



Lake Dillon Fire Protection District

Financial Statements and Supplementary Information

For the Year Ended December 31, 2019



Lake Dillon Fire Protection District

Contents

Independent Auditor's Report	1 - 2
Management's Discussion and Analysis	3 - 8
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	9
Statement of Activities	10 - 11
Fund Financial Statements	
Balance Sheet - General Fund	12
Reconciliation of the General Fund Balance Sheet with the Government-wide Statement of Net Position	13
Statement of Revenues, Expenditures and Changes in Fund Balance - General Fund	14
Reconciliation of the General Fund Statement of Revenues, Expenditures and Changes in Fund Balance with the Government-wide Statement of Activities	15
Notes to Financial Statements	16 - 32
Required Supplementary Information	
Schedule of Revenues, Expenditures and Change in Fund Balance (Budget and Actual) - General Fund	33
Schedule of the Changes in the Net Pension Liability/(Asset) and Related Ratios - Volunteer Firefighters' Pension Plan	34
Schedule of Contributions - Volunteer Firefighters' Pension Plan	35



Independent Auditor's Report

Board of Directors
Lake Dillon Fire Protection District
Silverthorne, Colorado

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, and the General Fund of the Lake Dillon Fire Protection District (the "District") as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements.

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

Auditor's Responsibility

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

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

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

Opinions

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



Emphasis of Matters

The COVID-19 outbreak in 2020 (see note 8) has caused business disruption in a variety of industries, markets and geographic regions, which has resulted in considerable uncertainty as to the financial impact and duration, which cannot be reasonably estimated at this time. Our conclusion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8, the budgetary comparison schedule for the General Fund on page 33 and pension related schedules on pages 34 through 35 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

ACM LLP

Greeley, Colorado
June 10, 2020

Lake Dillon Fire Protection District

Management's Discussion and Analysis
December 31, 2019

As management of the Lake Dillon Fire Protection District, (the "District"), we offer to readers of the District's financial statements with the Independent Auditor's report, this narrative summary of the financial activities of the District for the fiscal year ended December 31, 2019.

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 are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to financial statements. This report also contains required and other supplementary information in addition to the basic financial statements. These components are discussed below.

Effective January 1, 2018, the Summit Fire and Emergency Medical Services Authority ("Authority") was created by an intergovernmental agreement ("IGA") between the Lake Dillon Fire and Protection District and the Copper Mountain Consolidated Metropolitan District. Paid personnel for the District became employees of the Authority as of the effective date. As such, all employees and fire services was transferred to the Authority along with the capital assets and activities of the Snake River Fleet Services Fund.

Government-wide financial statements: The government-wide financial statements are designed to provide readers with an overview of the District's finances, from both a short-term fund perspective and a long-term economic perspective.

The statement of net position presents information on all the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference between the categories 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 shows how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the District that are principally supported by property and specific ownership taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs.

The District's government-wide financial statements can be found on pages 9 to 11 of this report directly following the management discussion and analysis.

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 uses fund accounting to ensure and demonstrate compliance with legal requirements. All of the funds of the District can be categorized as governmental funds.

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 District's near term financing decisions. The governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains one governmental fund, the General Fund. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for all major funds.

The District adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 12 to 15 of this report.

Notes to the Financial Statements: The notes provide a background of the entity, certain required statutes, and accounting policies utilized by the District. They also provide additional information that will aid in the interpretation of the financial statements. The Notes to the Financial Statements can be found on pages 16 to 32 of this report.

Required Supplementary Information: The required supplementary information includes required information concerning the District's budgetary schedule for the General Fund. Required supplementary information can be found on pages 33 to 35 of this report.

Financial Analysis of the District

Lake Dillon Fire Protection District's Net Position

	Governmental Activities		Total	
	2019	2018	2019	2018
Assets:				
Current and other	\$ 14,593,264	\$ 13,977,426	\$ 14,593,264	\$ 13,977,426
Capital assets	9,092,912	7,197,882	9,092,912	7,197,882
Net pension asset	-	-	-	-
Total assets	<u>23,686,176</u>	<u>21,175,308</u>	<u>23,686,176</u>	<u>21,175,308</u>
Deferred outflows of resources-				
pensions	<u>402,891</u>	<u>236,287</u>	<u>402,891</u>	<u>236,287</u>
Liabilities:				
Other liabilities	47,204	470,704	47,204	470,704
Long-term liabilities	-	-	-	-
Net pension liability	<u>1,224,353</u>	<u>780,209</u>	<u>1,224,353</u>	<u>780,209</u>
Total liabilities	<u>1,271,557</u>	<u>1,250,913</u>	<u>1,271,557</u>	<u>1,250,913</u>
Deferred inflows of resources:				
Deferred revenue- property taxes	9,535,741	7,850,885	9,535,741	7,850,885
Deferred inflow pensions	<u>155,638</u>	<u>207,517</u>	<u>155,638</u>	<u>207,517</u>
Total deferred inflows of resources	<u>9,691,379</u>	<u>8,058,402</u>	<u>9,691,379</u>	<u>8,058,402</u>
Net position:				
Net Investment in capital				
Assets	9,092,912	7,197,882	9,092,912	7,197,882
Restricted	323,257	290,923	323,257	290,923
Unrestricted	<u>3,709,962</u>	<u>4,613,475</u>	<u>3,709,962</u>	<u>4,613,475</u>
Total net position	<u>\$ 13,126,131</u>	<u>\$ 12,102,280</u>	<u>\$ 13,126,131</u>	<u>\$ 12,102,280</u>

At December 31, 2019, approximately 69% of the District's net position reflects its investment in capital assets, which includes land, fire stations, vehicles, and equipment. The District uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending.

