EVANS FIRE PROTECTION DISTRICT

BASIC FINANCIAL STATEMENTS

December 31, 2019

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FINANCIAL SECTION

JOHN CUTLER & ASSOCIATES

Board of Directors
Evans Fire Protection District
Evans, Colorado

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Evans Fire Protection District, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information on pages 29-33 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.

John Cutler & Associates, LLC

June 1, 2020

Evans Fire Protection District
EST. 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

To serve the citizens of the Evans Fire Protection District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2019. Please read the information presented here in conjunction with the District's financial statements.

FINANCIAL HIGHLIGHTS

- At the end of 2019, the District's assets exceeded its liabilities by $6.313 million. Of this amount $3.013 million is capital assets (buildings, machinery, vehicles). An additional $145,000 is restricted per TABOR requirements.
- The District budget allowed for $4.442 million in revenues. The General Revenues collected totaled $4.806 million. The overage is due to a significant increase in Specific Ownership taxes collected and the actual amount of Fire Impact Fees collected.
- Due to a new well site within the District, revenues from Oil & Gas properties increased substantially in 2019. These funds were directed into an investment account for future use. The District does not anticipate the Oil & Gas property revenue to remain at an increased level consistently, therefore, these funds are not considered part of the annual operating budget.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements comprise three components: 1) the government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements – Reporting the District as a Whole

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The ***statement of net position*** presents information on all of the Districts' assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The ***statement of activities*** presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of these government-wide financial statements present functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include administration, District Board support and elections, maintenance and new construction of facilities and apparatus, and debt service.

The government-wide financial statements include solely the operations of the District itself. There are no additional discrete or blended component units.

Fund Financial Statements – Reporting the District's Most Significant Funds

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives, or as required by legal enabling legislation. The District, like other special districts, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the District are considered governmental funds.

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

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

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are found on Pages 6-28 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District. Required and other supplementary information can be found on Pages 29-33 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Evans Fire Protection District as a Whole

As noted earlier, net position may serve as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by $6.313 million at the close of 2019.

The District's net investment in capital assets (e.g., machinery and equipment) reflects a balance of $3.013 million. Net position is reflected in the statements at historical cost less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net position represents resources that are subjected to external and internal restrictions on how they may be used. The remaining balance of unrestricted net position ($3.155 million) may be used to meet the District's ongoing obligations to citizens and creditors.

Table 1 provides a summary of the District's net position for 2019 as compared to 2018.

Table 1
Evans Fire Protection District
Net Position ($000's)

	Governmental Activities	
	2019	**2018**
Assets:		
Current and other assets	$ 7,376	$ 5,793
Capital assets	3,253	3,049
Total assets	10,629	8,842
Deferred Outflows of Resources	923	642
Liabilities:		
Current liabilities	110	85
Long-term liabilities	1,262	1,199
Total liabilities	1,372	1,284
Liabilities now includes Volunteer Pension Liability per GASB 68 Standard		
Deferred Inflows of Resources	3,868	4,115
Net Position:		
Net investment in capital assets	3,013	2,734
Restricted	145	86
Unrestricted	3,155	1,264
Total net position	6,313	4,084

Table 2 shows the condensed Statement of Activities for fiscal 2019 compared to fiscal year 2018.

Table 2
Evans Fire Protection District
Condensed Statement of Activities ($000's)

	Governmental Activities 2019	2018
Revenues:		
General revenues:		
Property taxes	3,825	2.090
Specific ownership taxes	258	161
Impact Fees	185	92
Intergovernmental	520	500
Interest	32	-
Other	16	-
Loss on disposal of assets	-	(6)
Total General Revenues	4,836	2,837
Expenses:		
General Government	2,596	2,293
Interest on Long-Term Debt	11	14
Total expenses	2,607	2,306
Change in net position	2,228	531

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds **-** The focus of the District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of December 31, 2019, the District's governmental funds reported ending fund balances of $3.432 million. Approximately 95 percent of this total amount ($3.260 million) constitutes unassigned fund balance, which is available for spending at the District's discretion. The remainder of fund balance ($172 thousand), is reserved to indicate that it is not available for new spending because it has been restricted to: 1) provide an emergency reserve as required by the State Constitution (amendment to Article X, Section 20) and 2) committed and assigned fund balance which was accumulated due to revenues which were assigned to a specific function (for example, transfers for capital replacement).

