

**BLACK FOREST FIRE / RESCUE
PROTECTION DISTRICT
El Paso, Colorado**

**FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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SCHILLING & COMPANY, INC.

Certified Public Accountants

P.O. Box 631579
HIGHLANDS RANCH, CO 80163

PHONE: 720.348.1086
FAX: 720.348.2920

Independent Auditor's Report

Board of Directors
Black Forest Fire Rescue/Protection District
El Paso County, Colorado

Report for the Financial Statements

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

Management's Responsibility for the Financial Statements

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

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 the major fund of Black Forest Fire Rescue/Protection District, as of December 31, 2019, and the respective changes in financial position and the respective budgetary comparison for the General Fund 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 that the Management's Discussion and Analysis on pages IV through IX, Schedule of Proportionate Share of the Net Pension Liability/(Asset) – Fire and Police Pension Association – Statewide Defined Benefit Plan on page 28, the Schedule of District Contributions – Fire and Police Pension Association – Statewide Defined Benefit Plan on page 29, the Schedule of Changes in Net Pension Liability/(Asset) – FPPA - Volunteer Firefighters' Pension Plan on page 30, the Schedule of District Contributions – FPPA - Volunteer Firefighters' Pension Plan on page 31 and the Schedule of the Net Pension Liability (Asset) – FPPA – Volunteer Firefighters' Pension Plan on page 32 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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 evidence sufficient to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The supplemental information listed in the table of contents is presented for purposes of additional analysis and are not a required part of the financial statements.

The supplemental information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other

additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other information listed in the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

SCHILLING & COMPANY, INC.

Highlands Ranch, Colorado
June 19, 2020

**BLACK FOREST FIRE RESCUE/PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2019**

Our discussion and analysis of Black Forest Fire Rescue/Protection District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2019. Please read it in conjunction with the District's basic financial statements which begin on page 1.

Overview of the Financial Statements

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

Government-wide financial statements: 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 the District's 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 government'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 (i.e. uncollected taxes and earned but unused vacation leave.)

The government-wide financial statements detail functions of the District that are principally supported by tax revenues (governmental activities) and charges for services. The governmental activity of the District is public safety – Fire/EMS.

The government-wide financial statements can be found on pages 1 and 2 of this report.

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District reports a governmental fund.

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

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

The governmental fund financial statements can be found on pages 3 through 6 of this report.

The District adopted an annual appropriated budget for the General Fund. A budgetary comparison statement for the General Fund is located on page 7 of this report.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 8-27 of this report.

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information which can be found on pages 28-32 of this report. Also included is supplementary information consisting of the schedules of expenditures – budget to actual – General Fund on pages 33-34 and other information which is the summary of assessed valuation, mill levy and property taxes collected and a schedule of debt service requirements to maturity, which can be found on pages 35-36 of this report.

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NET POSITION

	<u>December 31,</u>	
	<u>2019</u>	<u>2018</u>
ASSETS		
Current assets	\$ 3,545,470	\$ 3,275,640
Capital assets	3,988,110	3,722,511
Other	375,656	553,598
Total assets	<u>7,909,236</u>	<u>7,551,749</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>619,708</u>	<u>251,451</u>
LIABILITIES		
Current liabilities	245,756	241,546
Long-term liabilities	396,819	440,075
Total liabilities	<u>642,575</u>	<u>681,621</u>
DEFERRED INFLOWS OF RESOURCES	<u>2,687,984</u>	<u>1,861,628</u>
NET POSITION		
Net investment in capital assets	3,603,110	3,152,512
Restricted	59,000	59,000
Unrestricted	1,536,275	2,048,439
Total net position	<u>\$ 5,198,385</u>	<u>\$ 5,259,951</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$5,198,385 at the close of the most recent fiscal year.

The District's net position reflects its investment in capital assets (e.g. land, buildings and improvements, equipment and vehicles, office equipment, website and lease fees) 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 net investment in its 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.

From 2018 to 2019, the District's current assets increased by \$269,830 primarily due to an increase in property taxes receivable of \$898,980 offset by a decrease in cash and investments by \$636,529. The increase in property taxes receivable is a result of an increase in assessed valuation of the District for general operations and debt service of 23% and 24% respectively, and an increase in the general operating mill levy of 2.681 mills (NOTE 12). There was a decrease in cash and cash equivalents of \$636,529 due to capital purchases. The District utilized cash rather than financing the purchases. Other assets decreased by \$177,942 due to the changes in the net pension asset for the Volunteer

Firefighters' Pension and the change from a net pension asset of \$162,422 in 2018 to a net pension liability of \$142,148 in 2019 for the Statewide Defined Benefit Plan. Deferred outflows of resources in 2018 and 2019 are the result of the implementation of Governmental Accounting Standards Board Statement No. 68. Long-term liabilities decreased by \$43,256 primarily due to pay down of principal of bonds offset by a net pension liability of the FPPA Statewide Defined Benefit Plan.

CHANGES IN NET POSITION

	Years Ended December 31,	
	2019	2018
REVENUES		
Program revenues:		
Charges for services	\$ 222,321	\$ 180,900
Operating grants and contributions	2,541	4,757
Capital grants and contributions	1,536	32,220
General revenues:		
Property taxes	1,732,906	1,677,265
Specific ownership taxes	209,744	211,913
Investment earnings	4,214	2,082
Other	618	11,178
Total revenues	2,173,880	2,120,315
EXPENSES		
Public safety - fire/EMS	2,219,311	1,797,823
Interest and fiscal charges	16,135	31,241
Total operating and debt service	2,235,446	1,829,064
CHANGE IN NET POSITION	(61,566)	291,251
NET POSITION - BEGINNING OF YEAR	5,259,951	4,968,700
NET POSITION - END OF YEAR	\$ 5,198,385	\$ 5,259,951

The District's overall financial position, as measured by net position, decreased \$61,566 during 2019. Total revenue increased by \$53,565 or 2.5%. Public safety – Fire/EMS expenses increased \$421,488 from 2018 and 2019 with a 23% increase. The majority of the increase is related to wages and benefits. Beginning in 2019, the District began to focus on attracting and retaining experienced first responders and mitigating costly turnover rates as well as staffing Fire Station 2 with an emergency response duty crew. This effort will continue in 2020 and in future years. The decrease of \$15,106 in interest and fiscal charges is a result of the District paying off the last remaining capital lease in 2018 which reduced interest charges in 2019.

Financial Analysis of the District's Fund

As mentioned previously, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A discussion of the District's governmental fund follows.

Governmental fund: The focus of the District’s governmental fund 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, unreserved 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 the end of the current fiscal year, the District’s governmental fund reported an ending fund balance of \$912,563. Of this fund balance, \$62,503 is nonspendable, meaning it is not in spendable form. \$59,000 is restricted for emergencies under Taxpayers’ Bill of Rights (TABOR). \$200,000 of the fund balance has been assigned by the Board of Directors for District emergencies, \$287,883 of the fund balance is assigned operating reserves, \$249,569 is assigned for subsequent year’s expenditures and \$53,608 assigned for capital improvements.

General Fund Budgetary Highlights

Budget Variances. The budget to actual comparison details for the General Fund can be seen on page 7 of the financial statements. Actual District revenues were less than budgeted District revenues by \$64,080. Actual District expenditures were less than budgeted expenditures by \$123,293.

Capital Asset and Debt Administration

Capital Assets. The District’s investment in capital assets at December 31, 2019 amounted to \$3,988,110 (net of accumulated depreciation/amortization). The analysis of changes in capital assets is as follows:

**CAPITAL ASSETS
(net of depreciation)**

	2018	Change	2019
Land and projects in process	\$ 305,836	\$ (76,498)	\$ 229,338
Buildings and improvements	2,833,920	1,863	2,835,783
Vehicles and equipment	579,382	341,479	920,861
Other	3,373	(1,245)	2,128
Total	\$ 3,722,511	\$ 265,599	\$ 3,988,110

During 2019, the District made a final payment on the rescue pumper of \$257,906, purchased firefighting equipment of \$13,720, purchase of exhaust systems for Station 1 and Station 2 at a combined cost of \$115,850 and a made a deposit of \$166,380 towards the purchase of an ambulance. Additional information on the District’s capital assets can be found in Note 4 of this report.

