

**EVERGREEN
FIRE PROTECTION DISTRICT
BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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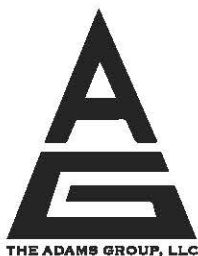
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THE ADAMS GROUP, LLC

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

Board of Directors
Evergreen Fire Protection District
Evergreen, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Evergreen Fire Protection District (District) as of and for the year ended December 31, 2019, 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the District as of December 31, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other-Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule, and the Schedule of Changes in Net Pension Liability and Related Ratios, the Schedule of Contributions, the Schedule of the District's Proportionate Share of the Net Pension Liability and the Schedule of the District's Contributions and Related Ratios on pages iv through x and 22 through 26 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The individual major fund schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The individual major fund schedule 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 to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Adams Group, LLC

June 18, 2020
Denver, Colorado

**EVERGREEN FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS**

**Evergreen Fire Protection District
Managements' Discussion and Analysis
December 31, 2019**

This section of the Evergreen Fire Protection District's (District) financial report provides management's narrative discussion and analysis of the financial activities of the District for the year ended December 31, 2019. The discussion focuses on the District's primary government.

Overview of the Basic Financial Statements

Management's Discussion and Analysis introduces the District's Basic Financial Statements which include: (1) Government-wide Financial Statements, (2) Fund Financial Statements, (3) Notes to Basic Financial Statements and (4) Required Supplementary Information. The District also includes in this report additional information to supplement the Basic Financial Statements.

The District's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Financial Highlights

- District assets exceeded liabilities by \$17,656,685 (net position) for the year reported, resulting in an increase of \$1,696,963 from the prior year.
- Total net assets are comprised of the following:
 1. Net investment in capital assets, net of related debt was \$10,058,960, which includes property and equipment, net of accumulated depreciation, and reduced for outstanding bonds related to the purchase and construction of capital assets, mainly the purchase of new fire apparatus and the construction of a new station.
 2. \$213,477 of Fund Balance is restricted by constraints imposed from outside the District such as debt covenants, laws or regulations.
 3. Unrestricted net position of \$7,384,248 represent the portion available to maintain the District's continuing obligations to citizens and creditors.
- The District's governmental funds' ending fund balance was \$8,835,086. This is \$765,224 higher than prior year, when ending fund balance was \$8,069,862. This allowed the District to set aside reserves for strategic capital, apparatus replacement, and station 1 construction.

(1) Government-wide Financial Statements

The District's financial report includes two Government-wide Financial Statements. These statements provide both long-term and short-term information about the District's overall status. Government-wide Financial Statements resemble financial reporting used in the private sector because basis is reported using full accrual accounting and elimination, or, reclassification of internal activities.

The first of these two Government-wide Financial Statements is the *Statement of Net Position*. This is the District-wide Statement of Financial Position presenting information that includes all of the District's assets and liabilities, with the difference reported as *net position*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall economic health of the District would extend to

other non-financial factors such as diversification of the taxpayer base or the condition of the District's capital assets in addition to the financial information provided in this report.

The second Government-wide Statement is the *Statement of Activities*, which reports the change in net position in the current year compared to prior year for the District. All current year revenues and expenses are included regardless of when cash is received or paid. The purpose the Statement of Activities format is to demonstrate how distinct District activities or functions impact revenues provided by the District's taxpayers.

Both Government-wide Financial Statements distinctively report governmental activities of the District that are principally supported by property taxes. Governmental activities include General Government, Fire Suppression, Fire Prevention, Communications, Station and Vehicles Maintenance, and Emergency Medical Services.

(2) Fund Financial Statements

A Fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other special purpose governments, uses fund accounting to ensure and demonstrate compliance with financial-related legal requirements. The Basic Financial Statements of the District are presented as a special purpose government engaged in governmental-type activities.

Governmental Funds are reported in the Fund Financial Statements and encompass essentially the same functions reported as governmental activities in the Government-wide Financial Statements. However, the focus is very different with fund statements providing a distinct view of the District's governmental funds. These statements report short-term fiscal activity focusing on the use of spendable resources during the year and balances of spendable resources available at the end of the year. They are useful in evaluating annual financial requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the focus of Government-wide financial statements includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide reconciliation to the Government-wide Statements to assist in understanding the differences between these two perspectives.

A Budgetary Comparison Statement for the General Fund is included in the *Required Supplementary Information* section of this report. A Budgetary Comparison Schedule for the Debt Service Fund is presented the *Other Supplementary Information* section. These statements and schedules demonstrate compliance with the District's adopted and final revised budget.

(3) Notes to Basic Financial Statements

The accompanying Notes to the Financial Statements provide information essential to a full understanding of the Government-wide and Fund Financial Statements. The Notes to the Financial Statements begin immediately following the Basic Financial Statements.

(4) Other Information

In addition to the Basic Financial Statements and accompanying notes, this report also presents *Required Supplementary Information* concerning the District's General Fund budgetary comparison and schedules related to the Defined Benefit Plan. *Other Supplementary Information Required Supplementary Information* includes detailed budgetary comparisons for all other funds.

Financial Analysis of the District as a Whole

The District's net position at year end is \$17,656,685. This is a \$1,696,963 increase over last year's ending net position of \$15,959,722. The following table provides a summary of the District's net position at December 31:

Statement of Net Position

	<u>2019</u>	<u>2018</u>
Current assets	\$ 16,261,023	\$ 15,131,498
Capital assets, net	<u>12,452,615</u>	<u>11,858,143</u>
Total assets	<u>28,713,638</u>	<u>26,989,641</u>
Deferred outflow of resources	<u>1,060,442</u>	<u>619,752</u>
Total outflow	1,060,442	619,752
Current liabilities	905,108	1,050,062
Long-term liabilities	<u>3,885,482</u>	<u>3,748,282</u>
Total liabilities	<u>4,790,590</u>	<u>4,798,344</u>
Deferred inflow of resources	<u>7,326,805</u>	<u>6,851,327</u>
Total inflow	<u>7,326,805</u>	<u>6,851,327</u>
Net Position:		
Net Investment in Capital Assets	10,058,960	8,913,316
Restricted	213,477	159,684
Unrestricted	<u>7,384,248</u>	<u>6,886,722</u>
Total net position	<u>\$ 17,656,685</u>	<u>\$ 15,959,722</u>

The following table provides a summary of the District's changes in net position for the year ended December 31:

