

NEDERLAND FIRE PROTECTION DISTRICT

BASIC FINANCIAL STATEMENTS

December 31, 2019

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FINANCIAL SECTION



JOHN CUTLER & ASSOCIATES

Board of Directors
Nederland Fire Protection District
Boulder County, Colorado

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Nederland Fire Protection District, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the basic financial statements of the District, 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that required supplemental information on pages 28-32 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.

Management has not presented the management's discussion and analysis that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Nederland Fire Protection District's financial statements. The individual fund schedule is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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 individual fund financial statement is fairly stated in all material respects in relation to the financial statements as a whole.

John Cutler & Associates, LLC

July 31, 2020

BASIC FINANCIAL STATEMENTS

NEDERLAND FIRE PROTECTION DISTRICT

STATEMENT OF NET POSITION

As of December 31, 2019

	Governmental Activities	
	2019	2018
ASSETS		
Cash	\$ 352,154	\$ 272,218
Receivables		
Property Taxes	944,025	821,036
Accounts	4,097	13,036
Net Pension Asset - Volunteer Pension	-	26,514
Net Pension Asset - SWDB Pension	-	37,855
Capital Assets, not depreciated	7,000	7,000
Capital Assets, depreciated, net of accumulated depreciation	1,910,101	1,878,266
TOTAL ASSETS	3,217,377	3,055,925
DEFERRED OUTFLOWS OF RESOURCES		
Related to Volunteer Pension	72,401	56,303
Related to SWDB Pension	118,019	47,710
TOTAL DEFERRED OUTFLOWS OF RESOURCES	190,420	104,013
LIABILITIES		
Accounts Payable	19,653	13,429
Accrued Expenses	18,440	9,646
Noncurrent Liabilities		
Net Pension Liability - Volunteer Pension	39,518	-
Net Pension Liability - SWDB Pension	32,852	-
Due within One Year	-	-
Due in More Than One Year	79,197	70,107
TOTAL LIABILITIES	189,660	93,182
DEFERRED INFLOWS OF RESOURCES		
Deferred Property Tax Revenue	944,025	821,036
Related to Volunteer Pension	32,055	71,787
Related to SWDB Pension	351	13,272
TOTAL DEFERRED INFLOWS OF RESOURCES	976,431	906,095
NET POSITION		
Net Investment in Capital Assets	1,917,101	1,885,266
Restricted for Emergencies	28,000	21,000
Unrestricted	296,605	254,395
TOTAL NET POSITION	\$ 2,241,706	\$ 2,160,661

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

NEDERLAND FIRE PROTECTION DISTRICT

STATEMENT OF ACTIVITIES

Year Ended December 31, 2019

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net Assets	
		Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
PRIMARY GOVERNMENT				2019	2018
Governmental Activities					
Fire Administration	\$ 680,187	\$ -	\$ 38,266	\$ (641,921)	\$ (578,544)
Fire Fighting and Prevention	151,607	57,650	-	(93,957)	(161,144)
Emergency Medical Services	32,565	-	-	(32,565)	(16,428)
Communications	5,077	-	-	(5,077)	(6,825)
Volunteer Support	78,320	-	-	(78,320)	(38,654)
Interest on Long-Term Debt	-	-	-	-	(3,750)
Total Governmental Activities	\$ 947,756	\$ 57,650	\$ 38,266	(851,840)	(805,345)
GENERAL REVENUES					
Property Taxes				842,740	793,982
Specific Ownership Taxes				45,881	44,013
Interest				948	495
Other				43,316	24,590
TOTAL GENERAL REVENUES				932,885	863,080
CHANGE IN NET POSITION				81,045	57,735
NET POSITION, Beginning				2,160,661	2,102,926
NET POSITION, Ending				\$ 2,241,706	\$ 2,160,661

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

NEDERLAND FIRE PROTECTION DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2019

