



# Poudre Valley Fire Protection District

## Financial Statements and Supplementary Information

For the Year Ended December 31, 2018



# Poudre Valley Fire Protection District

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## Independent Auditor's Report

Board of Directors  
Poudre Valley Fire Protection District  
Fort Collins, Colorado

We have audited the accompanying financial statements of the governmental activities and the General Fund of the Poudre Valley 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 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 basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of the Poudre Valley Fire Protection District as of December 31, 2018, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.



*Other Matters*

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 and 4, the budgetary comparison information for the General Fund on page 19, the Schedule of Changes in Net Pension Liability/(Asset) and Related Ratios - Volunteer Firefighters' Pension Plan on page 20, and the Schedule of District Contributions - Volunteer Firefighters' Pension Plan on page 21 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.

*ACM LLP*

Greeley, Colorado  
April 22, 2019

**Poudre Valley Fire Protection District  
Management's Discussion and Analysis  
For the Year Ended December 31, 2018**

The Poudre Valley Fire Protection District (the "District") offers the readers of the District's financial statements this overview and analysis of the financial statements for the year ended December 31, 2018. In addition to this overview and analysis based on current facts, decisions and conditions, the District would encourage readers to consider the information presented in the District's financial statements and required supplementary information, which begin on page 5.

**Financial Recap**

- The governmental net position of the District is \$647,682, which is a decrease of \$3,444 from the previous year.
- The District has no long-term debt.
- The District's primary source of income is from collection of property taxes, Tax Increment Financing (TIF), and Specific Ownership Taxes, which netted to \$6,885,759 (an increase of \$890,719 from 2017).

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District operates as a special purpose governmental unit in a single governmental program under the laws of the State of Colorado. The financial statements are prepared to account for general government operations. Accordingly, the basic financial statements include the Statement of Net Position, Statement of Activities, Balance Sheet and Statements of Revenues, Expenditures and Changes in Fund Balance. The notes to the financial statements are considered to be an integral part of the basic financial statements since they provide additional information needed to gain a full understanding of the data provided.

**Overall Financial Position and Results of the Operations**

In 1981, the District and the City of Fort Collins, Colorado formed the Poudre Fire Authority (the "Authority") as an entity to facilitate fire and rescue services. The Authority provides these services within the combined territorial limits of the District and the City. Since the Authority appoints its own management, approves its own budget, and issues separate financial statements, it is considered a joint venture with an on-going financial responsibility separate from the District.

The District collects property tax revenues from residents within the District and remits quarterly payments for its portion of budgeted expenses to the Authority (totaling \$6,686,200 in 2018). The District remains responsible for funding the retirement benefits of the six volunteer firefighters who are participants in the Volunteer Firefighters' Pension Plan, arising from the District's separate operations.

Due to the simplicity of the District's financial statements and operations, a condensed Statement of Net Position and condensed Statement of Changes in Net Position are omitted from the management's discussion and analysis, as they would provide no further simplification.

**Budgetary Commentary**

Revenues were higher than budgeted by \$21,760 due to property tax collections and higher than budgeted earnings on investments, and property tax interest earned.

Operating expenditures were \$641,159 less than budgeted, due primarily, to final election costs being lower than budgeted, and not expending amounts related to reserves.

### **Conditions Impacting Future Operations**

The District is dependent upon continued property tax collections and related property values. Variations to the mill levy or increase/ decrease in property valuation will directly affect the District's ability to fund the Authority. The District had a ballot issue related to the State of Colorado's Gallagher Amendment on the November 2018 election which was successful. This will allow the District to change its mill levy in conjunction with a change in the Residential Assessment Rate, set by the State, in order to keep the property tax collected at a constant level and avoid significant revenue losses which could have been caused by the State tax limitation requirements.