Statement of Activities

	2019	2018
Revenues:		
<i>Program revenues -</i>		
Charges for services	\$ 897,568	\$ 741,936
<i>General and Debt Service Revenues -</i>		
Property taxes - general purpose	5,866,862	5,828,047
Property taxes - debt service	708,628	577,486
Specific ownership taxes	552,482	632,842
Interest income	182,676	158,208
Donations	59,224	14,059
Intergovernmental	82,500	83,500
Vehicle Maintenance	88,925	113,875
Other	149,786	162,132
Donated Assets	0	0
Total revenues	8,588,651	8,312,085
Expenses:		
<i>General Expenses -</i>		
Salaries and benefits	3,366,500	2,764,730
Professional services	323,660	296,113
Commodities & supplies	678,600	634,239
General & administrative	1,224,185	1,065,757
Elections	0	42,134
County Treasurer fees	110,850	107,417
Bad debt	344,965	110,277
Utilities	86,767	72,184
Depreciation	629,163	618,722
Loss on sale of assets	57,105	109,825
<i>Debt Service Expenses:</i>		
Interest	69,893	77,195
Total expenses	6,891,688	5,898,593
 Change in Net Position	 1,696,963	 2,413,492
 Beginning Net Position	 15,959,722	 13,546,230
 Ending Net Position	 \$ 17,656,685	 \$ 15,959,722

Governmental Revenues and Expenses 2019 and 2018

REVENUES

Governmental revenues totaled \$8,588,651 for 2019, an increase of \$356,566 from 2018. This change is a result of an increase in Property taxes and interest income revenues.

EXPENSES

Governmental Expenses totaled \$6,891,688, an increase of \$1,073,095 from 2018. The District saw increased expenses for salaries and benefits \$681,770; professional services \$27,547; commodities and supplies \$44,361; treasurer fees \$3,433; bad debt \$344,965; utilities \$86,767; depreciation \$629,163; and loss of sale of assets \$57,105. These were offset by a decrease in expense of general administrative \$752,580; elections \$42,134; and interest expense \$7,302.

Financial Analysis of the District's Funds

Governmental Funds

As discussed, governmental funds are reported in the Fund Statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financial requirements.

Governmental funds reported a total ending fund balance of \$8,835,086. Of this, approximately \$50,873 is unassigned, indicating availability for continuing District service requirements. Assigned fund balances include: \$163,173 non-spendable as it relates to prepaid costs; and restricted fund balances of: \$213,477 required TABOR reserve, and \$0 for debt service. There are also assigned funds for strategic capital of \$2,223,525; apparatus replacement of \$2,604,137 and station 1 of \$3,579,907. Year-end fund balances of the governmental funds show an increase over 2018 of \$765,224.

Budgetary Highlights

The District's annual budgets are prepared according to Colorado law. The Budget is prepared using the GAAP basis.

General Fund

Total actual revenue of the General Fund was \$306,208 more than the budget, primarily due to: \$149,311 increase in specific ownership tax; \$166,568 increase in ambulance billing; \$82,676 increase in interest income; and an increase of \$45,224 in donations. The increases were offset by a decrease from the budget of: \$13,022 in property taxes; \$90,000 decrease in intergovernmental; \$31,075 decrease in vehicle maintenance; and \$3,474 decrease in other income from amounts budgeted. Total actual expenditures of the general fund were \$684,451 less than the budget, primarily due to: \$429,218 decrease in salaries and wages; \$13,640 decrease in professional fees; \$41,243 decrease in commodities and supplies; \$146,468 decrease in general and administrative; \$94 decrease in treasurer's fee; \$233 decrease in utilities and a decrease of \$258,520 in capital outlay. These decreases were offset by increased costs above budgeted amounts bad debt expense by \$204,965.

Debt Service Fund

Total actual revenues of the Debt Service Fund were \$2,648 below the budget; total actual expenditures were \$5,262 less than budgeted amounts.

Capital Assets and Debt Administration

Capital Assets

The District's investment in capital assets, net of accumulated depreciation, for governmental activities as of December 31, 2019, was \$12,452,615. This represents an increase of 5.01% over 2018.

Capital Assets

	<u>2019</u>	<u>2018</u>
Governmental Activities		
Capital Assets, not depreciated		
Land and improvements	\$ 2,058,719	\$ 1,093,076
Construction in Progress	41,400	0
Total Capital Assets, not depreciated	<u>2,100,119</u>	<u>1,093,076</u>
Capital Assets, being depreciated		
Buildings	10,154,727	10,292,359
Machinery and Equipment	2,753,136	3,300,536
Vehicles	6,751,499	6,703,542
Total Capital Assets, being depreciated	<u>\$ 19,659,362</u>	<u>\$ 20,296,437</u>
Less Accumulated Depreciation		
Buildings	(3,174,332)	(3,132,865)
Machinery and Equipment	(2,155,774)	(2,538,641)
Vehicles	(3,976,670)	(3,859,864)
Total Accumulated Depreciation	<u>(9,306,866)</u>	<u>(9,531,370)</u>
Total Capital Assets Being Depreciated, Net	<u>10,352,496</u>	<u>10,765,067</u>
Governmental Activities Capital Assets, Net	<u>\$ 12,452,615</u>	<u>\$ 11,858,143</u>

Additional information on the District's capital assets can be found in Note 3 in the Notes to Financial Statements.

Long-term Debt

As of December 31, 2019, the District had total bonds payable and compensated absences of \$2,498,135, decreasing by \$570,710 (18.60%), as shown below:

	<u>2019</u>	<u>2018</u>
2012 Refunding Bonds	\$ 2,380,000	\$ 2,945,000
2012 Bond Premium	78,014	97,518
Compensated Absences	<u>40,121</u>	<u>26,327</u>
Total Long-term Debt	<u>\$ 2,498,135</u>	<u>\$ 3,068,845</u>

Additional detail on long-term debt is in Note 4 in the Notes to Financial Statements.

Economic Environment and Next Year's Budgets and Rates

- In 2020, the District continues to fund its savings accounts for future strategic capital, apparatus replacement, and station 1 needs.
- For 2020, the General Fund expenditures are budgeted to increase by 12.15%; Revenues as projected are budgeted to increase by 19.78%.
- In 2020, the Strategic Capital Budget is projected to increase by 160.81% over 2019.
- For 2020, EMS expenditures are budgeted to increase by 8.49%.

Requests for Information

This report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Mike Weege, Fire Chief, Evergreen Fire Protection District, 1802 Bergen Parkway, Evergreen, CO, 80439.

