

**GRAND VALLEY FIRE PROTECTION DISTRICT**

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**FINANCIAL STATEMENTS**

**AND**

**INDEPENDENT AUDITOR'S REPORT**

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**DECEMBER 31, 2019**

**FINANCIAL STATEMENTS - 2019**

# **GRAND VALLEY FIRE PROTECTION DISTRICT**

## **2019 BOARD OF DIRECTORS**

Kevin Whelan, President

Keith Lammey, Vice President

Michelle Foster, Secretary/Treasurer

Mike Scott, Director

Ed Baker Director

## **ADMINISTRATIVE STAFF**

Barbara (Kim) Reeves, Administrative Specialist

David A. Blair, Fire Chief



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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Grand Valley Fire Protection District

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Grand Valley Fire Protection 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.

### **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 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 Grand Valley Fire Protection District, as of December 31, 2019, and the respective changes in financial position thereof 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, budgetary comparison information, schedule of contributions – Volunteer Firefighters' Pension Plan, schedule of changes in net pension liability (asset) and related ratios – Volunteer Firefighters' Pension Plan, schedule of the District's proportionate share of the net pension liability – Statewide FPPA Pension Plan, schedule of the District's contributions – Statewide FPPA Pension Plan, schedule of the District proportionate share of the net pension liability – PERA Pension Plan, schedule of the

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District's contributions – PERA Pension Plan, schedule of the District proportionate share of the net OPEB liability – PERA OPEB Plan, and schedule of the District's contributions – PERA OPEB Plan on pages 3-6 and 49-62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Grand Valley Fire Protection District's basic financial statements. The schedule of General Fund operating expenditures is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of General Fund operating expenditures has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

*Calo CPA Services, PC*

Rangely, Colorado  
June 11, 2020

## **MANAGEMENT DISCUSSION & ANALYSIS**

The discussion and analysis of the Grand Valley Fire Protection District's (the "District") financial performance provides readers with an overall review of the financial activities of the District for the year ended December 31, 2019. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements to enhance their understanding of the District's financial performance.

### **FINANCIAL HIGHLIGHTS**

- The District's assets and deferred outflows exceeded liabilities and deferred inflows of resources by \$19,875,433 at December 31, 2019.
- Total District's cash and investments increased by \$1,509,094 or 28 percent from 2018.
- The December 31, 2019 General fund balance is \$914,772 more than the previous year. The total fund balance is 171 percent of 2019 General Fund operating expenditures.

### **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements and notes to those statements. These statements are prepared and organized so the reader can understand the District as a financial whole or as an entire operating entity. The statements then proceed to provide an increasingly detailed look at the District's specific financial conditions.

The Statement of Net Position and Statement of Activities provides information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those assets. The Statement of Activities shows a net (expense) revenue and changes to net position related to each department of the District. Fund financial statements tell how services were financed in the short-term as well as what dollars remain for future spending.

### **OVERVIEW OF THE DISTRICT'S FINANCIAL STATEMENTS**

#### **Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances. The Statement of Net Position and Statement of Activities include all assets and liabilities using the accrual basis of accounting similar to the accounting method used by the private sector. The basis for this accounting takes into account all of the year's revenues and expenses regardless of when the cash was received or paid.

These two statements report the District's net position and the changes in those positions. This change in position is important because it tells the reader whether, for the District as a whole, the financial position of the District has improved or diminished. However, in evaluating the overall position of the District, non-financial information such as changes in the District's tax base and the condition of District capital assets will also need to be evaluated.

In the Statement of Net Position and Statement of Activities, the District's activities are reported as Governmental Activities.

## Fund Financial Statements

**Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17 through 47 of this report.

**Budgetary Comparisons.** The District adopts an annual appropriated budget for the General Fund and Capital Projects Fund. A budgetary comparison statement has been provided for the General Fund on page 49 through 50 and for the Capital Projects Fund on pages 51 through 52.

### REPORTING THE DISTRICT AS A WHOLE

**Net Position.** As noted earlier, net position may serve over time as a useful indicator of a government's financial position.

The following table provides a summary of the District's net position for 2018 and 2019.

	<b>Governmental Activities</b>	
	<u>2018</u>	<u>2019</u>
<b>Assets</b>		
Current and other assets	\$ 12,192,497	\$ 13,068,608
Capital assets	11,087,274	10,624,936
Total assets	<u>23,279,771</u>	<u>23,693,544</u>
<b>Deferred Outflows of Resources</b>	<u>541,510</u>	<u>1,232,584</u>
<b>Liabilities</b>		
Current and other liabilities	168,810	158,228
Noncurrent liabilities	144,811	354,333
Total Liabilities	<u>313,621</u>	<u>512,561</u>
<b>Deferred Inflows of Resources</b>	<u>4,737,720</u>	<u>4,538,134</u>
<b>Net Position</b>		
Net investment in capital assets	11,087,274	10,624,936
Restricted	66,616	148,630
Unrestricted	7,616,050	9,101,867
Total net position	<u>\$ 18,769,940</u>	<u>\$ 19,875,433</u>

A significant portion of the District's position represents unrestricted net position of \$9,101,867 which may be used to meet the ongoing obligations to patrons and creditors.

Another significant portion of the District's net position reflects its investment in capital assets. These assets include land, buildings, and equipment. These capital assets are used to provide services to patrons; consequently, they are not available for future spending.

An additional \$148,630 of the District's net position represents resources that are subject to external restrictions on how they may be used. This is the TABOR emergency reserve.

The following table indicates the changes in net position.

	<b>Governmental Activities</b>	
	2018	2019
<b>Revenues:</b>		
Program revenues:		
Charge for services	\$ 208,755	\$ 322,887
Capital grants and contributions	-	24,613
General revenues:		
General property taxes	1,687,807	4,186,884
Specific ownership tax	139,376	311,122
Investment earnings	74,939	111,703
Other	117,326	13,256
<b>Total revenues</b>	<u>2,228,203</u>	<u>4,970,465</u>
<b>Expenses:</b>		
Administration	2,723,254	2,918,637
Firefighting & prevention	207,203	562,618
Medical services	308,449	397,849
<b>Total expenses</b>	<u>3,238,906</u>	<u>3,879,104</u>
<b>Change in accounting principle/Prior period adjustment</b>	<u>(11,034)</u>	<u>14,132</u>
Increase (decrease) in net position	<u>\$ (1,021,737)</u>	<u>\$ 1,105,493</u>

**Governmental Activities.** Governmental activities increased the District's net position by \$1,105,493 in 2019. Key elements of this increase are as follows:

The District's property tax revenues were up \$2,499,077 from 2018 due to a raise in the mill levy.

### FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

**Governmental Funds.** Information about the District's governmental funds begins on page 11. These funds are accounted for using the modified accrual basis of accounting.

As of December 31, 2019, the total fund balances of the District's governmental funds were \$6,768,821. Approximately 12 percent of this consists of unassigned fund balance, which is available as working capital and for current spending in accordance with the purposes of the District. The remainder of fund balance is reserved to indicate that it is not available for new spending because it is committed for the following purposes: (1) a state-Constitution mandated emergency reserve (\$148,630); (2) assigned for capital projects (\$1,056,688); and (3) assigned for future operating expenses (\$4,754,872). The District had Governmental revenues of \$4,970,465 and expenditures of \$3,444,931.

## GENERAL FUND BUDGETARY HIGHLIGHTS

The District's budget is prepared according to Colorado statutes.

### **2019 General Fund Budget**

	<u>Original Budget</u>	<u>Amend- ments</u>	<u>Final Budget</u>	<u>Actual</u>
Beginning Fund Balance	\$ 4,537,280	\$ -	\$ 4,537,280	\$ 4,797,361
Revenue and other financing sources	5,016,636	-	5,016,636	4,954,327
Expenditures and other financing uses	<u>(4,817,156)</u>	-	<u>(4,817,156)</u>	<u>(4,039,555)</u>
Ending Fund Balance	<u>\$ 4,736,760</u>	<u>\$ -</u>	<u>\$ 4,736,760</u>	<u>\$ 5,712,133</u>

Actual expenditures and other financing uses were under budget by \$777,601. The difference includes capital outlay and administration expenditures being under budget by \$358,946 and \$509,493, respectively.

## CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital Assets.** The District's investment in capital assets for its governmental activities as of December 31, 2019 totaled \$10,624,936 (net of accumulated depreciation). This investment includes all land, buildings, and equipment.

A major capital asset event during the current fiscal year included an expenditure of \$39,061 for the purchase of a projector system and \$15,263 for the purchase of 2 Airvac exhaust removal systems.

The District uses the straight-line depreciation method under GASB 34 for its capital assets, except for land which is not depreciated.

**Long-term Debt.** The District has no long-term debt.

## ECONOMIC FACTORS AND OTHER MATTERS

**Other Matters.** The following factors are expected to have a significant effect on the District's financial position and results of operations and were taken into account in developing the 2020 budget:

- A transfer from the General Fund to the Capital Projects Fund of \$699,831.
- The purchase of 2 ambulances at \$240,000 each.

## REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided or for additional financial information should be addressed to the District, 0124 Stone Quarry Road, Parachute, CO 81635.