### **Contacting the District's Financial Management**

This financial report is designed to provide the District's citizens, taxpayers, investors, and creditors with a general overview of the District's finances, and to demonstrate the District's accountability for the money it receives. Questions concerning any of the information presented in this report, or to request additional information should be sent to the District Coordinator at the following address:

Tom DeMint, Fire Chief  
Bev McBride, District Business Manager  
102 Remington Street  
Fort Collins, Colorado 80524

## Basic Financial Statements

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**Poudre Valley Fire Protection District**  
**Statement of Net Position**  
**Governmental Activities**  
**December 31, 2018**

<b>Assets</b>	
Cash and cash equivalents	\$ 656,919
Property taxes receivable	6,390,789
<b>Total assets</b>	<b>7,047,708</b>
<b>Deferred outflows of resources</b>	
Deferred outflows of resources relating to pensions	6,302
<b>Total deferred outflows of resources</b>	<b>6,302</b>
<b>Liabilities</b>	
Non-current liabilities:	
Net pension liability	9,835
<b>Total liabilities</b>	<b>9,835</b>
<b>Deferred inflows of resources</b>	
Deferred inflows of resources relating to pensions	5,704
Unearned revenue - property taxes	6,390,789
<b>Total deferred inflows of resources</b>	<b>6,396,493</b>
<b>Net position</b>	
Restricted for:	
Emergencies	206,573
Unrestricted	441,109
<b>Total net position</b>	<b>\$ 647,682</b>

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

**Poudre Valley Fire Protection District**  
**Statement of Activities**  
**Governmental Activities**  
**Year Ended December 31, 2018**

Governmental activities	Expenses	Charges for Services	Program Revenues		Governmental Activities	Net Revenue (Expense) and Change in Net Position
			Operating Grants and Contributions	Capital Grants and Contributions		
Poudre Fire Authority						
fire and rescue services	\$ 6,686,200	\$ -	\$ -	\$ -		\$ (6,686,200)
Treasurers fees	111,910	-	-	-		(111,910)
District management	6,280	-	-	-		(6,280)
Pension expense	896	-	-	-		(896)
Election expense	56,797	-	-	-		(56,797)
Miscellaneous	27,120	-	-	-		(27,120)
<b>Total governmental activities and primary government</b>	<b>\$ 6,889,203</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>		<b>(6,889,203)</b>
<b>General revenues</b>						
Property taxes						5,607,416
TIF Revenue						705,342
Specific ownership taxes						548,482
Earnings on investments						17,950
Miscellaneous						6,569
<b>Total general revenues</b>						<b>6,885,759</b>
<b>Change in net position</b>						<b>(3,444)</b>
<b>Net position at beginning of year</b>						<b>651,126</b>
<b>Net position at end of year</b>						<b>\$ 647,682</b>

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

# Poudre Valley Fire Protection District

## Balance Sheet

### General Fund

December 31, 2018

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Assets	
Cash and cash equivalents	\$ 656,919
Property taxes receivable	6,390,789
<hr/>	
Total assets	\$ 7,047,708
<hr/>	
Deferred inflows of resources and fund balance	
Deferred inflows of resources	
Unearned revenue - property taxes	\$ 6,390,789
<hr/>	
Total deferred inflows of resources	6,390,789
<hr/>	
Fund balance	
Restricted:	
Emergencies	206,573
Assigned:	
Future operations	83,626
Unassigned	366,720
<hr/>	
Total fund balance	656,919
<hr/>	
Total deferred inflows of resources and fund balance	\$ 7,047,708

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

Total fund balance - General Fund	\$ 656,919
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Pension liability and related deferred inflows of resources and deferred outflows of resources are not current financial resources and, therefore, are not reported in the fund financial statements.

Net pension liability	\$ (9,835)	
Deferred outflows of resources relating to pensions	6,302	
Deferred inflows of resources relating to pensions	(5,704)	(9,237)
<hr/>		
Total net position - governmental activities	\$	647,682

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

**Poudre Valley Fire Protection District**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**General Fund**  
**Year Ended December 31, 2018**

<b>Revenues</b>	
Taxes	\$ 6,861,240
Earnings on investments	17,950
Miscellaneous	6,569
<b>Total revenues</b>	<b>6,885,759</b>
<b>Expenditures</b>	
Operating	
Poudre Fire Authority fire and rescue services	6,686,200
Treasurers Fees	111,910
District management	6,280
Pension contribution	2,305
Election expense	56,797
Miscellaneous	27,120
<b>Total expenditures</b>	<b>6,890,612</b>
<b>Net Change in fund balance</b>	<b>(4,853)</b>
<b>Fund balance at beginning of year</b>	<b>661,772</b>
<b>Fund balance at end of year</b>	<b>\$ 656,919</b>

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

Net change in fund balance - General Fund	\$ (4,853)
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Some expenses reported in the statement of activities do not require the use of current financial resources, and are not reported as expenditures in governmental funds. This includes items relating to the District's volunteer defined benefit retirement plan.