BASIC FINANCIAL STATEMENTS

Evergreen Fire Protection District
Governmental Fund Balance Sheet/Statement of Net Position
December 31, 2019

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Totals</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
Assets					
Cash and cash equivalents	\$ 8,695,402	\$ 46,019	\$ 8,741,421	\$ -	\$ 8,741,421
Cash with county treasurer	48,612	77	48,689	-	48,689
Receivables					
Property taxes	6,461,812	652,215	7,114,027	-	7,114,027
Accounts	193,713	-	193,713	-	193,713
Prepaid expenses	163,173	-	163,173	-	163,173
Due from debt service fund	-	-	-	-	-
Capital assets, not depreciated	-	-	-	2,100,119	2,100,119
Capital assets, net of accumulated depreciation	-	-	-	10,352,496	10,352,496
Total assets	<u>\$ 15,562,712</u>	<u>\$ 698,311</u>	<u>\$ 16,261,023</u>	<u>12,452,615</u>	<u>28,713,638</u>
Deferred Outflows of Resources					
Deferred charge on refunding	\$ -	\$ -	\$ -	78,153	78,153
Pension related deferred outflows	-	-	-	982,289	982,289
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,060,442</u>	<u>1,060,442</u>
Liabilities and Fund Balance/Net Position					
Liabilities					
Accounts payable	\$ 86,380	\$ -	\$ 86,380	\$ -	\$ 86,380
Accrued expenses	225,530	-	225,530	-	225,530
Accrued interest	-	-	-	4,958	4,958
Noncurrent Liabilities:					
Due within one year	-	-	-	588,240	588,240
Net pension liability	-	-	-	1,975,587	1,975,587
Due in more than one year	-	-	-	1,909,895	1,909,895
Total liabilities	<u>311,910</u>	<u>-</u>	<u>311,910</u>	<u>4,478,680</u>	<u>4,790,590</u>
Deferred Inflows of Resources					
Unearned property taxes	6,461,812	652,215	7,114,027	-	7,114,027
Pension related deferred inflows	-	-	-	212,778	212,778
Total deferred inflows of resources	<u>6,461,812</u>	<u>652,215</u>	<u>7,114,027</u>	<u>212,778</u>	<u>7,326,805</u>
Fund Balance					
Fund balance:					
Nonspendable	163,173	-	163,173	(163,173)	
Restricted					
Emergencies	213,477	-	213,477	(213,477)	
Assigned for					
Strategic Capital	2,223,525	-	2,223,525	(2,223,525)	
Apparatus Replacement	2,604,137	-	2,604,137	(2,604,137)	
Station 1	3,579,901	-	3,579,901	(3,579,901)	
Unassigned	4,777	46,096	50,873	(50,873)	
Total fund balance	<u>8,788,990</u>	<u>46,096</u>	<u>8,835,086</u>	<u>(8,835,086)</u>	
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 15,562,712</u>	<u>\$ 698,311</u>	<u>\$ 16,261,023</u>		
Net Position					
Net investment in capital assets				10,058,960	10,058,960
Restricted for					
Emergencies				213,477	213,477
Unrestricted				7,384,248	7,384,248
Total net position				<u>\$ 17,656,685</u>	<u>\$ 17,656,685</u>

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

Evergreen Fire Protection District
Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund
Balance/Statement of Activities
December 31, 2019

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Totals</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues:					
Property taxes	\$ 5,866,862	\$ 708,628	\$ 6,575,490	\$ -	\$ 6,575,490
Specific ownership tax	552,482	-	552,482	-	552,482
Ambulance billing	897,568	-	897,568	-	897,568
Interest income	182,676	-	182,676	-	182,676
Donations	59,224	-	59,224	-	59,224
Intergovernmental	82,500	-	82,500	-	82,500
Vehicle maintenance	88,925	-	88,925	-	88,925
Other	170,026	-	170,026	(20,240)	149,786
Total revenues	<u>7,900,263</u>	<u>708,628</u>	<u>8,608,891</u>	<u>(20,240)</u>	<u>8,588,651</u>
Expenditures/expenses:					
Current:					
Salaries and benefits	3,137,860	-	3,137,860	228,640	3,366,500
Professional services	323,660	-	323,660	-	323,660
Commodities and supplies	678,600	-	678,600	-	678,600
General and administrative	1,224,185	-	1,224,185	-	1,224,185
Treasurer's fee	98,888	11,962	110,850	-	110,850
Bad debt expense	344,965	-	344,965	-	344,965
Utilities	86,767	-	86,767	-	86,767
Depreciation expense	-	-	-	629,163	629,163
Loss on sale of assets	-	-	-	57,105	57,105
Capital outlay	1,300,980	-	1,300,980	(1,300,980)	-
Debt service					
Principal	-	565,000	565,000	(565,000)	-
Interest and fiscal charges	-	70,800	70,800	(907)	69,893
Total expenditures/expenses	<u>7,195,905</u>	<u>647,762</u>	<u>7,843,667</u>	<u>(951,979)</u>	<u>6,891,688</u>
Excess of revenues over (under) expenditures	704,358	60,866	765,224	(765,224)	-
Changes in net assets	-	-	-	1,696,963	1,696,963
Fund balance/net position, beginning of the year	<u>8,084,632</u>	<u>(14,770)</u>	<u>8,069,862</u>	<u>-</u>	<u>15,959,722</u>
Fund balance/net position, end of the year	<u>\$ 8,788,990</u>	<u>\$ 46,096</u>	<u>\$ 8,835,086</u>	<u>\$ -</u>	<u>\$ 17,656,685</u>

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

Evergreen Fire Protection District
Fiduciary Fund
Statement of Fiduciary Net Position
December 31, 2019

	Pension Trust Funds	Custodial Funds
Assets		
Cash and cash equivalents	\$ -	\$ 61,175
Investments at fair value:		
Stable value	18,453	-
Bonds	10,993	-
Balanced allocation	1,821,278	-
U.S. stock	70,398	-
International stock	45,771	-
Total assets	1,966,893	61,175
Liabilities		
Accounts Payable	-	10,922
Net Position		
Restricted for:		
Other governments	-	50,253
Pensions	1,966,893	-
Total net position	\$ 1,966,893	\$ 50,253

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

Evergreen Fire Protection District
Fiduciary Fund
Statement of Changes in Fiduciary Net Position
December 31, 2019

	Pension	
	Trust Funds	Custodial Funds
Additions		
Contributions:		
Members	\$ -	\$ 66,202
Employers	134,955	-
Total contributions	<u>134,955</u>	<u>66,202</u>
Investment income, net	362,145	-
Total additions	<u>497,100</u>	<u>66,202</u>
Deductions		
Radio Maintenance	-	40,267
Distributions	466,966	-
Forfeitures	14,779	-
Total deductions	<u>481,745</u>	<u>40,267</u>
Net increase in fiduciary net position	<u>15,355</u>	<u>25,935</u>
Net position-beginning	<u>1,951,538</u>	<u>24,318</u>
Net position-ending	<u>\$ 1,966,893</u>	<u>\$ 50,253</u>

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

EVERGREEN FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Evergreen Fire Protection District (District) is an independent local governmental unit incorporated under the laws of the State of Colorado, organized under a charter, and governed by an elected five-member Board of Directors (Board) to provide volunteer fire protection and emergency medical services within the boundaries of the District in Jefferson and Clear Creek counties of Colorado. The District provides these services through a contract with the Evergreen Volunteer Fire Department (Department). The Department was formed in 1948 as a nonprofit corporation in the State of Colorado (State).