The General Fund is the chief operating fund of the District. As of December 31, 2019, the unassigned fund balance of the general fund was $3.260 million. As a measure of the General Fund's liquidity, it may be useful to compare total unassigned fund balance to total fund expenditures.

General Fund Budgetary Highlights

During the year, actual revenues were $4.838 million, which was slightly higher than original budgetary amounts.

Actual expenditures and other financing uses totaled $3.052 million. The fund balance as of December 31, 2019 is $3.432 million. Of this amount, $145 thousand is restricted for emergencies and $3.260 million is unassigned and available for appropriations as the District Board sees fit.

Capital Asset and Debt Administration

Capital Assets - The District's investment in capital assets for its governmental activities as of December 31, 2018 amounted to $3.05 million (net of accumulated depreciation). This investment includes land, buildings, machinery, and equipment.

Evans Fire Protection District Capital Assets
(net of depreciation) ($000's)

	Governmental Activities	
	2019	**2018**
Buildings & Improvements	2,118	2,052
Vehicles	1,051	692
Equipment	74	79
Land (not being depreciated)	10	10
CIP (not being depreciated)	-	216
Total	$ 3,253	$ 3,049

Additional information on the District's capital assets can be found in the notes to the financial statements on Page 14 of this report.

Debt - As of December 31, 2019, the District had total lease obligations outstanding of $324 thousand.

Evans Fire Protection District Outstanding Debt ($000's)

	Governmental Activities	
	2019	**2018**
Capital Lease	$ 240	$ 315
Compensated Absences	84	88
Total	$ 324	$ 403

Additional information on the District's long-term debt can be found in the notes to the financial statements on Page 14 of this report.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Evans Fire Protection District Administrative Office, 2100 37th Street, Evans, Colorado 80620, (970) 339-3920.

BASIC FINANCIAL STATEMENTS

EVANS FIRE PROTECTION DISTRICT

STATEMENT OF NET POSITION
As of December 31, 2019

	GOVERNMENTAL ACTIVITIES	
	2019	2018
ASSETS		
Cash and Investments	$ 3,350,585	$ 1,566,295
Receivables		
Accounts	159,567	159,089
Property Taxes	3,839,208	3,823,230
Prepaid Expenses	26,850	-
Net Pension Asset - SWDB Pension	-	244,097
Capital Assets, Not Depreciated	10,000	226,038
Capital Assets, Depreciated		
Net of Accumulated Depreciation	3,242,474	2,822,785
TOTAL ASSETS	10,628,684	8,841,534
DEFERRED OUTFLOWS OF RESOURCES		
Related to Volunteer Pension	144,777	114,681
Related to SWDB Pension	777,990	526,876
TOTAL DEFERRED OUTFLOWS OF RESOURCES	922,767	641,557
LIABILITIES		
Accounts Payable	26,328	25,467
Accrued Salaries and Benefits	78,569	53,624
Accrued Interest Payable	4,612	5,925
Accrued Compensate Absences	83,705	88,220
Noncurrent Liabilities		
Net Pension Liability - SWDB Pension	219,759	-
Net Pension Liability - Volunteer Pension	718,334	795,932
Due within One Year	75,000	75,000
Due in More Than One Year	165,000	240,000
TOTAL LIABILITIES	1,371,307	1,284,168
DEFERRED INFLOWS OF RESOURCES		
Deferred Revenues - Property Taxes	3,839,208	3,823,230
Related to Volunteer Pension	24,491	32,654
Related to SWDB Pension	3,892	258,913
TOTAL DEFERRED INFLOWS OF RESOURCES	3,867,591	4,114,797
NET POSITION		
Net Investment in Capital Assets	3,012,474	2,733,823
Restricted for Emergencies	145,000	86,000
Unrestricted	3,155,079	1,264,303
TOTAL NET POSITION	$ 6,312,553	$ 4,084,126