	GENERAL FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS	
			2019	2018
ASSETS				
Cash	\$ 327,487	\$ 24,667	\$ 352,154	\$ 272,218
Property Taxes Receivable	944,025	-	944,025	821,036
Accounts Receivable	4,097	-	4,097	13,036
TOTAL ASSETS	\$ 1,275,609	\$ 24,667	\$ 1,300,276	\$ 1,106,290
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE				
LIABILITIES				
Accounts Payable	\$ 19,653	\$ -	\$ 19,653	\$ 13,429
Accrued Expenses	18,440	-	18,440	9,646
TOTAL LIABILITIES	38,093	-	38,093	23,075
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax Revenue	944,025	-	944,025	821,036
FUND BALANCE				
Fund Balance				
Restricted for Emergencies	28,000	-	28,000	21,000
Restricted for Capital Reserve	-	24,667	24,667	27,750
Unassigned	265,491	-	265,491	213,429
TOTAL FUND BALANCE	293,491	24,667	318,158	262,179
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	\$ 1,275,609	\$ 24,667		

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

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.

1,917,101 1,885,266

Long-term liabilities and related assets are not due and payable in the current period and are not reported in the funds. These include compensated absences of (\$79,197) net pension liability of (\$72,370), deferred outflows related to pensions of \$190,420, and deferred inflows related to pensions of (\$32,406).

6,447 13,216

Net position of governmental activities

\$ 2,241,706 \$ 2,160,661

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

NEDERLAND FIRE PROTECTION DISTRICT

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

	GENERAL FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS	
			2019	2018
REVENUES				
Taxes	\$ 888,621	\$ -	\$ 888,621	\$ 837,995
Intergovernmental	95,916	-	95,916	8,605
Cistern Fees	5,000	-	5,000	2,500
Interest	948	-	948	495
Miscellaneous	38,316	-	38,316	22,090
TOTAL REVENUES	1,028,801	-	1,028,801	871,685
EXPENDITURES				
Current				
Fire Administration	689,732	3,083	692,815	562,948
Fire Fighting and Prevention	83,789	-	83,789	74,122
Emergency Medical Services	28,420	-	28,420	12,284
Communications	5,077	-	5,077	6,825
Volunteer Support	78,320	-	78,320	38,654
Capital Outlay	84,401	-	84,401	9,413
Debt Service				
Principal	-	-	-	150,000
Interest and Fiscal Charges	-	-	-	3,750
TOTAL EXPENDITURES	969,739	3,083	972,822	857,996
NET CHANGE IN FUND BALANCES	59,062	(3,083)	55,979	13,689
FUND BALANCES, Beginning	234,429	27,750	262,179	248,490
FUND BALANCES, Ending	\$ 293,491	\$ 24,667	\$ 318,158	\$ 262,179

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

NEDERLAND FIRE PROTECTION DISTRICT

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

Amounts Reported for Governmental Activities in the Statement of Activities
are Different Because:

Net Changes in Fund Balances - Total Governmental Funds	\$ 55,979
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital outlay \$175,418 exceeds depreciation expense (\$143,583) in the current period.	31,835
Deferred Charges related to pension are not recognized in the governmental funds. However, for the government-wide statements that amount is capitalized and amortized.	<u>2,321</u>
Change in Net Position of Governmental Activities	<u>\$ 81,045</u>

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

NEDERLAND FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

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

The Nederland Fire Protection District was formed to provide fire protection and emergency medical services to the Town of Nederland and surrounding area within its boundaries. The District is governed by a five-member Board of Directors elected by the residents.

The accounting policies of the Nederland Fire Protection District (the “District”) conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

Reporting Entity

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

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

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

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

NEDERLAND FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current *financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

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

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

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

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

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

The *Debt Service Fund* accounts for the accumulation of resources for capital reserve expenditures.

NEDERLAND FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

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

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

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

Buildings	40 years
Machinery and Equipment	10 - 20 years
Vehicles	15 years

Long-Term Obligations

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

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

Net Position

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

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

NEDERLAND FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position (Continued)

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

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

Fund Balance Classification

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

- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies. In addition, the District has classified the Debt Service Fund balance as restricted because their use is restricted for capital reserve.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District did not have any committed resources as of December 31, 2019.

