 31, 2017 and for the year then ended)

Note 4: Pension Plans (continued)

Fire and Police Statewide Defined Benefit Plan (continued)

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

For the years ended December 31, 2018 and 2017, the District recognized pension expense (revenue) of (\$6,179) and \$6,939, respectively. At December 31, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 11,513	\$ 177
Changes of assumptions or other inputs	2,405	-
Net difference between projected and actual investment earnings	-	5,421
Changes in proportion and differences between contributions recognized and proportionate share of contributions	2,085	-
Contributions subsequent to the measurement date	5,356	-
 Total	 \$ 21,359	 \$ 5,598

\$5,356 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	
2018	\$ 1,892
2019	1,899
2020	(405)
2021	(1,260)
2022	1,950
Therafter	6,329
	\$ 10,405

Actuarial Assumptions

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

Investment rate of return	7.5%, compounded annually net of operating expenses, and including inflation
Projected salary increases	4.0% - 14.0%
Cost of Living Adjustment (COLA)	0.0%
Inflation	2.5%

NORTH ROUNT FIRE PROTECTION DISTRICT

Notes to Financial Statements

December 31, 2018

(with summarized financial information as of December 31, 2017 and for the year then ended)

Note 4: Pension Plans (continued)

Fire and Police Statewide Defined Benefit Plan (continued)

Actuarial Assumptions (continued)

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (assumed at 2.5%). Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of December 31, 2017, are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the FPPA Board of Director's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the 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.

NORTH ROUTH FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2018
(with summarized financial information as of December 31, 2017 and for the year then ended)

Note 4: Pension Plans (continued)

Fire and Police Statewide Defined Benefit Plan (continued)

Sensitivity of the District's Proportionate Share of the Collective Net Pension Liability to Changes in the Discount Rate

The following represents the District's proportionate share of the collective net pension liability calculated using the discount rate of 7.5%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage point higher (8.5%) than the current rate:

Discount Rate:	Sensitivity of the NPL/(NPA)		
	6.50%	7.50%	8.50%
Proportionate share of the NPL/(NPA)	<u>\$ 17,382</u>	<u>\$ (15,966)</u>	<u>\$ (43,656)</u>

Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued FPPA financial report.

Volunteer Firefighters Pension Fund

Plan Description

FPPA administers an agent multiple-employer Public Retirement System (PERS). The PERS represents the assets of numerous separate plans that have been pooled for investment purposes. The pension plans have elected to affiliate with FPPA for plan administration and investment only. FPPA issues a publicly available comprehensive annual financial report that can be obtained at www.fppaco.org.

The District contributes, on behalf of its volunteers, to an agent multiple-employer defined benefit pension plan included in the PERS. Title 31, Article 30 of CRS, as amended, establishes basic benefit provisions under the plan. The Plan covers 20 members at the measurement date of December 31, 2017.

NORTH ROUNT FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2018
(with summarized financial information as of December 31, 2017 and for the year then ended)

Note 4: Pension Plans (continued)

Volunteer Firefighters Pension Fund (continued)

Benefits Provided

The following were the benefit provisions used to determine the total pension liability as of December 31, 2017 (measurement date of the plan):

1. Normal Retirement Benefit at Age 50 with 20 years of Service (monthly):	
a. Regular	\$300.00
b. Extended Service Amount Per Year of Service	\$10.00
2. Vested Retirement Benefit (monthly):	
a. With 10 to 20 Years of Service Amount Per Year of Service per Minimum Vesting Years	\$15.00
b. Minimum Vesting Years	10
3. Disability Retirement Benefit (monthly):	
a. Short Term Disability for line of duty injury Amount payable for not more than 1 year	\$150.00
b. Long Term Disability for line of duty injury Lifetime Benefit	\$150.00
4. Survivor Benefits (monthly):	
a. Following Death before Retirement Eligible; Due to death in line of duty as volunteer firefighter	\$0.00
b. Following Death after Normal Retirement	\$0.00
c. Following Death after Normal Retirement with Extended Service Amount Per Year of Service	\$0.00
d. Following Death after Vested Retirement with 10 to 20 Years of Service Amount Per Year of Service per Minimum Vesting Years	\$0.00
e. Following Death after Disability Retirement	\$0.00
f. Optional Survivor Benefit Following Death before or after Retirement Eligible; Due to death on or off duty as a volunteer firefighter (Purchase of Life Insurance Required)	\$0.00
5. Funeral Benefits (Required Benefit):	
a. Funeral Benefit Lump Sum, one time only	\$300.00