A portion of the District's net position, approximately 2.5%, represents resources that are subject to Colorado Constitutional restrictions, donor restrictions and pension restrictions. The remaining unrestricted funds of \$3,709,962 may be used to meet the District's ongoing obligations.

At the end of the current fiscal year, the District is able to report positive balance of net position for the governmental type activities.

Overall, the District's net position increased \$1,023,851 from the prior year. The increase is due to several factors. See below for more information.

Financial Analysis of the District (continued)

Lake Dillon Fire Protection District's Change in Net Position

	Governmental Activities		Total	
	2019	2018	2019	2018
Revenues:				
Program revenues:				
Intergovernmental contracts	\$ 20,069	\$ 52,620	\$ 20,069	\$ 52,620
Operating grants and contributions	96,472	-	96,472	-
Inspection plan review fees	-	28,589	-	28,589
Out of district response	-	275	-	275
Rental Income	43,402	56,121	43,402	56,121
General revenues:				
Property taxes	7,902,142	7,760,628	7,902,142	7,760,628
Specific ownership taxes	445,420	458,964	445,420	458,964
Investment earnings	180,444	115,203	180,444	115,203
Gain (loss) on sale of capital assets	1,170,000	35,281	1,170,000	35,281
Miscellaneous	3,056	104,765	3,056	104,765
Total revenues	9,861,005	8,612,446	9,861,005	8,612,446
Expenses:				
Operating expenses:				
Firefighters	-	245,524	-	245,524
Administration	8,828,085	8,084,355	8,828,085	8,084,355
Community Risk Division	-	11,045	-	11,045
Support services	-	27,139	-	27,139
Station and grounds	-	245,389	-	245,389
Wildland	9,070	47,255	9,070	47,255
Total expenses	8,837,155	8,660,707	8,837,155	8,660,707
Special item:				
Transfer of operations to Summit Fire & EMS Authority	-	(969,592)	-	(969,592)
Total special items	-	(969,592)	-	(969,592)
Change in net position	1,023,850	(1,017,853)	970,819	-1,017,853
Net position – beginning	12,102,280	13,120,133	12,155,311	13,120,133
Net position – ending	\$ 13,126,130	\$ 12,102,280	\$ 13,126,130	\$ 12,102,280

Governmental activities: Governmental activities increased the District's net position by \$1,023,850. The most significant source of revenue of the District is property taxes, accounting for approximately 80% of total 2019 revenues.

When compared to 2018, revenues increased by \$1,248,559 in 2019, mainly due to gain on the sale of assets pertaining to the sale of Station 10 Administration building.

Governmental funds: The general fund is the chief operating fund of the District. At the end of 2019, unassigned fund balance of the general fund was \$2,148,811, while total fund balance was \$5,010,319. The decrease in fund balance from the prior year was the result of building a new-shared administration building with Summit County Government. The District’s portion of this new building is 67%.

General Fund Budgetary Highlights

Significant budget variances were as follows:

Account	Final Budget	Actual Amount	Variance	Description
			Positive (Negative)	
Investment Earnings	80,000	\$180,444	100,444	Lake Dillon saw an increase in investment earnings from ColoTrust which averaged 2.35% interest in 2019.
Grants	-	96,472	96,472	The CDPHE grant for Zoll Monitors was budgeted within the Summit Fire & EMS Authority accidentally.
Capital - Stations and grounds	1,693,137	1,844,495	(151,358)	The District budgeted the new Admin Building at \$1.7 million when the actual final costs for 2019 were \$1.8 million.
Capital - Apparatus	675,000	366,836	308,164	A Type 1 Engine was budgeted fully in 2019 but won't be received until 2020.
Proceeds from Capital Assets	1,000,000	1,200,000	200,000	The Station 10 Admin building was sold at a premium of \$200,000 more than budgeted.

Capital Assets

Capital assets: The District’s capital assets, net of accumulated depreciation, increased \$1,895,030 in 2019. The increase was the result of building a new shared administration building with Summit County Government. The District’s portion of this new building is 67%.

Additional information as well as a detailed classification of the District's net capital assets can be found in the Notes to the Financial Statements starting on page 26.

Next Year's Budget

The District's General Fund balance at the end of the 2019 fiscal year totaled \$5,010,319. The board of directors anticipating an ending balance of approximately \$4,388,672 adopted the District's 2020 General Fund budget. The decrease in fund balance will be the result of various capital items including remaining balance of a new type I engine, station roof resurface and engineering studies, additional parking spaces at the new admin building site, and new signage at some of the stations with fund reserves.

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: Lake Dillon Fire Protection District, P.O. Box 4910, Frisco, CO 80443.

Basic Financial Statements

Lake Dillon Fire Protection District

Statement of Net Position

December 31, 2019

	Primary Government Governmental Activities	Component Unit Summit Fire & EMS Authority
Assets		
Cash, cash equivalents and investments	\$ 4,875,258	\$ 2,764,644
Restricted cash, cash equivalents and investments	26,527	-
Receivables:		
Accounts receivable	584	197,011
Property taxes receivable	9,535,741	-
Due from Summit Fire & EMS Authority	155,154	-
Capital assets:		
Not being depreciated	1,204,336	-
Being depreciated, net	7,888,576	36,186
Net pension asset	-	270,027
Total assets	23,686,176	3,267,868
Deferred outflows of resources		
Deferred outflows of resources relating to pensions	402,891	3,272,498
Liabilities		
Accounts payable	47,204	51,228
Due to Lake Dillon Fire Protection District	-	155,154
Accrued liabilities	-	322,929
Accrued compensated absences		
Due within one year	-	67,326
Due in more than one year	-	585,987
Noncurrent liabilities:		
Net pension liability	1,224,353	770,957
Total liabilities	1,271,557	1,953,581
Deferred inflows of resources		
Deferred revenue - property taxes	9,535,741	-
Deferred inflows of resources relating to pensions	155,638	8,236
Total deferred inflows of resources	9,691,379	8,236
Net position		
Net investment in capital assets	9,092,912	36,186
Restricted for:		
Emergencies	296,730	325,114
Donors	26,527	-
Pensions	-	270,027
Unrestricted	3,709,962	3,947,222
Total net position	\$ 13,126,131	\$ 4,578,549