	1,409
<b>Change in net position - governmental activities</b>	<b>\$ (3,444)</b>

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

**Poudre Valley Fire Protection District**  
**Notes to Financial Statements**  
**December 31, 2018**

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## 1. Summary of Significant Accounting Policies

### *Form of Organization*

The District is a special purpose government, engaged in a single governmental program that levies property taxes to provide fire and rescue services to taxpayers within the District's boundaries and to maintain benefits to those participating in its volunteer firefighter retirement plan. The District is governed by an elected board.

In 1981, the District and the City of Fort Collins, Colorado formed the Poudre Fire Authority (the "Authority") as an entity to facilitate fire and rescue services. The Authority provides these services within the combined territorial limits of the District and the City. Since the Authority appoints its own management, approves its own budget, and issues separate audited financial statements; it is considered a joint venture with an on-going financial responsibility from the District. Complete financial statements for the Authority can be obtained from the Authority's Finance and Budget Supervisor, 102 Remington Street, Fort Collins, Colorado 80524.

The District remits quarterly payments for its portion of budgeted expenses to the Authority. The District remains responsible for funding the retirement benefits of those volunteer firefighters who are participants in the Volunteer Firefighters' Pension Plan (see Note 4). All activities for which the District Board of Directors is responsible are included in this report.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

### *Reporting Entity*

In conformity with GASB financial reporting standards, the District is the reporting entity for financial reporting purposes. The District is the primary government financially accountable for all activities of the District. The District meets the criteria of a primary government: its Board of Directors is the publicly elected governing body; it is a legally separate entity; and it is fiscally independent. The District is not included in any other governmental reporting entity.

As defined by GAAP established by the GASB, the financial reporting entity consists of the primary government, as well as component units, which are legally separate organizations for which elected officials of the primary government are financially accountable. Financial accountability is defined as:

- 1) Appointment of a voting majority of the component unit's governing board, and either, a) the ability to impose its will by the primary government, or b) there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on, the primary government; or
- 2) Fiscal dependency on the primary government and there is a potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointment by a higher level of government, or (3) a jointly appointed board.

Based on the above criteria, there are no other organizations that would be considered component units of the District. The District meets the criteria of an "other stand alone government."

**Poudre Valley Fire Protection District**  
**Notes to Financial Statements**  
**December 31, 2018**

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*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. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes, charges for services, and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on user charges for support. The District does not report any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to 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 fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. The District only has one governmental fund, the General Fund, which is a major fund.

*Measurement Focus, Basis of Accounting, and Financial Statement Presentation*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The governmental fund financial statements are accounted for using the current financial resources measurement focus, whereby only current assets, deferred outflows of resources, liabilities, and deferred inflows of resources generally are included in the balance sheet, and the statement of revenues, expenditures and changes in fund balances presents increases and decreases in those components. These funds use the modified accrual basis of accounting, whereby 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 District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recognized when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recognized only when payment is due.

Property taxes and earnings on investments associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

Because governmental fund statements are presented using a measurement focus and basis of accounting different from that used in the government-wide statements, a reconciliation is presented that briefly explains the adjustments necessary to reconcile to ending net position and the change in net position.

In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, the corresponding assets (receivables) in non-exchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source.

**Poudre Valley Fire Protection District**  
**Notes to Financial Statements**  
**December 31, 2018**

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Governmental funds are used to account for all or most of a government's general activities. The following is the District's only major governmental fund: The General Fund is the District's primary operating fund. It accounts for all the financial resources of the District.