NEDERLAND FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

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

Compensated Absences

Employees of the District are allowed to accumulate unused vacation and sick time. Upon termination of employment with the District, an employee is compensated for all accrued vacation time at the current rate of pay. Accrued sick time is paid at a rate of 50% upon retirement from the District at the employee's current rate of pay.

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

Deferred Outflows/Inflows of Resources

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

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

Property Taxes

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

NEDERLAND FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes (Continued)

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

Comparative Data

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. However, complete comparative data in accordance with generally accepted accounting principles has not been presented since its inclusion would make the financial statements unduly complex and difficult to read.

Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

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

- In September, District Management submits to the Board of Directors a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally enacted through passage of a resolution.
- District Management is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the Board of Directors.
- Budgets are legally adopted for all funds of the District on a basis consistent with generally accepted accounting principles (GAAP).

NEDERLAND FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY(Continued)

- Budgeted amounts in the financial statements are as originally adopted or as amended by the Board of Directors. All appropriations lapse at year end.

NOTE 3: CASH DEPOSITS

Custodial Credit Risk – Deposits

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

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

At December 31, 2019, the District had deposits with financial institutions with a carrying amount of \$352,154. The bank balances with the financial institutions were \$362,835. Of the balances with the financial institutions, \$250,000 were covered by federal depository insurance and \$112,835 was covered by collateral held by authorized escrow agents in the financial institutions name (PDPA).

NEDERLAND FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

NOTE 4: CAPITAL ASSETS

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

	Balances <u>12/31/18</u>	<u>Additions</u>	<u>Deletions</u>	Balances <u>12/31/19</u>
Governmental Activities				
Capital Assets, not depreciated				
Land	\$ 7,000	\$ -	\$ -	\$ 7,000
Capital Assets, depreciated				
Buildings	2,442,424	-	-	2,442,424
Infrastructure	129,838	-	-	129,838
Machinery and Equipment	662,665	-	-	662,665
Vehicles	1,371,360	145,572	-	1,516,932
Total Capital Assets, depreciated	<u>4,606,287</u>	<u>145,572</u>	<u>-</u>	<u>4,751,859</u>
Less Accumulated Depreciation				
Buildings	993,358	61,394	-	1,054,752
Infrastructure	53,702	4,328	-	58,030
Machinery and Equipment	393,110	40,119	-	433,229
Vehicles	1,258,005	37,742	-	1,295,747
Total Accumulated Depreciation	<u>2,698,175</u>	<u>143,583</u>	<u>-</u>	<u>2,841,758</u>
Total Capital Assets, depreciated, Net	<u>1,908,112</u>	<u>1,989</u>	<u>-</u>	<u>1,910,101</u>
Governmental Activities, Capital Assets, Net	<u>\$ 1,915,112</u>	<u>\$ 1,989</u>	<u>\$ -</u>	<u>\$ 1,917,101</u>

Depreciation expense was charged to functions/programs of the District as follows:

Governmental Activities	
Fire Administration	\$ 71,620
Fire Fighting and Prevention	67,818
Emergency Medical Services	<u>4,145</u>
Total	<u>\$ 143,583</u>

NEDERLAND FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

NOTE 5: LONG-TERM DEBT

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

	Balance <u>12/31/18</u>	<u>Additions</u>	<u>Payments</u>	Balance <u>12/31/19</u>	Due In <u>One Year</u>
Compensated Absences	<u>70,107</u>	<u>45,292</u>	<u>36,202</u>	<u>79,197</u>	<u>-</u>
Total	<u>\$ 70,107</u>	<u>\$ 45,292</u>	<u>\$ 36,202</u>	<u>\$ 79,197</u>	<u>\$ -</u>

Accrued Compensated Absences are being paid from resources generated by the General Fund.