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

Lake Dillon Fire Protection District

Statement of Activities

Year Ended December 31, 2019

Functions/programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
Administration	\$ 8,828,084	\$ 63,471	\$ 96,472	-
State and federal wildland response	9,070	-	-	-
Total governmental activities	8,837,154	63,471	96,472	-
Total primary government	\$ 8,837,154	\$ 63,471	\$ 96,472	\$ -
Component unit				
Summit Fire & EMS Authority	\$ 9,821,849	\$ 11,121,487	\$ 26,287	\$ -

General revenues

Taxes:

Property taxes

Specific ownership taxes

Earnings on investments

Miscellaneous revenue

Gain on disposal of capital assets

Total general revenues

Changes in net position

Net position at beginning of year

Net position at end of year

Net (Expense) Revenue and Changes in Net Position	Component Unit
Governmental Activities	Summit Fire & EMS Authority
(8,668,141)	-
(9,070)	-
<u>(8,677,211)</u>	<u>-</u>
(8,677,211)	
	\$ 1,325,925
7,902,142	-
445,420	-
180,444	64,504
3,056	6,690
1,170,000	-
<u>9,701,062</u>	<u>71,194</u>
1,023,851	1,397,119
<u>12,102,280</u>	<u>3,181,430</u>
<u>\$ 13,126,131</u>	<u>\$ 4,578,549</u>

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

Lake Dillon Fire Protection District

Balance Sheet

General Fund

December 31, 2019

Assets	
Cash, cash equivalents and investments	\$ 4,875,258
Restricted cash, cash equivalents and investments	26,527
Accounts receivables	584
Due from Summit Fire and EMS Authority	155,154
Property tax receivable	9,535,741
Total assets	\$ 14,593,264
Liabilities, deferred inflows of resources and fund balance	
Liabilities	
Accounts payable	\$ 47,204
Total liabilities	47,204
Deferred inflows of resources	
Deferred revenue - property taxes	9,535,741
Total deferred inflows of resources	9,535,741
Fund balance	
Restricted for emergencies	296,730
Restricted by donors	26,527
Assigned for subsequent year expenditures	2,538,251
Unassigned	2,148,811
Total fund balance	5,010,319
Total liabilities, deferred inflows of resources and fund balance	\$ 14,593,264

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

Lake Dillon Fire Protection District

Reconciliation of the General Fund Balance Sheet with the Government-wide Statement of Net Position

December 31, 2019

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balance - General Fund	\$	5,010,319
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Capital assets used in governmental activities are not current financial resources, and therefore, are not reported as assets in the governmental fund financial statements.

Capital assets	\$	14,330,405	
Accumulated depreciation		<u>(5,237,493)</u>	9,092,912

The net pension liability and related deferred inflows and deferred outflows of resources are not current financial resources or obligations and, therefore, are not reported in the fund financial statements.

Net pension liability	\$	(1,224,353)	
Deferred outflows of resources relating to pensions		402,891	
Deferred inflows of resources relating to pensions		(155,638)	(977,100)
Total net position - governmental activities	\$		13,126,131

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

Lake Dillon Fire Protection District

Statement of Revenues, Expenditures and Changes in Fund Balance

General Fund

Year Ended December 31, 2019

Revenues	
Property taxes	\$ 7,902,142
Specific ownership taxes	445,420
Earnings on investments	180,444
Grants	96,472
Rental income	43,402
Intergovernmental	20,069
Miscellaneous revenue	3,056
Total revenues	8,691,005
Expenditures	
Current:	
Administration	8,219,650
State and federal wildland response	9,070
Capital outlay	
Firefighters	96,472
Stations and grounds	1,844,495
Apparatus	366,836
Total expenditures	10,536,523
Excess of expenditures over revenues	(1,845,518)
Other financing sources (uses)	
Proceeds from sale of capital assets	1,200,000
Total other financing sources (uses)	1,200,000
Change in fund balance	(645,518)
Fund balance at beginning of year	5,655,837
Fund balance at end of year	\$ 5,010,319

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

Lake Dillon Fire Protection District

Reconciliation of the General Fund Statement of Revenues, Expenditures and Changes in Fund Balance with the Government-wide Statement of Activities

Year Ended December 31, 2019

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

Change in fund balance - governmental funds \$ (645,518)

Capital outlay to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, these costs are capitalized on the statement of net position and depreciated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which capital outlay exceeded depreciation during the period.

Capital outlay	\$	2,307,452	
Depreciation expense		(382,422)	
Net book value of disposed of assets		<u>(30,000)</u>	1,895,030

Changes in the District's net pension liability, deferred outflows of resources, and deferred inflows of resources related to the District's volunteer defined benefit retirement plan.

