

NORTH ROUTT FIRE PROTECTION DISTRICT

Financial Statements

December 31, 2019

NORTH ROUTH FIRE PROTECTION DISTRICT

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the North Routt Fire Protection District (the District), as of and for the year ended December 31, 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 U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the North Routt Fire Protection District as of December 31, 2019, and the respective changes in financial position for the year then ended in accordance with U.S. generally accepted accounting principles.

Report on Summarized Comparative Financial Information

We have previously audited the District's December 31, 2018 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated June 11, 2019. In our opinion, the summarized comparative financial information presented herein as of and for the year ended December 31, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis on pages 3-5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The General Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual on page 29 and the defined benefit pension plan schedules on pages 30-33 as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by U.S. generally accepted accounting principles. This required supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Debt Service Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual on page 34 is presented for purpose of additional analysis and is not a required part of the basic financial statements. This supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or the basic financial statement themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, this supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Catterson + Company, P.C.

Steamboat Springs, Colorado
September 11, 2020

**North Routt Fire Protection District
Management Discussion and Analysis
For the Audited Financial Statements
December 31, 2019**

Overview of the District

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

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

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

Overview of Financial Statements

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

2019 Budgetary Highlights

The District's primary revenue source is from taxes levied against property included within the North Routt Fire Protection boundaries. Property and specific ownership taxes received in 2019, net of tax collection fees totaled \$341,599 for general operating purposes and \$97,615 for Debt Service/repayment of General Obligation bonds for capital construction.

The district's asset values increased by \$119,113 from December 31, 2019. This increase was primarily due to the mill levy increase, the De-Gallagher measure voters approved in 2018, new equipment acquired during the year, and an increase in the volunteer retirement fund value.

The district's net position increased \$81,468 from the 2018 figures because of the newer equipment/retirement of outdated apparatus and the GASB reporting requiring inclusion of projected figures of the state-wide plans administered by FPPA. Overall, the district improved its financial position as evidenced by the increase in the net position. The district has \$112,972 of its funds restricted for emergencies and debt service.

General Operating Fund

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

Overall, expenditures in the General Fund were on track with what was budgeted and varied slightly for vehicle repairs from what was budgeted for 2019. Our 2004 Ford Ambulance required a couple repairs that was not foreseen. Grant Revenue was under budget due to not receiving funding for a grant for Radio Equipment.

Donations increased \$42,250 over the budgeted amount for 2019 due to several unallocated donations to the departments general fund.

Property tax values were projected to decrease for 2019 vs 2018; the district's revenue collection experienced a very slight increase in 2019 due to an increase in new construction and interest on unpaid taxes from past years. The District is in a good position to absorb a possible slight decline or flat recovery in revenues as evidenced by its strong current asset position. During the May election of 2018, the District was successful in having a ballot measure approved by district voters of a 4.0 mill levy increase for additional staffing, and a De-Gallagherization question to help stop the decrease of property tax collection revenues. There is discussion that because of the COVID Pandemic that rates could be reduced from 7.15 to 5.88 for 2020-2021 assessment years, which normally would have a negative impact on our budget, with the voter approved measure we should be able to maintain our current revenue.

Capital Assets Activity

In 2012, the District produced the 10 Year Capital Improvement Plan which listed the purchase of a replacement the Chiefs Staff Vehicle. This purchase was approved by the Board of Directors during the January 2019 board meeting as part of the NRFPD Capital Equipment Acquisition and Retirement Plan, money received from donations in 2018 were allocated for this project. A 2020 Chevrolet pick-up truck was purchased from Johnson Auto Plaza in Brighton in March, and they outfitted the truck with emergency lights and operating equipment, the District took delivery of the truck in May 2019. Expenditures for maintenance of the buildings and equipment are included in the general operating fund.

Debt Service

A Debt Service Fund was created for the purpose of recording of principal and interest payment on General Obligation Bonds issued in January 2002. A separate tax levy is certified annually for this long-term debt. In 2011, the G.O. Bond was refinanced, resulting in a future savings to taxpayers of \$89,923. The actual principal paid in 2019 was \$65,000, interest paid was \$23,757, and an annual service fee of \$500 was paid. The debt service is scheduled to be retired in 2026.