NOTE 6: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains insurance through a commercial carrier for these risks of loss. No claims have exceeded insured amounts in the last three years.

NOTE 7: COMMITMENTS AND CONTINGENCIES

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

TABOR Amendment - Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government. The Amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the Amendment. The District has established an emergency reserve, representing 3% of fiscal year spending (excluding debt service), as required by the Amendment. At December 31, 2019, the emergency reserve of \$28,000 was recorded as a restriction of fund balance in the General Fund.

NEDERLAND FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

NOTE 8: DEFINED BENEFIT PENSION PLANS

Volunteer Firefighters' Pension Plan

Summary of Significant Accounting Policies

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

General Information about the Pension Plan

Plan Description. Any firefighter who has both attained the age of fifty and completed twenty years of active service shall be eligible for a monthly pension. Additionally, any firefighter that has reached the age of fifty with at least ten years of service will receive a pension benefit that is prorated for years of creditable volunteer service between 10 and 20 years. A firefighter who is disabled in the line of duty and whose disability is of such character and magnitude as to deprive the firefighter of earning capacity and extends beyond one year, shall be compensated in an amount determined by the Pension Board.

The Plan also provides for a lump-sum burial benefit upon the death of an active or retired firefighter. Spouses of deceased firefighters may receive benefits as authorized by State statute. FPPA issues an annual, publicly-available financial report that includes the assets of the Volunteer Plan. That report may be obtained on FPPA's website at <http://www.fppaco.org>.

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

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

NEDERLAND FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

NOTE 8: DEFINED BENEFIT PENSION PLANS (Continued)

Volunteer Firefighters' Pension Plan (Continued)

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

At December 31, 2019 the District reported a net pension liability of \$39,518. The net pension asset was measured as of December 31, 2018, and was determined by an actuarial valuation as of January 1, 2017. Standard update procedures were used to roll forward the total pension liability to December 31, 2019.

For the year ended December 31, 2018 the District recognized pension income of \$21,399. At December 31, 2018, 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	N/A	\$3,006
Net difference between projected and actual earnings on pension plan investments	\$59,034	\$29,049
Change in assumptions and other inputs	\$13,367	N/A
Contributions subsequent to the measurement date	\$29,091	N/A
Total	\$101,492	\$32,055

\$26,540 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	
2020	\$22,369
2021	\$4,647
2022	\$1,823
2023	\$11,507

NEDERLAND FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

NOTE 8: DEFINED BENEFIT PENSION PLANS (Continued)

Volunteer Firefighters' Pension Plan (Continued)

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

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

Actuarial Cost Method:	Entry Age Normal
Amortization Method:	Level Dollar Open*
Remaining Amortization Period:	20 years*
Asset Valuation Method:	5-Year smoothed fair value
Inflation	2.50%
Salary Increases:	N/A
Investment Rate of Return:	7.50%
Retirement Age:	50% per year of eligibility until 100% at age 65.
Mortality:	Pre-retirement: RP-2014 Mortality Tables for Blue Collar Employees, projected with Scale BB, 55% multiplier for off-duty mortality. <i>Post-retirement:</i> For ages less than 55, RP-2014 Mortality Tables for Blue Collar Employees. For ages 65 and older, RP-2014 Mortality Tables for Blue Collar Healthy Annuitants. For ages 55 through 64, a blend of the previous tables. All tables are projected with Scale BB.

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

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

NEDERLAND FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

NOTE 8: DEFINED BENEFIT PENSION PLANS (Continued)

Volunteer Firefighters' Pension Plan (Continued)

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

The primary changes, which can be observed in the January 1, 2018 valuation, as compared to the assumptions shown are as follows:

Investment Rate
Of Return 7.00%

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

Post-retirement: 2006 central rates from the RP-2014 Annuitant Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years.

Disabled: 2006 central rates from the RP-2014 Disabled Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years.