Long-Term Obligations. At the end of the current fiscal year, the District had total outstanding general obligation bonds and compensated absences of \$439,671. The analysis of changes in bonds payable and compensated absences is as follows:

LONG-TERM OBLIGATIONS

	<u>2018</u>	<u>Change</u>	<u>2019</u>
2011 G.O. Ref. Bonds	\$ 570,000	\$ (185,000)	\$ 385,000
Compensated absences	55,075	(404)	54,671
	<u>\$ 625,075</u>	<u>\$ (185,404)</u>	<u>\$ 439,671</u>

During 2019, the District made the scheduled principal and interest payments on the bonds.

Additional information on the District's long-term obligations can be found in Note 5 of this report.

Economic Factors and Next Year's Budgets and Rates

The District's assessed valuation for operations increased from 2019 to 2020 by \$38,599,100 or 23%. The District's assessed valuation for debt also increased from 2019 to 2020 by \$57,656,830 or 24%. The District levied 11.896 mills for operations and .653 mills for debt service for a total combined levy of 12.549 mills. The District will continue its efforts to recruit and retain employees including hiring full-time positions and further solidifying the staffing at Station 2. The District has also budgeted amounts for capital outlay in 2020.

Request for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Black Forest Fire Rescue/Protection District, 11445 Teachout Road, Colorado Springs, CO 80908.

BASIC FINANCIAL STATEMENTS

BLACK FOREST FIRE/RESCUE PROTECTION DISTRICT
STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
December 31, 2019

ASSETS

Cash and investments	\$ 836,892
Cash with County Treasurer	19,059
Property taxes receivable	2,635,504
Accounts receivable - Emergency charges (net of allowance of \$43,000)	54,015
Prepaid expenses	62,503
Net pension asset - FPPA Volunteer Firefighters' Pension	313,153
Capital assets, not being depreciated	229,338
Capital assets, being depreciated, net of accumulated depreciation	<u>3,758,772</u>
Total assets	<u>7,909,236</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows related to pension - FPPA Volunteer Firefighters' Pension	113,375
Deferred outflows related to pension - FPPA Statewide Defined Benefit Plan	<u>506,333</u>
Total deferred outflows of resources	<u>619,708</u>

LIABILITIES

Accounts payable and accrued payroll expenses	59,906
Accrued interest payable	850
Noncurrent liabilities:	
Bonds payable - due within one year	185,000
Bonds payable - due in more than one year	200,000
Compensated absences	54,671
Net pension liability - FPPA Statewide Defined Benefit Plan	<u>142,148</u>
Total liabilities	<u>642,575</u>

DEFERRED INFLOWS OF RESOURCES

Deferred property taxes	2,635,504
Deferred inflows related to pension - FPPA Volunteer Firefighters' Pension	49,378
Deferred inflows related to pension - FPPA Statewide Defined Benefit Plan	<u>3,102</u>
Total deferred property taxes	<u>2,687,984</u>

NET POSITION

Net investment in capital assets	3,603,110
Restricted for:	
Emergencies	59,000
Unrestricted	<u>1,536,275</u>
Total net position	<u>\$ 5,198,385</u>

These financial statements should be read only in connection with the accompanying notes to financial statements.

BLACK FOREST FIRE/RESCUE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES
GOVERNMENTAL ACTIVITIES
Year Ended December 31, 2019

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Public safety - Fire/EMS	\$ 2,219,311	\$ 222,321	\$ 2,541	\$ 1,536	\$ (1,992,913)
Interest on long-term debt	16,135	-	-	-	(16,135)
	<u>\$ 2,235,446</u>	<u>\$ 222,321</u>	<u>\$ 2,541</u>	<u>\$ 1,536</u>	<u>(2,009,048)</u>

General revenues:

Taxes:	
Property taxes	1,732,906
Specific ownership taxes	209,744
Investment earnings	4,214
Other	618
Total general revenues	<u>1,947,482</u>

Change in net position (61,566)

Net position - Beginning of year 5,259,951
Net position - End of year \$ 5,198,385

These financial statement should be read only in
connection with the accompanying notes to financial statements.

**BLACK FOREST FIRE/RESCUE PROTECTION DISTRICT
BALANCE SHEET - GOVERNMENTAL FUND
December 31, 2019**

	General
ASSETS	
Current assets	
Cash and investments	\$ 836,892
Cash with County Treasurer	19,059
Property taxes receivable	2,635,504
Accounts receivable - service fees (net of allowance of \$43,000)	54,015
Prepaid expenses	62,503
TOTAL ASSETS	\$ 3,607,973
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	
Current liabilities	
Accounts payable	\$ 6,404
Accrued payroll and expenses	53,502
Total liabilities	59,906
DEFERRED INFLOWS OF RESOURCES	
Deferred property taxes	2,635,504
Total deferred property taxes	2,635,504
FUND BALANCES	
Fund balances	
Nonspendable	62,503
Restricted for emergencies - TABOR	59,000
Assigned for District emergencies	200,000
Assigned for operating reserves	287,883
Assigned for subsequent years	249,569
Assigned for capital improvements	53,608
Total fund balances	912,563
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 3,607,973

These financial statements should be read only in connection with the accompanying notes to financial statements.

**BLACK FOREST FIRE/RESCUE PROTECTION DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUND
BALANCE SHEET TO THE STATEMENT OF NET POSITION
December 31, 2019**

Total Governmental Fund Balances	<u>\$ 912,563</u>
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund financial statements. However, in the Statement of Net Position, the cost of these items are capitalized and expensed over their estimated lives through annual depreciation expense.</p>	
Cost of capital assets	7,596,031
Less: accumulated depreciation	<u>(3,607,921)</u>
	<u>3,988,110</u>
<p>Pension-related assets/liabilities are not financial resources and, therefore, are not reported in the Balance Sheet - Governmental Funds.</p>	
Net pension liability - FPPA Statewide Defined Benefit Plan	(142,148)
Net pension asset - FPPA Volunteer Firefighters' Pension	<u>313,153</u>
	<u>171,005</u>
<p>Liabilities, including bonds and net pension liabilities are not due in the current period and therefore are not reported in the governmental funds</p>	
Bonds and leases payable - due in one year	(185,000)
Bonds and leases payable - due in more than one year	(200,000)
Accrued interest payable	(850)
Compensated absences	<u>(54,671)</u>
	<u>(440,521)</u>
<p>Pension-related deferred inflows and outflows of resources are not financial resources or uses and, therefore, are not reported in the Balance Sheet - Governmental Funds.</p>	
Deferred inflows related to pension - FPPA Statewide Defined Benefit Plan	(3,102)
Deferred inflows related to pension - FPPA Volunteer Firefighters' Pension	(49,378)
Deferred outflows related to pension - FPPA Statewide Defined Benefit Plan	506,333
Deferred outflows related to pension - FPPA Volunteer Firefighters' Pension	<u>113,375</u>
	<u>567,228</u>
Net position - governmental activities	<u><u>\$ 5,198,385</u></u>

These financial statements should be read only in connection with the accompanying notes to financial statements.

**BLACK FOREST FIRE/RESCUE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUND
Year Ended December 31, 2019**

	General
REVENUES	
Property taxes	\$ 1,732,906
Specific ownership taxes	209,744
Charges for services - EMS	222,321
Grants	1,536
Contributions and donations	2,541
Net investment income	4,214
Other	618
Total revenues	2,173,880
EXPENDITURES	
Governmental activities	
Administration	247,807
Wages	1,181,187
Benefits	217,027
Firefighting supplies	53,503
Fire prevention and training	39,800
Communications	40,131
Vehicles	101,066
Medical Services	33,659
Station, building and grounds	65,566
Contributions to Volunteer Pension Plan	10,000
Debt service	201,675
Capital improvements - capitalized and non-capitalized	553,856
Total expenditures	2,745,277
CHANGE IN FUND BALANCES	(571,397)
FUND BALANCE - BEGINNING OF YEAR	1,483,960
FUND BALANCE - END OF YEAR	\$ 912,563

These financial statements should be read only in connection with the accompanying notes to financial statements.