Contact Information

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NORTH ROUTH FIRE PROTECTION DISTRICT
Statement of Net Position
December 31, 2019
(with summarized financial information as of December 31, 2018)

	2019 Governmental Activities	2018 Governmental Activities
	<u> </u>	<u> </u>
Assets:		
Cash and cash equivalents	\$ 559,999	\$ 480,985
Due from other governments	2,547	2,182
Accounts receivable, net	9,674	11,053
Property taxes receivable	464,956	422,531
Capital assets, net	1,128,651	1,176,850
Net pension asset:		
Cost-sharing defined benefit plan	-	15,966
	<u> </u>	<u> </u>
Total Assets	<u>2,165,827</u>	<u>2,109,567</u>
Deferred Outflows of Resources:		
Deferred outflows related to pensions	<u>118,430</u>	<u>57,881</u>
Total Deferred Outflows of Resources	<u>118,430</u>	<u>57,881</u>
Liabilities:		
Accounts payable and accrued expenses	20,164	18,900
Accrued interest payable	4,125	4,613
Noncurrent liabilities:		
General obligation refunding bonds:		
Due within one year	70,000	65,000
Due in more than one year	480,000	550,000
Net pension liability:		
Volunteer firefighters defined benefit plan	151,367	93,916
Cost-sharing defined benefit plan	12,621	-
	<u> </u>	<u> </u>
Total Liabilities	<u>738,277</u>	<u>732,429</u>
Deferred Inflows of Resources:		
Deferred property tax revenues	464,956	422,531
Deferred bond refunding premium	21,516	24,627
Deferred inflows related to pensions	<u>11,062</u>	<u>20,883</u>
Total Deferred Inflows of Resources	<u>497,534</u>	<u>468,041</u>
Net Position:		
Net investment in capital assets	557,135	537,223
Restricted for:		
Emergencies	11,054	7,024
Debt service	101,918	93,560
Unrestricted	<u>378,339</u>	<u>329,171</u>
Total Net Position	<u>\$ 1,048,446</u>	<u>\$ 966,978</u>

See accompanying notes to the financial statements.

NORTH ROUTT FIRE PROTECTION DISTRICT
Statement of Activities
For the Year Ended December 31, 2019
(with summarized financial information for the year ended December 31, 2018)

Functions/Programs	2019				2018	
	Expenses	Program Revenues			Net (Expense)	Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Change in Net Position	Revenue and Change in Net Position
Governmental Activities:						
Public safety:						
Personnel and volunteers	\$ 154,229	\$ -	\$ -	\$ -	\$ (154,229)	\$ (119,448)
Operations	72,839	21,638	54,250	-	3,049	73,316
Administration and general	44,386	-	-	-	(44,386)	(49,620)
Interest	20,158	-	-	-	(20,158)	(22,280)
Unallocated depreciation	109,969	-	-	-	(109,969)	(106,253)
Pension expense	40,269	-	-	-	(40,269)	634
Total Governmental Activities	\$ 441,850	\$ 21,638	\$ 54,250	\$ -	(365,962)	(223,651)
General Revenues:						
Taxes:						
Property				409,923	270,928	
Specific ownership				29,291	23,257	
Other				8,216	3,381	
Total General Revenues				447,430	297,566	
Change in Net Position				81,468	73,915	
Net Position, Beginning of Year				966,978	893,063	
Net Position, End of Year				\$ 1,048,446	\$ 966,978	

See accompanying notes to the financial statements.

NORTH ROUNT FIRE PROTECTION DISTRICT
Governmental Funds
Balance Sheet
December 31, 2019
(with summarized financial information as of December 31, 2018)

	2019		2018	
	General Fund	Debt Service Fund	Total Governmental Funds	Total Governmental Funds
Assets:				
Cash and cash equivalents	\$ 474,980	\$ 85,019	\$ 559,999	\$ 480,985
Due from other governments	1,980	567	2,547	2,182
Accounts receivable:				
Ambulance services, net	4,827	-	4,827	8,740
Fire protection services	4,847	-	4,847	2,313
Property taxes receivable	367,756	97,200	464,956	422,531
Due from other fund	-	16,332	16,332	17,644
Total Assets	<u>\$ 854,390</u>	<u>\$ 199,118</u>	<u>\$ 1,053,508</u>	<u>\$ 934,395</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued expenses	\$ 20,164	\$ -	\$ 20,164	\$ 18,900
Due to other fund	16,332	-	16,332	17,644
Total Liabilities	<u>36,496</u>	<u>-</u>	<u>36,496</u>	<u>36,544</u>
Deferred Inflows of Resources:				
Deferred property tax revenue	367,756	97,200	464,956	422,531
Total Deferred Inflows of Resources	<u>367,756</u>	<u>97,200</u>	<u>464,956</u>	<u>422,531</u>
Fund Balances:				
Restricted for:				
Emergencies	11,054	-	11,054	7,024
Debt service	-	101,918	101,918	93,560
Assigned	121,680		121,680	121,680
Unassigned	317,404	-	317,404	253,056
Total Fund Balances	<u>450,138</u>	<u>101,918</u>	<u>552,056</u>	<u>475,320</u>
Total Liabilities, Deferred inflows of Resources and Fund Balances	<u>\$ 854,390</u>	<u>\$ 199,118</u>	<u>\$ 1,053,508</u>	<u>\$ 934,395</u>

See accompanying notes to the financial statements.