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

NEDERLAND FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

NOTE 8: DEFINED BENEFIT PENSION PLANS (Continued)

Volunteer Firefighters' Pension Plan (Continued)

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

Best estimates of arithmetic 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 Real Rate of Return
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	24.0%	10.00%
Total	100.0%	

The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the SWDB Plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment) to determine the total pension liability.

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net pension liability	\$131,451	\$39,518	(\$37,176)

NEDERLAND FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

NOTE 8: DEFINED BENEFIT PENSION PLANS (Continued)

Volunteer Firefighters' Pension Plan (Continued)

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

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

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

Statewide Defined Benefit Pension Plan

Summary of Significant Accounting Policies

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

General Information about the Pension Plan

Plan description. The SWDB Plan provides retirement benefits for members and beneficiaries according to plan provisions as enacted and governed by FPPA's Pension Fund Board of Trustees. Colorado Revised Statutes ("CRS"), as amended, establishes basic benefit provisions under the SWDB Plan. FPPA issues an annual, publicly-available financial report that includes the assets of the SWDB Plan. That report may be obtained on FPPA's website at <http://www.fppaco.org>.

Benefits provided. A member is eligible for a normal retirement pension once the member has completed twenty-five years of credited service and has attained the age of 55.

The annual normal retirement benefit is 2 percent of the average of the member's highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter. The benefit earned prior to January 1, 2007 for members of affiliated Social Security employers will be reduced by the amount of Social Security income payable to the member annually.

NEDERLAND FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

NOTE 8: DEFINED BENEFIT PENSION PLANS (Continued)

Statewide Defined Benefit Pension Plan (Continued)

General Information about the Pension Plan (Continued)

Effective January 1, 2007, members currently covered under Social Security will receive half the benefit when compared to the SWDB Plan. Benefits paid to retired members are evaluated and may be re-determined every October 1. The amount of any increase is based on the Board's discretion and can range from 0 to the higher of 3 percent or the Consumer Price Index.

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

Contributions. Contribution rates for the SWDB Plan are set by state statute. Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or election of the membership.

Members of the SWDB Plan and their employers are contributing at the rate of 10.0 percent and 8 percent, respectively, of base salary for a total contribution rate of 18 percent in 2018. In 2014, the members elected to increase the member contribution rate to the SWDB Plan beginning in 2015. Member contribution rates will increase 0.5 percent annually through 2022 to a total of 12 percent of base salary. Employer contributions will remain at 8 percent resulting in a combined contribution rate of 20 percent in 2022.

Contributions from members and employers of departments reentering the system are established by resolution and approved by the FPPA Board of Directors. The re-entry group has a combined contribution rate of 21.5 percent of base salary in 2017. It is a local decision as to whether the member or employer pays the additional 4 percent contribution. Per the 2014 member election, the re-entry group will also have their required member contribution rate increase 0.5 percent annually beginning in 2015 through 2022 for a total combined member and employer contribution rate of 24 percent in 2022.

NEDERLAND FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

NOTE 8: DEFINED BENEFIT PENSION PLANS (Continued)

Statewide Defined Benefit Pension Plan (Continued)

General Information about the Pension Plan (Continued)

The contribution rate for members and employers of affiliated social security employers is 4.75 and 4 percent, respectively, of base salary for a total contribution rate of 8.75 percent in 2017. Per the 2014 member election, members of the affiliate social security group will have their required contribution rate increase 0.25 percent annually beginning in 2015 through 2022 to a total of 6 percent of base salary. Employer contributions will remain at 4 percent resulting in a combined contribution rate of 10 percent in 2022.

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

At December 31, 2019, the District reported a liability in the amount of \$32,852 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2018, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2019. Standard update procedures were used to roll forward the total pension liability to December 31, 2019.

The District's proportion of the net pension asset was based on the District's contributions to the SWDB Plan for the calendar year 2018 relative to the total contributions of participating employers to the SWDB Plan.

At December 31, 2019, the District's proportion was 0.02599%, which was a decrease of 0.00033% from its proportion measured as of December 31, 2016.

