



**FRONT RANGE FIRE RESCUE FIRE PROTECTION DISTRICT**

**BASIC FINANCIAL STATEMENTS**

**December 31, 2019**

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**FINANCIAL SECTION**



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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Front Range Fire Rescue Fire Protection District  
Johnstown, Colorado

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund of Front Range Fire Rescue 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 of material misstatement.

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

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

### Opinions

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

## Other Matters

### *Required Supplementary Information*

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the General Fund – Budgetary Comparison Schedule, Schedule of Contributions and Schedule of Changes in Net Pension Liability (Asset) and Related Ratios, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Front Range Fire Rescue Fire Protection District's financial statements as a whole. The Individual Fund Schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements.

These schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, these schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Haynie & Company*

Littleton, Colorado  
July 14, 2020

## **BASIC FINANCIAL STATEMENTS**

## FRONT RANGE FIRE RESCUE FIRE PROTECTION DISTRICT

## STATEMENT OF NET POSITION

As of December 31, 2019

	GOVERNMENTAL ACTIVITIES
	<u>2019</u>
<b>ASSETS</b>	
Cash and Investments	\$ 7,274,476
Receivables	
Property Taxes	5,574,011
Accounts	30,921
Capital Assets, Not Being Depreciated	829,904
Capital Assets, Depreciated	
Net of Accumulated Depreciation	<u>5,833,079</u>
<b>TOTAL ASSETS</b>	<u>19,542,391</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Loss on Refunding	28,538
Related to Volunteer Pension	736,814
Related to SWDB Pension	<u>1,254,481</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>2,019,833</u>
<b>LIABILITIES</b>	
Accounts Payable	79,757
Accrued Salaries and Benefits	26,010
Interfund Balances	8,012
Noncurrent Liabilities	
Due within One Year	110,000
Due in More Than One Year	497,526
Pension Liability-SWDB	355,950
Pension Liability-Volunteer	<u>1,948,180</u>
<b>TOTAL LIABILITIES</b>	<u>3,025,435</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Revenues - Property Taxes	5,574,011
Related to Volunteer Pension	132,178
Related to SWDB Pension	<u>3,803</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>5,709,992</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	6,055,457
Restricted for Emergencies	117,600
Restricted for Capital Projects	2,451,231
Unrestricted	<u>4,202,509</u>
<b>TOTAL NET POSITION</b>	<u>\$ 12,826,797</u>

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

FRONT RANGE FIRE RESCUE FIRE PROTECTION DISTRICT

STATEMENT OF ACTIVITIES  
Year Ended December 31, 2019

	Program Revenues		NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION
	Charges for Services	Operating Grants and Contributions	Governmental Activities 2019
<b>FUNCTIONS/PROGRAMS</b>			
<b>PRIMARY GOVERNMENT</b>			
<b>Governmental Activities</b>			
General Government	\$ 4,032,877	\$ 89,742	\$ (3,916,913)
Interest on Long-Term Debt	27,877	-	(27,877)
	<u>\$ 4,060,754</u>	<u>\$ 89,742</u>	<u>(3,944,790)</u>
Total Governmental Activities			
<b>GENERAL REVENUE</b>			
Taxes			5,757,852
Donations			99,182
Interest			163,924
Realized/Unrealized Gains on Investments			14,412
Other			125,400
			<u>6,160,770</u>
<b>TOTAL GENERAL REVENUE</b>			
Net gain on sale of assets			<u>1,807</u>
<b>CHANGE IN NET POSITION</b>			<u>2,217,787</u>
<b>NET POSITION, Beginning</b>			<u>10,609,010</u>
<b>NET POSITION, Ending</b>			<u>\$ 12,826,797</u>

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

FRONT RANGE FIRE RESCUE FIRE PROTECTION DISTRICT

BALANCE SHEET  
GOVERNMENTAL FUNDS  
As of December 31, 2019

	GENERAL FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL 2019
<b>ASSETS</b>				
Cash and Investments	\$ 4,926,615	\$ 2,347,861	\$ -	\$ 7,274,476
Property Taxes Receivable	4,333,466	1,002,526	238,019	5,574,011
Due from Other Funds	27,408	169,062	24,680	221,150
Accounts Receivable	30,221	-	700	30,921
<b>TOTAL ASSETS</b>	<b>\$ 9,317,710</b>	<b>\$ 3,519,449</b>	<b>\$ 263,399</b>	<b>\$ 13,100,558</b>
<b>LIABILITIES AND FUND EQUITY</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 41,473	\$ 38,284	\$ -	\$ 79,757
Accrued Expenses	26,010	-	-	26,010
Due To Other Funds	201,754	27,408	-	229,162
<b>TOTAL LIABILITIES</b>	<b>269,237</b>	<b>65,692</b>	<b>-</b>	<b>334,929</b>
<b>DEFERRED INFLOWS</b>				
Deferred Revenues - Property Taxes	4,333,466	1,002,526	238,019	5,574,011
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS</b>	<b>4,602,703</b>	<b>1,068,218</b>	<b>238,019</b>	<b>5,908,940</b>
<b>FUND EQUITY</b>				
Fund Balance				
Restricted for Emergencies	117,600	-	-	117,600
Restricted for Capital Projects	-	2,425,009	-	2,425,009
Restricted - Impact Fees	-	26,222	-	26,222
Restricted for Debt Service	-	-	25,380	25,380
Unassigned	4,597,407	-	-	4,597,407
<b>TOTAL FUND EQUITY</b>	<b>4,715,007</b>	<b>2,451,231</b>	<b>25,380</b>	<b>7,191,618</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 9,317,710</b>	<b>\$ 3,519,449</b>	<b>\$ 263,399</b>	