The accounting policies of the District conform to generally accepted accounting principles (GAAP) as applicable to governmental entities. The following is a summary of the more significant policies.

Reporting Entity

The definition of the reporting entity is based primarily on financial accountability. The District is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if the District officials appoint a voting majority of the organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the District. The District may also be financially accountable for organizations that are fiscally dependent upon it. As required by GAAP, the financial statements of the reporting entity include those of the District (the primary government) which has no component units. The District does not exercise oversight responsibility over any other entity, nor is the District a component of any other governmental entity.

Government-wide and fund financial statements

The Government-wide financial statements (i.e., Statement of Net Position column and the Statement of Activities column) report information on all of the non-fiduciary activities of the District. As a general rule, interfund activity is eliminated from the Government-wide financial statements.

Measurement focus, basis of accounting, and financial statement presentation

The Statement of Net Position column on the Governmental Fund Balance Sheet/Statement of Net Position and the Statement of Activities column on the Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance/Statement of Activities 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 funds column on the Governmental Fund Balance Sheet/Statement of Net Position and the Statement of Governmental Revenues, Expenditures, and Changes in Fund Balance/Statement of Activities are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

EVERGREEN FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement focus, basis of accounting, and financial statement presentation (Continued)

Property taxes, specific ownership taxes, grants and other intergovernmental revenues, fees for providing ambulance services, and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenues are considered measurable and available only when cash is received by the District. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The custodial funds are reported using the *economic resource measurement focus* and the *accrual basis of accounting*.

Fund accounting

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

Governmental funds

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources of funds and uses of the balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The District reports the following major governmental funds:

General Fund – The General Fund is used to account for all financial resources of the District except those required to be accounted for in another fund. The General Fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Colorado and the bylaws of the District.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation and payment of governmental long-term debt principal, interest and related costs.

Fiduciary funds

Custodial Fund – The Custodial Fund is used to account for the fiduciary assets held by the District pursuant to the Jefferson County Mountain Area Radio System (JCMARS) Intergovernmental Agreement (IGA). The Fiduciary Fund Balance may only be expended for purposes defined under the IGA. The purpose of the agreement is to provide for the cooperative improvement, maintenance, and operation of Jefferson County Mountain Area Radio System and other necessary and related equipment to operate a radio system for the Members.

Other employee benefits trust funds- these funds are for the 401(a)-employee benefit plan that the District is required to contribute to and administer.

Assets, Liabilities and Net Position/Fund Balances

Cash and Investments – Cash equivalents are defined as investments with original maturities of three months or less. Investments are stated at fair value.

EVERGREEN FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position/Fund Balances (Continued)

The District follows State statutes which allow the following investments:

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

Under Colorado Revised Statutes funds of the Pension Trust Fund are to be managed in accordance with the prudent investor rule and the provisions of the Colorado Uniform Prudent Investor Act.

Receivables – All receivables are reported at their gross values and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. At December 31, 2019, management has recorded an allowance of \$979,465 for contractual allowances and uncollectible ambulance service fees. All receivables are expected to be collected within one year.

Prepaid Expenses - Expenditures for insurance premiums on policies extending over more than one accounting period are amortized over the policy period.

Interfund Receivables and Payables – During the course of operations, numerous transactions occur between individual funds. The resulting receivables and payables are classified on the Balance Sheet as *Due from Other Funds* and *Due to Other Funds* because they are short-term in nature.

Capital Assets – Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets of the District are depreciated using the straight-line method over the following estimated useful lives. Buildings are depreciated over lives of 10 to 75 years, machinery and equipment is depreciated over lives of 3 to 10 years and vehicles are depreciated over lives of 7 to 30 years.

Compensated Absences – Employees of the District are allowed to accumulate unpaid vacation and sick time. Upon termination of employment with the District, an employee will be compensated for accrued vacation time, up to the employee's maximum, at their current rate of pay. Accrued sick time is not paid to the employee upon termination. Accumulated unpaid vacation pay is accrued when earned in the Government-wide financial statements. A liability is reported in the Governmental Fund financial statements when payment is due.

EVERGREEN FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position/Fund Balances (Continued)

Long-Term Debt – In the Government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities column of Net Position.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current expenditures.

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, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. Deferred outflows of resources include the deferred charge on 2003 Series Bond refunding and certain amounts related to the District's defined benefit pension plans which are to be amortized and recognized as revenue/expense in future periods.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources include property taxes earned but levied for a subsequent period and certain amounts related to the District's defined benefit pension plans which are to be amortized and recognized as revenue/expense in future periods.

Net Position/Fund Balances – In the Government-wide financial statements, net position is restricted when constraints placed on the net position are externally imposed. Fund balances of the governmental funds are classified as follows:

Nonspendable – Amounts that cannot be spent either because they are in nonspendable form (i.e. inventories or prepaid items) 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, enabling legislation, constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – Amounts that can be used only for specific purposes determined by a formal action of Board. The Board is the highest level of decision making body for the District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. At December 31, 2019, the District has no committed funds.

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. Only the Board may assign fund balances for specific purposes.

EVERGREEN FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position/Fund Balances (Continued)

Unassigned – All other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first.

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

Property taxes

Property taxes are levied by December 15, on assessed valuation as of August 25 of each year and attach as an enforceable lien on January 1 of the following year. Taxes are due in full by April 30, or in two installments by February 28, and June 15. Taxes become delinquent after those dates and are subject to interest charges.

Revenues – Exchange and non-exchange transactions

Property owners within the boundaries of the District have been assessed \$7,114,027 in taxes for 2020. Since these taxes are levied for operations during 2020, the taxes are classified as deferred inflows of resources. Taxes are collected and remitted monthly to the District by the Treasurer's Offices of Jefferson and Clear Creek Counties.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

Non-exchange transactions, in which the District receives value without directly giving value in return, include grants and donations. On an accrual basis, revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized.

Budgets

In accordance with the Colorado Budget Law, the Board holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. The Board can modify the budget and appropriation resolutions upon completion of notification and publication requirements. The appropriation is at the total fund expenditures level and lapses at year end. Budgets are legally adopted for all funds on a basis consistent with U.S. generally accepted accounting principles. Prior to December 31, the budget is legally enacted through passage of a resolution. District management is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the Board. The Custodial Funds are not required to have a budget under Colorado Budget law.

EVERGREEN FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

For the year ended December 31, 2019, budgeted General Fund expenditures included \$569,000 in contractual ambulance allowances. For financial statement purposes these allowances are shown as a reduction of revenue. The final budget showed total revenues of \$7,594,055 and budgeted expenditures of \$7,880,356. If the contractual allowance was included in expenditures, total expenditures would have been \$7,801,660.

Tax, spending, and debt limitations

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, (TABOR) which has several limitations, including revenue increases, spending abilities, and other specific requirements of state and local government.