NEDERLAND FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

NOTE 8: DEFINED BENEFIT PENSION PLANS (Continued)

Statewide Defined Benefit Pension Plan (Continued)

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

For the year ended December 31, 2019 the District recognized a pension expense of \$4,579. 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	\$42,212	\$351
Net difference between projected and actual earnings on pension plan investments	\$25,843	N/A
Changes in proportion and differences between contributions recognized and proportionate share of contributions	\$1,046	N/A
Change in assumptions and other inputs	\$31,816	N/A
Contributions subsequent to the measurement date	\$17,102	N/A
Total	\$118,019	\$351

\$17,102 reported as deferred outflows of resources related to contributions made subsequent to the measurement date but before the end of the District's reporting period, will be recognized as a reduction of the net pension liability in the year December 31, 2019.

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

Year ended December 31	
2020	\$ 18,879
2021	\$ 13,500
2022	\$ 11,513
2023	\$ 19,261
2024	\$ 9,512
Thereafter	\$ 27,901

NEDERLAND FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

NOTE 8: DEFINED BENEFIT PENSION PLANS (Continued)

Statewide Defined Benefit Pension Plan (Continued)

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

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

Total Pension Liability:

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

Actuarially Determined Contributions:

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

For determining the total pension liability, the post-retirement mortality tables for non-disabled retirees uses the 2006 central rates from the RP-2014 Annuitant Mortality Tables projected to 2018 using the MP-2017 projection scales, and the projected prospectively using the ultimate rates of the scale for all years. The pre-retirement off-duty mortality tables are adjusted to 50% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00015.

For determining the actuarial determined contributions, the post-retirement mortality tables for non-disabled retirees is a blend of the Annuitant and Employee RP-2014 generational mortality tables with blue collar adjustment projected with Scale BB. The pre-retirement off-duty mortality tables are adjusted to 55% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00020.

NEDERLAND FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

NOTE 8: DEFINED BENEFIT PENSION PLANS (Continued)

Statewide Defined Benefit Pension Plan (Continued)

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

At least every five years the FPPA's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2018 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the FPPA's actuaries, Gabriel, Roeder, Smith & Co., based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2019 and were used in the rollforward calculation of total pension liability as of December 31, 2018. Actuarial assumptions effective for actuarial valuations prior to January 1, 2019 were used in the determination of the actuarially determined contributions as of December 31, 2018. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

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

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

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

NEDERLAND FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

NOTE 8: DEFINED BENEFIT PENSION PLANS (Continued)

Statewide Defined Benefit Pension Plan (Continued)

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

The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the SWDB Plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment) to determine the total pension liability.

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 3.71% (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.00%.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. Regarding the sensitivity of the net asset liability/(asset) to changes in the Single Discount Rate, the following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.00%, as well as what the plan's net pension liability/(asset) would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate share of the net pension liability (asset)	\$127,397	\$32,852	(\$45,571)

Pension plan fiduciary net position. Detailed information about the SWDB Plan's fiduciary net position is available in FPPA's comprehensive annual financial report which can be obtained at <http://www.fppaco.org>.

NEDERLAND FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

NOTE 9: PAID FIREFIGHTER PENSION PLAN

Statewide Money Purchase Pension Plan

Plan Description - Beginning in 2000, the District contributes to the Statewide Money Purchase Pension Plan (Plan), a cost-sharing multiple-employer defined contribution pension plan administered by the Colorado Fire and Police Pension Association (FPPA). The Plan provides retirement benefits for members and beneficiaries. Death and disability coverage is provided for members through the Statewide Death and Disability Plan, which is also administered by FPPA. This is a non-contributory plan. All full time, paid firefighters of the District are members of the Plan and the Statewide Death and Disability Plan. The Plan was established by the State Legislature under Title 31, Article 30 of the Colorado Revised Statutes (CRS), as amended.

FPPA issues a publicly available annual financial report that includes financial statements and required supplementary information for both the Plan and the Statewide Death and Disability Plan. That report may be obtained by contacting FPPA.