Contributions

Actuarially determined contribution rates are calculated as of January 1 of odd numbered years. The contribution rates have a one-year lag, so the actuarial valuation as of January 1, 2017, determines the contribution amounts for 2018 and 2019.

The contribution to the Plan from the District was \$16,730 each year for the years ended December 31, 2018 and 2017. Plan members do not make contributions.

Net Pension Liability, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

At December 31, 2018 and 2017, the District reported a net pension liability of \$93,916 and \$124,703, respectively. The net pension liability was measured as of December 31, 2017 and 2016, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

NORTH ROUNT FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2018
(with summarized financial information as of December 31, 2017 and for the year then ended)

Note 4: Pension Plans (continued)

Volunteer Firefighters Pension Fund (continued)

Net Pension Liability, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

For the years ended December 31, 2018 and 2017, the District recognized pension expense of \$5,545 and \$5,100, respectively. At December 31, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 5,854	\$ 715
Changes of assumptions or other inputs	4,152	-
Net difference between projected and actual investment earnings	9,786	14,570
Contribution subsequent to the measurement date	16,730	-
 Total	 \$ 36,522	 \$ 15,285

\$16,730 reported as deferred outflows of resources related to pensions resulting from the District's contribution subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	
2019	\$ 8,900
2020	1,671
2021	(2,423)
2022	(3,641)
	\$ 4,507

Actuarial Assumptions

The following methods and assumptions were used to determine contribution rates to the Plan as of December 31, 2017:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open
Remaining Amortization Period	20 years
Asset Valuation Method	5-Year smoothed fair value
Inflation	3.00%
Investment Rate of Return	7.50%
Retirement Age	50% per year of eligibility until 100% at age 65
Mortality	Pre-retirement: RP-2000 Combined Mortality Table with Blue Collar Adjustment, 40% multiplier for off-duty mortality
	Post-retirement: RP-2000 Combined Mortality Table with Blue Collar Adjustment
	Disabled: RP-2000 Disabled Mortality Table
	All tables projected with Scale AA

NORTH ROUNT FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2018
(with summarized financial information as of December 31, 2017 and for the year then ended)

Note 4: Pension Plans (continued)

Volunteer Firefighters Pension Fund (continued)

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic nominal rates of return for each major asset class included in the Plan's target asset allocation as of December 31, 2017, are summarized as follows:

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

Discount Rate

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

For the purpose the Plan's actuarial valuation, the long-term expected rate of return on pension plan investments is 7.5%; the municipal bond rate is 3.31% (based on the weekly rate closest to but not later than the measurement date of the "state and local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting single discount rate is 7.5%. December 31, 2117 is the end of the projection period for which projected benefit payments are fully funded.

Sensitivity of the Net Pension Liability/Asset to Changes in the Discount Rate

The following represents the net pension liability of the Plan calculated using the discount rate of 7.5%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage point higher (8.5%) than the current rate:

Discount Rate:	<u>Sensitivity of the NPL/(NPA)</u>		
	<u>6.50%</u>	<u>7.50%</u>	<u>8.50%</u>
Proportionate share of the NPL/(NPA)	<u>\$ 128,089</u>	<u>\$ 93,916</u>	<u>\$ 64,917</u>

NORTH ROUTT FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2018
(with summarized financial information as of December 31, 2017 and for the year then ended)

Note 5: Other Information

Agreement for Participation in Development of the North Routt Fire Station

In December 2002, the District entered into an agreement with Routt County, Colorado (the County) whereby the County purchased one bay of the new fire station to store road maintenance vehicles.