NORTH ROUNT FIRE PROTECTION DISTRICT
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
December 31, 2019

Governmental funds total fund balance	\$	552,056
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
Capital assets used in governmental activities are not financial resources and, therefore are not reported in governmental funds.		1,128,651
Long-term liabilities within governmental activities are not due and payable in the current period and therefore, are not reported in governmental funds:		
Interest payable		(4,125)
Bonds payable		(550,000)
Unamortized deferred bond refunding premium		(21,516)
Net pension asset and net pension liability are not financial resources and, therefore are not reported as assets and liabilities in the governmental funds:		
Net pension liabilities		(163,988)
Deferred outflows related to pensions		118,430
Deferred inflows related to pensions		(11,062)
Governmental activities net position	\$	<u>1,048,446</u>

See accompanying notes to the financial statements.

NORTH ROUTT FIRE PROTECTION DISTRICT
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2019
(with summarized financial information for the year ended December 31, 2018)

	2019			2018
	General Fund	Debt Service Fund	Total Governmental Funds	Total Governmental Funds
Revenues:				
Taxes:				
Property	\$ 318,630	\$ 91,293	\$ 409,923	\$ 270,928
Specific ownership	22,969	6,322	29,291	23,257
Charges for services:				
Ambulance services, net	17,681	-	17,681	21,772
Fire protection services	3,957	-	3,957	10,736
Grants	-	-	-	2,212
Donations	54,250	-	54,250	53,495
Other	8,216	-	8,216	3,381
Total Revenues	425,703	97,615	523,318	385,781
Expenditures:				
Public safety:				
Personnel and volunteers	178,830	-	178,830	141,533
Operations	72,839	-	72,839	64,899
Administration and general	43,886	500	44,386	49,620
Capital outlay	61,770	-	61,770	10,009
Debt service:				
Principal	-	65,000	65,000	65,000
Interest	-	23,757	23,757	25,878
Total Expenditures	357,325	89,257	446,582	356,939
Excess of Revenues Over Expenditures	68,378	8,358	76,736	28,842
Fund Balance, Beginning of Year	381,760	93,560	475,320	446,478
Fund Balance, End of Year	<u>\$ 450,138</u>	<u>\$ 101,918</u>	<u>\$ 552,056</u>	<u>\$ 475,320</u>

See accompanying notes to the financial statements.

NORTH ROUTT FIRE PROTECTION DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2019

Changes in fund balances - governmental funds	\$	76,736
<p style="margin-left: 20px;">Amounts reported for governmental activities in the statement of activities are different because:</p>		
Governmental funds report capital outlays as expenditures; however, they are capitalized and depreciated in the statement of activities.		(48,199)
Repayment of principal on noncurrent liabilities is reported as an expenditure in the governmental funds but reduces noncurrent liabilities in the statement of net position.		65,000
Interest payable on debt is not recorded in the governmental funds but rather recognized as an expenditure when due.		488
The deferred bond refunding premium is not reported in the governmental funds but is amortized as a component of interest expense in the statement of activities.		3,111
In the governmental funds, expenditures for the defined benefit pension plans are measured by the amount of the financial resources used, whereas in the statement of activities, they are measured as the liability is accrued according to actuarial estimates. This is the amount the net pension asset and liability and the related deferred inflows and outflows changed in the current year.		<u>(15,668)</u>
Change in net position of governmental activities	\$	<u>81,468</u>

See accompanying notes to the financial statements.

NORTH ROUTT FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2019
(with summarized financial information as of December 31, 2018 and for the year then ended)

Note 1: Summary of Significant Accounting Policies

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

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

Reporting Entity

The reporting entity consists of (a) the primary government, i.e., the District, and (b) organizations for which the District is financially accountable. The District has one component unit for which it is financially accountable. The North Routt Fire Station Building Condominiums Owners Association (the Association) is a Colorado not-for-profit common interest realty association established in June 2003 under the Colorado Common Interest Ownership Act. The District owns 83.21% of the allocated interest percentage of the Association. However, the Association has no material net assets as of December 31, 2019 or material revenues and expenses for the year then ended. Therefore, the Association has been excluded from the District's financial statements.