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

EVANS FIRE PROTECTION DISTRICT

STATEMENT OF ACTIVITIES
Year Ended December 31, 2019

		Program Revenues		Net Expense (Revenues) and Change in Net Position	
				Governmental Activities	
FUNCTIONS/PROGRAMS	Expenses	Charges for Services	Operating Grants and Contributions	2019	2018
PRIMARY GOVERNMENT					
Governmental Activities					
General Government	$ 2,598,197	$ -	$ 2,058	$ (2,596,139)	$ (2,292,503)
Interest on Long-Term Debt	11,310	-	-	(11,310)	(13,862)
Total Governmental Activities	2,609,507	-	2,058	(2,607,449)	(2,306,365)
GENERAL REVENUES					
Property Taxes				3,825,160	2,090,283
Specific Ownership Taxes				257,708	160,815
Impact Fees				183,507	91,923
Intergovernmental				519,902	500,457
Interest				32,124	-
Other				17,475	-
Loss on Disposal of Assets				-	(6,265)
TOTAL GENERAL REVENUES				4,835,876	2,837,213
CHANGE IN NET POSITION				2,228,427	530,848
NET POSITION, Beginning				4,084,126	3,553,278
NET POSITION, Ending				$ 6,312,553	$ 4,084,126

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

EVANS FIRE PROTECTION DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2019

	GENERAL FUND	
	2019	2018
ASSETS		
Cash and Investments	$ 3,350,585	$ 1,566,295
Accounts Receivable	159,567	159,089
Property Taxes Receivable	3,839,208	3,823,230
Prepaid Expenses	26,850	-
TOTAL ASSETS	$ 7,376,210	$ 5,548,614
LIABILITIES, DEFERRED INFLOWS, AND FUND EQUITY		
LIABILITIES		
Accounts Payable	$ 26,328	$ 25,467
Accrued Expenses	78,569	53,624
TOTAL LIABILITIES	104,897	79,091
DEFERRED INFLOWS		
Deferred Revenues - Property Taxes	3,839,208	3,823,230
FUND EQUITY		
Fund Balance		
Nonspendable	26,850	-
Restricted for Emergencies	145,000	86,000
Committed for Capital Expenditures	-	370,189
Unassigned	3,260,255	1,190,104
TOTAL FUND EQUITY	3,432,105	1,646,293
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND EQUITY	$ 7,376,210	$ 5,548,614
Amounts reported for governmental activities in the statement of net position are different because:		
Fund Equity, Governmental Funds	3,432,105	1,646,293
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	3,252,474	3,048,823
Long-term liabilities and related assets are not due and payable in the current period and are not reported in the funds. This includes capital lease payable ($240,000), accrued interest payable ($4,612), compensated absences ($83,705), net pension liability of ($938,093), deferred outflows related to pensions of $922,767, and deferred inflows related to pensions of ($28,383).	(372,026)	(610,990)
Net position of governmental activities	$ 6,312,553	$ 4,084,126

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

EVANS FIRE PROTECTION DISTRICT

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

	GENERAL FUND	
	2019	2018
REVENUES		
Property Taxes	$ 3,825,160	$ 2,090,283
Specific Ownership Taxes	257,708	160,815
Intergovernmental	519,902	500,457
Impact Fees	183,507	91,923
Grants	2,058	-
Interest	32,124	-
Miscellaneous	17,475	-
TOTAL REVENUES	4,837,934	2,843,478
EXPENDITURES		
Current		
Salaries and Benefits	2,000,360	1,912,396
Operations	569,949	375,935
Capital Outlay	394,190	287,473
Debt Service		
Principal	75,000	70,000
Interest and Fiscal Charges	12,623	14,912
TOTAL EXPENDITURES	3,052,122	2,660,716
NET CHANGE IN FUND BALANCES	1,785,812	182,762
FUND BALANCES, Beginning	1,646,293	1,463,531
FUND BALANCES, Ending	$ 3,432,105	$ 1,646,293

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

EVANS 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	$ 1,785,812
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay $389,399 exceeded depreciation expense ($185,748) for the current year.	203,651
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. These are the capital lease payments of $75,000, change in accrued interest payable of $1,313 and change in accrued compensation absences of $4,515.	80,828
Deferred Charges related to pension are not recognized in the governmental funds. However, for the government-wide funds that amount is capitalized and amortized.	158,136
Change in Net Position of Governmental Activities	$ 2,228,427

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

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

The Evans Fire Protection District (the "District") was formed in 2011 to provide fire protection services for the Town of Evans, Colorado. The District provides emergency services for fires, medical emergencies, rescues, hazardous materials releases, and man-made disasters within the District. The District is governed by a five-member Board of Directors elected by the residents.