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## **FINANCIAL STATEMENTS**

**GRAND VALLEY FIRE PROTECTION DISTRICT**

STATEMENT OF NET POSITION  
December 31, 2019

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 293,867
Cash with County	126,963
Investments	1,491,991
Accounts receivable, net of uncollectible of \$71,717	53,299
Property taxes receivable	4,383,906
Prepaid expense	57,428
Restricted cash	4,903,502
Noncurrent assets	
Capital assets, nondepreciable	859,165
Capital assets, net	9,765,771
Net pension asset - volunteer fire	<u>1,757,653</u>
<b>TOTAL ASSETS</b>	<u>23,693,544</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	865,093
Deferred outflows related to OPEB	735
Deferred outflows related to volunteer fire pensions	<u>366,756</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>1,232,584</u>
<b>LIABILITIES</b>	
Accounts payable	27,009
Accrued liabilities	21,193
Compensated absences	110,026
Noncurrent liabilities	
Net pension liability - PERA	144,326
Net pension liability - FPPA	197,894
Net OPEB liability	<u>12,113</u>
<b>TOTAL LIABILITIES</b>	<u>512,561</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unearned revenue - property taxes	4,383,906
Deferred inflows related to pensions	2,114
Deferred inflows related to OPEB	22
Deferred inflows related to volunteer fire pensions	<u>152,092</u>
<b>TOTAL DEFERRED INFLOW OF RESOURCES</b>	<u>4,538,134</u>
<b>NET POSITION</b>	
Net investment in capital assets	10,624,936
Restricted for TABOR emergencies	148,630
Unrestricted	<u>9,101,867</u>
<b>TOTAL NET POSITION</b>	<u>\$ 19,875,433</u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

**GRAND VALLEY FIRE PROTECTION DISTRICT**

STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2019

		<u>Program Revenues</u>		Net (Expense) Revenue and Changes in Net Position
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental activities				
Administration	\$ 2,918,637	\$ -	\$ -	\$ (2,918,637)
Firefighting & prevention	562,618	-	24,613	(538,005)
Medical services	<u>397,849</u>	<u>322,887</u>	<u>-</u>	<u>(74,962)</u>
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<u><b>\$ 3,879,104</b></u>	<u><b>\$ 322,887</b></u>	<u><b>\$ 24,613</b></u>	<u><b>(3,531,604)</b></u>
General revenues:				
Property taxes				4,186,884
Specific ownership tax				311,122
Investment earnings				111,703
Other income				<u>13,256</u>
Total General revenues				<u>4,622,965</u>
Change in net position				1,091,361
Net position - beginning				18,769,940
Prior period adjustment				<u>14,132</u>
Net position - ending				<u><u>\$ 19,875,433</u></u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

**GRAND VALLEY FIRE PROTECTION DISTRICT**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2019

	<u>General</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 291,597	\$ 2,270	\$ 293,867
Cash with County	126,963	-	126,963
Investments	437,573	1,054,418	1,491,991
Accounts receivable, net of estimated uncollectible of \$71,717	53,299	-	53,299
Property taxes receivable	4,383,906	-	4,383,906
Prepaid expenses	57,428	-	57,428
Restricted investments	4,903,502	-	4,903,502
<b>TOTAL ASSETS</b>	<b><u>\$ 10,254,267</u></b>	<b><u>\$ 1,056,688</u></b>	<b><u>\$ 11,310,955</u></b>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND EQUITY</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 27,009	\$ -	\$ 27,009
Accrued liabilities	21,193	-	21,193
Compensated absences	110,026	-	110,026
<b>TOTAL LIABILITIES</b>	<b><u>158,228</u></b>	<b><u>-</u></b>	<b><u>158,228</u></b>
 <b>DEFERRED INFLOWS OF RESOURCES</b>			
Unearned revenue - property taxes	4,383,906	-	4,383,906
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b><u>4,383,906</u></b>	<b><u>-</u></b>	<b><u>4,383,906</u></b>
 <b>FUND EQUITY</b>			
Fund Balance			
Restricted for:			
TABOR emergencies	148,630	-	148,630
Assigned for:			
Capital projects	-	1,056,688	1,056,688
Future operations	4,754,872	-	4,754,872
Unassigned	808,632	-	808,632
<b>TOTAL FUND EQUITY</b>	<b><u>5,712,133</u></b>	<b><u>1,056,688</u></b>	<b><u>6,768,821</u></b>
 <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND EQUITY</b>	 <b><u>\$ 10,254,267</u></b>	 <b><u>\$ 1,056,688</u></b>	 <b><u>\$ 11,310,955</u></b>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

**GRAND VALLEY FIRE PROTECTION DISTRICT**

**RECONCILIATION OF BALANCE SHEET TO THE STATEMENT OF NET POSITION**  
December 31, 2019

Balance sheet - total fund balances		\$ 6,768,821
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and therefore are not reported in the funds.		10,624,936
Long-term assets and liabilities, including net pension assets and liabilities, are not due, payable or receivable in the current period and, therefore, are not reported in the funds.		
Net pension assets	1,757,653	
Net pension liability	(342,220)	
Net OPEB liability	<u>(12,113)</u>	
Net pension assets (liability)		1,403,320
Deferred outflows and inflows of resources related to pension are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	1,231,849	
Deferred outflows of resources related to OPEB	735	
Deferred inflows of resources related to pensions	(154,206)	
Deferred inflows of resources related to OPEB	<u>(22)</u>	
Net deferred outflows (inflows)		<u>1,078,356</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>		<u><u>\$ 19,875,433</u></u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

**GRAND VALLEY FIRE PROTECTION DISTRICT**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2019

	<u>General</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
REVENUES			
Taxes	\$ 4,498,006	\$ -	\$ 4,498,006
Interest	95,565	16,138	111,703
Grants	24,613	-	24,613
User charges	322,887	-	322,887
Other	13,256	-	13,256
	<u>4,954,327</u>	<u>16,138</u>	<u>4,970,465</u>
TOTAL REVENUES			
EXPENDITURES			
Administration	2,832,948	-	2,832,948
Firefighting	55,348	-	55,348
Fire prevention	17,143	-	17,143
Training	75,930	-	75,930
Communications	1,227	-	1,227
Repairs	100,876	-	100,876
Medical services	148,973	-	148,973
Stations, buildings and grounds	98,841	-	98,841
Capital outlay	113,645	-	113,645
	<u>3,444,931</u>	<u>-</u>	<u>3,444,931</u>
TOTAL EXPENDITURES			
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,509,396</u>	<u>16,138</u>	<u>1,525,534</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	594,624	594,624
Transfers out	<u>(594,624)</u>	<u>-</u>	<u>(594,624)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(594,624)</u>	<u>594,624</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)	914,772	610,762	1,525,534
FUND BALANCE, BEGINNING OF YEAR	4,783,229	445,926	5,229,155
Prior period adjustment	<u>14,132</u>	<u>-</u>	<u>14,132</u>
FUND BALANCE, END OF YEAR	<u>\$ 5,712,133</u>	<u>\$ 1,056,688</u>	<u>\$ 6,768,821</u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

**GRAND VALLEY FIRE PROTECTION DISTRICT**

**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2019**

Net change in fund balances - total governmental funds	\$ 1,525,534
Amounts reported for governmental activities in the statement of net activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$575,983) exceeded capital outlay (\$113,645) in the current period.	(462,338)
Governmental funds report District pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension (expense) income.	28,320
Governmental funds recognize District OPEB contributions as expenditures at the time of payment whereas the statement of activities factors in items related to OPEB on a full accrual perspective.	<u>(155)</u>
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<u><u>\$ 1,091,361</u></u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

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**NOTES TO FINANCIAL STATEMENTS**

# GRAND VALLEY FIRE PROTECTION DISTRICT

## NOTES TO FINANCIAL STATEMENTS December 31, 2019

### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

#### **A. Financial Reporting Entity**

The District is governed by an elected five member Board of Directors. No additional separate government units, agencies, or nonprofit corporations are included in the financial statements of the District as component units. Component units are legally separate entities for which the District is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the organization's governing body and either (1) the District's ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on the District.

The District provides protection of life and property from fire, including fire prevention and fire code enforcement, and emergency medical assistance to the Town of Parachute, Colorado, and the community of Battlement Mesa, Colorado and surrounding areas.

#### **B. 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 non-fiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately for business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers 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.

#### **C. 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, as are the proprietary fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected 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 recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims, and judgments are recorded only when payment is due.

**GRAND VALLEY FIRE PROTECTION DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2019

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**C. Measurement focus, basis of accounting, and financial statement presentation, continued**

Property taxes, sales taxes, franchise taxes, licenses, and interest 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 the District receives cash.

The District reports the following major governmental funds:

**General Fund**

The General Fund is the District's general operating fund and is used to account for all financial transactions except those required to be accounted for in another fund. The major revenue sources are local property taxes and charges for services. Expenditures include all costs associated with the daily operations of the District.

**Capital Projects Fund**

The Capital Projects Fund is the District's capital outlay fund. The major revenue sources are interest earned and transfers from the General Fund. Expenditures include all costs for the purchase of capital items by the District.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

**D. Budgets and Budgetary Accounting**

The District's Board of Directors follow these procedures in establishing the budgetary data reflected in the financial statements:

Prior to October 15, the Fire Chief submits to the District's Board of Directors a proposed operating budget for the year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.

Public hearings are conducted to obtain the taxpayers' comments.

Prior to December 15, the budget is legally enacted through passage of a resolution.

Formal budgetary integration is employed as a management control device during the year.

A budget is adopted for the General Fund, Capital Projects Fund, and Fiduciary Fund. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). Appropriations lapse at the end of each calendar year.