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	6,662,983
Pension balances are not available resources and are not included in the fund financial statements	
Net pension liability	(2,304,130)
Deferred outflows related to pension	1,991,295
Deferred inflows related to pension	(135,981)
Long-term liabilities, such as bonds payable and deferred loss on refunding, are not due and payable in the current period and are not reported in the funds.	
Bonds payable	(607,526)
Deferred loss on refunding	28,538
Net position of governmental activities	<u>\$ 12,826,797</u>

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

FRONT RANGE FIRE RESCUE FIRE PROTECTION DISTRICT

STATEMENT OF REVENUE, EXPENDITURES  
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
Year Ended December 31, 2019

	GENERAL FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL 2019
<b>REVENUE</b>				
Taxes	\$ 4,707,454	\$ 919,630	\$ 130,768	\$ 5,757,852
Intergovernmental	89,742	-	-	89,742
Interest	111,962	51,876	86	163,924
Impact Fees	-	26,222	-	26,222
Donations	-	99,182	-	99,182
Realized Gain on Investments	396	-	-	396
Unrealized Gain on Investments	14,016	-	-	14,016
Miscellaneous	125,400	-	-	125,400
<b>TOTAL REVENUE</b>	<b>5,048,970</b>	<b>1,096,910</b>	<b>130,854</b>	<b>6,276,734</b>
<b>EXPENDITURES</b>				
Current				
Contractual and Professional Services	329,722	-	350	330,072
Personnel	3,112,613	-	-	3,112,613
Equipment Maintenance	92,173	-	-	92,173
Materials and Supplies	208,627	-	-	208,627
Divisions	94,618	-	-	94,618
Treasurer's Fees	79,515	-	1,840	81,355
Contributions to Pension Funds	229,931	-	-	229,931
Capital Outlay	-	1,024,592	-	1,024,592
Debt Service	-	-	119,665	119,665
<b>TOTAL EXPENDITURES</b>	<b>4,147,199</b>	<b>1,024,592</b>	<b>121,855</b>	<b>5,293,646</b>
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	<b>901,771</b>	<b>72,318</b>	<b>8,999</b>	<b>983,088</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Net gain on sale of assets	1,807	-	-	1,807
<b>TOTAL FINANCING SOURCES (USES)</b>	<b>1,807</b>	<b>-</b>	<b>-</b>	<b>1,807</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>903,578</b>	<b>72,318</b>	<b>8,999</b>	<b>984,895</b>
FUND BALANCES, Beginning - Restated	3,811,429	2,378,913	16,381	6,206,723
FUND BALANCES, Ending	\$ 4,715,007	\$ 2,451,231	\$ 25,380	\$ 7,191,618

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

FRONT RANGE FIRE RESCUE FIRE PROTECTION DISTRICT

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

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

Net Changes in Fund Balances - Total Governmental Funds	\$ 984,895
Governmental funds report capital outlays as expenditures. In the statement of activities the cost of these assets are capitalized and allocated over their estimated useful lives and reported as depreciation expense	
Depreciation expense	(384,276)
Capital asset additions	1,024,592
Change in compensated absences is not reported in the fund statements, however, the change is reported in the Statement of Activities.	26,802
Pension expenses and income do not use current financial resources and are excluded from the funds Pension expense. Current year contributions are reported as deferred outflows.	
Pension income - volunteer plan	127,976
Pension income - SWDB plan	168,761
Current year contributions reported as deferred outflows	172,239
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Principal payments	100,000
Amortization of premiums	2,505
Amortization of deferred loss on refunding	<u>(5,707)</u>
Change in Net Position of Governmental Activities	<u>\$ 2,217,787</u>

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

FRONT RANGE FIRE RESCUE FIRE PROTECTION DISTRICT

STATEMENT OF FIDUCIARY NET POSITION  
PENSION TRUST FUNDS

December 31, 2019

	<u>VOLUNTEER PENSION TRUST</u>
ASSETS	
Cash and Investments	\$ 2,915,640
Property Taxes Receivable	250,632
Interest Receivable	73
Due from General Fund	<u>8,012</u>
 TOTAL ASSETS	 <u>3,174,357</u>
 LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	
Deferred Revenue - Property Taxes	<u>250,632</u>
 NET POSITION	
Reserved for Pension Benefits	<u>\$ 2,923,725</u>

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

FRONT RANGE FIRE RESCUE FIRE PROTECTION DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 PENSION TRUST FUNDS  
 Year Ended December 31, 2019

	<u>VOLUNTEER PENSION TRUST</u>
ADDITIONS	
District Contributions	\$ 229,931
State Contributions	45,930
Interest and Dividend Income	58,412
Realized Gain on Investments	29,684
Unrealized Gain on Investments	<u>407,541</u>
TOTAL ADDITIONS	<u>771,498</u>
DEDUCTIONS	
Pension Payments	262,990
Actuarial Studies	10,000
Management Fees	<u>45,248</u>
TOTAL DEDUCTIONS	<u>318,238</u>
CHANGE IN NET POSITION	<u>453,260</u>
NET POSITION, Beginning	<u>2,470,465</u>
NET POSITION, Ending	<u>\$ 2,923,725</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

# FRONT RANGE FIRE RESCUE FIRE PROTECTION DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Front Range Fire Rescue Fire Protection District was formed to provide fire protection and emergency medical services to the towns of Johnstown, Milliken and portions of unincorporated Weld and Larimer counties within its boundaries. The District is governed by a five-member Board of Directors elected by the residents.

The accounting policies of the Front Range Fire Rescue Fire Protection District (the "District") conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

#### **Reporting Entity**

In accordance with governmental accounting standards, the District has considered the possibility of inclusion of additional entities in its financial statements.

The definition of the reporting entity is based primarily on financial accountability. The District is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if District officials appoint a voting majority of the organization's governing body and either is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the District. The District may also be financially accountable for organizations that are fiscally dependent upon it.

Based on the application of these criteria, the District does not include additional organizations in its reporting entity.

#### **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 nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *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 the given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants 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*.