In 1996, the District's voters approved changes that reduced certain limits imposed by TABOR. As a result, the District is permitted to retain all revenues from all resources. TABOR is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of TABOR. However, the District has made certain interpretations of TABOR's language in order to determine its compliance. The District has recorded \$213,477 restricted net position for emergencies at December 31, 2019, based on 3% of governmental expenditures.

NOTE 2 - CASH AND INVESTMENTS

A summary of deposits and investments at December 31, 2019, follows:

Cash deposits	\$ 1,341,921
Investments	<u>9,406,751</u>
Total cash and investments	<u>\$ 10,748,672</u>

Amounts are reported in the financial statements as follows:

Cash-Statement of Net Position	\$ 8,720,604
Cash-Fiduciary Fund	61,175
Investments-Fiduciary Fund	<u>1,966,893</u>
Total cash and investments	<u>\$ 10,748,672</u>

Deposits

Custodial Credit Risk – Deposits - In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2019, the carrying amount and bank balance of the District's deposits were \$1,341,921 and \$1,459,336. Of the bank balances \$1,248,457 was covered by FDIC insurance, \$210,879 was covered by the PDPA. The District has no policy regarding custodial risk for deposits.

EVERGREEN FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

In addition, the maturities of the certificate of deposits, which are reported as part of deposits are as follows:

Certificate of Deposit	
Due within one year	\$ 741,000
Due within two years	247,000

Investments

The District invests funds in the Colorado Local Government Liquid Asset Trust (COLOTRUST) and the Colorado Surplus Asset Fund Trust (CSAFE). As these funds are valued at a net asset value, there is not an investment component to be valued under GASB Statement No. 72, *Fair Value Measurement and Application*.

COLOTRUST is an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST places no restrictions or limitations on withdrawals. COLOTRUST is rated AAAM by Standards & Poor's.

CSAFE is a local government investment pool trust fund organized under C.R.S. §24-75-701, et seq., registered as such with the Colorado Securities Commissioner pursuant to the Local Government Investment Pool Trust Fund Administration and Enforcement Act, C.R.S. §11-51-901, et seq. As such a trust, CSAFE pools and invests the funds of Colorado local government participants within the investment policies and limitations set forth in CSAFE's Indenture of Trust and C.R.S. §24-75-601, et seq. The Trust invests primarily in securities of the United States Treasury, United States Agencies, Primary Dealer Repurchase Agreements, AAAM rated money market funds, approved Colorado Banks and highly rated commercial paper. Asset allocation will be in full conformance with S&P AAAM credit rating guidelines. CSAFE places no restrictions or limitations on withdrawals. CSAFE is rated AAAM by Standards & Poor's.

The district categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets and level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All Fiduciary Fund investments are level 1.

As of December 31, 2019, the District's investments consisted of amounts in investment pools and money market funds. At December 31, 2019, the District had the following investments:

EVERGREEN FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

CSAFE	\$ 5,568,494
COLOTRUST	1,871,364
Investments-Fiduciary Fund Mutual Funds	<u>1,966,893</u>
Total	<u>\$ 9,406,751</u>

Interest Rate Risk - Colorado Statutes require that no investment may have a maturity in excess of five years from the date of purchase. The District has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates, other than those contained in the statutes. The District has interest rate risk related to its investments in COLOTRUST and CSAFE. At December 31, 2019, COLOTRUST PLUS+ had a weighted average maturity of 47 days to reset and 69 days to final maturity. At December 31, 2019, CSAFE had a weighted average maturity of 23.5 days.

Concentration of Credit Risk - The District places no limit on the amount that may be invested in any one issuer.

Credit Risk - The District is required to comply with State statutes which specify instruments meeting defined rating, maturity and concentration risk criteria in which local governments may invest. State statutes do not address custodial risk.

NOTE 3 - CAPITAL ASSETS

The following is a summary of changes in governmental fixed assets during 2019.

	Balances 12/31/18	Additions	Deletions	Balances 12/31/19
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 1,093,076	\$ 965,643	\$ 0	\$ 2,058,719
Construction in Progress	<u>0</u>	<u>41,400</u>	<u>0</u>	<u>41,400</u>
Total Capital Assets, Not Being Depreciated	<u>1,093,076</u>	<u>1,007,043</u>	<u>0</u>	<u>2,100,119</u>
Capital assets, being depreciated				
Buildings	10,292,359	10,900	(148,532)	10,154,727
Machinery and Equipment	3,300,536	51,239	(598,639)	2,753,136
Vehicles	<u>6,703,543</u>	<u>231,798</u>	<u>(18,841)</u>	<u>6,751,499</u>
Total Capital Assets, Being Depreciated	<u>20,296,437</u>	<u>293,937</u>	<u>(931,012)</u>	<u>19,659,362</u>
Less Accumulated Depreciation				
Buildings	(3,132,865)	(180,627)	139,160	(3,174,332)
Machinery and Equipment	(2,538,641)	(161,640)	544,507	(2,155,774)
Vehicles	<u>(3,859,864)</u>	<u>(286,896)</u>	<u>170,000</u>	<u>(3,976,760)</u>
Total Accumulated Depreciation	<u>(9,531,370)</u>	<u>(629,163)</u>	<u>853,667</u>	<u>(9,306,866)</u>
Total Capital Assets, Being Depreciated, Net	<u>10,765,067</u>	<u>(335,226)</u>	<u>(77,345)</u>	<u>10,352,496</u>
Governmental Activities Capital Assets, Net	<u>\$ 11,858,143</u>	<u>\$ 671,817</u>	<u>\$ (77,345)</u>	<u>\$ 12,452,615</u>

EVERGREEN FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 - LONG-TERM DEBT

The following is a summary of long-term debt transactions for the governmental activities of the District for the year ended December 31, 2019.

	Balance <u>12/31/2018</u>	<u>Additions</u>	<u>Payments</u>	Balance <u>12/31/2019</u>	Due Within <u>One Year</u>
2012 Refunding Bonds	\$ 2,945,000	\$ -	\$ 565,000	\$ 2,380,000	\$ 575,000
2012 Bond Premium	97,518	-	19,504	78,014	0
Compensated Absences	<u>26,327</u>	<u>145,129</u>	<u>131,335</u>	<u>40,121</u>	<u>13,240</u>
Total	<u>\$ 3,068,845</u>	<u>\$ 145,129</u>	<u>\$ 715,839</u>	<u>\$ 2,498,135</u>	<u>\$ 588,240</u>

Accrued compensated absences are being paid from resources generated by the General Fund.

Interest paid during the year totaled \$70,800.

2012 Refunding Bonds

The District issued 2012 Refunding Bonds, dated December 26, 2012, with principal and interest payments due semiannually on June 1 and December 1, through 2023. Interest accrues at rates ranging from 2.00% to 3.70%. Current Interest Bonds, maturing on or after December 1, 2014, are subject to early redemption at the option of the District, in whole or in part in integral multiples of \$5,000, with no redemption premium. Current Interest Bonds maturing on December 1, 2020 are subject to mandatory sinking fund redemption, beginning on December 1, 2019 without any redemption premium.