Net pension liability	\$	(444,144)	
Deferred outflows of resources relating to pensions		166,604	
Deferred inflows of resources relating to pensions		51,879	\$ (225,661)

Change in net position - governmental activities \$ 1,023,851

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

Lake Dillon Fire Protection District

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Form of Organization

The Lake Dillon Fire Protection District (the “District”) is a quasi-municipal corporation organized and operated pursuant to provisions set forth in the Colorado Special District Act. The District was established to provide fire protection within the towns of Dillon, Silverthorne, Frisco, Montezuma, and unincorporated areas such as Dillon Valley, Keystone and Summit Cove, Colorado.

The District entered into an intergovernmental agreement with Copper Mountain Consolidated Metropolitan District to create the Summit Fire & EMS Authority (the “Authority”) on January 1, 2018. The Authority was established to provide fire protection within the towns of Dillon, Silverthorne, Frisco, Montezuma, and unincorporated areas such as Dillon Valley, Keystone, Summit Cove and Copper Mountain, Colorado.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) as applied to government units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District’s accounting policies are described below.

Reporting Entity

In conformity with GASB financial reporting standards, the District is the reporting entity for financial reporting purposes. The District is the primary government financially accountable for all activities of the District. The District meets the criteria of a primary government: its Board of Directors is the publicly elected governing body; it is a legally separate entity; and it is fiscally independent. The District is not included in any other governmental reporting entity.

As defined by GAAP established by the GASB, the financial reporting entity consists of the primary government, as well as component units, which are legally separate organizations for which elected officials of the primary government are financially accountable. Financial accountability is defined as:

- 1) Appointment of a voting majority of the component unit’s governing board, and either, a) the ability to impose its will by the primary government, or b) there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on, the primary government; or
- 2) Fiscal dependency on the primary government and there is a potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointment by a higher level of government, or (3) a jointly appointed board.

Lake Dillon Fire Protection District

Notes to Financial Statements

As required by GAAP, these financial statements present the primary government and its component unit. Component units are legally separate organizations that are financially accountable to the primary government. The component unit has been included in the District's financial reporting entity because of the significance of their operational or financial relationship with the District.

Discretely Presented Component Unit

Effective January 1, 2018, the Summit Fire & Emergency Medical Services Authority ("EMS") ("the Authority") was created by an intergovernmental agreement ("IGA") between the Lake Dillon Fire Protection District and the Copper Mountain Consolidated Metropolitan District. The Authority has a separate Board of Directors with five members appointed by the District and the Copper Mountain Consolidated Metropolitan District. Although the Authority is legally separate from the District, the financial statements are reported in the District's financial statements because the District appoints three members of the Board of Directors, which is a voting majority, and during the budget process of the Authority, the Authority and Districts determine the annual contributions needed along with other available revenues to meet the Authority's operating requirements. The Authority is a discretely presented component unit because of the significance of its financial relationship with the District.

Based on the above criteria the District includes the Authority as a discretely presented component unit. Separately issued financial statements of the Authority can be obtained from the Summit Fire & EMS Authority at P.O. Box 4288, Dillon, Colorado 80435.

Certain disclosures required by GAAP have been omitted from the District's notes to the financial statements, as they may be viewed by obtaining the Authority's financial statements as described above.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the District. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Governmental activities, which normally are supported by taxes, charges for services, and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on user charges for support. The District does not report any business-type activities.

The statement of activities demonstrates the degree to which the direct 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 those 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.

Lake Dillon Fire Protection District

Notes to Financial Statements

The fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. The District only has one governmental fund, the General Fund, which is a major fund.

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

The governmental fund financial statements are accounted for using the current financial resources measurement focus, whereby only current assets, deferred outflows of resources, liabilities, and deferred inflows of resources generally are included in the balance sheet, and the statement of revenues, expenditures and changes in fund balance presents increases and decreases in those components. These funds use the modified accrual basis of accounting, whereby 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 District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenue from government grants are deemed to be earned when the District incurs expenditures which satisfy the terms imposed by the respective grant contracts. Expenditures generally are recognized when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recognized only when payment is due.

Property taxes, intergovernmental grants, and earnings on investments associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following governmental fund:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources, except those required to be accounted for in another fund. This is a major fund of the District.

Because governmental fund statements are presented using a measurement focus and basis of accounting different from that used in the government-wide statements, a reconciliation is presented that briefly explains the adjustments necessary to reconcile to ending net position and the change in net position.

Lake Dillon Fire Protection District

Notes to Financial Statements

In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, the corresponding assets (receivables) in non-exchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source. Property taxes attach an enforceable lien on property as of January 1. Taxes are levied in December, payable in the following year in full by April 30, or in two equal installments due on the last day of February and June 15.

Budgets

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

- By October 15, the District's Fire Chief and Finance Manager submit to the Board of Directors, a recommended budget which details the necessary property taxes needed along with other available revenues to meet the District's operating requirements.
- After a required publication of "Notice of Proposed Budget" and a public hearing, the District adopts the proposed budget and an appropriating resolution, which legally appropriates expenditures for the upcoming years.
- After adoption of the budget resolution, the District may make the following changes: (a) it may transfer appropriated monies between funds or between spending agencies within a fund, as determined by the original appropriation level; (b) it may approve supplemental appropriations to the extent of revenues in excess of the estimated revenues in the budget; (c) it may approve emergency appropriations; and (d) it may approve the reduction of appropriations for which originally estimated revenues are insufficient. The budget is only amended in conformity with Colorado Revised Statutes which allows the District to amend the budget and adopt a supplementary appropriation if money for a specific purpose, other than ad valorem taxes, becomes available to meet a contingency.
- The District legally adopts budgets for all of the funds of the District on a basis consistent with GAAP.
- Budgeted amounts in the financial statements are as originally adopted or as amended by the Board of Directors. All appropriations lapse at year end.