FRONT RANGE FIRE RESCUE FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Government-Wide and Fund Financial Statements** (Continued)

Major individual governmental funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when the 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 revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current *financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are 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.

Property taxes, specific ownership taxes, grants, 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 cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

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

In the fund financial statements, the District reports the following major governmental funds:

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

The *Capital Projects Fund* accounts for financial resources and related expenditures for the construction and acquisition of major assets and the related debt service activities.

FRONT RANGE FIRE RESCUE FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**  
(Continued)

Additionally, the District reports the following fund type:

The *Debt Service Fund* accounts for the activities associated with the servicing and payment of the District's General Obligation Bonds.

The *Pension Trust Fund* is a *Fiduciary Fund* that accounts for the activities of the volunteer fire defined benefit pension plans. Fiduciary Funds are used to report assets held in a trustee capacity for others outside the government. These activities are reported in a separate statement of fiduciary net assets. The District excludes this activity from government-wide financial statements because the District cannot use these assets to finance its operation.

**Capital Assets**

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

The costs of normal maintenance and repairs that do not add to the value of assets or materially extend assets' lives are not capitalized.

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

Buildings and Improvements	7- 40 years
Vehicles and Equipment	7- 20 years
Software	5-10 years

**Long-Term Obligations**

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the governmental activities fund type statement of net position.

The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt

# FRONT RANGE FIRE RESCUE FIRE PROTECTION DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

proceeds received, are reported as debt service expenditures.

#### **Net Position**

The government-wide financial statements, utilize a net position presentation. Net position is categorized as investment in capital assets, restricted, and unrestricted.

*Net Investment in Capital Assets* includes the District's capital assets (net of accumulated depreciation) reduced by the outstanding balances of bonds that are attributable to the acquisition, construction, or improvement of those assets.

*Restricted Net Position* includes assets that have third-party (statutory, bond covenant, or granting agency) limitations on their use. The District typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a future project.

*Unrestricted Net Position* typically includes unrestricted liquid assets. The Board has the authority to revisit or alter this designation.

#### **Fund Balance Classification**

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable – This classification includes amounts that cannot be spent because they are either not in a spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact. The District does not report any nonspendable fund balances at December 31, 2019.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies. The District also restricts the amounts in the Capital Projects Fund for building projects.
- Assigned – The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than

FRONT RANGE FIRE RESCUE FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

those imposed on amounts that are classified as committed.

**Fund Balance Classification** (Continued)

- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District did not have any committed resources as of December 31, 2019.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The District would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position and balance sheets will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflow of resources, represents a consumption of net position and fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources expense/expenditure) until then.

In addition to liabilities, the statement of financial position and balance sheets will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflow of resources, represents an acquisition of net position and fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

FRONT RANGE FIRE RESCUE FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Property Taxes**

Property taxes are levied on November 1 and attach as an enforceable lien on property on January 1. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The County Treasurer's office collects property taxes and remits to the District on a monthly basis.

Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred revenue are recorded at December 31. As the tax is collected in the succeeding year, the deferred revenue is recognized as revenue and the receivable is reduced.

**NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgets and Budgetary Accounting**

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

- In September, District Management submits to the Board of Directors a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally enacted through passage of a resolution.
- District Management is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the Board of Directors.
- Budgets are legally adopted for all funds of the District on a basis consistent with generally accepted accounting principles (GAAP).
- Total Debt Service Fund expenditures exceeded the Budget which may be in violation of State statutes. Total District expenditures did not exceed the total Budget.
- Budgeted amounts in the financial statements are as originally adopted or as amended by the Board of Directors. All appropriations lapse at year end.

FRONT RANGE FIRE RESCUE FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

**NOTE 3: CASH AND INVESTMENTS**

A summary of Governmental funds deposits and investments as of December 31, 2019 follows:

Deposits	\$ 5,103,386
Investments	<u>2,171,090</u>
Total	<u><b>\$ 7,274,476</b></u>

A summary of Fiduciary funds deposits and investments as of December 31, 2019 follows:

Deposits	\$ 102,049
Investments	<u>2,813,591</u>
Total	<u><b>\$ 2,915,640</b></u>

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At December 31, 2019, State regulatory commissioners have indicated that all financial institutions holding deposits for the District are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

The District has no policy regarding custodial credit risk for deposits.

At December 31, 2019, the District had deposits with financial institutions with a carrying amount of \$5,103,386. The bank balances with the financial institutions were \$5,221,838. Of these balances, \$250,000 was covered by federal insurance and \$4,971,838 was covered by collateral held by authorized escrow agents in the financial institutions name (PDPA).

FRONT RANGE FIRE RESCUE FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

**NOTE 3: CASH AND INVESTMENTS** (Continued)

**Investments**

As of December 31, 2019, the District has the following governmental investments:

Investments	<u>Market Value</u>	<u>Maturity Less Than 1 year</u>	<u>Maturity 1 to 10 years</u>	<u>Concentration of Credit Risk</u>	<u>S&amp;P Rating</u>
Colorado Trust	\$ 232,623	\$ 232,623	\$ -	10.68%	N/A
Corporate Bonds	454,652	454,652	-	20.93%	BBB-A-
US Treasury Bonds and Notes	508,808	508,808	-	23.46%	AA+
Certificates of Deposit	<u>975,007</u>	<u>-</u>	<u>975,007</u>	<u>44.93%</u>	<u>N/A</u>
Total	<u>\$ 2,171,090</u>	<u>\$ 1,196,083</u>	<u>\$ 975,007</u>	<u>100.00%</u>	

As of December 31, 2019, the District has the following fiduciary investments:

Investments	<u>Market Value</u>	<u>Maturity Less Than 1 year</u>	<u>Maturity 1 to 10 years</u>	<u>Concentration of Credit Risk</u>	<u>S&amp;P Rating</u>
Corporate Bonds	\$ 467,057	\$ 50,095	\$ 416,962	16.61%	BBB-A-
Municipal Bonds	78,088	-	78,088	2.78%	AAA-AA+
US Treasury Bonds and Notes	129,498	25,168	104,330	4.59%	AA+
Equity Mutual Funds	400,616	400,616	-	14.23%	N/A
Common Stock	<u>1,738,332</u>	<u>1,738,332</u>	<u>-</u>	<u>61.79%</u>	<u>N/A</u>
Total	<u>\$ 2,813,591</u>	<u>\$ 2,214,211</u>	<u>\$ 599,380</u>	<u>100.00%</u>	

Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Colorado statutes specify in which instruments the units of local government may invest which include:

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

The above investments are authorized for all funds and fund types used by Colorado municipalities.