The accounting policies of 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 it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to 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.*

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.

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

Investments

Investments are recorded at fair value.

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 the asset 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	15 - 40 years
Machinery and Equipment	5 - 20 years
Vehicles	5 - 15 years

Compensated Absences

Employees of the District are allowed to accumulate unused paid time off (PTO) up to an accrual amount ("cap") as stated in the District Member Handbook. Upon termination of employment with the District, an employee is compensated for all of the employee's accrued but unused PTO, if any, at the employee's current rate of pay.

These compensated absences are recognized when due in the governmental funds types. A liability has been recorded in the government-wide financial statements for accrued compensated absences.

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 positions.

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

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

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 outflows 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 the 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 inflows of resources, represents an acquisition of net position and fund balance that applies to a futures period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Property Taxes

The District certifies its property taxes expressed as a mill levy, on or before December 15. Property taxes 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.

Net Position

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

Investment in Capital Assets is intended to reflect the portion of net position which are associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost.

Restricted Net Position are liquid assets, which have third party limitations on their use.

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

Unrestricted Net Position represent assets that do not have any third-party limitation on their use. While District management may have categorized and segmented portions for various purposes, the Board of Directors has the unrestricted authority to revisit or alter these managerial decisions

Fund Balance Classification

In the government-wide financial statements, net positions are restricted when constraints placed on the net positions are externally imposed.

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 either because they are not in a spendable form or because they are legally or contractually required to be maintained intact. At December 31, 2019, the District reports prepaid expenses as nonspendable.

- 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 the State Constitution for declared emergencies.

- 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 (motion 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 reported unspent funds budgeted by the District for the long-term replacement of major fire apparatus, equipment, and facilities as committed 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.

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

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.

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:

- Before October 15, the Board of Directors appoints District Management as the District's Budget Officer.
- On or before October 15, District Management, acting as the Budget Officer 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.
- At least one public hearing is conducted to obtain taxpayer comments.
- Prior to December 15, the budget is legally enacted through passage of a resolution.
- District Management is authorized to transfer budgeted amounts between one or more line items 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).
- Budgeted amounts in the financial statements are as originally adopted or as amended by the Board of Directors. All appropriations lapse at year end.

NOTE 3: ***CASH DEPOSITS***

A summary of deposits as of December 31, 2019 follows:

Cash Deposits	$ 1,143,462
Investments	2,207,124
Total	**$ 3,350,586**

Deposits

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 $1,143,462. The bank balances with the financial institutions were $1,158,654. Of these balances, $250,000 was covered by federal depository insurance and $908,654 was covered by collateral held by authorized escrow agents in the financial institutions name (PDPA).

Investments

Interest Rate Risk

The District has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

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

NOTE 3: *CASH DEPOSITS* (Continued)

Credit Risk (Continued)

- Obligations of the United States and certain U.S. government agency securities
- General obligation and revenue bonds of U.S. local government entities
- 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 local governments.

Local Government Investment Pools

The District had invested $2,207,124 in the Colorado Government Liquid Asset Trust (ColoTrust) which has a credit rating of AAAm by Standard and Poor's. ColoTrust is an investment vehicle established for local government entities in Colorado to pool surplus funds and is regulated by the State Securities Commissioner. It operates similarly to a money market fund and each share is equal in value to $1.00. Investments consist of U.S. Treasury and U.S. Agency securities, and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the entities.

ColoTrust is not a 2a7-like external investment pool. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. The government-investor does not "look through" the pool to report a pro rata share of the pool's investments, receivables, and payables.