Funding Policy - The contribution requirements of plan members and the District are established and may be amended by the State legislature. Both the District and the employee contribute 8.0% of the employee's covered salary. The District contributions to the Plan for the year ending December 31, 2019, were \$7,031 equal to the required contribution.

NOTE 10: SUBSEQUENT EVENTS

Potential subsequent events were considered through July 31, 2020. It was determined that the following event is required to be disclosed through this date.

Covid-19

As a result of the coronavirus pandemic (COVID-19), economic uncertainties may have economic implications on the financial position, results of operations and cash flows of the District. The duration of these uncertainties and the ultimate financial effects cannot be estimated at this time.

REQUIRED SUPPLEMENTAL INFORMATION

NEDERLAND FIRE PROTECTION DISTRICT

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2019

	2019		VARIANCE Positive (Negative)	2018 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Property Taxes	\$ 821,036	\$ 842,740	\$ 21,704	\$ 630,506
Specific Ownership Taxes	40,968	45,881	4,913	44,013
Grants and Donations	599,739	95,916	(503,823)	8,605
Cistern Fees	-	5,000	5,000	2,500
Interest	261	948	687	495
Miscellaneous	-	38,316	38,316	22,090
TOTAL REVENUES	<u>1,462,004</u>	<u>1,028,801</u>	<u>(433,203)</u>	<u>708,209</u>
EXPENDITURES				
Fire Administration				
Salaries and Benefits	564,922	595,752	(30,830)	472,217
Professional Fees	3,700	3,553	147	2,500
Insurance	44,651	24,443	20,208	22,818
Office Supplies and Expense	3,160	9,427	(6,267)	11,137
Building	40,721	44,228	(3,507)	33,024
Other	5,850	430	5,420	9,765
Treasurer's Fees	12,932	11,899	1,033	11,487
Fire Fighting and Prevention				
Vehicle Maintenance and Supplies	50,600	34,069	16,531	32,776
Training	9,500	26,962	(17,462)	8,842
Equipment	9,200	22,758	(13,558)	13,237
Other	500	-	500	19,267
Emergency Medical Services				
Training	5,752	17,599	(11,847)	4,494
Supplies	6,960	10,739	(3,779)	6,512
Other	-	82	(82)	1,278
Communications	4,000	5,077	(1,077)	6,825
Capital Outlay	672,000	84,401	587,599	9,413
Volunteer Support				
Awards and Incentives	15,000	6,353	8,647	3,230
Volunteers' Pension Contribution	29,091	29,091	-	28,121
Other	33,465	42,876	(9,411)	7,303
TOTAL EXPENDITURES	<u>1,512,004</u>	<u>969,739</u>	<u>542,265</u>	<u>704,246</u>
CHANGE IN FUND BALANCE	<u>\$ (50,000)</u>	59,062	<u>\$ 109,062</u>	3,963
FUND BALANCE, Beginning		<u>234,429</u>		<u>230,466</u>
FUND BALANCE, Ending		<u>\$ 293,491</u>		<u>\$ 234,429</u>

See the accompanying independent auditors' report.

NEDERLAND FIRE PROTECTION DISTRICT
 SCHEDULE OF CONTRIBUTIONS
 VOLUNTEER FIREFIGHTERS' PENSION PLAN
 December 31,

FY Ending December 31	Actuarially Determined Contribution	Actual Contribution*	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2008	25,600	30,743	(5,143)	N/A	N/A
2009	25,600	31,741	(6,141)	N/A	N/A
2010	32,097	32,583	(486)	N/A	N/A
2011	32,097	32,262	(165)	N/A	N/A
2012	31,953	32,296	(343)	N/A	N/A
2013	31,953	29,922	2,031	N/A	N/A
2014	22,325	30,050	(7,725)	N/A	N/A
2015	26,548	31,048	(4,500)	N/A	N/A
2016	26,540	31,040	(4,500)	N/A	N/A
2017	22,325	31,040	(8,715)	N/A	N/A
2018	8,226	32,621	(24,395)	N/A	N/A

*Includes both employer and State of Colorado Supplementary Discretionary Payment

See the accompanying independent auditors' report.