In June 2003, the Association was established under the Colorado Common Interest Ownership Act. The County's allocated interest percentage for its portion of the building purchased is 16.79% and also represents the County's voting percentage in Association matters. In October 2003, the Association's Board of Directors approved the following common expenses to be shared proportionately by the District and the County: property insurance, trash and exterior building repairs and maintenance. Total Association common expenses during the year ended December 31, 2018 are not material to the District's financial statements.

Lease Agreement

The District leases the land under its new fire station from the State of Colorado, Department of Natural Resources, Division of Parks and Outdoor Recreation (DPOR). The lease is for an initial 25 year term expiring in May 2027 and shall automatically renew for an additional 25 years assuming the District's compliance with terms of the lease. The District's use of the land is limited to fire protection, emergency medical and rescue services and equipment storage and services for Routt County Road Department (see Agreement for Participation in Development of North Routt Fire Station). The District is required to pay a \$100 fee quarterly for water and sewer services provided by DPOR.

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees, and natural disasters. The District maintains commercial insurance for these risks of loss, including workers compensation. Settled claims have not exceeded coverage in the past three fiscal years.

Subsequent Events

The District has evaluated subsequent events through June 11, 2019, the date these financial statements were available to be issued.

NORTH ROUTT FIRE PROTECTION DISTRICT
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance
Revenues:			
Taxes:			
Property, net of tax collection fees of \$5,495	\$ 185,124	\$ 180,539	\$ (4,585)
Specific ownership	-	15,487	15,487
Charges for services:			
Ambulance services, net of provision for uncollectible accounts of \$16,593	18,000	21,772	3,772
Fire protection services	8,961	10,736	1,775
Grants	-	2,212	2,212
Contributions	12,000	53,495	41,495
Other	2,500	3,381	881
Total Revenues	226,585	287,622	61,037
Expenditures:			
Personnel and volunteers:			
Wages and benefits	94,620	96,827	(2,207)
Contract labor	9,500	8,900	600
Volunteer benefits	19,250	19,076	174
Volunteer pension contribution	16,730	16,730	-
Operations:			
Equipment and supplies	6,475	14,756	(8,281)
Vehicle	20,500	29,016	(8,516)
Building maintenance and utilities	20,610	21,127	(517)
Administration and general:			
Insurance	29,500	22,022	7,478
Professional fees	8,450	10,829	(2,379)
Fundraising	3,750	-	3,750
Other	17,200	16,269	931
Capital outlay	-	10,009	(10,009)
Total Expenditures	246,585	265,561	(18,976)
Excess (Deficiency) of Revenues Over Expenditures	(20,000)	22,061	<u>\$ 42,061</u>
Fund Balance, Beginning of Year	359,699	359,699	
Fund Balance, End of Year	<u>\$ 339,699</u>	<u>\$ 381,760</u>	

NORTH ROUTT FIRE PROTECTION DISTRICT
Required Supplementary Information
Schedule of the District's Proportionate Share
of the Net Pension Liability (Asset)
FPPA Statewide Defined Benefit Pension Plan (SWDB)
Last 10 Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.0111%	0.0123%	0.0125%	0.0129%
District's proportionate share of the net pension liability (asset)	\$ (15,966)	\$ 4,443	\$ (221)	\$ (14,557)
District's covered payroll	\$ 66,951	\$ 65,000	\$ 62,840	\$ 60,622
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-23.85%	6.84%	-0.35%	-24.01%
Plan fiduciary net position as a percentage of the total pension liability	106.3%	98.2%	100.1%	106.8%

NORTH ROUTT FIRE PROTECTION DISTRICT
Required Supplementary Information
Schedule of the District Contributions
FPPA Statewide Defined Benefit Pension Plan (SWDB)
Last 10 Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 5,356	\$ 5,200	\$ 5,027	\$ 4,850
Contributions in relation to the contractually required contribution	<u>\$ (5,356)</u>	<u>\$ (5,200)</u>	<u>\$ (5,027)</u>	<u>\$ (4,850)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 66,951	\$ 65,000	\$ 62,840	\$ 60,622
Contributions as a percentage of covered payroll	8.00%	8.00%	8.00%	8.00%