NOTE 4: ***CAPITAL ASSETS***

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

	Balances 12/31/18	Additions	Deletions	Balances 12/31/19
Governmental Activities				
Capital Assets, not depreciated				
Land	$ 10,000	$ -	$ -	$ 10,000
Construction in Progress	216,038	-	216,038	-
Total Capital Assets, not depreciated	226,038	-	216,038	10,000
Capital Assets, depreciated				
Buildings and Improvements	2,678,091	131,217	-	2,809,308
Machinery and Equipment	330,456	15,557	6,995	339,018
Vehicles	1,611,604	458,663	-	2,070,267
Total Capital Assets, depreciated	4,620,151	605,437	6,995	5,218,593
Less Accumulated Depreciation				
Buildings and Improvements	626,192	65,131	-	691,323
Machinery and Equipment	251,675	20,558	6,995	265,238
Vehicles	919,499	100,059	-	1,019,558
Total Accumulated Depreciation	1,797,366	185,748	6,995	1,976,119
Total Capital Assets, depreciated, Net	2,822,785	419,689	-	3,242,474
Governmental Activities, Capital Assets, Net	**$ 3,048,823**	**$ 419,689**	**$ 216,038**	**$ 3,252,474**

Depreciation expense was charged to general government program 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.

	Balance 12/31/18	Additions	Payments	Balance 12/31/19	Due In One Year
Capital Lease	$ 315,000	$ -	$ 75,000	$ 240,000	$ 75,000
Compensated Absences	88,220	-	4,515	83,705	-
Total	**$ 403,220**	**$ -**	**$ 79,515**	**$ 323,705**	**$ 75,000**

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

Quint Capital Lease

On December 27, 2012, the District entered into a capital lease agreement to finance the acquisition of a fire engine. The lease requires annual payments of principal and biannual payments of interest, accruing at a rate of 3.37% through July 2022.

Future Debt Service Requirements

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

Year Ended December 31,	Principal	Interest	Total
2020	$ 75,000	$ 9,225	$ 84,225
2021	80,000	7,013	87,013
2022	85,000	3,613	88,613
Total Debt Service Requirements	**$ 240,000**	**$ 19,851**	**$ 259,851**

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 insurance coverage in the last three years.

NOTE 7: *COMMITMENTS AND CONTINGENCIES*

Taxpayer's Bill of Rights (TABOR)

TABOR Amendment - Colorado voters passed the Taxpayer's Bill of Rights (TABOR), which amended the State Constitution to add Article X, Section 20, which imposes several limitations and requirements, including revenue raising, spending abilities, and other specific requirements of state and local government. Upon formation of the District in 2011, the District's voters exempted the District from TABOR's revenue and spending limits, and the annual revenue limits imposed by Section 29-1-301 of the Colorado Revised Statutes.

The District has established an emergency reserve, representing 3% of fiscal year spending (excluding debt service), as required by TABOR. At December 31, 2019, the emergency reserve of $145,000 was recorded in the General Fund. TABOR is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of TABOR.

NOTE 7: *COMMITMENTS AND CONTINGENCIES* (Continued)

Impact Fees

In December 2016 the District entered into an Intergovernmental Agreement with the City of Evans, Colorado regarding the collection and distribution of impact fees. Under the terms of the agreement, the City will collect and distribute any impacted fees to the District. For the year ended December 31, 2019, the District received $185,107 for impact fees collected by the City of Evans, Colorado under the terms of the agreement.

NOTE 8: DEFINED BENEFIT PENSION PLANS

Volunteer Firefighters' Pension Plan

Summary of Significant Accounting Policies

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

General Information about the Pension Plan

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

NOTE 8: DEFINED BENEFIT PENSION PLANS (Continued)

Volunteer Firefighters' Pension Plan (Continued)

General Information about the Pension Plan (Continued)

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

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

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

At December 31, 2019 the District reported a net pension liability of $718,334. The net pension liability was measured as of December 31, 2018, and was determined by an actuarial valuation as of January 1, 2019. Standard update procedures were used to roll forward the total pension liability to December 31, 2019.