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

Measurement Focus and Basis of Accounting

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

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

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

Financial Statement Presentation

Government-Wide Financial Statements

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

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

NORTH ROUNT FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2019
(with summarized financial information as of December 31, 2018 and for the year then ended)

Note 1: Summary of Significant Accounting Policies (continued)

Financial Statement Presentation (continued)

Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

Fund Balance Presentation

Fund balances of the governmental fund are classified as follows:

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

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

Cash

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

Accounts Receivable

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

The District's net accounts receivable from ambulance services as of December 31, 2019 and 2018 was as follows:

	2019	2018
Accounts receivable from ambulance services	\$ 12,127	\$ 17,440
Allowance for uncollectible accounts	(7,300)	(8,700)
	\$ 4,827	\$ 8,740

NORTH ROUNT FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2019
(with summarized financial information as of December 31, 2018 and for the year then ended)

Note 1: Summary of Significant Accounting Policies (continued)

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

Capital Assets

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

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

	Years
Buildings and improvements	20-40
Equipment	10
Vehicles	5-10

Deferred Gain on Refunding of Debt

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

Deferred Outflows/Inflows of Resources

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

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

Property Taxes

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

Pension Plans

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

NORTH ROUTH FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2019
(with summarized financial information as of December 31, 2018 and for the year then ended)

Note 1: Summary of Significant Accounting Policies (continued)

Use of Estimates

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

Comparative Financial Statements

The financial statements include certain prior-year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with US GAAP. Accordingly, such information should be read in conjunction with the District's audited financial statements for the year ended December 31, 2018, from which the summarized information was derived.

Note 2: Stewardship, Compliance and Accountability

Budgetary Information

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

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

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

The District did not adopt any supplemental appropriations for the year ended December 31, 2019.

Compliance

Expenditures did not exceed appropriations in any fund for the year ended December 31, 2019.

NORTH ROUNT FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2019
(with summarized financial information as of December 31, 2018 and for the year then ended)

Note 2: Stewardship, Compliance and Accountability (continued)

TABOR Amendment

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

Future spending and revenue limits are determined based on the prior year's fiscal year spending adjusted for allowable increases based upon inflation and local growth. Fiscal year spending is generally defined as expenditures plus revenue increases with certain exceptions. Revenue in excess of the fiscal year spending limit must be refunded unless the voters approve retention of such revenue.

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

TABOR requires local governments to establish emergency reserves. These reserves must be at least 3% of fiscal year spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. The District has reserved \$11,054 of the December 31, 2019 fund balance in the General Fund for this purpose.

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

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

Note 3: Detailed Notes on the Funds

Deposits

The carrying amount of the District's deposits as of December 31, 2019 and 2018 was \$559,999 and \$480,985, respectively, and bank balances were \$524,491 and \$481,754, respectively. Of the bank balances, \$250,000 as of December 31, 2019 and 2018 was covered by federal deposit insurance and \$274,491 and \$231,754, respectively, was uninsured but collateralized in accordance with provisions of the Colorado Public Deposit Protection Act (PDPA).

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

NORTH ROUNT FIRE PROTECTION DISTRICT
Notes to Financial Statements
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Note 3: Detailed Notes on the Funds (continued)

Capital Assets

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

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental activities:				
Land	\$ 9,490	\$ -	\$ -	\$ 9,490
Other capital assets:				
Buildings	1,084,023	-	-	1,084,023
Vehicles	1,191,465	61,770	(3,000)	1,250,235
Equipment	307,288	-	-	307,288
Total other capital assets at cost	<u>2,582,776</u>	<u>61,770</u>	<u>(3,000)</u>	<u>2,641,546</u>
Less accumulated depreciation for:				
Buildings	(431,601)	(28,690)	-	(460,291)
Vehicles	(773,387)	(60,286)	3,000	(830,673)
Equipment	<u>(210,428)</u>	<u>(20,993)</u>	<u>-</u>	<u>(231,421)</u>
Total accumulated depreciation	<u>(1,415,416)</u>	<u>(109,969)</u>	<u>3,000</u>	<u>(1,522,385)</u>
Other capital assets, net	<u>1,167,360</u>	<u>(48,199)</u>	<u>-</u>	<u>1,119,161</u>
Governmental activities capital assets, net	<u>\$ 1,176,850</u>	<u>\$ (48,199)</u>	<u>\$ -</u>	<u>\$ 1,128,651</u>

Long-Term Liabilities

The District has the following long-term debt outstanding as of December 31, 2019:

General Obligation Refunding Bonds Series 2011

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

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

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

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

Note 3: Detailed Notes on the Funds (continued)

Long-Term Liabilities (continued)

Long-term liability activity for the year ended December 31, 2019 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
General obligation refunding bonds, series 2011	\$ 615,000	\$ -	\$ (65,000)	\$ 550,000	\$ 70,000
	<u>\$ 615,000</u>	<u>\$ -</u>	<u>\$ (65,000)</u>	<u>\$ 550,000</u>	<u>\$ 70,000</u>

Debt service requirements as of December 31, 2019 were as follows:

	Principal	Interest	Total
2020	\$ 70,000	\$ 22,000	\$ 92,000
2021	75,000	19,200	94,200
2022	80,000	16,200	96,200
2023	75,000	13,000	88,000
2024	80,000	10,000	90,000
2025-2026	170,000	10,200	180,200
Total	<u>\$ 550,000</u>	<u>\$ 90,600</u>	<u>\$ 640,600</u>

Governmental Fund Balances

The District has restricted fund balance as of December 31, 2019 for the following:

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

The District's board of directors has assigned \$121,680 of its general fund balance as of December 31, 2019 to maintain a capital reserve.