The District may authorize supplemental appropriations during the year. No supplemental appropriations were made during the year.

**GRAND VALLEY FIRE PROTECTION DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2019

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**E. Property Taxes**

Property taxes are levied on December 22 of each year and attach as an enforceable lien on property as of January 1. Taxes are due as of January 1 of the following year and are payable in full by June 15 if paid in installments, or April 30 with a single payment. Taxes are delinquent as of June 16. If the taxes are not paid within subsequent statutory periods, the property will be sold at public auction. The County bills and collects the property taxes and remits collections to the District on a monthly basis. No provision has been made for uncollected taxes, in that the District's experience indicates that all material amounts will be collected and paid to the District.

**F. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, trails, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Infrastructure assets have been capitalized on a prospective basis, from 2004. Infrastructure prior to 2004 will not be capitalized. Capital assets are defined by the District as assets with an initial, individual cost of \$500 or more and an estimated useful life in excess of four years. 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. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Property, plant, and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building improvements	7-10
Fire vehicles	10-20
Ambulances	15
Equipment	5-20

**G. Encumbrances**

The District does not use encumbrance accounting. Accordingly, no encumbrances have been recorded in the financial statements.

**H. Use of Estimates**

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 2 - CASH AND INVESTMENTS**

The District's bank accounts and certificates of deposit at year-end were entirely covered by federal depository insurance or by collateral held by the District's custodial banks under provisions of the Colorado Public Deposit Protection Act.

**GRAND VALLEY FIRE PROTECTION DISTRICT**

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

**NOTE 2 - CASH AND INVESTMENTS, Continued**

The Colorado Public Deposit Protection Act requires financial institutions to pledge collateral having a market value of at least 102% of the aggregate public deposits not insured by federal depository insurance. Eligible collateral included municipal bonds, U.S. government securities, mortgage, and deeds of trust.

State statutes authorized the District to invest in obligation of the U.S. Treasury and U.S. agencies, obligations of the State of Colorado or of any county, Local Government, authority, and certain towns and cities therein, notes or bonds secured by insured mortgages or trust deeds, obligations of national mortgage associations, and certain repurchase agreements.

The District's investment policy is not more restrictive than State statutes. The District's investments are concentrated in local government investment pools, U.S. government and agency securities, and bank CDs.

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 arising from increasing interest rates.

Investments held are as follows:

	<u>Fair Value</u>	<u>Cost</u>
December 31, 2019		
COLOTRUST	<u>\$ 5,709,678</u>	<u>\$ 5,709,678</u>

The District has invested \$5,709,678 in Colorado Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado to pool surplus funds. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00. Investments of COLOTRUST consist of U.S. Treasury bills, notes and not strips and repurchase agreements collateralized by U.S. Treasury securities. A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal function of COLOTRUST. Substantially all securities owned by COLOTRUST are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by COLOTRUST. At December 31, 2019, the District's investment in the COLOTRUST was rated AAAM by Standard & Poor's.

**Summary of Cash**

Cash and Cash Equivalents

Cash deposits in bank – General Fund	\$ 934,102
Cash deposits in bank – Capital Projects Fund	38,268
Investments – COLOTRUST – General Fund	4,691,258
Investments – COLOTRUST – Capital Projects Fund	1,018,420
Cash on hand	7,312

Cash with County 126,963

Total cash and investments \$ 6,816,323

**NOTE 3 - PROPERTY TAXES**

Property taxes for 2019, collectible in 2020, are certified by the Board of Directors by December 15, 2019. Property taxes attached as an enforceable lien on January 1, 2020, are due in total April 30, 2020, or in equal installments February 28, 2020 and June 15, 2020, at the option of the taxpayer. The County Treasurer remits taxes collected to the District by the 10<sup>th</sup> day of the month following collection.

**GRAND VALLEY FIRE PROTECTION DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2019

**NOTE 3 - PROPERTY TAXES, Continued**

**Revenue Recognized in 2019**

Local property taxes levied in 2018 and collected in 2019 are recognized as revenue in these financial statements as shown below:

	Garfield County				
	<u>Assessed Valuation</u>	<u>Mill Levy</u>	<u>Amount Levied</u>	<u>of Taxes Collected</u>	<u>Percent Collected</u>
General Fund	\$ 707,362,010	6.233	\$4,399,309	\$4,147,788	94.3%

	Mesa County				
	<u>Assessed Valuation</u>	<u>Mill Levy</u>	<u>Amount Levied</u>	<u>of Taxes Collected</u>	<u>Percent Collected</u>
General Fund	\$ 490,490	6.233	\$ 3,057	\$ 3,057	100.0%

**Property Taxes Receivable and Unearned Revenue**

Local property taxes levied in 2019 but not collectible until 2020 are shown as property taxes receivable and unearned revenue on the balance sheet in the amount of the assessed taxes less estimated uncollectible amounts.

	Garfield County				
	<u>Assessed Valuation</u>	<u>Mill Levy</u>	<u>Estimated Percent Collectible</u>	<u>Property Taxes Receivable</u>	<u>Deferred Revenue</u>
General Fund	\$ 704,600,090	6.233	100.0%	\$4,381,546	\$ 4,381,546

	Mesa County				
	<u>Assessed Valuation</u>	<u>Mill Levy</u>	<u>Estimated Percent Collectible</u>	<u>Property Taxes Receivable</u>	<u>Deferred Revenue</u>
General Fund	\$ 378,690	6.233	100.0%	\$ 2,360	\$ 2,360

**GRAND VALLEY FIRE PROTECTION DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2019

**NOTE 4 - CAPITAL ASSETS**

**A. Governmental Activities**

A summary of changes in capital assets during the year ended December 31, 2019 is as follows:

	Balance 1/1/2019	Additions	Deletions	Balance 12/31/2019
Capital assets not being depreciated:				
Land	\$ 859,165	\$ -	\$ -	\$ 859,165
Total assets not being depreciated	<u>859,165</u>	<u>-</u>	<u>-</u>	<u>859,165</u>
Capital assets being depreciated:				
Buildings	10,778,319	727	-	10,779,046
Equipment	<u>5,505,851</u>	<u>112,918</u>	<u>-</u>	<u>5,618,769</u>
Total assets being depreciated	<u>16,284,170</u>	<u>113,645</u>	<u>-</u>	<u>16,397,815</u>
Less accumulated depreciation:				
Buildings	(2,409,123)	(223,482)	-	(2,632,605)
Equipment	<u>(3,646,938)</u>	<u>(352,501)</u>	<u>-</u>	<u>(3,999,439)</u>
Total accumulated depreciation	<u>(6,056,061)</u>	<u>(575,983)</u>	<u>-</u>	<u>(6,632,044)</u>
Total assets being depreciated, net	<u>10,228,109</u>	<u>(462,388)</u>	<u>-</u>	<u>9,765,771</u>
Governmental activities capital assets, net	<u>\$ 11,087,274</u>	<u>\$ (462,388)</u>	<u>\$ -</u>	<u>\$ 10,624,936</u>

Depreciation expense was charged to function/programs of the primary government as follows:

Governmental activities:	
Administration	\$ 78,537
Firefighting & prevention	370,534
Medical services	<u>126,912</u>
Total depreciation expense – governmental activities	<u>\$ 575,983</u>

**NOTE 5 – LEASES**

**Dry hydrants**

The District has leased property from four homeowners in the District for the location of dry hydrants to increase firefighting capability. The District is not paying for the use of the property; in exchange the property owners will have increased fire protection. Three of the leases are for terms of 50 years each. One of the 50 year lease properties became District owned property with the Rulison land purchase/fire station construction project. The fourth lease is for 10 years. Two of the leases became effective during 1997, the others during 1999.

**GRAND VALLEY FIRE PROTECTION DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2019

**NOTE 6 – VOLUNTEER FIREFIGHTERS PENSION PLAN**

**Summary of Significant Accounting Policies**

*Pensions.* The District has established the Volunteer Firefighters’ Pension Plan (Volunteer Plan) an agent multiple-employer defined benefit pension fund administered by the Colorado Fire and Police Pension Association (FPPA). The net pensions liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position plan have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**General Information about the Pension Plan**

*Plan Description.* Any firefighter who has both attained the age of fifty and completed twenty years of active services shall be eligible for a monthly pension. Additionally, any firefighter that has reached the age of fifty with at least ten years of service will receive a pension benefit that is prorated for year of creditable volunteer service between 10 and 20 years. A firefighter who is disabled in the line of duty whose disability is of such character and magnitude as to deprive the firefighter of earning capacity and extends beyond one year, shall be compensated in an amount determined by the Pension Board. The Volunteer Plan also provides for a lump-sum burial benefit upon the death of an active or retired firefighter. Spouses of deceased firefighters may receive benefits as authorized by State statute. FPPA issues an annual, publicly-available financial report that includes the assets of the Volunteer Plan. That report may be obtained by at [www.FPPAco.org/annual\\_reports.htm](http://www.FPPAco.org/annual_reports.htm).

*Funding Policy.* An actuary is used to determine the annual required contribution (ARC) necessary to maintain the actuarial soundness of the Volunteer Plan. Colorado law requires the State to make an annual contribution to the Volunteer Plan. Because the District’s monthly benefit amount is over \$300, the State’s annual contribution is calculated as the highest State contribution made between 1998 and 2001. The District may make additional contributions to support the plan.

The actuarial study as of January 1, 2019, indicated that the current levels of contributions to the fund are adequate to support an actuarially sound basis the prospective benefits for the present Volunteer Plan.