**BLACK FOREST FIRE/RESCUE PROTECTION DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL
FUND TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2019**

A reconciliation reflecting the differences between the governmental fund net change in fund balances and change in net position reported for governmental activities in the Statement of Activities is as follows:

Net change in fund balance - Total governmental fund	<u>\$ (571,397)</u>
<p>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.</p>	
Depreciation and amortization	(288,257)
Capital outlay	<u>553,856</u>
	<u>265,599</u>
<p>Long-term debt (e.g. bonds, capital leases, compensated absences) provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of differences in the treatment of long-term debt and related items.</p>	
Principal payments on bonds	185,000
Change in compensated absences	404
	<u>185,404</u>
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>	
Change in accrued interest on long-term obligations	540
Pension income - FPPA Statewide Defined Benefit Plan	60,105
Pension expense - FPPA Volunteer Firefighters' Pension	<u>(1,817)</u>
	<u>58,828</u>
Change in net position - Governmental activities	<u><u>\$ (61,566)</u></u>

These financial statements should only be read in connection with the accompanying notes to financial statements.

BLACK FOREST FIRE/RESCUE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - GENERAL FUND
For the Year Ended December 31, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actuals</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUE				
Property taxes	\$ 1,762,460	\$ 1,762,024	\$ 1,732,906	\$ (29,118)
Specific ownership taxes	150,000	228,000	209,744	(18,256)
Charges for services - EMS	200,000	200,000	222,321	22,321
Deployments	50,000	-	-	-
Grants	25,000	25,000	1,536	(23,464)
Contributions and donations	2,000	2,300	2,541	241
Net investment income	1,000	3,600	4,214	614
Sale of assets	7,500	7,500	-	(7,500)
Other	40,000	40,000	618	(39,382)
TOTAL REVENUE	<u>2,237,960</u>	<u>2,268,424</u>	<u>2,173,880</u>	<u>(94,544)</u>
EXPENDITURES				
Governmental activities:				
Administration	244,646	266,510	247,807	18,703
Wages	1,180,197	1,224,029	1,181,187	42,842
Benefits	210,879	227,000	217,027	9,973
Firefighting supplies	49,000	54,400	53,503	897
Fire prevention and training	40,500	37,300	39,800	(2,500)
Communications	65,055	65,850	40,131	25,719
Vehicles	63,550	108,100	101,066	7,034
Medical Services	40,000	40,500	33,659	6,841
Station, building and grounds	73,975	70,106	65,566	4,540
Contributions to Volunteer Pension Plan	10,000	10,000	10,000	-
Debt service	201,675	201,675	201,675	-
Capital improvements	308,000	563,100	553,856	9,244
Total expenditures	<u>2,487,477</u>	<u>2,868,570</u>	<u>2,745,277</u>	<u>123,293</u>
CHANGE IN FUND BALANCE	(249,517)	(600,146)	(571,397)	28,749
FUND BALANCE - BEGINNING OF YEAR	<u>1,303,555</u>	<u>1,303,555</u>	<u>1,483,960</u>	<u>180,405</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,054,038</u>	<u>\$ 703,409</u>	<u>\$ 912,563</u>	<u>\$ 209,154</u>

These financial statements should be read only in connection with the accompanying notes to financial statements.

**BLACK FOREST FIRE/RESCUE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 1 – DEFINITION OF REPORTING ENTITY

Black Forest Fire Rescue/Protection District (District), a quasi-municipal corporation, is governed pursuant to the provisions of the Colorado Special District Act. The District's service area is located in El Paso County, Colorado. The District was established to provide fire suppression, fire protection and education, rescue, hazardous materials, emergency medical, and ambulance services (collectively, "Emergency Services") to the citizens within its jurisdiction and to individuals passing through its jurisdiction.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the District are described as follows:

Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District except for the fiduciary activities. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of net position reports all financial and capital resources of the District, the difference between the assets and deferred inflows, and, liabilities and deferred inflows, of the District being reported as net position.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a 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.

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

**BLACK FOREST FIRE/RESCUE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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 a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown as increases in assets and redemption of bonds and notes are recorded as a reduction in liabilities.

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 collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are taxes, EMS billings and deployment revenue. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation paid. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental fund:

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

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

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds a public hearing in the fall each year to obtain taxpayer comments regarding the proposed budget for the ensuing year. Prior to December 15, the District's Board of Directors approves the budget and appropriates the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year end. The District's Board of Directors can subsequently modify budgeted line item amounts so long as such modifications do not affect the total appropriation of expenditures within the fund. However, any modifications that affect the total appropriation of expenditures within a fund can only be made upon notice to the public and holding of a new public hearing. The budget includes each fund on its basis of accounting unless otherwise indicated. The District approved supplemental appropriations for the General Fund.

Property Taxes

Property taxes are levied by the District's Board of Directors. The estimated revenue to be collected is based on the District's mill levy multiplied by the total assessed valuations determined by the County Assessor generally as of January 1 of each year. The District's Board of Directors certifies the mill levy by December 15 to the Board of County Commissioners and the property taxes attach as an enforceable lien on property as of January 1 of that year.

BLACK FOREST FIRE/RESCUE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April 30 or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remit the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows of resources in the year they are levied and measurable. The deferred property tax revenues are recorded as revenue in the year they are available or collected.

Capital Assets

Capital assets, which include land, buildings and improvements, equipment and vehicles are reported in the governmental activities column in the government-wide financial statements. 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 the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Depreciation expense has been computed using the straight-line method over the estimated economic useful lives:

Buildings and improvements	15-40 years
Vehicles and equipment	5-10 years
Office equipment	3-5 years
Website	5 years

Compensated Absences

Compensated absences are recorded as current salary when paid. It is the District's policy that employees may carry over once the yearly vacation accrual amount plus the current year amount. Unused vacation is paid out at time of termination and therefore a liability has been recorded in the government-wide financial statements.

Emergency Response Charges

The District provides emergency medical services within the District's boundaries and service area. Emergency response related receivables are shown net of an allowance for uncollectible accounts. The District's policy is to establish an allowance for uncollectible accounts based on historical collection trends.

Deferred Outflows/Inflows of Resources

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

BLACK FOREST FIRE/RESCUE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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has recognized deferred outflows of resources in the government-wide financial statements in accordance with presentation requirements for GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27* (GASB 68) and GASB Statement No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date - An Amendment of GASB 68* (GASB 71).

In addition to liabilities, the statement of net position and fund 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/fund balance that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. Property tax revenue that is related to a future period is recorded as deferred inflows. These amounts are deferred and will be recognized as an inflow of resources in the period that the amounts become available. The District has also recognized deferred inflows of resources in the government-wide financial statements in accordance with presentation requirements for GASB 68 and GASB 71.

Fund Balances – Governmental Funds

Fund balance for governmental funds are reported in the categories listed below to make the nature and extent of the constraints placed on a government's fund balances more transparent. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

Nonspendable fund balance—the amount of fund balance that is not in spendable form (such as inventory or prepaids) or is legally or contractually required to be maintained intact.

Restricted fund balance—the amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance—amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.

Assigned fund balance—amounts the District intends to use for a specific purpose. Intent can be expressed by the District Board of Directors or by an official or body to which the District Board of Directors delegates the authority.