The original and final budget of the General Fund was \$10,711,780 for the fiscal year ended December 31, 2019.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and demand deposits. All cash equivalents have an original maturity date of less than three months.

Lake Dillon Fire Protection District

Notes to Financial Statements

Restricted Cash and Cash Equivalents

The amount restricted in the General Fund represents funds that have been contributed for the District's employee assistance fund.

Investments

Investments are stated at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, based on quoted market values, with the exception of certain local government investment pools. These are stated at net asset value.

Receivables

In the government-wide financial statements, receivables are reported at their gross value and, when appropriate, are reduced by the estimated portion that is expected to be uncollectible. No amounts were determined to be uncollectible at December 31, 2019. Property taxes levied on December 31, 2019, are identified as property taxes receivable and deferred inflows of resources.

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. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

Description	Estimated Lives
Land	N/A
Buildings	40 years
Building improvements	40 years
Vehicles (excluding fire equipment)	3-10 years
Fire vehicles and equipment	15-20 years
Other equipment	3-20 years

Long-Term Obligations

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

Lake Dillon Fire Protection District

Notes to Financial Statements

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 represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. The District reports deferred outflows of resources for pension-related amounts. See Note 5 for additional information.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The District reports a deferred inflow of resource relating to property taxes and pension-related amounts. See Note 5 for additional information.

Fund Balance and Net Position

In the government-wide financial statements, net position is classified in the following categories:

Net Investment in Capital Assets - This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce this category.

Restricted Net Position - This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments, and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position - This category represents the net position of the District, which is not restricted for any project or other purpose. A deficit will require future funding.

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, fund balances of the governmental funds are classified as follows:

Nonspendable - amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation, or because of constraints that are externally imposed by creditors, grantors, or the laws or regulations of other governments.

Committed - amounts that can be used only for specific purposes determined by a formal action of the Board of Directors (the "Board"). The Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions approved by the Board.

Lake Dillon Fire Protection District

Notes to Financial Statements

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The Fire Chief and the Board has the authority to assign amounts for specific purposes.

Unassigned - all other spendable amounts. Only the General Fund reports a positive unassigned fund balance. In other governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to other purposes, the funds would report a negative unassigned fund balance; however, any amount reported as assigned fund balance would have to be eliminated before a negative unassigned fund balance could be reported.

When an expense or expenditure is incurred for purposes for which both restricted and unrestricted resources are available, the District considers restricted resources 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 Board has provided otherwise in its commitment or assignment actions.

Revenue Recognition/Property Taxes

Property taxes are levied prior to December 31 and attach as an enforceable lien on property on January 1. Taxes are payable in full on April 30 or in two installments on the last day of February and June 15. The County Treasurer's office collects property taxes and remits to the District on a monthly basis. Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred inflow of resources is recorded at December 31. As the tax is collected in the succeeding year, the deferred inflows of resources is recognized as revenue and the receivable is reduced.

Pensions

The District contributes to a defined benefit pension plan to provide retirement income for volunteer firefighters in recognition of their service to the District. This plan is an agent multiple-employer Public Employee Retirement System affiliated with the Fire & Police Pension Association ("FPPA") for the purpose of administering the plan and managing the funds of the plan for investment.

Estimates

The presentation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

Lake Dillon Fire Protection District

Notes to Financial Statements

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

The following is a summary of cash, cash equivalents and investments, including restricted amounts as of December 31, 2019:

Cash with county treasurer	\$ 38,285
Deposits with financial institutions	183,437
Investments	4,680,063
Total	\$ 4,901,785

The above amounts are classified in the statement of net position is as follows:

Cash, cash equivalents and investments:	
Governmental activities	\$ 4,875,258
Restricted cash, cash equivalents and investments:	
Governmental activities	26,527
	\$ 4,901,785

Custodial Credit Risk - Deposits

Colorado state statutes govern the entity's deposits of cash. For deposits in excess of federally insured limits, Colorado Revised Statutes require the depository institution to maintain collateral on deposit with an official custodian (as authorized by the State Banking Board). The Colorado Public Deposit Protection Act ("PDPA") requires state regulators to certify eligible depositories for public deposit. PDPA requires the eligible depositories with public deposits in excess of the amounts insured by the Federal Deposit Insurance Corporation ("FDIC") to create a single institutional collateral pool of obligations of the State of Colorado or local Colorado governments and obligations secured by first lien mortgages on real property located in the state. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the assets in the pool must be at least 102% of the uninsured deposits. At December 31, 2019, the District had deposits with financial institutions with a carrying amount of \$183,437. The bank balances with the financial institutions were \$184,337, all of which was covered by federal depository insurance.

Investments

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which the District may invest, which include:

- Certificates of deposit with an original maturity in excess of three months
- Certain obligations of the United States and U.S. Government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Banker's acceptance of certain banks

Lake Dillon Fire Protection District

Notes to Financial Statements

- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

The District's policy is to hold investments until maturity.

At December 31, 2019, the District had the following investments:

	S&P Rating	Value	Weighted Ave. Maturity Date (in days)	Concentration of Credit Risk
ColoTrust	AAAm	\$ 1,609,410	N/A	34.39%
Mutual funds	NR	10,645	N/A	0.23%
Certificates of deposits	NR	2,835,663	479	60.59%
FNMA	AA+	224,345	330	4.79%
		\$ 4,680,063		

The District categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District's investment balances at fair value hierarchy are as follows:

	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 10,645	\$ -	\$ -	\$ 10,645
Certificates of deposits	-	2,835,663	-	2,835,663
FNMA	-	224,345	-	224,345
Investments measured at NAV	N/A	N/A	N/A	1,609,410
	\$ 10,645	\$ 3,060,008	\$ -	\$ 4,680,063

Money market funds categorized in Level 1 are based on prices quoted in active markets. Certificates of deposits and FNMA categorized in Level 2 are valued using matrix pricing based on securities' relationship to benchmark quoted prices.