*Membership.* Below is a table of the members as of January 1, 2019:

Number of	
- Retirees and Beneficiaries	21
- Terminated Vested Members	1
- Active Members	<u>5</u>
- Total	<u>27</u>

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

At December 31, 2019, the District reported an asset of \$1,757,653. The net pension asset was measured as of December 31, 2018, and was determined by an actuarial valuation as of January 1, 2019. Standard update procedures were used to roll forward the total pension asset to December 31, 2019.

**GRAND VALLEY FIRE PROTECTION DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2019

**NOTE 6 – VOLUNTEER FIREFIGHTERS PENSION PLAN, Continued**

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

For the year ended December 31, 2019, the District recognized pension expense of \$56,172. At December 31, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	19,078	-
Change in assumptions	48,005	-
Net difference between projected and actual earnings on pension plan investments	299,673	152,092
Contribution subsequent to the measurement date	-	-
<b>Total</b>	<b>366,756</b>	<b>152,092</b>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (income) as follows:

<b>Year ended December 31:</b>	
2020	103,078
2021	47,294
2022	6,797
2023	57,495

*Actuarial Assumptions, Method, and Assumptions Used to Determine Contribution Rates:*

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

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 addition expected inflation.

**GRAND VALLEY FIRE PROTECTION DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2019

**NOTE 6 – VOLUNTEER FIREFIGHTERS PENSION PLAN, Continued**

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

Best estimates of arithmetic real rates of return for each major assets class included in the Fund’s target asset allocation as of December 31, 2018 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Nominal Rate of Return</b>
Global Equity	37.0%	8.33%
Equity Long/Short	9.0%	7.15%
Private Markets	24.0%	9.70%
Fixed Income	15.0%	3.00%
Absolute Return	9.0%	6.46%
Managed Futures	4.0%	3.00%
Cash	2.0%	2.26%
<b>Total</b>	<b>100.00%</b>	

The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board funding policy, which establishes the contractual required rates under Colorado statutes. Based on those assumptions, the Volunteer Plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset.

*Sensitivity of the District’s Net Pension Asset to Changes in the Discount Rate.* The following presents the net pension asset calculation using the discount rate of 7.00 percent as well as the net position asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
Net Pension Asset	1,554,174	1,757,653	1,929,362

*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 plans have elected to affiliate with FPPA for plan administration and investment only.

FPPA issues a publicly available comprehensive annual financial report that can be obtained at [www.fppaco.org](http://www.fppaco.org).

**NOTE 7 – DEFINED BENEFIT PENSION PLAN - FPPA**

**Summary of Significant Accounting Policies**

*Pensions.* The District contributes to the Statewide Defined Benefit Pension Plan (SWDB Plan), a cost-sharing multiple-employer defined benefit pension plan, which is administered by the Colorado Fire and Police Pension Association (FPPA). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the SWDB Plan have been determined using the economic resources measurement focus and the accrual basis of accounting. Assets of the SWDB Plan are commingled for investment purposes in the Fire and Police Member’s Benefit Fund.

# GRAND VALLEY FIRE PROTECTION DISTRICT

## NOTES TO FINANCIAL STATEMENTS December 31, 2019

### **NOTE 7 – DEFINED BENEFIT PENSION PLAN – FPPA, Continued**

#### **General Information about the Pension Plan**

*Plan Description.* The SWDB Plan provides retirement benefits for members and beneficiaries according to plan provisions as enacted and governed by FPPA's Pension Fund Board of Trustees. Colorado Revised Statutes (CRS), as amended, establishes basic benefit provisions under the SWDB Plan. FPPA issues an annual, publicly-available financial report that includes the assets of the SWDB Plan. The report may be obtained on FPPA's website at [www.fppaco.org](http://www.fppaco.org).

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

A member is eligible for an early retirement at age 50 or after 30 years of 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 percent as interest, returned as a lump sum distribution. Alternatively, a member with at least five years of accredited service may leave contributions with the SWDB Plan and remain eligible for a retirement pension at age 55 equal to 2 percent of the member's average highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter.

*Contributions.* The SWDB Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. Contribution rates for 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.

Members of the SWDB plan and their employers are contributing at the rate of 10.5 percent and 8 percent, respectively, of base salary for a total contribution rate of 18.5 percent in 2019. In 2014, the members elected to increase member contribution rate to SWDB plan beginning in 2015. Member contributions rates will increase 0.5 percent annually through 2022 to a total of 12 percent of base salary. Employer contributions will remain at 8 percent resulting in a combined contribution rate of 20 percent in 2022.

Contributions from members and employers of departments re-entering the system are established by resolution and approved by the FPPA Board of Directors. The re-entry group has a combined contribution rate of 22.5 percent of base salary through 2019. It is a local decision as to whether the member or employer pays the additional 4 percent contribution. Per the 2014 member election, the re-entry group will also have their required member contribution rate increase 0.5 percent annually beginning in 2015 through 2022 for a total combined member and employer contribution rate of 24 percent in 2022.

The contribution rate for members and employers of affiliated social security employers is 5.25 percent and 4 percent, respectively, of base salary for a total contribution rate of 9 percent in 2019. Per the 2014 member election, members of the affiliate social security group will have their required contribution rate increase 0.25 percent annually beginning in 2015 through 2022 to a total of 6 percent of base salary. Employer contributions will remain at 4 percent resulting in a combined contribution rate of 10 percent in 2022.

**GRAND VALLEY FIRE PROTECTION DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2019

**NOTE 7 – DEFINED BENEFIT PENSION PLAN – FPPA, Continued**

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

At December 31, 2019, the District reported a liability of \$197,894 for its proportionate share of the net pension liability. The net pension asset 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, 2017. Standard update procedures were used to roll forward the total pension asset to December 31, 2019. The District's proportion of the net pension asset was based on the District's contributions to the SWDB Plan for the calendar year 2018 relative to the total contributions of participating employers to the SWDB Plan.

At December 31, 2018, the District's proportion was 0.156528 percent, which was a decrease of 0.135649 percent from its proportion measurement as of December 31, 2017.

For the year ended December 31, 2019, the District recognized pension income of \$58,543. At December 31, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	254,277	2,114
Changes of assumptions or other inputs	191,654	-
Net difference between projected and actual earnings on pension plan investments	155,674	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	134,379	-
Contribution subsequent to the measurement date	96,150	-
<b>Total</b>	<b>832,134</b>	<b>2,114</b>

\$96,150 is reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as an increase of the net pension asset in the year 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 (income) as follows:

<b>Year ended December 31:</b>	
2020	129,651
2021	97,153
2022	85,101
2023	130,375
2024	71,652
Thereafter	219,938

**GRAND VALLEY FIRE PROTECTION DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2019

**NOTE 7 – DEFINED BENEFIT PENSION PLAN – FPPA, Continued**

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

*Actuarial Assumptions.* The actuarial valuations for the Statewide Defined Benefit Plan were used to determine the total pension liability and actuarially determined contributions for the first year ending December 31, 2018. The valuation used the following actuarial assumption and other inputs:

	Total Pension Liability	Actuarial Determined Contributions
Actuarial Valuation Date	January 1, 2019	January 1, 2018
Actuarial Method	Entry Age Normal	Entry Age Normal
Amortization Method	N/A	Level % of Payroll, Open
Amortization Period	N/A	30 Years
Long-term Investment Rate of Return*	7.0%	7.5%
Projected Salary Increases*	4.25%-11.25%	4.0%-14.0%
Cost of Living Adjustments (COLA)	0%	0%
*Includes Inflation at	2.5%	2.5%

For determining the total pension liability, the post retirement mortality tables for non-disabled retirees uses the 2006 central rates from the RP-2014 Annuitant Mortality Tables project to 2018 using the MP-2017 projection scales, and the projected prospectively using the ultimate rates of the scale for all years. The pre-retirement off-duty mortality tables are adjusted to 50% if the RO-2014 mortality tables for active employees. The on-duty mortality rate is 0.00015.

For determining the actuarial determined contributions, the post-retirement mortality tables for non-disabled retirees is a blend of the Annuitant and Employee RP-2014 generational mortality tables with blue collar adjustment projected with Scale BB. The pre-retirement off-duty mortality tables are adjust to 55% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is .00020.

At least every five years the FPPA’s Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2018 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumption. The recommendations were made by the FPPA’s actuaries, Gabriel, Roeder, Smith & Co., based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2019 and were used in the roll forward calculation of total pension liability as of December 31, 2018. Actuarial assumptions effective for actuarial valuation prior to January 1, 2019 were used in the determination of the actuarially determined contribution as of December 31, 2018. The actuarial assumptions impacted actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

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 (assumed at 2.5 percent). Best estimates of arithmetic real rates of return for each major assets class included in the Fund’s target asset allocation as of December 31, 2018 are summarized in the following table:

**GRAND VALLEY FIRE PROTECTION DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2019

**NOTE 7 – DEFINED BENEFIT PENSION PLAN – FPPA, Continued**

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
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%
<b>Total</b>	<b>100.00%</b>	

The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which establishes the contractual required rates under Colorado statutes. Based on those assumptions, the SWDB Plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*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 plans' 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 rate 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 expected rate of return on pension plan investments is 7.00 percent; the municipal bond rate is 3.71 percent (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 7.00 percent.

Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the Municipal Bond Index Rate. There was no change in the discount rate from the prior measurement date.