NORTH ROUTH FIRE PROTECTION DISTRICT
Required Supplementary Information
Schedule of Changes in Net Pension Liability
and Related Ratios Multiyear
FPPA Volunteer Firefighter Defined Benefit Pension Plan
Last 10 Years

Measurement period ending December 31,	2017	2016	2015	2014
Total Pension Liability				
Service Cost	\$ 5,272	\$ 7,493	\$ 7,493	\$ 9,585
Interest on the Total Pension Liability	28,863	26,466	25,867	27,410
Benefit Changes	-	-	-	-
Difference between Expected and Actual Experience	-	16,100	-	(33,619)
Assumption Changes	-	11,416	-	-
Benefit Payments	(29,460)	(27,435)	(23,389)	(22,465)
Net Change in Total Pension Liability	4,675	34,040	9,971	(19,089)
Total Pension Liability - Beginning	396,712	362,672	352,701	371,790
Total Pension Liability - Ending	<u>\$ 401,387</u>	<u>\$ 396,712</u>	<u>\$ 362,672</u>	<u>\$ 352,701</u>
Plan Fiduciary Net Position				
Employer Contributions	\$ 16,730	\$ 16,730	\$ 17,000	\$ 17,000
Net Investment Income	37,908	13,167	4,301	14,588
Benefit Payments	(29,460)	(27,435)	(23,389)	(22,465)
Pension Plan Administrative Expense	(4,773)	(672)	(1,489)	(724)
State of Colorado supplemental discretionary payment	15,057	15,300	15,300	15,300
Net Change in Plan Fiduciary Net Position	35,462	17,090	11,723	23,699
Plan Fiduciary Net Position - Beginning	272,009	254,919	243,196	219,497
Plan Fiduciary Net Position - Ending	<u>\$ 307,471</u>	<u>\$ 272,009</u>	<u>\$ 254,919</u>	<u>\$ 243,196</u>
Net Pension Liability	\$ 93,916	\$ 124,703	\$ 107,753	\$ 109,505
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	76.60%	68.57%	70.29%	68.95%
Covered Payroll	N/A	N/A	N/A	N/A
Net Pension Liability as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A

NORTH ROUTH FIRE PROTECTION DISTRICT
Required Supplementary Information
Schedule of Contributions Multiyear
FPPA Volunteer Firefighter Defined Benefit Pension Plan
Last 10 Years

FY Ending December 31,	Actuarially Determined Contribution	Actual Contribution*	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2014	\$ 25,144	\$ 32,300	\$ (7,156)	N/A	N/A
2015	\$ 25,144	\$ 32,300	\$ (7,156)	N/A	N/A
2016	\$ 16,730	\$ 32,030	\$ (15,300)	N/A	N/A
2017	\$ 16,730	\$ 31,787	\$ (15,057)	N/A	N/A

* Includes both employer and State of Colorado Supplemental Discretionary Payment.

NORTH ROUNTT FIRE PROTECTION DISTRICT
Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance
Revenues:			
Taxes:			
Property, net of tax collection fees of \$2,692	\$ 92,900	\$ 90,389	\$ (2,511)
Specific ownership	-	7,770	7,770
Total Revenues	<u>92,900</u>	<u>98,159</u>	<u>5,259</u>
Expenditures:			
Professional fees	-	500	(500)
Debt service:			
Principal	65,000	65,000	-
Interest	27,900	25,878	2,022
Total Expenditures	<u>92,900</u>	<u>91,378</u>	<u>1,522</u>
Excess of Revenues Over Expenditures	-	6,781	<u>\$ 6,781</u>
Fund Balance, Beginning of Year	<u>86,779</u>	<u>86,779</u>	
Fund Balance, End of Year	<u>\$ 86,779</u>	<u>\$ 93,560</u>	