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

NORTH ROUNT FIRE PROTECTION DISTRICT
Notes to Financial Statements
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Note 4: Pension Plans

Fire and Police Statewide Defined Benefit Plan

Plan Description

The SWDB is a cost-sharing multiple-employer defined benefit pension plan covering substantially all full-time employees of participating fire or police departments in Colorado hired on or after April 8, 1978 (New Hires), provided that they are not already covered by a statutorily exempt plan. As of August 5, 2003, the SWDB may include clerical and other personnel from fire districts whose services are auxiliary to fire protection. The SWDB became effective January 1, 1980.

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

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

Benefits Provided

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

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

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

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

NORTH ROUNT FIRE PROTECTION DISTRICT
Notes to Financial Statements
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Note 4: Pension Plans (continued)

Fire and Police Statewide Defined Benefit Plan (continued)

A member may elect to participate in the deferred retirement option plan (DROP) after reaching eligibility for normal retirement, early retirement, or vested retirement and age 55. A member can continue to work while participating in the DROP, but must terminate employment within 5 years of entry into DROP. The member's percentage of retirement benefit is determined at the time of entry into the DROP. The monthly payments that begin at entry into the DROP are accumulated in a DROP account until the member terminates service, at which time the DROP accumulated benefits can be paid as periodic installments, a lump sum, or if desired, a member may elect to convert the DROP to a lifetime monthly benefit with survivor benefits. While participating in the DROP, the member continues to make pension contributions that are credited to the DROP. Effective January 1, 2003, the member shall self-direct the investments of their DROP funds. The DROP balance invested with the asset custodian at December 31, 2018 was \$109,545,616. This amount was not included in the SWDB Net Position.

Contributions

The SWDB 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 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 and their employers are contributing at the rate of 10% and 8%, respectively, of base salary for a total contribution rate of 18% in 2018. In 2014, the members elected to increase the member contribution rate to the SWDB beginning in 2015. Member contribution rates will increase 0.5% annually through 2022 to a total of 12% of base salary. Employer contributions will remain at 8% resulting in a combined contribution rate of 20% in 2022.

Contributions from members and employers of departments reentering the system are established by resolution and approved by the FPPA Board of Directors. The reentry group has a combined contribution rate of 22% of base salary in 2018. Per the 2014 member election, the reentry group also had their required member contribution rate increase 0.5% annually beginning in 2015 through 2022 for a total combined member and employer contribution rate of 24% in 2022.

The contribution rate for members and employers of affiliated social security employers is 5% and 4%, respectively, of base salary for a total contribution rate of 9% in 2018. Per the 2014 member election, the affiliated social security group will also have their required member contribution rate increase 0.25% annually beginning in 2015 through 2022 to a total of 6% of base salary. Employer contributions will remain at 4% resulting in a combined contribution rate of 10% in 2022.

Contributions to the Plan from the District were \$7,871 and \$5,356, respectively, for the years ended December 31, 2019 and 2018.

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

At December 31, 2018 and 2017, the District reported a liability (asset) of \$12,621 and (\$15,966), respectively, for its proportionate share of the collective net pension liability (asset) of the Plan. The net pension liability (asset) was measured as of December 31, 2018 and 2017, respectively, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability (asset) was based on the District's contributions to the Plan for the years ended December 31, 2018 and 2017 relative to the total contributions of participating employers to the Plan. At December 31, 2018 and 2017, the District's proportion was 0.0009983% and 0.0011097%, respectively.

NORTH ROUTT FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2019
(with summarized financial information as of December 31, 2018 and for the year then ended)

Note 4: Pension Plans (continued)

Fire and Police Statewide Defined Benefit Plan (continued)

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

For the years ended December 31, 2019 and 2018, the District recognized pension expense (revenue) of \$1,911 and (\$6,179), respectively. 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	\$ 16,218	\$ 135
Changes of assumptions or other inputs	12,224	-
Net difference between projected and actual investment earnings	9,929	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	4,201	-
Contributions subsequent to the measurement date	7,871	-
 Total	 \$ 50,443	 \$ 135

\$7,871 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,			
2019	\$	7,253	
2020		5,709	
2021		4,941	
2022		7,828	
2023		4,083	
Thereafter		12,623	
	\$	42,437	

Actuarial Assumptions

The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	7.0%, compounded annually net of operating expenses, and including inflation
Projected salary increases	4.25% - 11.25%
Cost of Living Adjustment (COLA)	0.0%
Inflation	2.5%

NORTH ROUNT FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2019
(with summarized financial information as of December 31, 2018 and for the year then ended)

Note 4: Pension Plans (continued)

Fire and Police Statewide Defined Benefit Plan (continued)

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 projected 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% of the RP-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 adjusted to 55% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00020.