Pension Liabilities, Pension Expense, and Deferred Outflows

For the year ended December 31, 2019 the District recognized pension income of $27,857. 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	N/A	N/A
Net difference between projected and actual earnings on pension plan investments	$56,777	$24,491
Change in assumptions and other inputs	N/A	N/A
Contributions subsequent to the measurement date	$88,000	N/A
Total	$144,777	$24,491

NOTE 8: DEFINED BENEFIT PENSION PLANS (Continued)

Volunteer Firefighters' Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows (Continued)

$88,000 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	
2020	$ 13,354
2021	$5,789
2022	$2,489
2023	$10,654

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

Actuarial Cost Method:	Entry Age Normal
Amortization Method:	Level Dollar Open*
Remaining Amortization Period:	20 years*
Asset Valuation Method:	5-Year smoothed 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.

*Plans that are heavily weighted with retiree liabilities use an amortization period based on the expected remaining lifetime of the participants.

NOTE 8: DEFINED BENEFIT PENSION PLANS (Continued)

Volunteer Firefighters' Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows (Continued)

Assumption Changes: The assumptions shown 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 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 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.

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 Fund's target asset allocation as of December 31, 2018 are summarized in the following table:

NOTE 8: DEFINED BENEFIT PENSION PLANS (Continued)

Volunteer Firefighters' Pension Plan (Continued)

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.0%	2.52%
Fixed Income	15.0%	2.9%
Managed Futures	4.00%	5.35%
Absolute Return	9.0%	5.08%
Long Short	9.0%	6.45%
Global Public Equity	37.0%	8.03%
Private Capital	24.0%	10.00%
Total	100.0%	

The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which establishes the 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.

Sensitivity of the District's net pension asset to changes in the discount rate. The following presents the net pension asset calculated using the discount rate of 7.50 percent, as well as the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate share of the net pension asset	$870,297	$718,334	$591,267

NOTE 8: DEFINED BENEFIT PENSION PLANS (Continued)

Volunteer Firefighters' Pension Plan (Continued)

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

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

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

Statewide Defined Benefit Pension Plan

Summary of Significant Accounting Policies

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

General Information about the Pension Plan

Plan description. The SWDB Plan provides retirement benefits for members and beneficiaries according to plan provisions as enacted and governed by FPPA's Pension Fund Board of Trustees. Colorado Revised Statutes ("CRS"), as amended, establishes basic benefit provisions under the SWDB Plan. FPPA issues an annual, publicly-available financial report that includes the assets of the SWDB Plan. 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.

NOTE 8: <u>DEFINED BENEFIT PENSION PLANS</u> (Continued)

<u>Statewide Defined Benefit Pension Plan</u> (Continued)

General Information about the Pension Plan (Continued)

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 membership.

Members of the SWDB Plan and their employers are contributing at the rate of 10 percent and 8 percent, respectively, of base salary for a total contribution rate of 18 percent in 2019. 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 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 percent of base salary in 2018. It is a local decision as to whether the member or employer pays the additional 4 percent contribution.

NOTE 8: <u>DEFINED BENEFIT PENSION PLANS</u> (Continued)

<u>Statewide Defined Benefit Pension Plan</u> (Continued)

General Information about the Pension Plan (Continued)

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 4.5 and 4 percent, respectively, of base salary for a total contribution rate of 8.5 percent in 2018. 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.

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

At December 31, 2019 the District reported a net pension liability in the amount of $219,759 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2018, and the total pension liability used to calculate the net pension asset 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 asset was based on the District's contributions to the SWDB Plan for the calendar year 2018 relative to the total contributions of participating employers to the SWDB Plan.

At December 31, 2018, the District's proportion was 0.17382%, which was an increase of 0.00415% from its proportion measured as of December 31, 2017.

NOTE 8: DEFINED BENEFIT PENSION PLANS (Continued)

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 the year ended December 31, 2019 the District recognized pension income of $48,223. At December 31, 2018, 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	$282,372	$2,348
Net difference between projected and actual earnings on pension plan investments	$172,875	N/A
Changes in proportion and differences between contributions recognized and proportionate share of contributions	N/A	$1,544
Change in assumptions and other inputs	$212,830	N/A
Contributions subsequent to the measurement date	$109,913	N/A
Total	$777,990	$3,892

$109,913 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31	
2020	$125,957
2021	$89,867
2022	$76,485
2023	$126,760
Thereafter	$245,116