Advance Refunding

The net proceeds of \$6,069,620 from the issuance of the 2012 Refund Bonds were used to advance refund the 2003 Series Bonds with a total principal amount of \$5,855,000. The net proceeds were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded bonds. As a result, the refundable bonds are considered to be defeased, and the related liability for the bonds has been removed from the District's liabilities.

Future Debt Service Requirements

Annual debt service requirements for the bonds at December 31, 2019 are as follows.

Year Ended December 31,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 575,000	\$ 59,500	\$ 634,500
2021	585,000	45,125	630,125
2022	605,000	30,500	635,500
2023	<u>615,000</u>	<u>15,375</u>	<u>630,375</u>
Total Debt Service Requirements	<u>\$ 2,380,000</u>	<u>\$ 150,500</u>	<u>\$ 2,530,500</u>

EVERGREEN FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 - PENSION PLANS

The District maintains the following separately administered pension plans:

Plan Name	Plan Type
Volunteer Firefighters' Pension Plan	Agent multiple-employer defined benefit
Statewide Defined Benefit Plan	Cost-sharing multiple-employer defined benefit plan
Paid Staff Pension Plan	Defined contribution

The defined benefit plans are administered by the Fire and Police Pension Association of Colorado (FPPA). They are reported in the FPPA comprehensive annual financial report (CAFR). The CAFR of the FPPA may be obtained by contacting FPPA at 5290 DTC parkway, Suite 100, Greenwood Village, Colorado 80111-2721.

Financial reporting for the plans is prepared on the accrual basis of accounting. Contributions are recognized in the period in which they are due. Benefit and refunds are recognized when payable in accordance with the terms of each plan.

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 for volunteer firefighters as authorized by State of Colorado Statute.

Benefits Provided- Any firefighter who has both attained the age of fifty and completed twenty years of active service shall be eligible for a full benefit monthly pension of \$600. In addition, firefighters receive \$30 per month for each year of service exceeding 20 years. Any firefighter who has completed ten to twenty years of active service shall be eligible for a benefit of \$30 for each year served. The Volunteer Plan also provides for a lump-sum burial benefit upon the death of an active or retired firefighter. Spouses of deceased firefighters receive benefits equal to one-half those of a firefighter. Benefits are determined by the Volunteer Firefighter Pension Board.

Contributions- In addition to contributions from the District, the Volunteer Plan received contributions from the State in an amount not to exceed one-half mill of property tax revenue. The contributions are not actuarially determined. An actuary is used to determine the adequacy of contributions. Amounts to be contributed are determined by the District as part of its budget process. The actuarial study as of January 1, 2019, indicated that the current level of contributions to the fund, approximately \$266,777 per year, is adequate to support, on an actuarially sound basis, the prospective benefits for the present Volunteer Plan until at least the year 2118. For the year ended December 31, 2019 the District actual contributions of \$230,000 were more than the required contributions to the Volunteer Plan. In addition, the District recorded the State contribution of \$80,000 as an on-behalf payment.

State of Colorado Fire and Police Pension Association-Defined Benefit Plan

Plan Description- The District contributes to the Statewide Defined Benefit Plan (SWDB), a cost pension plan administered by the FPPA for all District Firefighters who are eligible to participate in the plan.

EVERGREEN FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 - PENSION PLANS (CONTINUED)

The SWDB provides retirement benefits for the member and beneficiaries. Death and disability coverage is provided for plan members through the Statewide Death and Disability Plan, which is also administered by the FPPA. All paid permanent firefighters are members of the Statewide Death and Disability Plan.

Plan Benefits- The benefits requirements of plan members and the District are established by State statute. A member is eligible for a normal retirement pension once the member has completed twenty-five years of credited service and has attained the age of 55.

The annual normal retirement benefit is 2% of the average of the member's highest three years' base salary of each year of the credited service up to ten years, plus 2.5% of each year of service thereafter. 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 change in the Consumer Price Index. A member is eligible for an early retirement after 30 years of service or the attainment of age 50 with at least five years of credited service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, an employee may elect to have member contributions, along with 5% 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.

Plan Contributions- Contribution rates for the SWDB plan are set by State statute. Employer contribution rates can only be amended by State statute. Member contribution rates can be amended by State statute or election of the membership.

The contribution rate is 10.5% of covered salary for all plan members and 8% for the District in 2019. Member contribution rates will increase 0.5% annually through 2022 to a total of 12% percent of base salary. The District's contribution will remain at 8% resulting in a combined rate of 20% in 2022. The District's contributions were \$33,681 for the year ended December 31, 2019.

All Defined Benefit Plans

Employees Covered by Benefit Terms- Employee membership data related to the Volunteer Plan, as of January 1, 2019 was as follows:

Retirees and beneficiaries currently receiving benefits	71
Terminated employees entitled to but not yet receiving benefits	14
Active plan members	81
Total	<u>166</u>

Pension Assets and Liabilities- At December 31, 2019, the Volunteer Plan reported a net pension liability of \$1,945,316. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019.

EVERGREEN FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 - PENSION PLANS (CONTINUED)

At December 31, 2019, the District reported a liability of \$30,271 for its proportionate share of the SWDB net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2019.

The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At December 31, 2018, the District's proportion was 0.0239%, which was an increase of 0.0076% from its proportion measured as of December 31, 2017.

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resource- For the year ended December 31, 2019, the District recognized expense of \$246,556 related to the Volunteer Plan and revenue of \$31,709 related to the SWDB. In addition, the District reported deferred outflows of resources and deferred inflows of resources from the following sources for each plan:

	Deferred Outflow of Resources	Deferred Inflows of Resources
<u>Volunteer Plan</u>		
Differences between expected and actual experience	\$ 12,043	\$ 11,211
Changes in assumptions	239,005	0
Net difference between projected and actual earnings on Plan investments	375,534	188,947
District contributions subsequent to the measurement date	230,000	0
 Total	 \$ 856,582	 \$ 200,158
	Deferred Outflow of Resources	Deferred Inflows of Resources
<u>SWDB</u>		
Differences between expected and actual experience	\$ 38,896	\$ 323
Net difference between projected and actual earnings on Plan investments	23,813	0
Changes in assumptions	29,317	0
Changes in proportion and differences between District contributions and proportionate share of contributions	0	12,297
District contributions subsequent to the measurement date	33,681	0
 Total	 \$ 125,707	 \$ 12,620

The District's contributions subsequent to the measurement date were \$230,000 for the volunteer plan and \$33,681 for SWDB plan respectively and will be recognized as a reduction of the net pension liability in the year ending December 31, 2020.