At least every five years the FPPA's Board of Directors reviews its economic and demographic actuarial assumptions. At its July 2018 meeting, the FPPA's Board of Directors reviewed and approved recommended changes to the actuarial assumptions. 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 rollforward calculation of total pension liability as of December 31, 2018. Actuarial assumptions effective for actuarial valuations prior to January 1, 2019 were used in the determination of the actuarially determined contributions as of December 31, 2018. The actuarial assumptions impact 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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (assumed at 2.5%). Best estimates of arithmetic real rates of return for each major asset class included in the SWDB's target asset allocation as of December 31, 2018 are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	37%	8.03%
Equity Long/Short	9%	6.45%
Private Markets	24%	10.00%
Fixed Income	15%	2.90%
Absolute Return	9%	5.08%
Managed Futures	4%	5.35%
Cash	2%	2.52%
Total	<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the FPPA Board of Director's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the SWDB fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NORTH ROUNT FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2019
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Note 4: Pension Plans (continued)

Fire and Police Statewide Defined Benefit Plan (continued)

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

The following represents the District's proportionate share of the collective net pension liability/(asset) calculated using the discount rate of 7.0%, as well as what the District's proportionate share of the net pension liability/(asset) would be if it were calculated using a discount rate that is 1-percentage point lower (6.0%) or 1-percentage point higher (8.0%) than the current rate:

	Sensitivity of the NPL/(NPA)		
Discount Rate:	6.00%	7.00%	8.00%
Proportionate share of the NPL/(NPA)	\$ 48,946	\$ 12,621	\$ (17,508)

Plan Fiduciary Net Position

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

Volunteer Firefighters Pension Fund

Plan Description

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

The District contributes, on behalf of its volunteers, to an agent multiple-employer defined benefit pension plan included in the PERS. Title 31, Article 30 of CRS, as amended, establishes basic benefit provisions under the plan. The Plan covers 20 members at the measurement date of December 31, 2018.

NORTH ROUNT FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2019
(with summarized financial information as of December 31, 2018 and for the year then ended)

Note 4: Pension Plans (continued)

Volunteer Firefighters Pension Fund (continued)

Benefits Provided

The following were the benefit provisions used to determine the total pension liability as of December 31, 2018 (measurement date of the plan):

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

Contributions

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

The contribution to the Plan from the District was \$16,730 each year for the years ended December 31, 2019 and 2018. Plan members do not make contributions.

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

At December 31, 2019 and 2018, the District reported a net pension liability of \$151,367 and \$93,916, respectively. The net pension liability was measured as of December 31, 2018 and 2017, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

NORTH ROUNT FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2019
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Note 4: Pension Plans (continued)

Volunteer Firefighters Pension Fund (continued)

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

For the years ended December 31, 2019 and 2018, the District recognized pension expense of \$38,358 and \$5,545, respectively. 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	\$ 17,871	\$ -
Changes of assumptions or other inputs	10,432	-
Net difference between projected and actual investment earnings	22,954	10,927
Contribution subsequent to the measurement date	16,730	-
Total	\$ 67,987	\$ 10,927

\$16,730 reported as deferred outflows of resources related to pensions resulting from the District's contribution subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	
2020	\$ 28,632
2021	6,504
2022	777
2023	4,417
	<u>\$ 40,330</u>

Actuarial Assumptions

The following methods and assumptions were used to determine contribution rates to the Plan as of December 31, 2018:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open
Remaining Amortization Period	20 years
Asset Valuation Method	5-Year smoothed fair value
Inflation	2.50%
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-2014 Mortality Tables for Blue Collar Employees, projected with Scale BB, 55% multiplier for off-duty mortality Post-retirement: For ages less than 55, RP-2014 Mortality Tables for Blue Collar Employees. For ages 65 and older, RP-2014 Mortality Tables for Blue Collar Healthy Annuitants. For ages 55 through 64, a blend of the previous tables. All tables are projected with Scale BB.

NORTH ROUNT FIRE PROTECTION DISTRICT

Notes to Financial Statements

December 31, 2019

(with summarized financial information as of December 31, 2018 and for the year then ended)

Note 4: Pension Plans (continued)

Volunteer Firefighters Pension Fund (continued)

Actuarial Assumption Changes

The assumptions above pertain to the actuarial valuation as of January 1, 2017 and the associated Actuarially Determined Contribution for the year ending December 31, 2018. Following an experience study in 2018, the FPPA Board adopted a new assumption set for first use in the January 1, 2019 valuations.