*Sensitivity of the District's Net Pension Liability (Asset) to Changes in the Discount Rate.* The following presents the net pension liability (asset) calculation using the discount rate of 7.00 percent as well as the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
Proportionate share of the net pension liability (asset)	767,411	197,894	(274,509)

*Pension Plan Fiduciary Net Position.* Detailed information about the SWDB Plan's fiduciary net position is available in FPPA's comprehensive annual financial report which can be obtained at [www.fppaco.org](http://www.fppaco.org).

# GRAND VALLEY FIRE PROTECTION DISTRICT

## NOTES TO FINANCIAL STATEMENTS December 31, 2019

### **NOTE 8 – DEFINED CONTRIBUTION PLAN**

Eligible employees of the District elected to withdraw from the Colorado Statewide Defined Benefit Plan, a defined benefit plan, administered by the Fire and Police Pension Association of Colorado (FPPA). The state legislation allowing the withdrawal states that the alternate pension plan must be a money purchase plan. The replacement plan is a 401(a) Money Purchase Plan (Money Purchase Plan) administered by the ICMA Retirement Corporation (ICMA). Each Participant has an individual account with ICMA into which all contributions flow. The participants are offered various investment options through the plan and are allowed to invest all moneys in their account at their own discretion among options. The District may amend, modify, or terminate the plan, upon approval of such amendment, modification or termination by 65% of the active participants, provided that no amendment or modification shall reduce the account balances of any participant accrued to the date of the change.

Employees covered by this plan are eligible to participate from the date of employment. The plan defines the District and participant contributions at 8% each. The District's contributions for each participant are fully vested after five years. District contributions for, and the interest forfeited by, employees who leave employment before five years of services are used to reduce the District obligation to contribute. The contribution to the plan for the years ended December 31, 2017 totaled \$72,361, which consisted of \$36,180 contributed by employees and \$36,181 contributed by the District. The contribution to the plan for the year ended December 31, 2018 totaled \$62,707, which consisted of \$31,354 contributed by employees and \$31,353 contributed by the District. The contribution to the Money Purchase Plan for the year ended December 31, 2019 totaled \$77,630, which consisted of \$38,815 contributed by employees and \$38,815 contributed by the District.

### **NOTE 9 – DEFERRED COMPENSATION PLAN**

The District adopted a deferred compensation plan (457 Plan) as defined under the Internal Revenue Code Section 457. Participants may defer up to the lesser of \$19,000 or 100% of the participant's includable compensation. Participants over age 50 are eligible to contribute \$6,000 more than the \$19,000 limit due to a catch up provision in the plan. The 457 Plan allows District employees to make an elective deferral of a portion of their earned compensation to the 457 Plan. The 457 Plan is a multi-employer plan administered by Fire and Police Pension Association of Colorado (FPPA). The 457 Plan trustee may amend the 457 Plan. For the year ended December 31, 2019, participating employees contributed \$81,858.

### **NOTE 10 – STATEWIDE DEATH AND DISABILITY PLAN**

Death and disability benefits are provided by the District under the Statewide Death and Disability Plan (SD&D Plan), which is administered by FPPA. SD&D benefits and obligations to contribute are established, and may be amended, by Colorado State statute. The SD&D Plan is a multi-employer, cost sharing plan that is primarily funded by the State of Colorado for firefighters hired prior to January 1, 1997. For firefighters hired after this date the District currently pays 2.8% of their payroll to the SD&D Plan. The percentage contribution amount varies depending on actuarial experience. The SD&D Plan solely provides death and disability payments to participants. In 2019, the District contributed \$47,529.

# GRAND VALLEY FIRE PROTECTION DISTRICT

## NOTES TO FINANCIAL STATEMENTS December 31, 2019

### NOTE 11 - DEFINED BENEFIT PENSION PLAN - PERA

#### Summary of Significant Accounting Policies

*Pensions.* Grand Valley Fire Protection District participates in the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The net pensions liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the LGDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years.* The bill was signed into law by Governor Hickenlooper on June 4, 2018. A brief description of some of the major changes to plan provision required by SB 18-200 for the LGDTF that were in effect on the LGDTF's December 31, 2018 measurement date are listed below. A full copy of the bill can be found online at [www.leg.colorado.gov](http://www.leg.colorado.gov).

- Increases employee contribution rates for the LGDTF by a total of 2 percent (to be phased in over a period of 3 years starting on July 1, 2019).
- Modifies the retirement benefits, including temporarily suspending and reducing the annual increase for all current and future retirees, modifying the highest average salary for employees with less than five years of service credit on December 31, 2019 and raises the retirement age for new employees.
- Member contributions, employer contributions, the direct distribution from the State, and the annual increases will be adjusted based on certain statutory parameters beginning July 1, 2020, and then each year thereafter, to help keep PERA on path to full funding in 30 years.
- Expands eligibility to participate in the PERA DC Plan to members of the Local Government Division hired on or after January 1, 2019. Beginning January 1, 2021, and every year thereafter, employer contribution rate for the LGDTF will be adjusted to include a defined contribution supplement based on the employer contribution amount paid to defined contribution plan participant accounts that would have otherwise gone to the defined benefit trusts to pay down the unfunded liability plus any defined benefit investment earnings thereon.

#### General Information about the Pension Plan

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

*Benefits provided as of December 31, 2018.* PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

# GRAND VALLEY FIRE PROTECTION DISTRICT

## NOTES TO FINANCIAL STATEMENTS December 31, 2019

### **NOTE 11 - DEFINED BENEFIT PENSION PLAN – PERA, Continued**

#### **General Information about the Pension Plan, continued**

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

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

The lifetime retirement benefit for all eligible retiring employees under the Denver Public Local Governments (DPS) Benefit Structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit
- \$15 times the first 10 years of service credit plus \$20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

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

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

As of December 31, 2018, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Pursuant to SB 18-200, there are no annual increase (AI) for 2018 and 2019. Therefore, benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure will receive an annual increase, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 1.5 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 1.5 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the LGDTF. The automatic adjustment provision may raise or lower the aforementioned AI for a given year by up to one-quarter of 1 percent based on the parameters specified C.R.S. § 24-51-413.

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

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

**GRAND VALLEY FIRE PROTECTION DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2019

**NOTE 11 - DEFINED BENEFIT PENSION PLAN – PERA, Continued**

**General Information about the Pension Plan, continued**

*Contributions provisions as of December 31, 2019.* Eligible employees and Grand Valley Fire Protection District are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq.* § 24-51-413. Eligible employees are required to contribute 8 percent of their PERA-includable salary during the period of January 1, 2019 through December 31, 2019. The employer contribution requirements during the period of January 1, 2019 through December 31, 2019 are summarized in the table below:

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

Contribution rates for the LGDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the Grand Valley Fire Protection District is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from Grand Valley Fire Protection District were \$9,869 for the year ended December 31, 2019.

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

At December 31, 2019, the Grand Valley Fire Protection District reported a liability of \$144,326 for its proportionate share of the net pension liability. 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 December 31, 2017. Standard update procedures were used to roll forward the total pension liability to December 31, 2018. The Grand Valley Fire Protection District proportion of the net pension liability was based on Grand Valley Fire Protection District contributions to the LGDTF for the calendar year 2018 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2018, the Grand Valley Fire Protection District proportion was 0.011480 percent, which was a decrease of 0.000451 percent from its proportion measured as of December 31, 2017.

**GRAND VALLEY FIRE PROTECTION DISTRICT**

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

**NOTE 11 - DEFINED BENEFIT PENSION PLAN – PERA, Continued**

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

For the year ended December 31, 2019, the Grand Valley Fire Protection District recognized pension income of \$25,950. At December 31, 2019, the Grand Valley Fire Protection District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	6,035	-
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	18,795	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	(1,740)	-
Contributions subsequent to the measurement date	9,869	-
<b>Total</b>	<b>32,959</b>	<b>-</b>

\$9,869 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (income) as follows:

<b>Year ended December 31:</b>	
2020	9,756
2021	2,027
2022	1,047
2023	10,260
2024	-
Thereafter	-

**GRAND VALLEY FIRE PROTECTION DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2019

**NOTE 11 - DEFINED BENEFIT PENSION PLAN – PERA, Continued**

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

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

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 – 10.45 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07; and DPS benefit structure (automatic)	2.00 percent compounded annually
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

The revised assumptions shown below were reflected in the roll-forward calculation of the total pension liability from December 31, 2017 to December 31, 2018:

Discount rate	7.25 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07; and DPS benefit structure (automatic)	0% through 2019 and 1.5% compounded annually, thereafter
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

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

Healthy, post-retirement mortality assumptions reflect the RP-2014 Health Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates of ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was changed to reflect 90 percent of the RP-2014 Disabled Retiree Mortality Table.

**GRAND VALLEY FIRE PROTECTION DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2019

**NOTE 11 - DEFINED BENEFIT PENSION PLAN – PERA, Continued**

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

The actuarial assumptions used in the December 31, 2016, valuation were based on the results of the 2016 experience analysis for the period January 1, 2012 through December 31, 2015, as well as the October 28, 2016, actuarial assumption workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentation to PERA’s Board on October 28, 2016.

Several factors were considered in evaluating the long-term rate of return assumptions for the LGDTF, including long-term historical data, estimates inherent in current market data, and long-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>30 Year Expected Geometric Real Rate of Return</b>
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non US Fixed Income - Developed	1.84%	0.60%
Emerging Market Bonds	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
<b>Total</b>	<b>100.00%</b>	

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

*Discount rate.* The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.