***Budgets***

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

- By October 15, the District staff submits to the Board of Directors (the "Board"), a proposed operating budget for the fiscal year beginning the following January 1. The operating budget includes proposed expenditures and the means of financing them;
- A public hearing is conducted to obtain taxpayer comments;
- Prior to December 31, the budget is legally enacted through passage of a resolution;
- Any budget revisions that alter the total expenditures of any fund must be approved by the Board through passage of a formal resolution;
- The District legally adopts budgets for all of the funds of the District on a basis consistent with GAAP;
- Budgeted amounts in the financial statements are as originally adopted or as amended by the Board. All appropriations lapse at year end.

The District's original budgeted appropriations was \$7,362,192. The District amended its budget to increase the budget by \$169,579 for a total final budgeted appropriation of \$7,531,771 for the year ended December 31, 2018.

***Cash and Cash Equivalents***

Cash and cash equivalents include cash on hand and demand deposits. All cash equivalents have an original maturity date of less than three months.

***Property Taxes Receivable***

Property taxes levied on December 31, 2018 are identified as property taxes receivable and deferred inflows of resources.

***Accrued Liabilities and Long-Term Obligations***

All payables are reported in the government-wide financial statements. In general, payables that will be paid from governmental funds are reported on the governmental fund financial statements, regardless of whether they will be liquidated with current resources. However, claims and judgments that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within 60 days after year-end are considered to have been made with current available financial resources.

**Poudre Valley Fire Protection District**  
**Notes to Financial Statements**  
**December 31, 2018**

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***Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. The District reports a deferred outflow of resource relating to pension-related amounts. The District reports a deferred inflow of resources relating to pension-related amounts. See Note 4 for additional information related to the pension amounts.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The District reports a deferred inflow of resource relating to property taxes and pension-related amounts. See Note 4 for additional information related to the pension amounts.

***Fund Balance and Net Position***

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 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. The District currently does not have any net position classified as net investment in capital assets.

***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 is not restricted for any project or other purpose. A deficit will require future funding.

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, fund balances of the governmental funds are classified as follows:

***Nonspendable*** - amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

***Restricted*** - amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation, or because of constraints that are externally imposed by creditors, grantors, or the laws or regulations of other governments.

***Committed*** - amounts that can be used only for specific purposes determined by a formal action of the Board of Directors (the "Board"). The Board is the highest level of decision making authority for the District. Commitments may be established, modified, or rescinded only through resolutions approved by the Board.

***Assigned*** - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The Board has the authority to assign amounts for specific purposes.

**Poudre Valley Fire Protection District**  
**Notes to Financial Statements**  
**December 31, 2018**

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*Unassigned* - all other amounts which are not restricted for any project or other purpose. A deficit will require future funding.

When an expenditure is incurred for purposes for which both restricted and unrestricted resources are available, the District considers restricted resources to have been spent first. When an expenditure is incurred in governmental funds, the District's policy is to pay the expenditure from the restricted fund balance and then from less restrictive classifications - committed, assigned and then unassigned fund balances.

*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. 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.

In the fund financial statements, property taxes are recognized in the year for which they are 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.

*Pensions*

The District contributes to a defined benefit pension plan to provide retirement income for volunteer firefighters in recognition of their service to the District. This plan is an agent multiple-employer Public Employee Retirement System affiliated with the Fire and Police Pension Association of Colorado ("FPPA") for the purpose of administering the plan and managing the funds of the plan for investment. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plan and additions to/deductions from the plan fiduciary net position have been determined on the same basis as they are reported by the FPPA. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

*Estimates*

The presentation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

**2. Cash and Investments**

*Custodial Credit Risk - Deposits*

Colorado state statutes govern the entity's deposits of cash. For deposits in excess of federally insured limits, Colorado Revised Statutes 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

**Poudre Valley Fire Protection District**  
**Notes to Financial Statements**  
**December 31, 2018**

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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. At December 31, 2018, the District had deposits with financial institutions with a carrying amount of \$614,920. The bank balances with the financial institutions were \$615,308, of which \$250,000 was covered by federal depository insurance. The remaining balance of \$365,308 was collateralized with securities held by the financial institutions' agents but not in the District's name.

***Investments:***

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

- Certificates of deposit with an original maturity in excess of three months
- Certain obligations of the United States and U.S. Government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Banker's acceptance of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

The District's policy is to hold investments until maturity.