FRONT RANGE FIRE RESCUE FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

**NOTE 3: CASH AND INVESTMENTS**

**Investments** (Continued)

At December 31, 2019, the District had \$232,623 invested in the Colorado Government Liquid Asset Trust (COLOTRUST); an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. The Trust has been rated AAAM by Standard and Poor's.

**Fair Value Measurement and Application**

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. Investments not measured at fair value and not categorized include governmental money market funds (PFM Funds Governmental Select series); money market funds (generally held by Bank Trust Departments in their role as paying agent or trustee); and CSAFE which record their investments at amortized cost.

FRONT RANGE FIRE RESCUE FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

**NOTE 4: CAPITAL ASSETS**

Capital assets activity for the year ended December 31, 2019, is summarized below

<b>Governmental activities:</b>	<b>Balance at December 31, 2018</b>	<b>Additions</b>	<b>Disposals/ Retirements</b>	<b>Balance at December 31, 2019</b>
Capital assets, not being depreciated:				
Land	\$ 132,152	\$ -	\$ -	\$ 132,152
CIP	-	697,752	-	697,752
<b>Total Capital assets, not being depreciated</b>	<b>132,152</b>	<b>697,752</b>	<b>-</b>	<b>829,904</b>
Capital assets, being depreciated:				
Buildings and Improvements	3,848,655	17,259	-	3,865,914
Vehicles, Machinery and Equipment	5,427,386	309,581	-	5,736,967
Software	7,906	-	-	7,906
<b>Total capital assets being     depreciated</b>	<b>9,283,947</b>	<b>326,840</b>	<b>-</b>	<b>9,610,787</b>
Less accumulated depreciation for:				
Buildings and Improvements	1,246,624	97,923	-	1,344,547
Vehicles, Machinery and Equipment	2,138,903	286,353	-	2,425,256
Software	7,906	-	-	7,906
<b>Total accumulated depreciation</b>	<b>3,393,433</b>	<b>384,276</b>	<b>-</b>	<b>3,777,709</b>
<b>Total Capital Assets, Depreciated, Net</b>	<b>5,890,515</b>	<b>(57,436)</b>	<b>-</b>	<b>5,833,079</b>
<b>Total capital assets, net</b>	<b>\$ 6,022,667</b>	<b>\$ 640,316</b>	<b>\$ -</b>	<b>\$ 6,662,983</b>

Depreciation expense included the amount \$384,276 and was charged to General Government activities of the District.

**NOTE 5: LONG-TERM DEBT**

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

<b>Governmental Activities:</b>	<b>Balance at December 31, 2019</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance at December 31, 2019</b>	<b>Amounts Due Within One Year</b>
G.O. Bonds	\$ 695,000	\$ -	\$ 100,000	\$ 595,000	\$ 110,000
Bond Premium	15,031	-	2,505	12,526	-
<b>Total</b>	<b>\$ 710,031</b>	<b>\$ -</b>	<b>\$ 102,505</b>	<b>\$ 607,526</b>	<b>\$ 110,000</b>

FRONT RANGE FIRE RESCUE FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

**NOTE 5: LONG-TERM DEBT (continued)**

**G.O. Bonds**

The Milliken Fire Protection District issued 2012 General Obligation (G.O.) Refunding Bonds, dated August 3, 2012, with principal and interest payments due semi-annually on December 1 and June 1, through 2024. The bonds were issued to refund the Series 2003 Bonds. Interest accrues at rates ranging from 2.0 % to 3.0%. Upon the dissolution of the Milliken Fire Protection District the liability of the outstanding G.O. Bonds was absorbed by the District.

**Future Debt Service Requirements**

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

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 110,000	\$ 16,665	\$ 126,665
2021	115,000	13,365	128,365
2022	115,000	10,375	125,375
2023	125,000	7,270	132,270
2024	<u>130,000</u>	<u>3,770</u>	<u>133,770</u>
Total Debt Service Requirements	<u>\$ 595,000</u>	<u>\$ 51,445</u>	<u>\$ 646,445</u>

**NOTE 6: RISK MANAGEMENT**

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

**NOTE 7: COMMITMENTS AND CONTINGENCIES**

**Claims and Judgments**

The District participates in a number of federal, state, and local programs that are fully or partially funded by grants received from other governmental units. Expenses financed by grants are subject to audit by the appropriate grantor government. If expenses are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. The District believes that disallowed expenses, if any, would not have a material effect on the overall financial position of the District.

FRONT RANGE FIRE RESCUE FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

**NOTE 7: COMMITMENTS AND CONTINGENCIES (continued)**

**TABOR Amendment**

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government. The Amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the Amendment. On November 2, 2010, voters within the District approved the collection, retention and expenditure of the full revenues generated by the District in 2010 and subsequent years without limitation.

The District has established an emergency reserve, representing 3% of fiscal year spending as required by the Amendment. At December 31, 2019, the emergency reserve of \$117,600 was recorded in the General Fund.