The primary changes, which can be observed in the January 1, 2019 valuation, as compared to the assumptions shown above are as follows:

Investment Rate of Return	7.00%
Mortality	Pre-retirement: 2006 central rates from the RP-2014 Employee Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years, 50% multiplier for off-duty mortality Post-retirement: 2006 central rates from the RP-2014 Annuitant Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years Disabled: 2006 central rates from the RP-2014 Disabled Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic nominal rates of return for each major asset class included in the Plan's target asset allocation as of December 31, 2018, are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Nominal Rate of Return</u>
Cash	2.0%	2.52%
Fixed Income	15.0%	2.90%
Managed Futures	4.0%	5.35%
Absolute Return	9.0%	5.08%
Equity Long/Short	9.0%	6.45%
Global Equity	37.0%	8.03%
Private Markets	24.0%	10.00%
Total	<u>100.0%</u>	

NORTH ROUNT FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2019
(with summarized financial information as of December 31, 2018 and for the year then ended)

Note 4: Pension Plans (continued)

Volunteer Firefighters Pension Fund (continued)

Single Discount Rate

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

For the purpose of this valuation, the long-term expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 3.71% (based on the weekly rate closest to but not later than the measurement date of the "state and local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting single discount rate is 7.00%. December 31, 2018 is the end of the projection period for which projected benefit payments are fully funded.

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

The following represents the net pension asset of the Plan calculated using the discount rate of 7.0%, as well as what the net pension asset would be if it were calculated using a discount rate that is 1-percentage point lower (6.0%) or 1-percentage point higher (8.0%) than the current rate:

	Sensitivity of the NPL/(NPA)		
Discount Rate:	6.00%	7.00%	8.00%
Proportionate share of the NPL	\$ 199,464	\$ 151,367	\$ 110,806

Note 5: Other Information

Agreement for Participation in Development of the North Rountt Fire Station

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

In June 2003, the Association was established under the Colorado Common Interest Ownership Act. The County's allocated interest percentage for its portion of the building purchased is 16.79% and also represents the County's voting percentage in Association matters. In October 2003, the Association's Board of Directors approved the following common expenses to be shared proportionately by the District and the County: property insurance, trash and exterior building repairs and maintenance. Total Association common expenses during the year ended December 31, 2019 are not material to the District's financial statements.

Lease Agreement

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

NORTH ROUNT FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2019
(with summarized financial information as of December 31, 2018 and for the year then ended)

Note 5: Other Information (continued)

Risk Management

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

Subsequent Events

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

Management continues to monitor and assess the effects of the COVID-19 outbreak on the District. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the District's financial condition, liquidity, and future results of operations.

The District has evaluated subsequent events through September 11, 2020, the date these financial statements were available to be issued.

NORTH ROUNT FIRE PROTECTION DISTRICT
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2019

	Original and Final Budget	Actual	Variance
Revenues:			
Taxes:			
Property, net of tax collection fees of \$9,855	\$ 328,381	\$ 318,630	\$ (9,751)
Specific ownership	-	22,969	22,969
Charges for services:			
Ambulance services, net of provision for uncollectible accounts of \$24,312	18,000	17,681	(319)
Fire protection services	7,500	3,957	(3,543)
Grants	69,100	-	(69,100)
Contributions	12,000	54,250	42,250
Other	1,500	8,216	6,716
Total Revenues	436,481	425,703	(10,778)
Expenditures:			
Personnel and volunteers:			
Wages and benefits	196,578	141,801	54,777
Contract labor	9,500	8,600	900
Volunteer benefits	21,500	11,699	9,801
Volunteer pension contribution	16,730	16,730	-
Operations:			
Equipment and supplies	73,850	15,488	58,362
Vehicle	26,600	31,921	(5,321)
Building maintenance and utilities	20,810	25,430	(4,620)
Administration and general:			
Insurance	32,049	23,741	8,308
Professional fees	8,450	9,660	(1,210)
Fundraising	3,750	3,100	650
Other	5,000	7,385	(2,385)
Capital outlay	60,000	61,770	(1,770)
Total Expenditures	474,817	357,325	117,492
Excess (Deficiency) of Revenues Over Expenditures	(38,336)	68,378	<u>\$ 106,714</u>
Fund Balance, Beginning of Year	381,760	381,760	
Fund Balance, End of Year	<u>\$ 343,424</u>	<u>\$ 450,138</u>	