Unassigned fund balance—amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

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

BLACK FOREST FIRE/RESCUE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 3 - CASH DEPOSITS AND INVESTMENTS

Cash and investments as of December 31, 2019 consist of the following:

Cash on hand	\$ 12
Deposits with financial institutions	836,880
Total cash and investments	<u>\$ 836,892</u>

Cash Deposits

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 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 pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by Statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2019, the District's cash deposits had a bank balance of \$857,240 and a carrying balance of \$836,880.

Investments

The District follows Colorado State Statutes which specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

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

Interest Rate Risk

Colorado Revised Statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirement.

BLACK FOREST FIRE/RESCUE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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Concentration of Credit Risk

The District does not have a policy that addresses limitation on the amount that can be invested in any one issuer. Governmental Accounting Standards Board Statement No. 40 *Deposit and Investment Risk Disclosures* requires the District to disclose investments in single issuers that exceed five percent (5%) of the District's entire investment portfolio.

As of December 31, 2019, the District had no investments.

NOTE 4 - CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2019 follows:

	Balance at January 1, 2019	Increases	Decreases	Balance at December 31, 2019
Capital assets, not being depreciated				
Land	\$ 62,958	\$ -	\$ -	\$ 62,958
Project in process	242,878	424,286	500,784	166,380
	<u>305,836</u>	<u>424,286</u>	<u>500,784</u>	<u>229,338</u>
Capital assets, being depreciated:				
Buildings and improvements	4,405,930	115,850	-	4,521,780
Vehicles and equipment	2,299,496	514,504	2,200	2,811,800
Office equipment	28,458	-	-	28,458
Website	2,155	-	-	2,155
Lease fees	2,500	-	-	2,500
	<u>6,738,539</u>	<u>630,354</u>	<u>2,200</u>	<u>7,366,693</u>
Total capital assets, being depreciated				
Less accumulated depreciation for:				
Buildings and improvements	(1,572,010)	(113,987)	-	(1,685,997)
Vehicles and equipment	(1,720,114)	(173,025)	(2,200)	(1,890,939)
Office equipment	(26,007)	(865)	-	(26,872)
Website	(1,795)	(359)	-	(2,154)
Lease fees	(1,938)	(21)	-	(1,959)
	<u>(3,321,864)</u>	<u>(288,257)</u>	<u>(2,200)</u>	<u>(3,607,921)</u>
Total accumulated depreciation				
Total capital assets, being depreciated	<u>3,416,675</u>	<u>342,097</u>	<u>-</u>	<u>3,758,772</u>
Capital assets, net	<u>\$ 3,722,511</u>	<u>\$ 766,383</u>	<u>\$ 500,784</u>	<u>\$ 3,988,110</u>

Depreciation expense has been reported in the Public Safety – Fire/EMS function on the Statement of Activities.

**BLACK FOREST FIRE/RESCUE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 5 – LONG-TERM OBLIGATIONS

The following is an analysis of the changes in the District’s long-term obligations for the year ended December 31, 2019:

	<u>Balance at January 1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at December 31, 2019</u>	<u>Due Within One Year</u>
2011 G.O. Refunding Bonds	\$ 570,000	\$ -	\$ 185,000	\$ 385,000	\$ 185,000
Compensated absences	55,075	46,708	47,112	54,671	54,671
	<u>\$ 625,075</u>	<u>\$ 46,708</u>	<u>\$ 232,112</u>	<u>\$ 439,671</u>	<u>\$ 239,671</u>

The detail of the District’s long-term obligations is as follows:

\$1,725,000 General Obligation Refunding Bonds, Series 2011

On May 19, 2011, the District issued \$1,725,000 in General Obligation Bonds, Series 2011 at interest rates ranging from 2.00% to 4.00%. Interest is to be paid semiannually on June 15 and December 15. Annual principal payments are due on June 15 starting in 2011 with the final payment due on June 15, 2021. The bonds constitute general obligations of the District. All of the taxable property in the District is subject to the levy of an ad valorem tax to pay the principal of, interest on, and premium, if any, on the Series 2011 Bonds without limitation as to rate and in an amount sufficient to pay the Series 2011 Bonds when due. The bonds are not subject to redemption prior to maturity, at any time

Proceeds of the bonds were used for purposes of advance refunding the General Obligation Bonds, Series 2001 and to pay the costs of the issuance of the bonds.

The District’s long-term obligations will mature as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 185,000	\$ 10,200	\$ 195,200
2021	200,000	3,250	203,250
	<u>\$ 385,000</u>	<u>\$ 13,450</u>	<u>\$ 398,450</u>

At December 31, 2019, the District had no authorized but unissued debt.

NOTE 6 - FUND EQUITY

At December 31, 2019, the District reported the following classifications of fund equity.

**BLACK FOREST FIRE/RESCUE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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Nonspendable Fund Balance

The nonspendable fund balance in the General Fund in the amount of \$62,503 is comprised of prepaid amounts which are not in spendable form.

Restricted Fund Balance

The restricted fund balance in the General Fund in the amount of \$59,000 is comprised of the Emergency Reserves that have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 12).

Assigned Fund Balance

The assigned fund balance in the General Fund of \$200,000 represents the amount appropriated for District's emergencies in addition to the District's TABOR reserves.

The assigned fund balance in the General Fund of \$287,883 represents the amount assigned by the Board for operating reserves which is in addition to \$249,569 appropriated for use in the budget for operations during the year ending December 31, 2020.

The assigned fund balance in the General Fund in the amount of \$53,608 is assigned for the payment of the costs for capital improvements within the District.

NOTE 7 - NET POSITION

The District has net position consisting of three components – net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2019, net investment in capital assets was \$3,603,110.

Restricted net position includes items that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position of \$59,000 as of December 31, 2019 as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 12).

NOTE 8 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2019. The Pool is an organization created by an intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

**BLACK FOREST FIRE/RESCUE PROTECTION DISTRICT
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The District pays annual premiums to the Pool for workers compensation coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool, may be returned to the members pursuant to a distribution formula.

The District continues to carry commercial insurance coverage for other risks of loss including liability, property and public officials' coverage. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 9 – FIRE AND POLICE PENSION ASSOCIATION OF COLORADO

Statewide Defined Benefit Pension Plan

Summary of Significant Accounting Policies

Pensions. The District participates in the Statewide Defined Benefit Plan (SWDBP), a cost-sharing multiple-employer defined benefit pension fund administered by the Fire and Police Pension Association of Colorado ("FPPA"). The net pension asset/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 SWDBP 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 SWDBP

Plan description. The SWDBP covers substantially all full-time firefighter and police officer employees of participating fire or police departments in Colorado hired on or after April 8, 1978, provided that they are not already covered by a statutorily exempt plan. As of August 1, 2003, the SWDBP may include fire department clerical and other personnel whose services are auxiliary to fire protection. Plan benefits are specified in Title 31, Articles 30, 30.5 and 31 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth in the FPPA Rules and Regulations, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. FPPA issues a publicly available comprehensive annual financial report that can be obtained at www.fppaco.org.

Benefits provided. FPPA provides retirement and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement.

The following types of retirement are available under the SWDBP:

- Normal: 25 years of service and age 55 with a 2% benefit for each year of service for the first ten years, then a 2.5% benefit for each year of service thereafter. Benefits are

BLACK FOREST FIRE/RESCUE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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based on the average of the highest 3 years' base salary (as defined in FPPA Rule 101.05).

- Early: 30 years of service or age 50 with a 2% benefit for each year of service for the first ten years, then a 2.5% benefit for each year of service thereafter. Benefits are based on the average of the highest 3 years' base salary (as defined in FPPA Rule 101.05). The early retirement benefit that the member would have received at normal retirement (age55) is reduced on an actuarial equivalent basis to reflect the receipt of the benefit.
- Vested: 5 years of service payable at age 55 with a 2% benefit for each year of service for the first ten years, then a 2.5% benefit for each year of service thereafter. Benefits are based on the average of the highest 3 years' base salary (as defined in FPPA Rule 101.05).
- Deferred: Members who qualify for a normal or vested retirement, may defer the receipt of their benefit pension to as late as age 65 and receive the actuarial equivalent of the benefit. (as defined in FPPA Rule 101.05).