Lake Dillon Fire Protection District

Notes to Financial Statements

Local Government Investment Pools – COLOTRUST

At December 31, 2019, the District had invested \$1,609,410 in the Colorado Local Government Liquid Asset Trust (the “Trust”), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commission administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. COLOTRUST PRIME invests only in U.S. Treasury and government agencies. COLOTRUST PLUS+ can invest in U.S. Treasury, government agencies, and in the highest-rate commercial paper. A designated custodial bank serves as custodian for the Trust’s portfolios pursuant to a custodian agreement. The custodian acts as a safekeeping agent for the Trust’s investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian’s internal records segregate investments owned by the Trust. The Trust is rated AAAM by Standard and Poor’s and is measured at net asset value. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

Custodial Credit Risk – Investments

For investments, custodial credit risk is the risk that in the event of a failure of a counter party, the District would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have a specific policy for custodial credit risk. As of December 31, 2019, the District had no investments exposed to custodial credit risk.

Interest Rate Risk

Colorado Revised Statutes limit investment maturities to five years or less from the date of purchase. This limit on investment maturities is a means of limiting exposure to fair value losses arising from increasing interest rates. The District limits its investments to savings accounts, certificates of deposits, and investment pools where each share is equal to one dollar, thus the District avoids interest rate risk. The District also holds U.S. Government fixed income securities with maturities five years and under in compliance with Colorado Revised Statutes. At December 31, 2019, all U.S. Government fixed income securities mature in 1-5 years.

Lake Dillon Fire Protection District

Notes to Financial Statements

3. CAPITAL ASSETS

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

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 867,500	\$ -	\$ (30,000)	\$ 837,500
Construction in progress	1,669,908	2,179,930	(3,483,002)	366,836
Total capital assets, not being depreciated	2,537,408	2,179,930	(3,513,002)	1,204,336
Capital assets, being depreciated:				
Buildings and improvements	4,305,966	3,483,002	(133,382)	7,655,586
Vehicles and equipment	5,342,961	127,522	-	5,470,483
Total capital assets, being depreciated	9,648,927	3,610,524	(133,382)	13,126,069
Less accumulated depreciation for:				
Buildings and improvements	(2,683,166)	(111,571)	133,382	(2,661,355)
Vehicles and equipment	(2,305,287)	(270,851)	-	(2,576,138)
Total accumulated depreciation	(4,988,453)	(382,422)	133,382	(5,237,493)
Total capital assets being depreciated, net	4,660,474	3,228,102	-	7,888,576
Governmental activities capital assets, net	\$ 7,197,882	\$ 5,408,032	\$ (3,513,002)	\$ 9,092,912

Depreciation for governmental activity capital assets has been allocated to administration.

4. RISK MANAGEMENT

The District is exposed to various risks of loss related to worker's compensation; general liability; unemployment; torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District carries commercial insurance covering specific and general risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage.

Lake Dillon Fire Protection District

Notes to Financial Statements

5. VOLUNTEER FIREFIGHTERS' PENSION PLAN

Plan description. The District has established the Volunteer Firefighters' Pension Plan (the "Plan"), an agent multiple-employer defined benefit pension plan administered by the Fire and Police Pension Association of Colorado. As of January 1, 2019, the Plan had 51 retirees and beneficiaries, one inactive - nonretired member, and no current members. FPPA issues an annual, publicly available financial report that includes the assets of the Volunteer Plan. The report may be obtained on FPPA's website at www.fppaco.org.

Benefits provided. The plan provides for a monthly pension of \$1,000 for volunteers who have satisfied the normal age and service requirements and pro rata pensions for volunteers who have satisfied the normal age, but only a portion of the service requirement. It further provides death benefits and a partial pension (50% of the amount the volunteer has earned) for surviving spouses. The normal age and service requirement is the latest date a volunteer reaches 50 years of age or completes 20 years of service. Pro rata pensions would apply to volunteers who reached 50 years of age and had between 10 and 20 years of service. The plan also provides a funeral benefit, lump sum one time only payment of \$2,000.

Funding policy. The Plan receives contributions from the District in an amount not to exceed one-half mill of property tax revenue. As established by the legislature, the State of Colorado also contributes to the plan. The contributions are not actuarially determined. An actuary is used to determine the adequacy of contributions.

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

Contributions to the Plan from the District were \$91,082 and from the State of Colorado were \$81,974 for the year ended December 31, 2019.

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

At December 31, 2019, the District reported a net pension liability of \$1,224,353. 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. This measurement date is within one year of the plan sponsor's fiscal year end of December 31, 2019 and may be used for December 31, 2019 reporting purposes. Standard update procedures were used to roll forward the total pension liability to December 31, 2019.

Lake Dillon Fire Protection District

Notes to Financial Statements

For the year ended December 31, 2019, the District recognized pension expense of \$316,743. At December 31, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings		
on pension plan investments	\$ 311,809	\$ 155,638
District contributions subsequent to measurement date	91,082	-
	\$ 402,891	\$ 155,638

The \$91,082 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Amortization
2020	\$ 67,974
2021	23,411
2022	6,452
2023	58,334
	\$ 156,171

Actuarial assumptions. The total pension liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar Open
Remaining Amortization Period	20 years
Asset Valuation Period	5-Year smoothed fair value
Inflation	2.50%
Salary Increases	N/A
Investment Rate of Return	7.00% per annum
Retirement Age	50% per year of eligibility until 100% at age 65.
Mortality	Pre-retirement: 2006 central rates from the RP-2014 Employee Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years, 50% multiplier for off-duty mortality.