***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. As of December 31, 2018, the District had no investments exposed to 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 investment maturities is a means of limiting exposure to fair value losses arising from increasing interest rates.

At December 31, 2018, the District had cash and cash equivalents as follows:

Cash with county treasurer	\$	41,999
Bank deposits		614,920
Total cash and cash equivalents	\$	656,919

**3. Risk Management**

The District has no employees, as the Poudre Fire Authority employs all personnel; and owns no facilities or equipment, which are all owned and controlled by the Poudre Fire Authority. The direction, control and

**Poudre Valley Fire Protection District**  
**Notes to Financial Statements**  
**December 31, 2018**

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management of all facilities, personnel and apparatus are under control of the Poudre Fire Authority; therefore, the risk to the Poudre Valley Fire Protection District is minimal as the District's role is primarily one of a taxing entity providing revenues to the Poudre Fire Authority and adoption of a model fire code for unincorporated portions of the Poudre Valley Fire Protection District. In turn, the Authority provides fire protection and emergency service to the residents of the District.

Public Official and Employees Liability insurance is provided for the elected members of the Board of Directors of the District and the District itself does not employ nor is it responsible for any other personnel.

#### **4. Volunteer Firefighters' Pension Plan**

*Plan Description.* The District has established the Volunteer Firefighters' Pension Plan (the "Volunteer Plan"), an agent multiple-employer defined benefit pension plan administered by the Fire and Police Pension Association of Colorado ("FPPA"). As of the measurement date of the net pension liability, December 31, 2017, the Plan has five retirees and beneficiaries and one active member. The active member retired in November 2017. FPPA issues an annual, publicly available financial report that includes the assets of the Volunteer Plan. The report may be obtained on FPPA's website at [www.fppaco.org](http://www.fppaco.org).

*Benefits Provided.* The plan provides for a monthly pension of \$300 for volunteers who have satisfied the normal age and service requirements and pro rata pensions for volunteers who have satisfied the normal age, but only a portion of the service requirement. Any volunteer firefighter who has both attained the age of 50 and completed 20 years of active service shall be eligible for a monthly pension. Pro rata pensions would apply to volunteers who reached 50 years of age and had between 10 and 20 years of service. The plan also provides a funeral benefit, lump sum one time only payment of \$100. Spouses of deceased firefighters may receive benefits as authorized by State statute.

*Funding Policy.* The contributions are not actuarially determined. An actuary is used to determine the adequacy of contributions. The actuarial study as of January 1, 2017, indicated that the current level of contributions to the fund is adequate to support, on an actuarially sound basis, the prospective benefits for the present Plan.

Contributions to the Plan from the District were \$2,305 and contributions from the State of Colorado were \$3,632 for the year ended December 31, 2018.

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

At December 31, 2018, the District reported a liability of \$9,835. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2017. Standard update procedures were used to roll forward the total pension liability to December 31, 2018.

For the year ended December 31, 2018, the District recognized pension expense of \$896. At December 31, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**Poudre Valley Fire Protection District**  
**Notes to Financial Statements**  
**December 31, 2018**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 3,997	\$ 5,704
District contributions subsequent to measurement date	2,305	-
<b>Total</b>	<b>\$ 6,302</b>	<b>\$ 5,704</b>

The \$2,305 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,	Amortization
2019	\$ 397
2020	255
2021	(932)
2022	(1,426)
	<b>\$ (1,706)</b>

*Actuarial Assumptions.* The total pension liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar Open
Remaining Amortization Period	20 years
Asset valuation Period	5-year smoothed fair value
Inflation	3.0%
Salary Increases	N/A
Investment Rate of Return	7.5% per annum
Retirement Age	50% per year of eligibility until 100% at age 65.
Mortality	Pre-retirement: RP-2000 Mortality Table for 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.

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

**Poudre Valley Fire Protection District**  
**Notes to Financial Statements**  
**December 31, 2018**

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pension plan investments is 7.50%; the municipal bond rate is 3.31% (based on the weekly rate closest to but not later than the measurement date of the “state & local bonds” rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.50%. Projected cash flows used in determining the Single Discount Rate are available upon request.