The SWDBP has a deferred retirement option plan (DROP) that allows members to enter the program if they meet one of the following criteria: 1) member is eligible for normal retirement or 2) member is vested or 3) member is eligible for early retirement. The DROP plan allows a member to choose to continue employment for a maximum of five years. During this period of continued employment, the member's retirement benefits as well as employee contributions are paid into a member's DROP account. At the end of the DROP period, the member ceases employment and receives the amount accumulated in the DROP account either in a periodic, lump sum or a monthly lifetime benefit.

Each member must elect a payment option for retirement benefits shortly before benefit payments are paid to ensure that the beneficiary and payment option factors are accurate. The member has six payment options. The payment options allow the member to receive full retirement benefits during the member's lifetime or receive reduced retirement benefits so that a designated beneficiary may receive a portion of the retirement benefit either during the member's lifetime or after the member's death depending on the option selected.

Vested members with more than 5 years of service and non-vested members with less than 5 years of service may elect to withdraw their member contribution accounts upon termination of employment with all FPPA employers; waiving rights to any lifetime retirement benefits earned. The member's contributions plus 5% interest may be refunded to the member with all other contributions being forfeited. If a refund is chosen, stabilization reserve account monies and all employer contributions are forfeited.

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement benefit adjustments (formerly referred to as COLAs). Benefit adjustments are not guaranteed and are determined annually by the FPPA Board of Directors based on the most recent actuarial study. The amount of the benefit adjustment can be 0% to 3%, or the greater of the Consumer Price Index (CPI) per year. Benefit adjustments may begin once the retired member has been receiving retirement benefits for at least 12 calendar months prior to October 1.

**BLACK FOREST FIRE/RESCUE PROTECTION DISTRICT
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Contributions. Eligible employees and the District are required to contribute to the SWDBP at a rate set by Colorado statute. Employer contribution rates can only be amended by state statute and are 8% of the employee's base salary. Member contribution rates can be amended by statute or by election of the membership. In 2018, eligible employees were required to contribute 10.0% of their FPPA base salary, and as a result of the 2014 Member Contributions Election, the plan member contribution rate will increase by 0.5% of covered salary each year through 2022. Contributions to the SWDBP from the District were \$74,198 for the year ended December 31, 2019.

Annually, at the discretion of the Board of Directors of FPPA, the difference between the combined member/employer contributions and the actuarially determined contribution rate may be allocated to the stabilization reserve account (SRA). If the cost of the SWDBP exceeds the combined member/employer contribution rate, funds from the SRA may be used to make up the shortfall. Amounts set aside in the SRA are allocated to individual accounts for each member. A member may receive the amounts in this individual account upon election of Normal, Early or Vested retirement.

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

At December 31, 2019, the District reported a liability of \$142,148 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019. Standard update procedures were used to roll forward the total pension liability to December 31, 2019. The District's proportion of the net pension liability was based on District contributions to the SWDBP for the calendar year 2018 relative to the total contributions of participating employers to the SWDBP.

At December 31, 2019, the District's proportion was 0.1124343988 percent, which was a decrease of 0.0004638054 percent from its proportion as of December 31, 2018.

For the year ended December 31, 2019, the District recognized pension income of \$60,105. At December 31, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**BLACK FOREST FIRE/RESCUE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 182,648	\$ 1,519
Net difference between projected and actual earnings on pension plan investments	111,821	-
Changes in assumptions or other inputs	137,666	-
Change in proportion and differences between contributions recognized and proportionate share of contributions	-	1,583
Contributions subsequent to the measurement date	<u>74,198</u>	<u>-</u>
 Total	 <u>\$ 506,333</u>	 <u>\$ 3,102</u>

The \$74,198 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a decrease of the net pension liability in the year ending December 31, 2020.

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

<u>Year Ending December 31</u>	
2020	\$ 81,618
2021	58,274
2022	49,617
2023	82,137
2024	39,955
2025	39,642
2026	35,077
2027	28,619
2028	<u>14,094</u>
	<u>\$ 429,033</u>

**BLACK FOREST FIRE/RESCUE PROTECTION DISTRICT
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Actuarial assumptions. The total pension liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial Method	Entry Age Normal
Amortization Method	Not applicable
Amortization Period	Not applicable
Asset Valuation Method	Not applicable
Long-term Investment Rate of Return *	7.0%
Projected Salary Increases	4.25%-11.25%
Cost of Living Adjustments (COLA)	0.0%
* Includes Inflation at	2.5%

For determining the total pension liability, the post-retirement mortality tables for non-disabled retirees uses the 2006 central rates from the RP-2014 Annuitant Mortality Tables projected to 2018 using the MP-2017 projection scales, and the projected prospectively using the ultimate rates of the scale of all years. The pre-retirement off-duty mortality tables are adjusted to 50% of the PR-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. On-duty mortality rate is 0.00020.

The FPPA Board completed an actual experience study and approved changes to the actuarial assumptions effective January 1, 2019. The inflation rate remained at 2.5 percent. The investment rate of return was reduced from 7.50 percent to 7.00 percent which increased the cost of pension benefits. The change in the investment return assumption reflects the reduced real return expectations from the recent capital market data.

The SWDBP's 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 return, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation assumed at 2.5%.

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

**BLACK FOREST FIRE/RESCUE PROTECTION DISTRICT
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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Global Equity	37.00%	8.03%
Equity Long/Short	9.00%	6.45%
Private Markets	24.00%	10.00%
Fixed Income	15.00%	2.90%
Absolute Return	9.00%	5.08%
Managed Futures	4.00%	5.35%
Cash	2.00%	2.52%
Total	<u>100.00%</u>	

Discount rate. The discount rate used to measure the total pension liability was 7.0 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 established the contractually required rates under Colorado Statutes. Based on those assumptions, the SWDBP's fiduciary net position was projected to be available to make all 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.

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

	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
Proportionate share of the net pension (asset) liability	<u>\$ 551,233</u>	<u>\$ 142,148</u>	<u>\$ (197,180)</u>

Pension plan fiduciary net position. Detailed information about the SWDBP's fiduciary net position is available in FPPA's comprehensive annual financial report which can be obtained at www.fppaco.org.

NOTE 10 – STATEWIDE DEATH AND DISABILITY PLAN

Plan Description – The District contributes to the Statewide Death and Disability Plan (SWD&DP), a cost-sharing multiple-employer death and disability plan administered by FPPA. The SWD&DP covers full-time employees of substantially all fire and police departments in Colorado. As of August 1, 2003, the SWD&DP may include part-time police and fire employees. Contributions to the SWD&DP are used solely for the payment of death and disability benefits. Employers who are covered by Social Security may elect supplementary coverage by the Plan. The Plan was established in 1998 pursuant to Colorado Revised Statutes. FPPA issues a publicly available comprehensive annual financial report that includes financial statements and

**BLACK FOREST FIRE/RESCUE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

required supplementary information for the SWD&DP. That report can be obtained at www.fppaco.org.

Funding Policy – The District and/or employee is required to contribute at a rate of 2.7% of base salary for all members as set by statute. All contributions are made by members or on behalf of members. The 2.7% contribution may be paid entirely by the employer or the member, or it may be split between the employer and the member. Currently, the District is making the full 2.7% contribution on behalf of the members. For the years ending December 31, 2019, 2018 and 2017, the District's contributions to the SWD&DP were \$25,970, \$19,240 and \$16,885, respectively, equal to their required contributions for each year.

NOTE 11 – DEFERRED COMPENSATION PLAN

All paid firefighters are eligible to participate in a deferred compensation plan created in accordance with Internal Revenue Code section 457 (Deferred Compensation Plan). The Deferred Compensation Plan, which is administered by FPPA, allows all paid firefighters the opportunity to defer a portion of their salary until future years. All compensation deferred under the Deferred Compensation Plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are to be held in trust for the exclusive benefits of the participants and their beneficiaries. Amounts contributed to the Deferred Compensation Plan are not available to employees until termination, retirement, death, or unforeseeable emergency.