**NOTE 8: PENSION PLANS**

**Volunteer Firefighters' Pension Plans**

Plan Description - The District has established defined benefit pension plans for volunteer firefighters as authorized by State of Colorado statute. The Plans are administered by the District. Any firefighter who has both attained the age of fifty and completed twenty years of active service shall be eligible for a monthly pension. The Plans also provide for burial benefit upon the death of an active or retired firefighter in the amount of \$200. Spouses of deceased firefighters who have served a minimum of ten years may receive benefits of 50% of the earned pension. The plans are reported in a pension trust fiduciary fund in the financial statements.

Funding Policy - The Plans receive contributions from the District in an amount not to exceed one half mill of property tax revenue. Contributions are established and may be amended by the District Board. As established by the legislature, the State of Colorado also contributes to the plan. An actuary is used to determine the adequacy of contributions.

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

As of the date of the report, there were 32 total members of the Plan. One of the 32 members were active.

Annual Pension Cost - For the year ended December 31, 2019, the District and State contributed

FRONT RANGE FIRE RESCUE FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

**NOTE 8: *PENSION PLANS (continued)***

**Volunteer Firefighters' Pension Plans**

\$158,625 and \$21,899, respectively, to the Front Range Fire Rescue Johnstown Fire Pension Plan. The District and State contributed \$71,306 and \$24,031, respectively, which was 100% of the required contributions for the Milliken Fire Pension Plan. The required contribution was determined as part of the January 1, 2019, actuarial valuation using the entry actuarial cost method. Actuarial assumptions included the following:

- Interest Rate – 4.50% per annum, compounded annually, net of operating expenses
- Retirement - Age 50 and 10 years of volunteer service
- Disability - None
- Mortality After Retirement– RP-2000 projected to 2019
- Pre-Retirement Mortality – RP-2000 projected to 2019
- Marital Status - 90% married, with males 3 years older

Based on the current value of the Fund, the Plan's current level of contributions are adequate to support the prospective benefit levels on an actuarially sound basis

At December 31, 2019 the District reported a pension liability in the amount of \$1,171,837 for the Front Range Fire Rescue Johnstown Pension Plan and \$776,343 for the Milliken Fire Rescue Pension. The net pension liabilities were measured as of December 31, 2019, and were determined by an actuarial valuation as of December 31, 2019.

For the year ended December 31, 2019 the District recognized pension income of \$195,252 for the Front Range Fire Rescue Johnstown Pension Plan. At December 31, 2019, the 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>
Change in Assumptions	\$134,550	\$0
Difference between projected and actual earnings.	\$215,581	\$102,301
Total	\$350,131	\$102,301

FRONT RANGE FIRE RESCUE FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

NOTE 8: ***PENSION PLANS (continued)***

**Volunteer Firefighters' Pension Plans**

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

Amounts reported as deferred outflows of resources and deferred inflows of resources relate to pensions will be recognized in pension expense as follows:

<b>Year ended December 31,</b>	
2020	\$ 30,514
2021	\$ 24,628
2022	\$ 20,896
2023	\$ 44,243
2024	\$ 6,707
Thereafter	\$120,842

*Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability (asset) calculated using the discount rate of 4.50 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 (3.50 percent) or 1-percentage-point higher (5.50 percent) than the current rate:*

	1% Decrease (3.50%)	Current Discount Rate (4.50%)	1% Increase (5.50%)
Proportionate share of the net pension liability (asset)	\$ 1,606,343	\$ 1,171,837	\$814,974

For the year ended December 31, 2019 the District recognized pension expense of \$93,297 for the Milliken Fire Pension Plan. At December 31, 2019, the 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>
Change in assumptions.	\$191,681	\$0
Difference between expected and actual experience.	\$134,176	\$0
Difference between projected and actual earnings.	\$ 60,826	\$29,877
Total	\$386,683	\$29,877

FRONT RANGE FIRE RESCUE FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

**NOTE 8: PENSION PLANS (continued)**

**Volunteer Firefighters' Pension Plans**

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

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended December 31,</b>	
2020	\$ 32,509
2021	\$ 25,413
2022	\$ 22,649
2023	\$ 28,800
2023	\$ 16,749
Thereafter	\$230,686

*Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.* The following presents the proportionate share of the net pension liability (asset) calculated using the discount rate of 4.50 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 (3.50 percent) or 1-percentage-point higher (5.50 percent) than the current rate:

	1% Decrease (3.50%)	Current Discount Rate (4.50%)	1% Increase (5.50%)
Proportionate share of the net pension liability (asset)	\$ 910,126	\$ 776,343	\$ 662,911

**NOTE 9: DEFINED BENEFIT PENSION PLANS**

**Statewide Defined Benefit Pension Plan**

**Summary of Significant Accounting Policies**

*Pensions.* Upon the dissolution of the Front Range Fire Rescue Authority effective January 1, 2018, the District now contributes to the Statewide Defined Benefit Pension Plan ("SWDB Plan"), a cost-sharing multiple employer defined benefit pension plan, which is administered by the FPPA. The net pension liability, deferred outflows of resources and deferred inflows of

FRONT RANGE FIRE RESCUE FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

**NOTE 9: DEFINED BENEFIT PENSION PLANS**

**Statewide Defined Benefit Pension Plan** (Continued)

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.

*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. That report may be obtained on FPPA's website at <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 a least five years of accredited service may leave contributions with the SWDP 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 member

FRONT RANGE FIRE RESCUE FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

**NOTE 9: DEFINED BENEFIT PENSION PLANS**

**Statewide Defined Benefit Pension Plan** (Continued)

**General Information about the Pension Plan** (Continued)

Members of the SWDB Plan and their employers are contributing at the rate of 8.5 and 8 percent, respectively, of base salary for a total contribution rate of 16.5 percent in 2015. In 2014, the members elected to increase the member contribution rate to the SWDB Plan beginning in 2015. Member contribution 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 20.5 percent of base salary through 2015. 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 4.25 and 4 percent, respectively, of base salary for a total contribution rate of 8.25 percent in 2015. 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.