NOTE 8: <u>DEFINED BENEFIT PENSION PLANS</u> (Continued)

<u>Statewide Defined Benefit Pension Plan</u> (Continued)

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

Actuarial assumptions. The actuarial valuations for the SWBP were used to determine the total pension liability and actuarially determined contributions for the fiscal year ending December 31, 2018. The valuations used the following actuarial assumptions and other inputs:

<u>Total Pension Liability:</u>

Actuarial Valuation Date	January 1, 2019
Actuarial Method	Entry Age Normal
Amortization Method	N/A
Amortization Period	N/A
Long-term investment Rate of Return*	7.00 percent
Projected salary increases*	4.25 – 11.25 percent
Cost of Living Adjustments (COLA)	0.00 percent
*Includes Inflation at 2.5%	

<u>Actuarially Determined Contributions:</u>

Actuarial Valuation Date	January 1, 2018
Actuarial Method	Entry Age Normal
Amortization Method	Level % of Payroll, Open
Amortization Period	30 Years
Long-term investment Rate of Return*	7.50 percent
Projected salary increases*	4.0 – 14.0 percent
Cost of Living Adjustments (COLA)	0.00 percent
*Includes Inflation at 2.5%	

Effective January1, 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% mortality probability for females is included to reflect substantial impairment for this population. The pre-retirement off-duty mortality tables are adjusted to 55% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00020.

NOTE 8: DEFINED BENEFIT PENSION PLANS (Continued)

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 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, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2018 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

NOTE 8: <u>DEFINED BENEFIT PENSION PLANS</u> (Continued)

<u>Statewide Defined Benefit Pension Plan</u> (Continued)

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

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

Asset Class	**Target Allocation**	**Long-Term Expected Real Rate of Return**
Global Equity	37.0%	8.03%
Equity Long/Short	9.0%	6.45%
Illiquid Alternatives	24.0%	10.0%
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 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which establishes the 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 7.00%; the municipal bond rate is 3.71% (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.00%.

NOTE 8: DEFINED BENEFIT PENSION PLANS (Continued)

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. Regarding the sensitivity of the net asset liability/(asset) to changes in the Single Discount Rate, the following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.50%, as well as what the plan's net pension liability/(asset) would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate share of the net pension liability (asset)	\$852,200	\$219,759	(\$304,839)

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.

REQUIRED SUPPLEMENTAL INFORMATION

EVANS FIRE PROTECTION DISTRICT

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2019

	2019			
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2018 ACTUAL
REVENUES				
Property Taxes	$ 3,815,093	$ 3,825,160	$ 10,067	$ 2,090,283
Specific Ownership Taxes	110,000	257,708	147,708	160,815
Intergovernmental	517,298	519,902	2,604	500,457
Impact Fees	50,000	183,507	133,507	91,923
Grants	-	2,058	2,058	-
Interest	-	32,124	32,124	-
Miscellaneous	-	17,475	17,475	-
TOTAL REVENUES	4,492,391	4,837,934	345,543	2,843,478
EXPENDITURES				
Current				
Salaries and Benefits	1,999,563	2,000,360	(797)	1,912,396
Operations	777,900	569,949	207,951	375,935
Capital Outlay	415,304	394,190	21,114	287,473
Debt Service	87,637	87,623	14	84,912
TOTAL EXPENDITURES	3,280,404	3,052,122	228,282	2,660,716
CHANGE IN FUND BALANCE	1,211,987	1,785,812	573,825	182,762
FUND BALANCE, Beginning	1,473,718	1,646,293	172,575	1,463,531
FUND BALANCE, Ending	$ 2,685,705	$ 3,432,105	$ 746,400	$ 1,646,293

See the accompanying independent auditors' report.

EVANS FIRE PROTECTION DISTRICT

SCHEDULE OF CONTRIBUTIONS
Volunteer Firefighters' Pension Plan
December 31, 2019

FY Ending December 31	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2012	$ 81,685	$ 110,123	$ (28,438)	N/A	N/A
2013	83,647	110,123	(26,476)	N/A	N/A
2014	83,647	110,123	(26,476)	N/A	N/A
2015	83,647	110,123	(26,476)	N/A	N/A
2016	56,939	110,985	(54,046)	N/A	N/A
2017	82,282	110,123	(27,841)	N/A	N/A
2018	82,282	110,123	(27,841)	N/A	N/A

See the accompanying independent auditors' report.