Participants may elect to defer any percentage of their annual compensation, provided that the total annual contribution does not exceed limitations established by the Internal Revenue Service. Employers may also contribute to this plan on behalf of its employees provided that the combined employee and employer contributions do not exceed the aforementioned limits.

Deferred Compensation Plan investment purchases are determined by the individual participants and therefore, the Deferred Compensation Plan's investment concentration varies between participants.

The District has no liability for losses under the Deferred Compensation Plan. Accordingly, the Deferred Compensation Plan is not part of the District's financial statements.

NOTE 12 – VOLUNTEER FIGHTERS' PENSION FUND - FPPA ADMINISTERED

Volunteer Firefighters' Pension Plan

General Information about the Volunteer Firefighters' Pension Plan

Plan description. The District, on behalf of its volunteer firefighters, contributes to the Volunteer Firefighters' Pension Plan (VFPP), a defined benefit pension plan which is affiliated with the FPPA. The net pension asset, 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 VFPP have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Assets of the plan are commingled for investment

**BLACK FOREST FIRE/RESCUE PROTECTION DISTRICT
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purposes in the Fire and Police Member's Benefit Fund, an agent multiple-employer defined benefit pension plan administered by FPPA. The Volunteer Firefighters' Pension Plan Board of Trustees is comprised of the five Directors of the District and two District volunteer, retired volunteer, or active retiree firefighters. The Colorado Revised Statutes (CRS), as amended, establishes basic benefit provisions under the plan. FPPA issues a publicly available comprehensive annual financial report that includes the assets of the volunteer plan. That report may be obtained at www.fppaco.org.

Volunteers covered and benefits provided. The retirement benefit provisions and plan requirements were established by the District under Colorado Revised Statutes.

The Board of Trustees has adopted the following schedule of monthly benefits, which was in effect at December 31, 2019:

Normal Retirement Benefit	\$ 500
Vested Retirement Benefit	
With 10 to 20 years of service, amount	
per year of service per minimum vesting years	\$ 25
Minimum vesting years	10
Disability Retirement Benefit	\$ 500
Survivor benefit	
Death before normal retirement due to death in line of duty	\$ 250
Death after normal retirement	\$ 250
Death after vested retirement with 10 to 20 years	
of service - amount per year of service per minimum	
vesting years	\$ 12.50
Death after disability retirement	\$ 250
Funeral Benefits (lump sum)	\$ 1,000

At December 31, 2019, there are 20 retired volunteers receiving benefits, 4 active volunteers and 1 inactive, nonretired volunteers.

Contributions. The District makes contributions based upon District established benefits; the needs and best interest of the District, the VFPP, and the VFPP beneficiaries; and the funding that would be required in order to maintain the actuarial soundness of the plan, based upon a biennial actuarial study. VFPP members do not make contributions. The State of Colorado also contributes to the plan in an amount set by statute. The District and State of Colorado contributed \$10,000 and \$18,000, respectively, for the year ended December 31, 2019.

Net Pension Liability

Actuarial assumptions. The District's net pension asset was based on an actuarial valuation performed as of January 1, 2018 and a measurement date of December 31, 2018. The total

**BLACK FOREST FIRE/RESCUE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

pension asset for the December 31, 2018 measurement date was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Notes to Schedule:

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	2.5%
Projected salary increases	N/A
Investment rate of return	7.0% per annum
Retirement age	50% per year of eligibility until 100% at age 65
Mortality	<u>Pre-retirement:</u> 2006 central rates from the RP-2014 Employee Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years, 50% multiplier for off-duty mortality. <u>Post-retirement:</u> 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. <u>Disabled:</u> 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.

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

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 return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation are summarized in the following table:

**BLACK FOREST FIRE/RESCUE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Cash	2.00%	2.52%
Fixed Income	15.00%	2.90%
Managed Futures	4.00%	5.35%
Absolute Return	9.00%	5.08%
Equity Long/Short	9.00%	6.45%
Global Equity	37.00%	8.03%
Private Markets	24.00%	10.00%
Total	<u>100.00%</u>	

Single Discount Rate. Projected benefit payments are 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 7.0%; 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%.

Changes in the Net Pension Liability

Changes in the District's net pension asset for the year ended December 31, 2019 were as follows:

BLACK FOREST FIRE/RESCUE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability(Asset)
	(a)	(b)	(a) - (b)
Balances at 12/31/18	\$ 885,295	\$ 1,276,471	\$ (391,176)
Changes for the year:			
Service cost	4,525	-	4,525
Interest on the total pension liability	63,520	-	63,520
Difference between expected and actual experience	517	-	517
Changes in assumptions or other inputs	32,202	-	32,202
Benefit payments	(82,653)	(82,653)	-
District contributions	-	10,000	(10,000)
State of Colorado contributions	-	18,000	(18,000)
Pension plan net investment income	-	549	(549)
Administrative expense	-	(5,808)	5,808
Net Changes	<u>18,111</u>	<u>(59,912)</u>	<u>78,023</u>
Balances at 12/31/19	<u>\$ 903,406</u>	<u>\$ 1,216,559</u>	<u>\$ (313,153)</u>

Sensitivity of the District's Net Pension (Asset) Liability to Changes in the Discount Rate. The following presents the net pension liability calculated using the discount rate of 7.0 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate:

	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
Proportionate share of the net pension (asset) liability	<u>\$ (229,770)</u>	<u>\$ (313,153)</u>	<u>\$ (384,449)</u>

Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2019, the District recognized pension expense of \$1,817.

At December 31, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 86	\$ -
Assumption changes	5,367	-
Net difference between projected and actual investmt. earnings	97,922	49,378
Contributions subsequent to the measurement date	10,000	-
Total	<u>\$ 113,375</u>	<u>\$ 49,378</u>

**BLACK FOREST FIRE/RESCUE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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The \$10,000 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a decrease of the net pension liability in the year ending December 31, 2020.

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

<u>Year Ending December 31</u>	
2020	\$ 26,098
2021	7,173
2022	2,134
2023	18,592
	<u>\$ 53,997</u>

NOTE 12 - TAX, SPENDING AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations that apply to the State of Colorado and all local governments.

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 reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

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 voters approved and authorized the District to collect, retain and spend for fire protection purposes all revenue from tax levies and all other District revenue as a voter approved revenue change and an exception to the limits which otherwise apply. This vote effectively removed the District from some provisions of TABOR.

On November 6, 2018, the District's voters approved the following measure:

Shall Black Forest Fire-Rescue Protection District taxes be increased \$550,000 in 2019, and by such amount as may be collected annually thereafter by the imposition of an additional mill levy of up to 5.285 mills, for general operating purposes including but not limited to:

1. Maintaining timely emergency services and 911 response times;
2. Attracting and retaining experienced first responders, and mitigating costly turnover rates;
3. Fully staffing Fire Station 2 with an emergency response duty crew and;
4. Funding a long-term apparatus replacement schedule to allow for timely replacement of fire apparatus;

**BLACK FOREST FIRE/RESCUE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

and shall the District's total mill levy of up to 14.5 mills be subject to adjustment annually thereafter to offset revenue losses from refunds, abatements and any change to the percentage of actual valuation used to determine assessed valuation, so that tax revenues collected are not less than what would have been collected had such change not occurred?

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

This information is an integral part of the accompanying financial statements.