At December 31, 2019, the District reported a liability in the amount of \$355,090 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 January 1, 2019. Standard update procedures were used to roll forward the total pension liability to December 31, 2019. The District's proportion of the net pension liability was based on the contributions to the SWDB Plan for the calendar year 2018 relative to the total contributions of participating employers to the SWDB Plan.

FRONT RANGE FIRE RESCUE FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

**NOTE 9: DEFINED BENEFIT PENSION PLANS**

**Statewide Defined Benefit Pension Plan** (Continued)

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

At December 31, 2019, the District's liability proportion was 0.281545%, which was an increase of 0.0166478% from its proportion measured as of December 31, 2019.

For the year ended December 31, 2019 the District recognized pension income of \$221,584. At December 31, 2019, the 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	\$457,366	\$ 3,803
Changes in assumptions	\$344,726	\$ 0
Net differences between projected and fund investment earnings.	\$280,010	\$ 0
Contributions subsequent to the measurement date	\$172,379	N/A
<b>Total</b>	<b>\$1,254,481</b>	<b>\$ 3,803</b>

Deferred outflows of resources of \$172,179 related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability and asset in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<b>Year ended December 31</b>	
2020	\$ 204,547
2021	\$ 146,094
2022	\$ 124,620
2023	\$ 206,053
2024	\$ 100,563
Thereafter	\$ 296,684

FRONT RANGE FIRE RESCUE FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

NOTE 9: DEFINED BENEFIT PENSION PLANS

Statewide Defined Benefit Pension Plan (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 January 1, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial Method	Entry Age Normal
Amortization Method	Level % of Payroll, Open
Amortization Period	30 Years
Asset Valuation Method	5-Year Smoothed Fair Value
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.50 percent
Salary increases, including wage inflation	4.0 – 14.0 percent
Cost of Living Adjustments (COLA)	0.00 percent

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

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

FRONT RANGE FIRE RESCUE FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

**NOTE 9: DEFINED BENEFIT PENSION PLANS**

**Statewide Defined Benefit Pension Plan** (Continued)

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

for each major asset class included in the Fund's target asset allocation as of December 31, 2016 are summarized in the following table:

Asset Class	Target Allocation	10 Year Expected Geometric Real Rate of Return
Global Equity	37.0%	8.33%
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%
Total	100.0%	

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the SWDB Plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment 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 plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate, based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits).

For the purpose of this valuation, the expected rate of return on pension plan investments is +7.50%; the municipal bond rate is 3.78% (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.50%

FRONT RANGE FIRE RESCUE FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

**NOTE 9: DEFINED BENEFIT PENSION PLANS**

**Statewide Defined Benefit Pension Plan** (Continued)

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

*Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.* The following presents the proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate share of the net pension liability (asset)	\$1,380,332	\$355,950	(\$493,756)

*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 <http://www.fppaco.org>

**NOTE 10: PRIOR PERIOD RESTATEMENT**

On May 9, 2018, Resolution 2018-02 was approved by the Board of Directors authorizing the transfer of \$115,000 from the Milliken debt service checking account to the District's general fund operating account. The \$115,000 represented general funds held in the Milliken account. This transaction was not accounted for in the prior year. Therefore, both the beginning General Fund Balance and the beginning Debt Service Fund Balance as of January 1, 2019, were restated to correctly reflect Resolution 2018-02. The restatements are summarized as follows:

	<u>General</u>	<u>Debt Service</u>
Beginning Fund Balance, as originally stated	\$3,696,429	\$ 131,381
Adjustment for Transfer per Resolution #2018-02	<u>115,000</u>	<u>(115,000)</u>
Beginning Fund Balance, as restated	<u>\$3,811,429</u>	<u>\$ 16,381</u>

FRONT RANGE FIRE RESCUE FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

**NOTE 11: SUBSEQUENT EVENTS**

**COVID-19**

On March 11, 2020 the World Health Organization declared the outbreak of coronavirus (COVID-19) a pandemic. As a result, economic uncertainties have arisen which may negatively impact operations of the District. Other financial impacts could occur, though such potential impact is unknown at this time

**Promissory Note**

On January 22, 2020 the District obtained a \$600,000 construction loan from First National Bank. The loan proceeds are to be used for improvements to the District's Administration Offices and Fire Station located in Milliken, CO. The loan is secured by a Promissory Note which matures on October 22, 2025 and bears interest at 3.25%.

The District has evaluated subsequent events through July 14, 2020, the date which the financial statements were issued.

**REQUIRED SUPPLEMENTAL INFORMATION**

## FRONT RANGE FIRE RESCUE FIRE PROTECTION DISTRICT

GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
Year Ended December 31, 2019

	2019		VARIANCE Positive (Negative)
	ORIGINAL AND FINAL BUDGET	ACTUAL	
REVENUE			
Property Taxes	\$ 5,395,878	\$ 4,350,525	\$ (1,045,353)
Specific Ownership Taxes	300,000	356,929	56,929
Intergovernmental	127,235	89,742	(37,493)
Interest	20,000	111,962	91,962
Realized Gain on Investments	-	396	396
Unrealized Gain on Investments	-	14,016	14,016
Miscellaneous	87,000	125,400	38,400
TOTAL REVENUE	<u>5,930,113</u>	<u>5,048,970</u>	<u>(881,143)</u>
EXPENDITURES			
Current			
Contractual and Professional Services	363,400	329,722	33,678
Personnel	3,109,654	3,112,613	(2,959)
Equipment Maintenance	116,300	92,173	24,127
Materials and Supplies	290,800	208,627	82,173
Divisions	155,450	94,618	60,832
Treasurer's Fees	79,097	79,515	(418)
Contributions to Pension Funds	-	229,931	(229,931)
Emergency Reserves/Contingency	218,195	-	218,195
TOTAL EXPENDITURES	<u>4,332,896</u>	<u>4,147,199</u>	<u>185,697</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>1,597,217</u>	<u>901,771</u>	<u>(695,446)</u>
OTHER FINANCING SOURCES (USES)			
Net Gain on Sale of Assets	-	1,807	1,807
TOTAL OTHER SOURCES (USES)	<u>-</u>	<u>1,807</u>	<u>1,807</u>
NET CHANGE IN FUND BALANCE	1,597,217	903,578	(693,639)
FUND BALANCE, Beginning - Restated	<u>4,055,000</u>	<u>3,811,429</u>	<u>(243,571)</u>
FUND BALANCE, Ending	<u>\$ 5,652,217</u>	<u>\$ 4,715,007</u>	<u>\$ (937,210)</u>

See the accompanying independent auditors' report.