EVERGREEN FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 - PENSION PLANS (CONTINUED)

Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<u>Year ending December 31:</u>	<u>Volunteer Plan</u>	<u>SWDB</u>
2020	\$ 189,673	\$ 11,081
2021	103,646	9,237
2022	60,782	16,162
2023	72,232	7,180
2024	0	19,693
Thereafter	0	33,681

Actuarial Assumptions - The significant actuarial assumptions used to measure the total pension liability are as follows. For the Volunteer Plan the investment rate of return was decreased to 7.00% for the January 1, 2019 valuation. The pre-retirement, post-retirement and disabled mortality tables were changed to 2006 central rates from the RP-2014 Employee mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years, 50% multiplier for off-duty mortality.

	<u>Volunteer Plan</u>	<u>SWDB</u>
Measurement date	December 31, 2018	December 31, 2019
Actuarial valuation date	January 1, 2019	January 1, 2019
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level dollar open	Level percentage of payroll, open
Remaining amortization period	20 years	30 years
Asset valuation method	5 year smoothed market	N/A
Inflation	2.50%	2.50%
Salary increases	N/A	4.0%-14.0%
Investment rate of return	7.00%	7.00%

Volunteer Plan Mortality- Pre and Post-retirement: MP-2017 Combined Mortality Table with Blue Collar adjustment, and pre-retirement 50% multiplier for off-duty mortality. Disabled retirement: MP-2017 Disabled Mortality Table for males and females. All tables projected with Scale AA.

SWDB Mortality- Effective January 1, 2019 for the SWDB Plan the post-retirement mortality tables for non-disabled retirees is a blend of the Annuitant and Employee MP-2017 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 MP-2017 generational mortality tables for disabled annuitants, except an additional provision to apply a minimum 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.

EVERGREEN FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 - PENSION PLANS (CONTINUED)

For both plans, the long-term expected rate of return on investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Global Equity	37.0%	8.03%
Equity Long/Short	9.0%	6.45%
Private Markets	24.0%	10.00%
Fixed Income	15.0%	2.90%
Absolute Return	9.0%	5.08%
Managed Futures	4.0%	5.35%
Cash	2.0%	2.52%

Discount Rate - The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that, where applicable, employer, employee and state contributions will be made at the current contribution rate and will also be made at the current statutorily required or actuarially determined rates.

Based on those assumptions, the SWDB Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. For the Volunteer Plan, plan assets will be able to fully pay for promised benefits through at least 2117. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Department's Net Pension Liability

Changes in the Department's net pension liability for the Volunteer Plan for the year ended December 31, 2019 were as follows:

EVERGREEN FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 - PENSION PLANS (CONTINUED)

	Increase (Decrease)		
	Total Pension Liability [a]	Plan Fiduciary Net Position [b]	Net Pension Liabilities [a] - [b]
<u>Volunteer Plan</u>			
Balance, December 31, 2018	\$ 6,255,055	\$ 4,978,441	\$ 1,276,614
Changes for the year:			
Service cost	121,583	0	121,583
Interest	458,003	0	458,003
Net investment income	0	3,040	(3,040)
Contributions - employer	0	225,000	(225,000)
Difference between expected and actual experience	(15,397)	0	(15,397)
Changes in assumptions	294,377	0	294,377
Benefit payments including refunds of employee contributions	(423,741)	(423,741)	0
Administrative expense	0	(38,176)	38,176
Net changes	434,825	(233,877)	668,702
Balance, December 31, 2019	\$ 6,689,880	\$ 4,744,564	\$ 1,945,316

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the District's net pension liability or the District's proportionate share of the net pension liability calculated using the discount rate of 7.0%, 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 (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	Discount rate	Volunteer Plan	SWDB
1% decrease	6.0%	\$ 2,730,033	\$21,614
Current discount rate	7.0%	1,945,316	30,271
1% increase	8.0%	1,295,129	(41,991)

Paid Staff Pension Plan

Plan Description – The District provides pension benefits for its employees through a defined contribution plan. Employees are eligible to participate following completion of 1,000 hours of service. The District's contributions for each employee are vested 20% after 2 years of service, plus 20% for each year of service thereafter. Employees are fully vested after 6 years of service. Plan assets are held at ICMA-RC.

EVERGREEN FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 - PENSION PLANS (CONTINUED)

Funding Policy – The plan requires that the District contribute an amount equal to 7.5% of the employee’s gross annual salary. District contributions and earnings forfeited by employees who leave the District prior to fully vesting are allocated to the remaining participants or are used to reduce the District’s contribution requirement for the subsequent year.

The District contributions to the Plan for the year ending December 31, 2019 were \$134,955 equal to the required contribution. Total forfeitures totaled \$16,801 at December 31, 2019.

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS

Plan Description – The District contributes to the Statewide Death and Disability Plan, a cost-sharing multiple-employer defined benefit death and disability plan administered by the Fire & Police Pension Association of Colorado (FPPA). All full-time firefighters are members of the plan. Contributions to the plan are used solely for the payment of death and disability benefits. Benefits are established by State statute and generally allow for benefits upon the death or disability of a plan member prior to retirement. FPPA issues a publicly available annual financial report that includes financial statements and required supplementary information for the plan. That report may be obtained at www.fppaco.org.

Any decision regarding whether the employer or member contribute to the plan, or whether the contribution is paid jointly by the employer and the member, is determined by the Board of Directors. Contributions to the plan for the year ended December 31, 2019, were equal to the required contributions. At December 31, 2018, latest information available, the Plan reported a net pension asset.

The District has no requirement to contribute to the plan and does not receive contributions from a nonemployer entity. Therefore, the District does not report a net OPEB liability, or deferred outflows of resources and deferred inflows of resources related to OPEB.

NOTE 7 - RISK MANAGEMENT

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

NOTE 8 - JOINT VENTURES

During 2018, the District entered into the Jefferson County Mountain Area Radio System (JCMARS). Currently JCMARS has six members. Each member District is entitled to one vote on the JCMARS board. Members pay a contributions for both a repair and maintenance fee and a capital replacement fee. The repair and maintenance fee is based on that member’s assessed valuation. The capital replacement fee is \$25,000 per year. JCMARS is reported only within these financial statements.

EVERGREEN FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 9 – SUBSEQUENT EVENTS

Coronavirus Pandemic

In January 2020, the World Health Organization has declared the outbreak of a novel coronavirus (COVID-19) as a “Public Health Emergency of International Concern,” which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. At the current time, the economic fallout of the COVID-19 pandemic crisis is still largely unknown.