Lake Dillon Fire Protection District

Notes to Financial Statements

	<p>Post-retirement: 2006 central rates from the RP-2014 Employee Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years.</p> <p>Disabled: 2006 central rates from the RP-2014 Disabled Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years.</p>
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Discount rate. Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan’s fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan’s projected fiduciary net position is not sufficient to pay benefits). For the purpose of this valuation, the long-term expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 3.71% (based on the weekly rate closest to but not later than the measurement date of the “state & local bonds” rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.00%. Projected cash flows used in determining the Single Discount Rate are available upon request.

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

Asset Class	Target Allocation	Long Term Expected Rate of Return
Cash	2.00%	2.52%
Fixed Income	15.00%	2.90%
Managed Fixtures	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	100.00%	

Lake Dillon Fire Protection District

Notes to Financial Statements

Sensitivity of the District's proportionate share of the net pension liability(asset) to changes in the Single Discount Rate. The following presents the District's proportionate share of the net pension liability/(asset) calculated using the Single Discount Rate of 7.00 percent, as well as what the District's proportionate share of the net pension liability/ (asset) would be if it were calculated using a Single Discount Rate that is 1-percentage point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
District's proportionate share of the net pension liability/(asset)	\$1,695,087	\$1,224,353	\$822,586

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Fire & Police Pension Association of Colorado financial report.

Change in Net Pension Liability	Total Pension (Asset) Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability a-b
Balances at December 31, 2018	\$ 4,850,152	\$ 4,069,943	\$ 780,209
Changes for the year			
Interest	347,479	-	347,479
Difference between expected and actual experience of Pension Liability	73,026	-	73,026
Changes of assumptions	188,325	-	188,325
Contributions - employer	-	91,082	(91,082)
Net investment income	-	3,246	(3,246)
Benefit payments	(442,200)	(442,200)	-
Administrative expenses	-	(11,616)	11,616
State of Colorado supplemental discretionary payment	-	81,974	(81,974)
Net changes	166,630	(277,514)	444,144
Balances at December 31, 2019	\$ 5,016,782	\$ 3,792,429	\$ 1,224,353

6. RELATED PARTY TRANSACTIONS

Effective January 1, 2018, the Summit Fire and Emergency Medical Services Authority was created by an intergovernmental agreement ("IGA") between the Lake Dillon Fire and Protection District and the Copper Mountain Consolidated Metropolitan District. As part of the creation of the Authority, each party paid to the Authority an initial contribution in 2018 that was approved by the District's board as part of the budget process. During the year ended December 31, 2019, the District contributed \$7,627,026 to the Authority.

Lake Dillon Fire Protection District

Notes to Financial Statements

In addition, per the IGA, the District retained ownership of its fire stations and will lease the fire stations to the Authority at a rate of \$1 per year. Finally, the District retained ownership of the apparatus, vehicles and related equipment and these items will be leased to the Authority at a rate of \$1 per year.

7. TABOR COMPLIANCE

In November 1992, Colorado voters passed an amendment (the “Amendment” or “TABOR”) to the State Constitution (Article X, Section 20), which limits the revenue raising and spending abilities of state and local districts. The limits on property taxes, revenue, and “fiscal year spending” include allowable annual increases tied to inflation and local growth in construction valuation. Fiscal year spending, as defined by the Amendment, excludes spending from certain revenue and financing sources, such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves (balances). The Amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue earned in excess of the “spending limit” must be refunded or approved to be retained by the District under specified voting requirements by the entire electorate.

The Amendment also requires local districts to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by the Amendment, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending (excluding bonded debt service). The District has restricted \$296,730 for this purpose.

On November 6, 2012, the voters approved the following ballot question: “Shall the Lake Dillon Fire Protection District taxes be increased \$555,605 annually (estimated revenues for the year 2014) and by whatever additional amounts are received annually thereafter from the levy of an additional property tax at a rate not to exceed 0.741 mills, exclusive of refunds, abatements, or debt service, with a total rate not to exceed 9 mills, the proceeds of which shall be used to fund fire, wildfire and emergency response operations, fire prevention, and capital expenses of the District; and shall the District be permitted to collect, retain and spend such taxes and income thereon as a voter-approved revenue change and property tax revenue change under Article X, Section 20 of the Colorado Constitution and to exceed the 5.5% property tax revenue limitations contained in Section 29-1-301, Colorado Revised Statutes and any other revenue limitation contained in the laws of the State?”

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

Lake Dillon Fire Protection District

Notes to Financial Statements

8. SUBSEQUENT EVENTS

The COVID-19 outbreak, which was declared a worldwide pandemic on March 11, 2020 by the World Health Organization (“WHO”), has caused business disruption in a variety of industries, markets and geographic regions. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. The extent to which the District’s operational and financial performance will be affected is also uncertain. Therefore, while the District expects this matter to negatively impact their business, results of operations, and financial position, the related financial impact cannot be reasonably estimated at this time.

The District has evaluated subsequent events through June 10, 2020, the date which the financial statements were available to be issued. No additional transactions or events that would require adjustment to or disclosure in the financial statements were identified.