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

	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.0100%	0.0111%	0.0123%	0.0125%	0.0129%
District's proportionate share of the net pension liability (asset)	\$ 12,621	\$ (15,966)	\$ 4,443	\$ (221)	\$ (14,557)
District's covered payroll	\$ 98,384	\$ 66,951	\$ 65,000	\$ 62,840	\$ 60,622
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	12.83%	-23.85%	6.84%	-0.35%	-24.01%
Plan fiduciary net position as a percentage of the total pension liability	95.2%	106.3%	98.2%	100.1%	106.8%

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 7,871	\$ 5,356	\$ 5,200	\$ 5,027	\$ 4,850
Contributions in relation to the contractually required contribution	<u>\$ (7,871)</u>	<u>\$ (5,356)</u>	<u>\$ (5,200)</u>	<u>\$ (5,027)</u>	<u>\$ (4,850)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 98,384	\$ 66,951	\$ 65,000	\$ 62,840	\$ 60,622
Contributions as a percentage of covered payroll	8.00%	8.00%	8.00%	8.00%	8.00%

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

Measurement period ending December 31,	2018	2017	2016	2015	2014
Total Pension Liability					
Service Cost	\$ 5,272	\$ 5,272	\$ 7,493	\$ 7,493	\$ 9,585
Interest on the Total Pension Liability	29,213	28,863	26,466	25,867	27,410
Benefit Changes	-	-	-	-	-
Difference between Expected and Actual Experience	31,423	-	16,100	-	(33,619)
Assumption Changes	18,172	-	11,416	-	-
Benefit Payments	(29,460)	(29,460)	(27,435)	(23,389)	(22,465)
Net Change in Total Pension Liability	<u>54,620</u>	<u>4,675</u>	<u>34,040</u>	<u>9,971</u>	<u>(19,089)</u>
Total Pension Liability - Beginning	<u>401,387</u>	<u>396,712</u>	<u>362,672</u>	<u>352,701</u>	<u>371,790</u>
Total Pension Liability - Ending	<u>\$ 456,007</u>	<u>\$ 401,387</u>	<u>\$ 396,712</u>	<u>\$ 362,672</u>	<u>\$ 352,701</u>
Plan Fiduciary Net Position					
Employer Contributions	\$ 16,730	\$ 16,730	\$ 16,730	\$ 17,000	\$ 17,000
Net Investment Income	220	37,908	13,167	4,301	14,588
Benefit Payments	(29,460)	(29,460)	(27,435)	(23,389)	(22,465)
Pension Plan Administrative Expense	(5,378)	(4,773)	(672)	(1,489)	(724)
State of Colorado supplemental discretionary payment	15,057	15,057	15,300	15,300	15,300
Net Change in Plan Fiduciary Net Position	<u>(2,831)</u>	<u>35,462</u>	<u>17,090</u>	<u>11,723</u>	<u>23,699</u>
Plan Fiduciary Net Position - Beginning	<u>307,471</u>	<u>272,009</u>	<u>254,919</u>	<u>243,196</u>	<u>219,497</u>
Plan Fiduciary Net Position - Ending	<u>\$ 304,640</u>	<u>\$ 307,471</u>	<u>\$ 272,009</u>	<u>\$ 254,919</u>	<u>\$ 243,196</u>
Net Pension Liability	<u>\$ 151,367</u>	<u>\$ 93,916</u>	<u>\$ 124,703</u>	<u>\$ 107,753</u>	<u>\$ 109,505</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	66.81%	76.60%	68.57%	70.29%	68.95%
Covered Payroll	N/A	N/A	N/A	N/A	N/A
Net Pension Liability as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A

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

<u>FY Ending December 31,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution*</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Actual Contribution as a % of Covered Payroll</u>
2014	\$ 25,144	\$ 32,300	\$ (7,156)	N/A	N/A
2015	\$ 25,144	\$ 32,300	\$ (7,156)	N/A	N/A
2016	\$ 16,730	\$ 32,030	\$ (15,300)	N/A	N/A
2017	\$ 16,730	\$ 31,787	\$ (15,057)	N/A	N/A
2018	\$ 15,439	\$ 31,787	\$ (16,348)	N/A	N/A

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

NORTH ROUNTT FIRE PROTECTION DISTRICT
Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2019

	Original and Final Budget	Actual	Variance
Revenues:			
Taxes:			
Property, net of tax collection fees of \$2,824	\$ 94,150	\$ 91,293	\$ (2,857)
Specific ownership	-	6,322	6,322
Total Revenues	94,150	97,615	3,465
Expenditures:			
Professional fees	500	500	-
Debt service:			
Principal	65,000	65,000	-
Interest	23,950	23,757	193
Total Expenditures	89,450	89,257	193
Excess of Revenues Over Expenditures	4,700	8,358	<u>\$ 3,658</u>
Fund Balance, Beginning of Year	93,560	93,560	
Fund Balance, End of Year	<u>\$ 98,260</u>	<u>\$ 101,918</u>	