**GRAND VALLEY FIRE PROTECTION DISTRICT**

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

**NOTE 11 - DEFINED BENEFIT PENSION PLAN – PERA, Continued**

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

- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including scheduled increases in SB 18-200. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriated. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the LGDTF's fiduciary net position was projected to be available to make all projected future benefit payment of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the Municipal Bond Index Rate, and therefore, the discount rate is 7.25 percent.

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	220,789	144,326	80,357

*Pension plan fiduciary net position.* Detailed information about the LGDTF's fiduciary net position is available in PERA's comprehensive annual financial report which can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

**Changes between the measurement date of the net pension liability and December 31, 2019.**

During the 2019 legislative session, the Colorado General Assembly passed HB 19-1217: *PERA Public Employees' Retirement Association Local Government Division Member Contribution Rate*. The bill was signed into law by Governor Polis on May 20, 2019, and eliminated the 2 percent increase in the contribution rate for members in the Local Government Division mandated by SB 18-200.

# GRAND VALLEY FIRE PROTECTION DISTRICT

## NOTES TO FINANCIAL STATEMENTS December 31, 2019

### NOTE 12 – DEFINED BENEFIT OTHER POSTEMPLOYMENT (OPEB) PLAN

#### Summary of Significant Accounting Policies

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

#### General Information about the OPEB Plan

*Plan description.* Eligible employees of the Grand Valley Fire Protection District are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

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

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

Enrollment in the PERACare is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

#### *PERA Benefit Structure*

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

# GRAND VALLEY FIRE PROTECTION DISTRICT

## NOTES TO FINANCIAL STATEMENTS December 31, 2019

### **NOTE 12 – DEFINED BENEFIT OTHER POST EMPLOYMENT (OPEB) PLAN, Continued**

#### **General Information about the OPEB Plan**

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

#### *DPS Benefit Structure*

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

For retirees who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, the HCTF or the DPS HCTF pays an alternate service-based premium subsidy. Each individual retiree meeting these conditions receives the maximum \$230 per month subsidy reduced appropriately for service less than 20 years, as described above. Retirees who do not have Medicare Part A pay the difference between the total premium and the monthly subsidy.

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Grand Valley Fire Protection District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from Grand Valley Fire Protection District were \$794 for the year ended December 31, 2019.

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

At December 31, 2019, the Grand Valley Fire Protection District reported a liability of \$12,113 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2018. The Grand Valley Fire Protection District proportion of the net OPEB liability was based on Grand Valley Fire Protection District contributions to the HCTF for the calendar year 2018 relative to the total contributions of participating employers to the HCTF.

At December 31, 2018, the Grand Valley Fire Protection District proportion was 0.00089 percent, which was a decrease of 0.00004 from its proportion measured as of December 31, 2017.

**GRAND VALLEY FIRE PROTECTION DISTRICT**

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

**NOTE 12 – DEFINED BENEFIT OTHER POST EMPLOYMENT (OPEB) PLAN, Continued**

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

For the year ended December 31, 2019, the Grand Valley Fire Protection District recognized OPEB expense of \$155. At December 31, 2019, the Grand Valley Fire Protection District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	44	18
Changes of assumptions or other inputs	85	-
Net difference between projected and actual earnings on OPEB plan investments	69	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	(257)	4
Contributions subsequent to the measurement date	794	N/A
<b>Total</b>	<b>735</b>	<b>22</b>

\$794 was reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (income) as follows:

<b>Year ended December 31:</b>	
2020	(16)
2021	(16)
2022	(16)
2023	33
2024	(63)
Thereafter	(3)

**GRAND VALLEY FIRE PROTECTION DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2019

**NOTE 12 – DEFINED BENEFIT OTHER POST EMPLOYMENT (OPEB) PLAN, Continued**

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

*Actuarial assumptions.* The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 percent in aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	5.00 percent
Medicare Part A premiums	3.00 percent for 2018, gradually rising to 5.00 percent in 2025
DPS benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation and on the pattern of sharing of costs between employers of each fund to that point.

The actuarial assumptions used in the December 31, 2017, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016 Board meeting. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA’s actuary, as discussed below.

In determining the additional liability for PERACare enrollees who are age sixty-five or older and who are not eligible for premium-free Medicare Part A, the following monthly costs/premiums are assumed for 2018 for the PERA Benefit Structure:

<b>Medicare Plan</b>	<b>Cost for Members Without Medicare Part A</b>	<b>Premiums for Members Without Medicare Part A</b>
Self-Funded Medicare Supplement Plans	\$736	\$367
Kaiser Permanente Medicare Advantage HMO	602	236
Rocky Mountain Health Plans Medicare HMO	611	251
UnitedHealthcare Medicare HMO	686	213

The 2018 Medicare Part A premium is \$422 per month.

In determining the additional liability for PERACare enrollees in the PERA Benefit Structure who are age sixty-five or older who are not eligible for premium-free Medicare Part A, the following chart details the initial expected value of Medicare Part A benefits, age adjusted to age 65 for the year following the valuation date:

**GRAND VALLEY FIRE PROTECTION DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2019

**NOTE 12 – DEFINED BENEFIT OTHER POST EMPLOYMENT (OPEB) PLAN, Continued**

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

<b>Medicare Plan</b>	<b>Cost of Members Without Medicare Part A</b>
Self-Funded Medicare Supplement Plans	\$289
Kaiser Permanente Medicare Advantage HMO	300
Rocky Mountain Health Plans Medicare HMO	270
UnitedHealthcare Medicare HMO	400

All costs are subject to the health care cost trend rates, as discussed below.

Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A.

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2017, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

<b>Year</b>	<b>PERACare Medicare Plans</b>	<b>Medicare Part A Premiums</b>
2018	5.00%	3.25%
2019	5.00%	3.50%
2020	5.00%	3.75%
2021	5.00%	4.00%
2022	5.00%	4.25%
2023	5.00%	4.50%
2024	5.00%	4.75%
2025+	5.00%	5.00%

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

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

# GRAND VALLEY FIRE PROTECTION DISTRICT

## NOTES TO FINANCIAL STATEMENTS December 31, 2019

### NOTE 12 – DEFINED BENEFIT OTHER POST EMPLOYMENT (OPEB) PLAN, Continued

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

Healthy, post-retirement mortality assumptions for the State and Local Government Divisions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

Healthy, post-retirement mortality assumptions for the School and Judicial Divisions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

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

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2018 plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

Several factors were considered in evaluating the long-term rate of return assumption for the HCTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

**GRAND VALLEY FIRE PROTECTION DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2019

**NOTE 12 – DEFINED BENEFIT OTHER POST EMPLOYMENT (OPEB) PLAN, Continued**

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

As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>30 Year Expected Geometric Real Rate of Return</b>
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income – Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
<b>Total</b>	<b>100.00%</b>	

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

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

	<b>1% Decrease in Trend Rates</b>	<b>Current Trend Rates</b>	<b>1% Increase in Trend Rates</b>
PERACare Medicare trend rate	4.00%	5.00%	6.00%
Initial Medicare Part A trend rate	2.25%	3250%	4.25%
Ultimate Medicare Part A trend rate	4.00%	5.00%	6.00%
Net OPEB Liability	11,778	12,113	12,497

**GRAND VALLEY FIRE PROTECTION DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2019

**NOTE 12 – DEFINED BENEFIT OTHER POST EMPLOYMENT (OPEB) PLAN, Continued**

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

*Discount rate.* The discount rate used to measure the total OPEB liability was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2018, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the projection test indicates the HCTF’s fiduciary net position was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	13,553	12,113	10,881

*OPEB plan fiduciary net position.* Detailed information about the HCTF’s fiduciary net position is available in PERA’s comprehensive annual financial report which can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

# GRAND VALLEY FIRE PROTECTION DISTRICT

## NOTES TO FINANCIAL STATEMENTS December 31, 2019

### **NOTE 13 - CONTINGENCIES**

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR contains revenue, spending, tax and debt limitations which apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue in excess of the fiscal year spending limit must be refunded in the next fiscal year unless voters approve retention of such revenue. The amendment also requires that reserves be established for declared emergencies, with 3 percent of fiscal year spending required.

The District has no authorized but unissued debt subject to the amendment's limitations. Based on fiscal year spending for 2019, \$148,630 of the year-end fund balance in the General Fund will be reserved for emergencies.

In May, 1996, the registered voters of the Grand Valley Fire Protection District voted to allow the District to collect, retain and expend all revenues and other funds collected in 1996 and each subsequent year thereafter, for capital projects and other municipal services without limiting in any year the amount of the other revenues that may be collected and expended by the Grand Valley Fire Protection District in excess of the limits of Article X, Section 20 of the Colorado Constitution.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

### **NOTE 14 - RISK MANAGEMENT**

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. Claims made against the District and losses incurred by the District are covered by commercial insurance for all major areas. There have been no significant reductions in insurance coverage in the current year and settlement amounts, if any, have not exceeded insurance coverage for any of the three preceding years.

### **NOTE 15 - USE OF CAPITAL ASSETS**

The District is allowed use of capital assets obtained through the LESO (military surplus program). These assets may be returned at any time by the program. The District insures the assets while they are being used by the District. The estimated original value to the District is \$297,596.