Required Supplementary Information

Lake Dillon Fire Protection District

Schedule of Revenues, Expenditures and Changes in Fund Balance (Budget and Actual) - General Fund

Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 7,857,885	\$ 7,857,885	\$ 7,902,142	\$ 44,257
Specific ownership taxes	400,000	400,000	445,420	45,420
Earnings on investments	80,000	80,000	180,444	100,444
Grants	-	-	96,472	96,472
Rental income	55,000	55,000	43,402	(11,598)
Intergovernmental	20,000	20,000	20,069	69
Miscellaneous revenue	2,300	2,300	3,056	756
Total revenues	8,415,185	8,415,185	8,691,005	275,820
Expenditures				
Administration:				
Directors and Chief expense	8,541	8,541	5,507	3,034
Treasurer fees	392,894	392,894	395,118	(2,224)
TIF - Silverthorne/Dillon	54,378	54,378	54,353	25
Insurance	5,250	5,250	4,992	258
Legal services	10,000	10,000	5,093	4,907
Audit	7,500	7,500	7,500	-
Supplies and other	1,000	1,000	11,172	(10,172)
Employee asst fund expense	1,500	1,500	17,807	(16,307)
Contribution to Summit Fire & EMS	7,627,026	7,627,026	7,627,026	-
Contribution to volunteer pension	91,082	91,082	91,082	-
Total administration	8,199,171	8,199,171	8,219,650	(20,479)
State and federal wildland				
Miscellaneous	-	-	9,070	(9,070)
Total state and federal wildland	-	-	9,070	(9,070)
Capital expenditures				
Firefighters	96,472	96,472	96,472	-
Support services	48,000	48,000	-	48,000
Stations and grounds	1,693,137	1,693,137	1,844,495	(151,358)
Apparatus	675,000	675,000	366,836	308,164
Total capital expenditures	2,512,609	2,512,609	2,307,803	204,806
Total expenditures	10,711,780	10,711,780	10,536,523	175,257
Excess of expenditures over revenues	(2,296,595)	(2,296,595)	(1,845,518)	451,077
Other financing sources				
Proceeds from sale of capital assets	1,000,000	1,000,000	1,200,000	200,000
Total other financing sources	1,000,000	1,000,000	1,200,000	200,000
Change in fund balance	\$ (2,296,595)	\$ (2,296,595)	(645,518)	\$ 651,077
Fund balance at beginning of year			5,655,837	
Fund balance at end of year			\$ 5,010,319	

See accompanying Independent Auditor's Report.

Lake Dillon Fire Protection District
Schedule of Changes in Net Pension Liability/(Asset)
and Related Ratios - Volunteer Firefighters' Pension Plan
Last Ten Fiscal Years

Measurement Period Ended December 31,	2018	2017	2016	2015	2014
Total Pension Liability					
Service Cost	\$ -	\$ -	\$ -	\$ -	\$ -
Interest on the Total Pension Liability	347,479	354,087	277,217	285,265	289,034
Benefit Changes	-	-	993,372	-	-
Difference Between Expected and Actual Experience	73,026	-	65,279	-	8,667
Assumption Changes	188,325	-	130,502	-	-
Benefit Payments	(442,200)	(442,200)	(440,700)	(346,160)	(349,680)
Net Change in Total Pension Liability	166,630	(88,113)	1,025,670	(60,895)	(51,979)
Total Pension Liability - Beginning	4,850,152	4,938,265	3,912,595	3,973,490	4,025,469
Total Pension Liability - Ending	\$ 5,016,782	\$ 4,850,152	\$ 4,938,265	\$ 3,912,595	\$ 3,973,490
Plan Fiduciary Net Position					
Employer Contribution	\$ 91,082	\$ 91,082	\$ 92,500	\$ 90,874	\$ 143,000
Pension Plan Net Investment Income	3,246	535,193	196,946	70,611	259,598
Benefit Payments	(442,200)	(442,200)	(440,700)	(346,160)	(349,680)
Pension Plan Administrative Expenses	(11,616)	(10,873)	(6,181)	(8,109)	(6,320)
State of Colorado Supplemental Discretionary Payment	81,974	81,974	81,787	81,974	81,974
Net Change in Plan Fiduciary Net Position	(277,514)	255,176	(75,648)	(110,810)	128,572
Plan Fiduciary Net Position - Beginning	4,069,943	3,814,767	3,890,415	4,001,225	3,872,653
Plan Fiduciary Net Position - Ending	\$ 3,792,429	\$ 4,069,943	\$ 3,814,767	\$ 3,890,415	\$ 4,001,225
Net Pension Liability/(Asset) - Ending	\$ 1,224,353	\$ 780,209	\$ 1,123,498	\$ 22,180	\$ (27,735)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	75.59%	83.91%	77.25%	99.43%	100.70%
Covered Payroll	N/A	N/A	N/A	N/A	N/A
Net Pension Liability as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A

Pension schedules are intended to show information for ten years, additional years' information will be displayed as it becomes available.

See accompanying Independent Auditor's Report.

Lake Dillon Fire Protection District

Schedule of Contributions

Volunteer Firefighters' Pension Plan

Last Ten Fiscal Years

FY Ending December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2014	\$ 27,734	\$ 224,974	\$ (197,240)	N/A	N/A
2015	\$ 27,734	\$ 172,848	\$ (145,114)	N/A	N/A
2016	\$ -	\$ 174,287	\$ (174,287)	N/A	N/A
2017	\$ -	\$ 173,056	\$ (173,056)	N/A	N/A
2018	\$ 91,438	\$ 173,056	\$ (81,618)	N/A	N/A
2019	\$ 159,382	\$ 173,056	\$ (13,674)	N/A	N/A

* Pension schedules are intended to show information for ten years, additional years' information will be displayed as it becomes available.

See accompanying Independent Auditor's Report.

Notes to Schedule of Contributions:

** Actual contribution includes both employer and State of Colorado supplemental discretionary payment.