REQUIRED SUPPLEMENTARY INFORMATION

Evergreen Fire Protection District

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

For the Year Ended December 31, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Property taxes	\$ 5,879,884	\$ 5,879,884	\$ 5,866,862	\$ (13,022)
Specific ownership taxes	403,171	403,171	552,482	149,311
Ambulance billing	731,000	731,000	897,568	166,568
Interest income	100,000	100,000	182,676	82,676
Donations	14,000	14,000	59,224	45,224
Intergovernmental	172,500	172,500	82,500	(90,000)
Vehicle maintenance	120,000	120,000	88,925	(31,075)
Other	173,500	173,500	170,026	(3,474)
Total revenues	<u>7,594,055</u>	<u>7,594,055</u>	<u>7,900,263</u>	<u>306,208</u>
Expenditures/expenses:				
Current:				
Salaries and benefits	3,448,778	3,567,078	3,137,860	429,218
Professional fees	337,300	337,300	323,660	13,640
Commodities and supplies	719,843	719,843	678,600	41,243
General and administrative	1,370,653	1,370,653	1,224,185	146,468
Treasurer's fee	98,982	98,982	98,888	94
Elections	-	-	-	-
Bad debt expense	140,000	140,000	344,965	(204,965)
Utilities	87,000	87,000	86,767	233
Capital outlay	1,059,500	1,559,500	1,300,980	258,520
Total expenditures/expenses	<u>7,262,056</u>	<u>7,880,356</u>	<u>7,195,905</u>	<u>684,451</u>
Excess of revenues over (under) expenditures	<u>\$ 331,999</u>	<u>\$ (286,301)</u>	704,358	<u>\$ 990,659</u>
Fund balance, beginning of the year			<u>8,084,632</u>	
Fund balance, end of the year			<u>\$ 8,788,990</u>	

Evergreen Fire Protection District
Schedule of Changes in Net Pension Liability and Related Ratios
Volunteer Pension Trust Fund
Last 10 Fiscal Years*

Measurement period ending December 31,	2018	2017	2016	2015	2014
<u>Total Pension Liability</u>					
Service cost	\$ 121,583	\$ 121,583	\$ 107,685	\$ 107,685	\$ 110,075
Interest on total pension liability	458,003	446,829	420,370	412,004	413,410
Differences between expected and actual experience	(15,397)	-	75,577	-	(137,249)
Changes in assumptions	294,377	-	154,774	-	-
Benefit payments	(423,741)	(415,260)	(409,740)	(406,585)	(401,140)
Net change in total pension liability	434,825	153,152	348,666	113,104	(14,904)
Total pension liability-beginning	6,255,055	6,101,903	5,753,237	5,640,133	5,655,037
Total pension liability-ending	6,689,880	6,255,055	6,101,903	5,753,237	5,640,133
<u>Plan Fiduciary Net Position</u>					
Employer contributions	225,000	225,000	225,000	225,000	221,455
Pension plan net investment income	3,040	645,441	230,563	79,037	283,221
Benefit payments	(423,741)	(415,260)	(409,740)	(406,585)	(401,140)
Pension plan administrative expense	(38,176)	(35,183)	(7,115)	(18,632)	(6,881)
State of Colorado discretionary payment	-	80,000	80,000	80,000	80,000
Net change in plan fiduciary net position	(233,877)	499,998	118,708	(41,180)	176,655
Plan fiduciary net position-beginning	4,978,441	4,478,443	4,359,735	4,400,915	4,224,260
Plan fiduciary net position-ending (b)	4,744,564	4,978,441	4,478,443	4,359,735	4,400,915
Net pension liability-ending (a)-(b)	\$ 1,945,316	\$ 1,276,614	\$ 1,623,460	\$ 1,393,502	\$ 1,239,218
Plan fiduciary net position as a percentage of total pension liability	70.92%	79.59%	75.39%	75.78%	78.03%
Covered payroll	N/A	N/A	N/A	N/A	N/A
Net pension liability as percentage of covered payroll	N/A	N/A	N/A	N/A	N/A

**Evergreen Fire Protection District
Schedule of Contributions
Volunteer Pension Trust Fund
Last 10 Fiscal Years***

Measurement period ending December 31,	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 266,777	\$ 224,405	\$ 224,405	\$ 263,611	\$ 263,611
Actual contribution	<u>225,000</u> **	<u>305,000</u>	<u>305,000</u>	<u>305,000</u>	<u>301,455</u>
Contribution excess (shortage)	<u>\$ (41,777)</u>	<u>\$ 80,595</u>	<u>\$ 80,595</u>	<u>\$ 41,389</u>	<u>\$ 37,844</u>
Covered payroll	N/A	N/A	N/A	N/A	N/A
Actual contribution as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A

* Fiscal year 2015 was the first year of implementation, therefore only available years are shown.

** The State of Colorado contribution totaling \$80,000 was received by the Plan in January 2019.

Evergreen Fire Protection District
Schedule of the District's Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years*

Measurement period ending December 31,	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's proportion (percentage) of the collective net pension liability	0.0239%	0.0163%	0.0167%	0.0174%	0.0185%	0.0194%
District's proportionate share of the collective net pension liability (asset)	\$ 30,271	\$ (23,489)	\$ 6,051	\$ (306)	\$ (20,855)	\$ (17,331)
Covered payroll	421,013	160,388	85,675	80,351	83,101	84,184
District's proportionate share of the net Pension liability as a percentage of its covered payroll	7.19%	-14.65%	7.50%	0.36%	25.10%	20.60%
Plan fiduciary net position as a percentage of the total pension liability	95.20%	106.30%	98.21%	100.10%	106.80%	105.80%

*Fiscal year 2015 was the first year of implementation, therefore only available years are shown.

Evergreen Fire Protection District
Schedule of the District's Contributions and Related Ratios
Last 10 Fiscal Years*

Reporting period ending December 31,	2019	2018	2017	2016	2015	2014	2013
Statutorily required contributions	\$ 33,681	\$ 12,831	\$ 6,854	\$ 6,428	\$ 6,734	\$ 6,648	\$ 6,735
Contributions in relation to the statutorily required contributions	33,681	12,831	6,854	6,428	6,734	6,648	6,735
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	421,013	160,388	85,675	80,351	84,175	83,101	84,184
Contribution as a percentage of covered payroll	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%

*Fiscal year 2015 was the first year of implementation, therefore only available years are shown.

OTHER SUPPLEMENTARY INFORMATION

Evergreen Fire Protection District

Debt Service Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

For the Year Ended December 31, 2019

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Property taxes	\$ 711,276	\$ 708,628	\$ (2,648)
Total revenues	<u>711,276</u>	<u>708,628</u>	<u>(2,648)</u>
Expenditures/expenses:			
Current:			
Treasurer's fee	12,224	11,962	262
Debt service			
Principal	565,000	565,000	-
Interest and fiscal charges	70,800	70,800	-
Contingency	5,000	-	5,000
Total expenditures/expenses	<u>653,024</u>	<u>647,762</u>	<u>5,262</u>
Excess of revenues over (under) expenditures	<u>\$ 58,252</u>	60,866	<u>\$ 2,614</u>
Fund balance, beginning of the year		<u>(14,770)</u>	
Fund balance, end of the year		<u>\$ 46,096</u>	