SCHEDULE OF CONTRIBUTIONS  
VOLUNTEER FIREFIGHTERS' PENSION PLANS  
December 31, 2019

FY Ending December 31	Actuarially Determined Contribution	Actual Contribution*	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2015	\$ 127,095	\$ 127,095	\$ -	N/A	N/A
2016	123,367	123,367	-	N/A	N/A
2017	117,927	117,927	-	N/A	N/A
2018	106,831	217,589	(110,758)	N/A	N/A
2019	112,317	229,931	(117,614)	N/A	N/A

\*Includes both employer and State of Colorado Supplementary Discretionary Payment  
This report will include ten years of data when available.

See the accompanying independent auditors' report.

FRONT RANGE FIRE RESCUE FIRE PROTECTION DISTRICT

SCHEDULE OF CHANGES IN NET PENSION LIABILITY/(ASSET) AND RELATED RATIOS  
VOLUNTEER FIREFIGHTERS' PENSION PLAN  
FRONT RANGE FIRE RESCUE, JOHNSTOWN FIRE PENSION

Measurement Period Ending December 31,	2019	2018	2017	Revised 2016
<b>Total Pension Liability</b>				
Service Cost	\$ 5,022	\$ 8,280	\$ 8,653	\$ 11,042
Interest Cost	151,491	135,633	135,869	138,927
Experience Loss/(Gain)/(Deferred Inflow)	(102,560)	(72,259)	102,489	(38,555)
Difference Between Expected and Actual Experiences	65,580	-	-	-
Assumption Changes	316,116	140,394	-	-
Benefit Payments	(166,153)	(179,609)	(181,950)	(176,800)
Net Change in Total Pension Liability	269,496	32,439	65,061	(65,386)
Total Pension Liability - Beginning	3,207,779	3,175,340	3,110,279	3,175,665
Total Pension Liability - Ending	<u>\$ 3,477,275</u>	<u>\$ 3,207,779</u>	<u>\$ 3,175,340</u>	<u>\$ 3,110,279</u>
<b>Plan Fiduciary Net Position</b>				
Employer Contribution	\$ 158,625	\$ 131,659	\$ 96,028	\$ 123,367
State Contributions	21,899	21,899	21,899	76,682
Actual Return on Assets	402,698	(68,635)	232,646	-
Benefit Payments	(166,153)	(179,609)	(181,950)	(176,800)
Pension Plan Administrative Expenses	(45,258)	(27,735)	(23,983)	(21,978)
Net Change in Plan Fiduciary Net Position	371,811	(122,421)	144,640	1,271
Plan Fiduciary Net Position - Beginning	1,933,627	2,056,048	1,911,408	1,910,137
Plan Fiduciary Net Position - Ending	<u>2,305,438</u>	<u>1,933,627</u>	<u>2,056,048</u>	<u>1,911,408</u>
Net Pension Liability/(Asset)	\$ 1,171,837	\$ 1,274,152	\$ 1,119,292	\$ 1,198,871
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	66.30%	60.28%	64.75%	61.45%
Covered Employee Payroll	N/A	N/A	N/A	N/A
Net Pension Liability/(Asset) as a Percentage of Covered Employee Payroll	N/A	N/A	N/A	N/A

This schedule will report ten years of data when it is available.

See accompanying independent auditors' report.

FRONT RANGE FIRE RESCUE FIRE PROTECTION DISTRICT

SCHEDULE OF CHANGES IN NET PENSION LIABILITY/(ASSET) AND RELATED RATIOS  
VOLUNTEER FIREFIGHTERS' PENSION PLAN  
MILLIKEN FIRE PENSION

Measurement Period Ending December 31,	2019	2018	2017	Restated 2016	2015	2014
<b>Total Pension Liability</b>						
Service Cost	\$ -	\$ -	\$ -	\$ -	\$ 2,939	\$ 13,331
Interest on the Total Pension Liability	59,510	52,833	54,576	66,355	68,311	65,842
Benefit Changes	-	-	143,771	-	-	92,319
Difference Between Expected and Actual Experiences	9,500	-	1,156	(14,693)	-	(38,841)
Assumption Changes	231,091	770	-	229,136	-	-
Benefit Payments	(96,837)	(96,837)	(91,688)	(93,665)	(96,371)	(92,940)
Net Change in Total Pension Liability	203,264	(43,234)	107,815	187,133	(25,121)	39,711
Total Pension Liability - Beginning	1,183,280	1,226,514	1,118,699	931,566	956,687	916,976
Total Pension Liability - Ending	\$ 1,386,544	\$ 1,183,280	\$ 1,226,514	\$ 1,118,699	\$ 931,566	\$ 956,687
<b>Plan Fiduciary Net Position</b>						
Employer Contribution	\$ 71,306	\$ 40,000	\$ 50,000	\$ 34,954	\$ 30,000	\$ 39,969
Pension Plan Net Investment Income	92,939	(34,471)	55,180	28,001	10,775	37,086
Benefit Payments	(96,837)	(96,837)	(91,688)	(93,665)	(96,371)	(92,940)
Pension Plan Administrative Expenses	(9,990)	-	-	(1,126)	(3,232)	(1,247)
State of Colorado Supplemental Discretionary Payment	24,031	24,031	24,031	24,031	24,031	24,031
Net Change in Plan Fiduciary Net Position	81,449	(67,277)	37,523	(7,805)	(34,797)	6,899
Plan Fiduciary Net Position - Beginning	528,752	596,029	558,506	566,311	601,108	594,209
Plan Fiduciary Net Position - Ending	610,201	528,752	596,029	558,506	566,311	601,108
Net Pension Liability/(Asset)	\$ 776,343	\$ 654,528	\$ 630,485	\$ 560,193	\$ 365,255	\$ 355,579
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	44.01%	44.69%	48.60%	49.92%	60.79%	62.83%
Covered Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A
Net Pension Liability/(Asset) as a Percentage of Covered Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A

This schedule will report ten years of data when it is available.