# GRAND VALLEY FIRE PROTECTION DISTRICT

## NOTES TO FINANCIAL STATEMENTS December 31, 2019

### **NOTE 16 – COMMITTED FUND BALANCE**

Beginning with the fiscal year 2010, the District implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions". This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a governments' fund balances more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provision or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

The board establishes (and modifies or rescinds) fund balance commitments as action items in board meetings. A fund balance commitment is further indicated in the budget document as a designation or commitment on the fund. Assigned fund balance is established by the board through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

### **NOTE 17 – REPORTING FOR PENSIONS**

Beginning in 2015, financial reporting information pertaining to the District's participation in Fire and Police Pension Association of Colorado (FPPA) and Public Employees' Retirement Association of Colorado (PERA) is prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition of Contributions Made Subsequent to the Measurement Date*.

### **NOTE 18 – RESTATEMENT OF NET POSITION/FUND BALANCE**

For the year ended December 31, 2019, the District had a prior period adjustment to account for cash with county in 2018 not being recorded. This resulting in an adjustment to beginning net position on the Statement of Activities and beginning fund balance increasing each by \$14,132 to account for the cash with county that should have been record as of December 31, 2018.

### **NOTE 19 – SUBSEQUENT EVENTS**

The District has evaluated subsequent events through June 11, 2020, the date at which the financial statements were available to be issued, and determined that no events have occurred that require disclosure.

**REQUIRED SUPPLEMENTARY INFORMATION**

**GRAND VALLEY FIRE PROTECTION DISTRICT**

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the Year Ended December 31, 2019

	Budget		Actual Amounts
	Original	Final	
<b>REVENUES</b>			
Taxes	\$ 4,562,045	\$ 4,562,045	\$ 4,498,006
Interest	50,000	50,000	95,565
Grants	202,591	202,591	24,613
User charges	172,000	172,000	322,887
Other	30,000	30,000	13,256
<b>TOTAL REVENUES</b>	<u>5,016,636</u>	<u>5,016,636</u>	<u>4,954,327</u>
<b>EXPENDITURES</b>			
Administration	3,342,441	3,342,441	2,832,948
Firefighting	21,400	21,400	55,348
Fire prevention	19,500	19,500	17,143
Training	83,500	83,500	75,930
Communications	2,500	2,500	1,227
Repair	107,000	107,000	100,876
Medical services	55,600	55,600	148,973
Stations, buildings and grounds	118,000	118,000	98,841
Capital outlay	472,591	472,591	113,645
<b>TOTAL EXPENDITURES</b>	<u>4,222,532</u>	<u>4,222,532</u>	<u>3,444,931</u>
<b>EXCESS REVENUES OVER (UNDER) EXPENDITURES</b>	794,104	794,104	1,509,396
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	<u>(594,624)</u>	<u>(594,624)</u>	<u>(594,624)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(594,624)</u>	<u>(594,624)</u>	<u>(594,624)</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>	199,480	199,480	914,772
<b>FUND BALANCE, BEGINNING OF YEAR</b>	4,537,280	4,537,280	4,783,229
Prior period adjustment	<u>-</u>	<u>-</u>	<u>14,132</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 4,736,760</u>	<u>\$ 4,736,760</u>	<u>\$ 5,712,133</u>

	Variance from final budget
\$	(64,039)
	45,565
	(177,978)
	150,887
	<u>(16,744)</u>
	<u>(62,309)</u>
	509,493
	(33,948)
	2,357
	7,570
	1,273
	6,124
	(93,373)
	19,159
	<u>358,946</u>
	<u>777,601</u>
	715,292
	<u>-</u>
	<u>-</u>
	715,292
	245,949
	<u>14,132</u>
\$	<u><u>975,373</u></u>

See the accompanying independent auditors' report

**GRAND VALLEY FIRE PROTECTION DISTRICT**

BUDGETARY COMPARISON SCHEDULE  
CAPITAL PROJECTS FUND  
For the Year Ended December 31, 2019

	Budget		Actual Amounts
	Original	Final	
REVENUES			
Interest	\$ 75	\$ 75	\$ 16,138
TOTAL REVENUES	<u>75</u>	<u>75</u>	<u>16,138</u>
EXPENDITURES			
Administration	10,000	10,000	-
Capital outlay	<u>280,000</u>	<u>280,000</u>	<u>-</u>
TOTAL EXPENDITURES	<u>290,000</u>	<u>290,000</u>	<u>-</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>(289,925)</u>	<u>(289,925)</u>	<u>16,138</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>594,624</u>	<u>594,624</u>	<u>594,624</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>594,624</u>	<u>594,624</u>	<u>594,624</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)	304,699	304,699	610,762
FUND BALANCE, BEGINNING OF YEAR	<u>438,327</u>	<u>438,327</u>	<u>445,926</u>
FUND BALANCE, END OF YEAR	<u>\$ 743,026</u>	<u>\$ 743,026</u>	<u>\$ 1,056,688</u>

<u>Variance from final budget</u>	
\$	<u>16,063</u>
	<u>16,063</u>
	10,000
	<u>280,000</u>
	<u>290,000</u>
	<u>306,063</u>
	<u>-</u>
	<u>-</u>
	306,063
	<u>(7,599)</u>
\$	<u><u>298,464</u></u>

See the accompanying independent auditors' report

**GRAND VALLEY FIRE PROTECTION DISTRICT**

SCHEDULE OF CONTRIBUTIONS  
Volunteer Firefighters' Pension Plan  
Last 10 Fiscal Years

<u>FY Ending December 31</u>	<u>Actuarially Determined Contributions</u>	<u>Actual Contribution*</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Actual Contributions as a % of Covered Payroll</u>
2013	\$ -	\$ 77,905	\$ (77,905)	N/A	N/A
2014	-	55,571	(55,571)	N/A	N/A
2015	-	10,380	(10,380)	N/A	N/A
2016	-	-	-	N/A	N/A
2017	-	-	-	N/A	N/A
2018	-	-	-	N/A	N/A
2019	-	-	-	N/A	N/A

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

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

See the accompanying independent auditors' report

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**GRAND VALLEY FIRE PROTECTION DISTRICT**

SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS  
 Volunteer Firefighters' Pension Plan  
 Last 10 Fiscal Years

Measurement period ending December 31,	2014	2015	2016
<b>Total Pension Liability</b>			
Service Cost	\$ 8,068	\$ 10,604	\$ 10,604
Interest on the Total Pension Liability	121,446	126,141	125,215
Benefit Changes	94,451	-	82,734
Difference between Expected and Actual Expenditures	(15,741)	-	(9,308)
Assumption Changes	-	-	55,634
Benefit Payments	(141,434)	(152,516)	(145,553)
<b>Net Change in Total Pension Liability</b>	66,790	(15,771)	119,326
<b>Total Pension Liability - Beginning</b>	1,684,763	1,751,553	1,735,782
<b>Total Pension Liability - Ending (a)</b>	<u>\$ 1,751,553</u>	<u>\$ 1,735,782</u>	<u>\$ 1,855,108</u>
<b>Plan Fiduciary Net Position</b>			
Employer Contributions	\$ 45,191	\$ -	\$ -
Pension Plan Net Investment Income	236,521	65,562	187,234
Benefit Payments	(141,434)	(152,516)	(145,553)
Pension Plan Administrative Expense	(5,795)	(7,484)	(5,838)
State of Colorado supplemental discretionary payment	10,380	10,380	-
<b>Net Change in Plan Fiduciary Net Position</b>	144,863	(84,058)	35,843
<b>Plan Fiduciary Net Position - Beginning</b>	3,489,794	3,634,657	3,550,599
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ 3,634,657</u>	<u>\$ 3,550,599</u>	<u>\$ 3,586,442</u>
<b>Net Pension Liability (Asset) - Ending (a)-(b)</b>	(1,883,104)	(1,814,817)	(1,731,334)
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	207.51%	204.55%	193.33%
<b>Covered Employee Payroll</b>	N/A	N/A	N/A
<b>Net Pension Liability as a Percentage of Covered Employee Payroll</b>	N/A	N/A	N/A

<u>2017</u>	<u>2018</u>
\$ 13,656	\$ 13,656
134,188	133,442
-	73,143
-	30,819
-	77,546
(147,958)	(167,987)
(114)	160,619
1,855,108	1,854,994
<u>\$ 1,854,994</u>	<u>\$ 2,015,613</u>
\$ -	\$ -
516,713	2,076
(147,958)	(167,987)
(8,415)	(7,605)
-	-
360,340	(173,516)
3,586,442	3,946,782
<u>\$ 3,946,782</u>	<u>\$ 3,773,266</u>
(2,091,788)	(1,757,653)
212.77%	187.20%
N/A	N/A
N/A	N/A

See the accompanying independent auditors' report

**GRAND VALLEY FIRE PROTECTION DISTRICT**

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
STATEWIDE FPPA PENSION PLAN  
Last 10 Fiscal Years

Year Ended*	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Actual Covered Payroll	Net Pension Liability (Asset) as a Percentage of Covered Payroll	Fiduciary Net Position as Percentage of Total Pension Liability
12/31/2014	0.233%	\$ (208,168)	\$ 1,011,150	-21%	105.8%
12/31/2015	0.242%	(272,699)	1,086,618	-25%	106.8%
12/31/2016	0.232%	(4,096)	1,131,930	0%	100.1%
12/31/2017	0.234%	84,598	1,221,275	7%	98.2%
12/31/2018	0.209%	(300,377)	1,091,448	-28%	106.3%
12/31/2019	0.157%	197,894	1,201,881	16%	95.2%

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

\* The data provided in the schedule is based as of the measurement date of FPPA's net pension liability, which is as of the calendar year end that occurred before the District's fiscal year end.