REQUIRED SUPPLEMENTAL INFORMATION

**BLACK FOREST FIRE/RESCUE PROTECTION DISTRICT
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY/(ASSET)
FIRE AND POLICE PENSION ASSOCIATION - STATEWIDE DEFINED BENEFIT PLAN
LAST SIX FISCAL YEARS (1)**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Pension Liability (Asset)	0.1124344%	0.1128982%	0.1258567%	0.1245883%	0.1189800%	0.1304471%
Disrict's Proportionate Share of the Net Pension Liability (Asset)	\$ 142,148	\$ (162,422)	\$ 45,477	\$ (2,196)	\$ (134,278)	\$ (116,644)
District's Covered Payroll	\$ 712,619	\$ 625,338	\$ 597,232	\$ 603,966	\$ 535,057	\$ 566,584
Proportionate Share of Net Pension Liability (Asset) as a Percentage of its Covered Payroll	19.95%	-25.97%	7.61%	-0.36%	-25.10%	-20.59%
Calculation of Collectvie Net Pension Liability (Asset):						
Total Pension Liability	\$ 2,653,120,261	\$ 2,269,410,684	\$ 2,021,526,883	\$ 1,846,961,999	\$ 1,652,901,084	\$ 1,533,631,141
Plan Fiduciary Net Position	2,526,692,808	2,413,276,447	1,985,393,043	1,848,724,853	1,765,758,630	1,623,049,809
Net Pension Liability (Asset)	<u>\$ 126,427,453</u>	<u>\$ (143,865,763)</u>	<u>\$ 36,133,840</u>	<u>\$ (1,762,854)</u>	<u>\$ (112,857,546)</u>	<u>\$ (89,418,668)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	95.23%	106.34%	98.21%	100.10%	106.83%	105.83%

(1) - The amounts presented for each fiscal year were determined as of 12/31.

NOTE: Information for the prior four years was not available to report.

**BLACK FOREST FIRE/RESCUE PROTECTION DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
FIRE AND POLICE PENSION ASSOCIATION - STATEWIDE DEFINED BENEFIT PLAN
LAST SEVEN FISCAL YEARS**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 74,198	\$ 56,222	\$ 49,018	\$ 47,778	\$ 48,317	\$ 42,804	\$ 45,327
Contributions in Relation to the Contractually Required Contribution	(74,198)	(56,222)	(49,018)	(47,778)	(48,317)	(42,804)	(45,327)
Contribution Deficiency (Excess)	<u>\$ -</u>						
Covered Payroll	\$ 927,478	\$ 712,619	\$ 625,338	\$ 597,232	\$ 603,966	\$ 535,057	\$ 566,584
Contributions as a Percentage of Covered Payroll	8.00%	7.89%	7.84%	8.00%	8.00%	8.00%	8.00%

NOTE: Information for the prior three years was not available to report.

**BLACK FOREST FIRE/RESCUE PROTECTION DISTRICT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY/(ASSET)
FPPA - VOLUNTEER FIREFIGHTERS' PENSION PLAN
LAST FIVE FISCAL YEARS**

Measurement period ending December 31,	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability					
Service cost	\$ 4,525	\$ 4,525	\$ 7,390	\$ 7,390	\$ 13,805
Interest on the total pension liability	63,520	64,478	62,929	63,626	61,820
Difference between expected and actual experience	517	-	8,307	-	27,418
Changes in assumptions or other inputs	32,202	-	24,369	-	-
Benefit payments	<u>(82,653)</u>	<u>(80,928)</u>	<u>(80,928)</u>	<u>(79,716)</u>	<u>(72,060)</u>
Net Change in Total Pension Liability	18,111	(11,925)	22,067	(8,700)	30,983
Total Pension Liability - Beginning	885,295	897,220	875,153	883,853	852,870
Total Pension Liability - Ending (a)	<u>\$ 903,406</u>	<u>\$ 885,295</u>	<u>\$ 897,220</u>	<u>\$ 875,153</u>	<u>\$ 883,853</u>
Plan Fiduciary Net Position					
Employer contributions	\$ 10,000	\$ 10,000	\$ 10,000	\$ 20,000	\$ 10,000
Pension plan net investment income	549	168,334	61,483	22,081	80,085
Benefit payments	(82,653)	(80,928)	(80,928)	(79,716)	(72,060)
Administrative expense	(5,808)	(5,712)	(2,113)	(2,866)	(2,214)
State of Colorado supplemental discretionary payment	18,000	-	9,000	9,000	9,000
Net Change in Plan Fiduciary Net Position	<u>(59,912)</u>	<u>91,694</u>	<u>(2,558)</u>	<u>(31,501)</u>	<u>24,811</u>
Plan Fiduciary Net Position - Beginning	1,276,471	1,184,777	1,187,335	1,218,836	1,204,025
Plan Fiduciary Net Position - Ending (b)	<u>\$ 1,216,559</u>	<u>\$ 1,276,471</u>	<u>\$ 1,184,777</u>	<u>\$ 1,187,335</u>	<u>\$ 1,228,836</u>
Net Pension Liability/(Asset) - Ending (a)-(b)	<u>\$ (313,153)</u>	<u>\$ (391,176)</u>	<u>\$ (287,557)</u>	<u>\$ (312,182)</u>	<u>\$ (344,983)</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	134.66%	144.19%	132.05%	135.67%	139.03%
Covered Payroll	N/A	N/A	N/A	N/A	N/A
Contributions as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A

NOTE: Information for the prior five years was not available to report.

**BLACK FOREST FIRE/RESCUE PROTECTION DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
FPPA - VOLUNTEER FIREFIGHTERS' PENSION PLAN
LAST SIX FISCAL YEARS**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially required contribution:						
District contribution	(10,000)	(10,000)	(10,000)	(10,000)	(20,000)	(10,000)
State of Colorado contribution	(18,000)	-	(9,000)	(9,000)	(9,000)	(9,000)
Contribution deficiency (excess)	<u>\$ (28,000)</u>	<u>\$ (10,000)</u>	<u>\$ (19,000)</u>	<u>\$ (19,000)</u>	<u>\$ (29,000)</u>	<u>\$ (19,000)</u>
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A

NOTE: information for the prior four years was not available to report.

Notes to Schedule:

Methods 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	2.5%
Projected salary increases	N/A
Investment rate of return	7.0%
Retirement age	50% per year of eligibility until 100% at age 65
Mortality	<u>Pre-retirement:</u> 2006 central rates from the RP-2014 Employee Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years, 50% multiplier for off-duty mortality. <u>Post-retirement:</u> 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. <u>Disabled:</u> 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.

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

**BLACK FOREST FIRE/RESCUE PROTECTION DISTRICT
SCHEDULE OF THE NET PENSION LIABILITY/(ASSET)
FPPA - VOLUNTEER FIREFIGHTERS' PENSION PLAN
LAST FIVE FISCAL YEARS (1)**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability	\$ 903,406	\$ 885,295	\$ 897,220	\$ 875,153	\$ 883,853
Plan Fiduciary Net Position	1,216,559	1,276,471	1,184,777	1,187,335	1,218,836
Net Pension (Asset) Liability	<u>\$ (313,153)</u>	<u>\$ (391,176)</u>	<u>\$ (287,557)</u>	<u>\$ (312,182)</u>	<u>\$ (334,983)</u>
Plan Fiduciary Net Position as a % of Total Pension Liability	134.66%	144.19%	132.05%	135.67%	137.90%
Covered Payroll	N/A	N/A	N/A	N/A	N/A
Net Pension Liability as a % of Covered Payroll	N/A	N/A	N/A	N/A	N/A

(1) - The amounts presented for each fiscal year were determined as of 12/31.

NOTE: Information for the prior five years was not available to report.