*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 real rates of return which eliminates the 2.5% inflation assumption, for each major asset class included in the Fund’s target asset allocation as of December 31, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Rate of Return
Cash	2.00%	2.26%
Fixed Income	15.00%	3.00%
Absolute Return	9.00%	6.46%
Long Short	9.00%	7.15%
Global Public Equity	41.00%	8.33%
Private Capital	24.00%	9.70%
Total	100%	

*Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.* The following presents the District’s proportionate share of the net pension liability/ (asset) calculated using the discount rate of 7.50 percent, as well as what the District’s proportionate share of the net pension liability/ (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1.00% Decrease (6.5%)	Current Discount Rate (7.5%)	1.00% Increase (8.5%)
District’s net pension liability	\$19,465	\$9,835	\$1,438

*FPPA System Description.* The FPPA administers an agent multiple-employer Public Employee Retirement System (“PERS”). The PERS represents the assets of numerous separate plans that have been pooled for investment purposes. The pension plan has elected to affiliate with FPPA for plan administration and investment only.

*Pension plan fiduciary net position.* Detailed information about the pension plan’s fiduciary net position is available in the separately issued Fire & Police Pension Association of Colorado financial report.

**Poudre Valley Fire Protection District**  
**Notes to Financial Statements**  
**December 31, 2018**

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*Change in Net Pension (Asset)/Liability*

	Total Pension (Asset) Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a)-(b)
Balances at December 31, 2017	\$ 128,651	\$ 108,149	\$ 20,502
Changes for the year			
Contributions - Employer	-	4,035	(4,035)
State of Colorado discretionary payment	-	3,632	(3,632)
Interest on total pension liability	9,240	-	9,240
Net investment income	-	15,012	(15,012)
Benefit payments	(11,745)	(11,745)	-
Administrative expenses	630	(2,142)	2,772
Net changes	(1,875)	8,792	(10,667)
Balances at December 31, 2018	\$ 126,776	\$ 116,941	\$ 9,835

## 5. TABOR Compliance

In November 1992, Colorado voters passed an amendment (the "Amendment" or "TABOR") to the State Constitution (Article X, Section 20), which limits the revenue raising and spending abilities of state and local districts. The limits on property taxes, revenue, and "fiscal year spending" include allowable annual increases tied to inflation and local growth in construction valuation. Fiscal year spending, as defined by the Amendment, excludes spending from certain revenue and financing sources, such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves (balances). The Amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue earned in excess of the "spending limit" must be refunded or approved to be retained by the District under specified voting requirements by the entire electorate.

The Amendment also requires local districts to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by the Amendment, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending (excluding bonded debt service). The District has restricted \$206,573 for this purpose.

In November 1996, the voters in the District approved the removal of the revenue limitations for the District.

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

## 6. Subsequent Events

Management of the District has evaluated subsequent events through April 22, 2019, the date that the financial statements were available to be issued. No transactions or events that would require adjustment to or disclosure in the financial statements were identified.

## Required Supplementary Information

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**Poudre Valley Fire Protection District**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance (Budget and Actual) - General Fund**  
**December 31, 2018**

	<u>Budgeted Amounts</u>		Actual Amounts Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 6,734,031	\$ 6,846,599	\$ 6,861,240	\$ 14,641
Earnings on investments	1,500	10,000	17,950	7,950
Miscellaneous	5,000	7,400	6,569	(831)
<b>Total revenues</b>	<b>6,740,531</b>	<b>6,863,999</b>	<b>6,885,759</b>	<b>21,760</b>
<b>Expenditures</b>				
Operating				
Poudre Fire Authority fire and rescue services	6,686,200	6,686,200	6,686,200	-
Treasurer fees	112,063	112,089	111,910	179
District management	7,000	6,280	6,280	-
Pension contribution	4,035	2,305	2,305	-
Miscellaneous	25,000	68,000	27,120	40,880
Election Expense	-	57,000	56,797	203
Contingency	15,000	15,000	-	15,000
Reserves	512,894	584,897	-	584,897
<b>Total expenditures</b>	<b>7,362,192</b>	<b>7,531,771</b>	<b>6,890,612</b>	<b>641,159</b>
<b>Change in fund balance</b>	<b>\$ (621,661)</b>	<b>\$ (667,772)</b>	<b>(4,853)</b>	<b>\$ 662,919</b>
Fund balance at beginning of year			<u>661,772</u>	
Fund balance at end of year			<u>\$ 656,919</u>	