See the accompanying independent auditors' report

**GRAND VALLEY FIRE PROTECTION DISTRICT**

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS  
STATEWIDE FPPA PENSION PLAN  
Last 10 Fiscal Years

<u>FY Ending December 31</u>	<u>Statutorily Required Contributions</u>	<u>Actual Employer Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Actual Covered Payroll</u>	<u>Contributions as a % of Covered Payroll</u>
2013	\$ 80,892	\$ 80,892	\$ -	\$1,011,150	8.00%
2014	86,930	86,930	-	1,086,618	8.00%
2015	90,554	90,554	-	1,131,930	8.00%
2016	91,991	91,991	-	1,149,893	8.00%
2017	97,702	97,702	-	1,221,275	8.00%
2018	87,316	87,316	-	1,091,448	8.00%
2019	96,150	96,150	-	1,201,881	8.00%

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

See the accompanying independent auditors' report

**GRAND VALLEY FIRE PROTECTION DISTRICT**

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
PERA PENSION PLAN  
Last 10 Fiscal Years

Year Ended*	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Actual Covered Payroll	Net Pension Liability (Asset) as a Percentage of Covered Payroll	Fiduciary Net Position as Percentage of Total Pension Liability
12/31/2014	0.011%	\$ 94,447	\$ 61,231	154%	81.8%
12/31/2015	0.012%	105,112	64,260	164%	80.7%
12/31/2016	0.012%	131,965	68,035	194%	76.9%
12/31/2017	0.012%	160,122	71,874	223%	73.6%
12/31/2018	0.012%	132,763	75,264	176%	79.4%
12/31/2019	0.011%	144,326	75,296	192%	76.0%

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

\* The data provided in the schedule is based as of the measurement date of PERA's net pension liability, which is as of the calendar year end that occurred before the District's fiscal year end.

See the accompanying independent auditors' report

**GRAND VALLEY FIRE PROTECTION DISTRICT**

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS  
PERA PENSION PLAN  
Last 10 Fiscal Years

<u>FY Ending December 31</u>	<u>Statutorily Required Contributions</u>	<u>Actual Employer Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Actual Covered Payroll</u>	<u>Contributions as a % of Covered Payroll</u>
2013	\$ 7,764	\$ 7,764	\$ -	\$ 61,231	12.68%
2014	8,148	8,148	-	64,260	12.68%
2015	8,627	8,627	-	68,035	12.68%
2016	9,114	9,114	-	71,874	12.68%
2017	9,543	9,543	-	75,264	12.68%
2018	9,547	9,547	-	75,296	12.68%
2019	9,869	9,869	-	77,832	12.68%

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

See the accompanying independent auditors' report

**GRAND VALLEY FIRE PROTECTION DISTRICT**

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
PERA OPEB PLAN  
Last 10 Fiscal Years

Year Ended*	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB Liability (Asset)	Actual Covered Payroll	Net OPEB Liability (Asset) as a Percentage of Covered Payroll	Fiduciary Net Position as Percentage of Total OPEB Liability
12/31/2017	0.001%	\$ 11,802	\$ 75,264	16%	16.7%
12/31/2018	0.001%	12,048	75,296	16%	17.5%
12/31/2019	0.001%	12,113	77,832	16%	17.3%

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

\* The data provided in the schedule is based as of the measurement date of PERA's net OPEB liability, which is as of the calendar year end that occurred before the District's fiscal year end.

See the accompanying independent auditors' report

**GRAND VALLEY FIRE PROTECTION DISTRICT**

**SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS  
PERA OPEB PLAN  
Last 10 Fiscal Years**

<u>FY Ending December 31</u>	<u>Statutorily Required Contributions</u>	<u>Actual Employer Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Actual Covered Payroll</u>	<u>Contributions as a % of Covered Payroll</u>
2017	\$ 768	\$ 768	\$ -	\$ 75,264	1.02%
2018	768	768	-	75,296	1.02%
2019	794	794	-	77,832	1.02%

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

See the accompanying independent auditors' report

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**SUPPLEMENTARY INFORMATION**

**GRAND VALLEY FIRE PROTECTION DISTRICT**

**SCHEDULE OF GENERAL FUND OPERATING EXPENDITURES**  
For the Years Ended December 31, 2019 and 2018

	December 31, 2019		December 31, 2018	
	Amount	Percent	Amount	Percent
<b>Administration</b>				
Accounting and auditing	\$ 6,300	0.2%	\$ 6,100	0.2%
Advertising	19	0.0%	1,171	0.0%
Banquet	4,981	0.2%	4,866	0.2%
Board member compensation	-	0.0%	1,900	0.1%
Books/periodicals/videos	537	0.0%	537	0.0%
Computer upgrade	3,979	0.1%	-	0.0%
Copier lease	5,196	0.2%	4,566	0.2%
Credit card service fees	686	0.0%	852	0.0%
Dues and other	6,441	0.2%	9,059	0.3%
Election expenses	-	0.0%	36,622	1.4%
Health insurance	338,671	12.0%	339,814	13.1%
Insurance	96,091	3.4%	108,490	4.2%
Legal	4,815	0.2%	6,879	0.3%
Materials and supplies	18,000	0.6%	16,096	0.6%
Office equipment	3,361	0.1%	99	0.0%
Payroll taxes	35,876	1.3%	33,915	1.3%
Printing and binding	611	0.0%	870	0.0%
Retirement contributions	192,846	6.8%	173,038	6.7%
Salaries - Regular Employees	1,432,160	50.6%	1,314,415	50.6%
Certification Pay - FT	22,554	0.8%	20,048	0.8%
Salaries - Reimburse Program	391,245	13.8%	306,839	11.8%
Certification Pay - PT	3,729	0.1%	4,398	0.2%
Salaries - Overtime	72,847	2.6%	103,697	4.0%
Software maintenance	25,977	0.9%	24,213	0.9%
Treasurer's fees	84,050	3.0%	33,757	1.3%
Telephone	17,651	0.6%	18,988	0.7%
Physical Exams	64,325	2.3%	28,965	1.1%
<b>Total Administration</b>	<b>2,832,948</b>	<b>100.0%</b>	<b>2,600,194</b>	<b>100.0%</b>
<b>Firefighting</b>				
Tech service	1,911	3.5%	1,601	9.8%
Repair/maintenance	1,204	2.2%	-	0.0%
Supplies	8,804	15.9%	1,950	12.0%
Other	43,429	78.5%	12,764	78.2%
<b>Total Firefighting</b>	<b>55,348</b>	<b>100.0%</b>	<b>16,315</b>	<b>100.0%</b>
<b>Fire prevention</b>				
Supplies	13,272	77.4%	4,868	88.3%
Other	3,871	22.6%	647	11.7%
<b>Total Fire prevention</b>	<b>17,143</b>	<b>100.0%</b>	<b>5,515</b>	<b>100.0%</b>

**GRAND VALLEY FIRE PROTECTION DISTRICT**

SCHEDULE OF GENERAL FUND OPERATING EXPENDITURES, Continued  
For the Years Ended December 31, 2019 and 2018

	December 31, 2019		December 31, 2018	
	Amount	Percent	Amount	Percent
<b>Training</b>				
Part time fire members	\$ 6,878	9.1%	\$ 3,930	9.2%
Part time EMS members	10,130	13.3%	4,688	10.9%
Supplies	10,572	13.9%	2,237	5.2%
Full time members	43,863	57.8%	28,849	67.2%
Other	4,487	5.9%	3,216	7.5%
<b>Total Training</b>	<b>75,930</b>	<b>100.0%</b>	<b>42,920</b>	<b>100.0%</b>
<b>Communications</b>				
Repair/maintenance	1,227	100.0%	-	0.0%
Supplies	-	0.0%	42	100.0%
<b>Total Communications</b>	<b>1,227</b>	<b>100.0%</b>	<b>42</b>	<b>100.0%</b>
<b>Repair</b>				
Labor	30,964	30.7%	13,384	16.1%
Supplies	13,871	13.8%	11,606	14.0%
Fuel	31,599	31.3%	27,936	33.6%
Other	24,442	24.2%	30,170	36.3%
<b>Total Repair</b>	<b>100,876</b>	<b>100.0%</b>	<b>83,096</b>	<b>100.0%</b>
<b>Medical services</b>				
Physican advisor	5,400	3.6%	3,600	3.6%
Annual monitor	3,447	2.3%	6,171	6.1%
Supplies	18,567	12.5%	16,120	16.0%
Bad debt	104,782	70.3%	41,243	41.0%
Collection service fees	14,730	9.9%	33,038	32.8%
Other	2,047	1.4%	459	0.5%
<b>Total Medical services</b>	<b>148,973</b>	<b>100.0%</b>	<b>100,631</b>	<b>100.0%</b>
<b>Stations, buildings and grounds</b>				
Utilities	49,379	33.1%	43,595	57.9%
Custodial	5,220	3.5%	-	0.0%
Repair/maintenance	34,495	23.2%	23,682	31.5%
Supplies	8,977	6.0%	7,517	10.0%
Other	770	0.5%	468	0.6%
<b>Total Stations, buildings and grounds</b>	<b>98,841</b>	<b>100.0%</b>	<b>75,262</b>	<b>100.0%</b>
<b>Total Operating expenditures</b>	<b>\$ 3,331,286</b>		<b>\$ 2,923,975</b>	

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