See accompanying independent auditors' report.

**INDIVIDUAL FUND SCHEDULES**

## FRONT RANGE FIRE RESCUE FIRE PROTECTION DISTRICT

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

	2019			VARIANCE Positive (Negative)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUE				
Property taxes	\$ 919,630	\$ 919,630	\$ 919,630	\$ -
Donations	-	99,182	99,182	-
Interest	-	40,614	51,876	11,262
Impact fees	25,000	25,000	26,222	1,222
TOTAL REVENUE	<u>944,630</u>	<u>1,084,426</u>	<u>1,096,910</u>	<u>12,484</u>
EXPENDITURES				
Capital Outlay	<u>940,000</u>	<u>1,050,895</u>	<u>1,024,592</u>	<u>26,303</u>
TOTAL EXPENDITURES	<u>940,000</u>	<u>1,050,895</u>	<u>1,024,592</u>	<u>26,303</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>4,630</u>	<u>33,531</u>	<u>72,318</u>	<u>38,787</u>
NET CHANGE IN FUND BALANCE	4,630	33,531	72,318	38,787
FUND BALANCE, Beginning	<u>2,220,000</u>	<u>2,220,000</u>	<u>2,378,913</u>	<u>158,913</u>
FUND BALANCE, Ending	<u>\$ 2,224,630</u>	<u>\$ 2,253,531</u>	<u>\$ 2,451,231</u>	<u>\$ 226,601</u>

See the accompanying independent auditors' report.

## FRONT RANGE FIRE RESCUE FIRE PROTECTION DISTRICT

DEBT SERVICE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended December 31, 2019

	ORIGINAL AND FINAL BUDGET	2019 ACTUAL	VARIANCE Positive (Negative)
REVENUE			
Property Taxes	\$ 122,720	\$ 122,527	\$ (193)
Specific Ownership Taxes	-	8,241	8,241
Interest	-	86	86
<b>TOTAL REVENUE</b>	<b>122,720</b>	<b>130,854</b>	<b>8,134</b>
EXPENDITURES			
Current			
Administrative Fees	-	350	(350)
Treasurer's Fees	1,841	1,840	1
Debt Service	119,915	119,665	250
<b>TOTAL EXPENDITURES</b>	<b>121,756</b>	<b>121,855</b>	<b>(99)</b>
NET CHANGE IN FUND BALANCE	964	8,999	8,035
FUND BALANCE, Beginning - Restated	13,621	16,381	2,760
FUND BALANCE, Ending	<u>\$ 14,585</u>	<u>\$ 25,380</u>	<u>\$ 10,795</u>

See the accompanying independent auditors' report.

FRONT RANGE FIRE RESCUE FIRE PROTECTION DISTRICT

VOLUNTEER PENSION TRUST FUND-Front Range Fire Rescue Johnstown  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended December 31, 2019

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUE			
District contribution	\$ 158,602	\$ 158,625	\$ 23
State Contribution	21,899	21,899	-
Interest and Dividend Income	-	46,833	46,833
Realized Gains on Investments	-	29,179	29,179
Unrealized Gains on Investments	-	326,686	326,686
TOTAL REVENUE	<u>180,501</u>	<u>583,222</u>	<u>402,721</u>
EXPENDITURES			
Benefit Payments	196,200	166,153	30,047
Actuarial Study	5,000	5,000	-
Management Fees	25,000	40,258	(15,258)
TOTAL EXPENDITURES	<u>226,200</u>	<u>211,411</u>	<u>14,789</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>(45,699)</u>	<u>371,811</u>	<u>417,510</u>
CHANGE IN NET POSITION	(45,699)	371,811	417,510
NET POSITION, Beginning	<u>2,025,632</u>	<u>1,941,711</u>	<u>(83,921)</u>
NET POSITION, Ending	<u>\$ 1,979,933</u>	<u>\$ 2,313,522</u>	<u>\$ 333,589</u>

See the accompanying independent auditors' report

FRONT RANGE FIRE RESCUE FIRE PROTECTION DISTRICT

VOLUNTEER PENSION TRUST FUND-Milliken Fire  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended December 31, 2019

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUE			
District Contribution	\$ 71,306	\$ 71,306	\$ -
State Contribution	24,031	24,031	-
Interest and Dividend Income	-	11,579	11,579
Realized Gains on Investments	-	505	505
Unrealized Gains on Investments	-	80,855	80,855
	<u>95,337</u>	<u>188,276</u>	<u>92,939</u>
TOTAL REVENUE			
EXPENDITURES			
Benefit Payments	99,000	96,837	2,163
Actuarial Study	5,000	5,000	-
Management Fees	5,625	4,990	635
	<u>109,625</u>	<u>106,827</u>	<u>2,798</u>
TOTAL EXPENDITURES			
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>(14,288)</u>	<u>81,449</u>	<u>95,737</u>
CHANGE IN NET POSITION	(14,288)	81,449	95,737
NET POSITION, Beginning	<u>555,359</u>	<u>528,752</u>	<u>(26,607)</u>
NET POSITION, Ending	<u>\$ 541,071</u>	<u>\$ 610,201</u>	<u>\$ 69,130</u>

See the accompanying independent auditors' report