SUPPLEMENTAL INFORMATION

**BLACK FOREST FIRE/RESCUE PROTECTION DISTRICT
SCHEDULE OF EXPENDITURES
BUDGET TO ACTUAL
GENERAL FUND
Year Ended December 31, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actuals</u>	<u>Variance with Final Budget Positive (Negative)</u>
Administration				
County treasurer fees	\$ 26,046	\$ 26,040	\$ 26,012	\$ 28
Bond issuance expense	500	500	-	500
Director's workshop/meeting	5,500	3,000	3,165	(165)
Ambulance billing fees	24,000	27,870	25,431	2,439
IT supplies and expenses	20,000	35,000	36,731	(1,731)
Insurance	110,000	110,000	104,084	5,916
Election	4,000	4,000	-	4,000
Office supplies/ printing/ postage	5,000	6,000	6,058	(58)
Dues and subscriptions	4,600	4,600	3,996	604
Morale and welfare	6,000	3,000	2,001	999
Public relations	7,500	2,000	1,682	318
Payroll service	5,500	5,500	4,208	1,292
Bank fees	-	-	350	(350)
Audit	10,000	9,000	9,000	-
Legal	15,000	29,000	24,515	4,485
Miscellaneous	1,000	1,000	574	426
Total administration	<u>244,646</u>	<u>266,510</u>	<u>247,807</u>	<u>18,703</u>
Wages				
Administration	167,012	216,000	199,561	16,439
Over-time pay	45,000	50,000	49,447	553
Full-time pay	745,921	840,391	818,193	22,198
Part-time pay	125,000	88,000	83,406	4,594
Volunteer stipend	20,000	3,500	2,075	1,425
Deployments	50,000	-	-	-
Payroll taxes	27,264	26,138	28,505	(2,367)
	<u>1,180,197</u>	<u>1,224,029</u>	<u>1,181,187</u>	<u>42,842</u>
Benefits				
Pension benefits	72,095	80,000	79,387	613
Health insurance	115,000	120,000	111,272	8,728
FPPA - death and disability	23,784	27,000	26,368	632
	<u>210,879</u>	<u>227,000</u>	<u>217,027</u>	<u>9,973</u>
Firefighting supplies				
Supplies	10,000	10,000	8,329	1,671
Health / maintenance	1,000	4,400	4,369	31
Equipment repairs and maintenance	2,000	1,000	810	190
SCBA	1,000	-	1,647	(1,647)
PPE bunker gear	15,000	24,500	22,095	2,405
Uniforms	15,000	13,500	15,903	(2,403)
Wildland equipment and supplies	5,000	1,000	350	650
	<u>49,000</u>	<u>54,400</u>	<u>53,503</u>	<u>897</u>
Fire prevention and training				
Supplies	1,500	300	262	38
Public education	2,000	-	350	(350)
Tuition	22,500	18,000	18,815	(815)
Travel	6,000	8,000	11,631	(3,631)
In-house training	8,500	11,000	8,742	2,258
	<u>40,500</u>	<u>37,300</u>	<u>39,800</u>	<u>(2,500)</u>

(Continued)

BLACK FOREST FIRE/RESCUE PROTECTION DISTRICT
SCHEDULE OF EXPENDITURES
BUDGET TO ACTUAL
GENERAL FUND
Year Ended December 31, 2019

	Original Budget	Final Budget	Actuals	Variance with Final Budget Positive (Negative)
	(Continued)			
Communications				
Telephone	10,000	9,000	8,349	651
Internet	5,000	1,800	1,374	426
Equipment repairs and maintenance	33,640	33,640	9,119	24,521
Tower land annual lease	100	100	100	-
Cellular phone	7,000	7,500	7,228	272
Pager service	500	850	888	(38)
Radio subscription/license fee	8,815	12,960	13,073	(113)
	<u>65,055</u>	<u>65,850</u>	<u>40,131</u>	<u>25,719</u>
Vehicles				
Fire - gas and oil	9,500	12,500	9,925	2,575
Fire - repairs and maintenance	17,500	45,000	45,088	(88)
EMS - gas and oil	6,500	3,600	3,807	(207)
EMS - repairs and maintenance	14,300	32,500	27,851	4,649
Administration - gas and oil	8,250	6,500	6,575	(75)
Administration - repairs and maintenance	7,500	8,000	7,820	180
	<u>63,550</u>	<u>108,100</u>	<u>101,066</u>	<u>7,034</u>
Medical services				
Equipment and supplies	29,500	29,500	28,135	1,365
EMS equipment repairs and maintenance	2,500	2,500	-	2,500
EMS contracts	8,000	8,500	5,524	2,976
	<u>40,000</u>	<u>40,500</u>	<u>33,659</u>	<u>6,841</u>
Station, building and grounds				
Station 1 - supplies	7,000	8,500	7,709	791
Station 1 - repairs and maintenance	15,000	23,750	19,860	3,890
Station 1 - cable	500	563	689	(126)
Station 1 - trash	1,000	540	533	7
Station 1 - gas	10,000	8,360	7,805	555
Station 1 - electric	12,000	12,000	11,719	281
Station 1 - water	1,000	2,500	2,362	138
Station 1 - alarm	500	200	288	(88)
Station 2 - supplies	7,500	2,000	3,995	(1,995)
Station 2 - repairs and maintenance	5,000	2,500	2,000	500
Station 2 - cable	575	1,290	1,425	(135)
Station 2 - trash	500	300	257	43
Station 2 - gas	5,000	3,600	2,833	767
Station 2 - electric	8,000	3,800	3,785	15
Station 2 - alarm	400	203	306	(103)
	<u>73,975</u>	<u>70,106</u>	<u>65,566</u>	<u>4,540</u>
Contributions to Volunteer Pension Plan	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Debt Service				
Bond principal	185,000	185,000	185,000	-
Bond interest	16,675	16,675	16,675	-
	<u>201,675</u>	<u>201,675</u>	<u>201,675</u>	<u>-</u>
Capital Improvements				
Firefighting	278,000	271,720	271,626	94
Firefighting - grant funded	25,000	-	-	-
Communications	5,000	5,000	-	5,000
Major equipment acquisition	-	120,000	115,850	4,150
Vehicles	-	166,380	166,380	-
	<u>308,000</u>	<u>563,100</u>	<u>553,856</u>	<u>9,244</u>
Total expenditures	<u>\$ 2,487,477</u>	<u>\$ 2,868,570</u>	<u>\$ 2,745,277</u>	<u>\$ 123,293</u>

OTHER INFORMATION

**BLACK FOREST FIRE/RESCUE PROTECTION DISTRICT
SUMMARY OF ASSESSED VALUATION, MILL LEVY
AND PROPERTY TAXES COLLECTED
December 31, 2019**

<u>Year Ended December 31,</u>	<u>Prior Year Assessed Valuation for Current Year Property (Operations)</u>	<u>Prior Year Assessed Valuation for Current Year Property (Debt Service)</u>	<u>Mills Levied</u>		<u>Total Property Tax</u>		<u>Percent Collected to Levied</u>
			<u>Operations</u>	<u>Debt Service</u>	<u>Levied</u>	<u>Collected</u>	
2016	\$ 141,458,340	\$ 191,297,090	9.215	1.022	\$ 1,499,044	\$ 1,495,290	99.75%
2017	\$ 149,221,020	\$ 204,077,900	9.215	0.963	\$ 1,571,597	\$ 1,571,733	100.01%
2018	\$ 160,320,010	\$ 224,897,000	9.215	0.899	\$ 1,679,534	\$ 1,677,265	99.86%
2019	\$ 166,547,860	\$ 241,080,680	9.215	0.837	\$ 1,736,524	\$ 1,732,906	99.79%
Estimated for year ending December 31, 2020	\$ 205,146,960	\$ 298,737,510	11.896	0.653	\$ 2,635,504		

NOTE: Property taxes collected in any one year include collection of delinquent property taxes assessed in prior years. Information received from the County Treasurers' does not permit identification of specific year of assessment.

**BLACK FOREST FIRE/RESCUE PROTECTION DISTRICT
 SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
 December 31, 2019**

	\$1,725,000 General Obligation Refunding Bonds Dated May 19, 2011 Interest Rate 2.000% to 4.000% Principal Due June 1		
<u>Year Ending December 31,</u>	<u>Interest Due June 1 and December 1</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 185,000	\$ 10,200	\$ 195,200
2021	200,000	3,250	203,250
	<u>\$ 385,000</u>	<u>\$ 13,450</u>	<u>\$ 398,450</u>