*See accompanying Independent Auditor's Report.*

**Poudre Valley Fire Protection District**  
**Schedule of Changes in net Pension Liability/(Asset)**  
**and Related Ratios - Volunteer Firefighters' Pension Plan**  
**Last Ten Fiscal Years**

Measurement Period Ended December 31,	2017	2016	2015	2014
<b>Total Pension Liability</b>				
Service Cost	\$ 630	\$ 629	\$ 629	\$ 238
Interest on the Total Pension Liability	9,240	9,376	9,478	7,533
Benefit Changes	-	-	-	66,620
Difference Between Expected and Actual Experience	-	(6,449)	-	(37,547)
Assumption Changes	-	6,210	-	-
Benefit Payments	(11,745)	(11,445)	(11,477)	(10,745)
<b>Net Change in Total Pension Liability</b>	<b>(1,875)</b>	<b>(1,679)</b>	<b>(1,370)</b>	<b>26,099</b>
<b>Total Pension Liability - Beginning</b>	<b>128,651</b>	<b>130,330</b>	<b>131,700</b>	<b>105,601</b>
<b>Total Pension Liability - Ending</b>	<b>\$ 126,776</b>	<b>\$ 128,651</b>	<b>\$ 130,330</b>	<b>\$ 131,700</b>
<b>Plan Fiduciary Net Position</b>				
Employer Contributions	\$ 4,035	\$ 4,035	\$ 7,505	\$ 644
Pension Plan Net Investment Income	15,012	5,286	1,910	7,126
Benefit Payments	(11,745)	(11,445)	(11,477)	(10,745)
Pension Plan Administrative Expenses	(2,142)	(435)	(1,296)	(547)
State of Colorado Supplemental Discretionary Payment	3,632	6,755	580	580
<b>Net Change in Plan Fiduciary Net Position</b>	<b>8,792</b>	<b>4,196</b>	<b>(2,778)</b>	<b>(2,942)</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>108,149</b>	<b>103,953</b>	<b>106,731</b>	<b>109,673</b>
<b>Plan Fiduciary Net Position - Ending</b>	<b>\$ 116,941</b>	<b>\$ 108,149</b>	<b>\$ 103,953</b>	<b>\$ 106,731</b>
<b>Net Pension Liability/(Asset) - Ending</b>	<b>\$ 9,835</b>	<b>\$ 20,502</b>	<b>\$ 26,377</b>	<b>\$ 24,969</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	<b>92.24%</b>	<b>84.06%</b>	<b>79.76%</b>	<b>81.04%</b>
<b>Covered Payroll</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

*See accompanying Independent Auditor's Report.*

**Poudre Valley Fire Protection District**  
**Schedule of District Contributions**  
**Volunteer Firefighters' Pension Fund**  
**Last Ten Fiscal Years**

FY Ending December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2009	\$ 3,500	\$ 3,500	\$ -	N/A	N/A
2010	\$ 3,500	\$ 3,500	\$ -	N/A	N/A
2011	\$ 3,502	\$ 3,800	\$ (298)	N/A	N/A
2012	\$ 3,502	\$ 1,229	\$ 2,273	N/A	N/A
2013	\$ 1,224	\$ 1,224	\$ -	N/A	N/A
2014	\$ 1,224	\$ 1,224	\$ -	N/A	N/A
2015	\$ 7,335	\$ 8,085	\$ (750)	N/A	N/A
2016	\$ 2,539	\$ 10,790	\$ (8,251)	N/A	N/A
2017	\$ 2,539	\$ 7,667	\$ (5,128)	N/A	N/A
2018	\$ 2,305	\$ 5,937	\$ (3,632)	N/A	N/A

*See accompanying Independent Auditor's Report.*

**Notes to Schedule of Contributions:**

\*\* Actual contribution includes both employer and State of Colorado supplemental discretionary payment.