EVANS FIRE PROTECTION DISTRICT

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

Measurement Period Ending December 31,	2014	2015	2016	2017	2018
Total Pension Liability					
Service Cost	$ 13,838	$ 4,789	$ 4,789	$ 2,854	$ 2,854
Interest on the Total Pension Liability	95,423	90,582	88,878	111,429	110,379
Benefit Changes	-	-	290,456	-	-
Difference Between Expected and Actual Experiences	(70,507)	-	5,033	-	(140,966)
Assumption Changes	-	-	46,572	-	54,262
Benefit Payments	(94,506)	(103,373)	(133,353)	(134,865)	(121,463)
Net Change in Total Pension Liability	(55,752)	(8,002)	302,375	(20,582)	(94,934)
Total Pension Liability - Beginning	1,311,913	1,256,161	1,248,159	1,550,534	1,529,952
Total Pension Liability - Ending	$ 1,256,161	$1,248,159	$ 1,550,534	$ 1,529,952	$ 1,435,018
Plan Fiduciary Net Position					
Employer Contribution	$ 88,000	$ 88,000	$ 88,862	$ 88,000	$ 88,000
Pension Plan Net Investment Income	37,338	11,218	32,623	90,305	1,103
Benefit Payments	(94,506)	(103,373)	(133,353)	(134,865)	(121,463)
Pension Plan Administrative Expenses	(1,270)	(4,522)	(1,253)	(6,927)	(7,099)
State of Colorado Supplemental Discretionary Payme	22,123	22,123	22,123	22,123	22,123
Net Change in Plan Fiduciary Net Position	51,685	13,446	9,002	58,636	(17,336)
Plan Fiduciary Net Position - Beginning	601,251	652,936	666,382	675,384	734,020
Plan Fiduciary Net Position - Ending	652,936	666,382	675,384	734,020	716,684
Net Pension Liability/(Asset)	$ 603,225	$ 581,777	$ 875,150	$ 795,932	$ 718,334
Plan Fidiciary Net Position as a Percentage of Total Pension Liability	51.98%	53.39%	43.56%	47.98%	49.94%
Covered Employee Payroll	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

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

See the accompanying independent auditors' report.

EVANS FIRE PROTECTION DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
STATEWIDE DEFINED BENEFIT PLAN

Years Ended December 31,

	2013	2014	2015	2016	2017	2018
District's proportionate share of the Net Pension Liability (Asset)	0.172%	0.165%	0.175%	0.181%	0.170%	0.174%
District's proportionate share of the Net Pension Liability (Asset)	$ (153,991)	$ (186,583)	$ (3,088)	$ 65,471	$ (244,097)	$ 219,759
District's covered-employee payroll	$ 717,762	$ 743,474	$ 775,599	$ 944,519	$ 1,059,074	$ 1,156,980
District's proportionate share of the Net Pension Liability (Asset) as a percentage of its covered payroll	-21.5%	-25.1%	-0.4%	6.9%	-23.0%	19.0%
Plan fiduciary net position as a percentage of the total pension liability	106.8%	105.8%	100.1%	98.2%	106.3%	95.2%

Notes:

This schedule is reported as of December 31, as that is the plan year end.

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

See the accompanying independent auditors' report.

EVANS FIRE PROTECTION DISTRICT

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
STATEWIDE DEFINED BENEFIT PLAN

Years Ended December 31,

	2013	2014	2015	2016	2017	2018	2019
Statutorily required contributions	$ 57,421	$ 59,478	$ 62,048	$ 75,562	$ 100,612	$ 148,586	$ 109,913
Contributions in relation to the Statutorily required contributions	57,421	59,478	62,048	75,562	100,612	148,586	109,913
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 717,762	$ 743,474	$ 775,599	$ 944,519	$ 1,059,074	$ 1,564,062	$ 1,156,980
Contributions as a percentage of covered payroll	8.00%	8.00%	8.00%	8.00%	9.50%	9.50%	9.50%

Notes:

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