NEDERLAND FIRE PROTECTION DISTRICT

SCHEDULE OF CHANGES IN NET PENSION LIABILITY/(ASSET) AND RELATED RATIOS
VOLUNTEER FIREFIGHTERS' PENSION PLAN
Year Ended December 31,

Measurement Period Ending December 31,	2014	2015	2016	2017	2018
Total Pension Liability					
Service Cost	\$ 18,792	\$ 14,433	\$ 14,433	\$ 7,648	\$ 7,648
Interest on the Total Pension Liability	53,413	53,712	56,407	53,264	55,138
Benefit Changes	-	-	-	-	-
Difference Between Expected and Actual Experiences	(34,162)	-	(92,327)	-	(5,176)
Assumption Changes	-	-	16,498	-	36,205
Benefit Payments	(31,920)	(31,920)	(32,520)	(34,688)	(37,200)
Net Change in Total Pension Liability	6,123	36,225	(37,509)	26,224	56,615
Total Pension Liability - Beginning	718,621	724,744	760,969	723,460	749,684
Total Pension Liability - Ending	<u>\$ 724,744</u>	<u>\$ 760,969</u>	<u>\$ 723,460</u>	<u>\$ 749,684</u>	<u>\$ 806,299</u>
Plan Fiduciary Net Position					
Employer Contribution	\$ 23,154	\$ 23,282	\$ 26,548	\$ 26,540	\$ 28,121
Pension Plan Net Investment Income	40,832	11,476	34,784	99,496	325
Benefit Payments	(31,920)	(31,920)	(32,520)	(34,688)	(37,200)
Pension Plan Administrative Expenses	(1,321)	(2,152)	(1,304)	(4,961)	(5,163)
State of Colorado Supplemental Discretionary Payment	6,768	6,768	4,500	4,500	4,500
Net Change in Plan Fiduciary Net Position	37,513	7,454	32,008	90,887	(9,417)
Plan Fiduciary Net Position - Beginning	608,336	645,849	653,303	685,311	776,198
Plan Fiduciary Net Position - Ending	<u>\$ 645,849</u>	<u>\$ 653,303</u>	<u>\$ 685,311</u>	<u>\$ 776,198</u>	<u>\$ 766,781</u>
Net Pension Liability/(Asset)	\$ 78,895	\$ 107,666	\$ 38,149	\$ (26,514)	\$ 39,518
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	89.11%	85.85%	94.73%	103.54%	95.10%
Covered Employee Payroll	N/A	N/A	N/A	N/A	N/A
Net Pension Liability/(Asset) as a Percentage of Covered Employee Payroll	N/A	N/A	N/A	N/A	N/A

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

See the accompanying independent auditors' report.

NEDERLAND FIRE PROTECTION DISTRICT

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

Years Ended December 31,

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
District's proportionate share of the Net Pension Liability (Asset)	0.029%	0.026%	0.026%	0.027%	0.026%	0.026%
District's proportionate share of the Net Pension Liability (Asset)	\$ (26,021)	\$ (29,561)	\$ (465)	\$ 9,857	\$ 37,855	\$ 32,852
District's employee payroll	\$ 126,392	\$ 117,791	\$ 127,763	\$ 140,363	\$ 154,793	\$ 213,779
District's proportionate share of the Net Pension Liability (Asset) as a percentage of its employee payroll	-20.6%	-25.1%	-0.4%	7.0%	24.5%	15.4%
Plan fiduciary net position as a percentage of the total pension liability	106.8%	105.8%	100.1%	98.2%	106.3%	95.2%

Notes:

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

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

See the accompanying independent auditors' report.

NEDERLAND FIRE PROTECTION DISTRICT
 SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
 STATEWIDE DEFINED BENEFIT PLAN

Years Ended December 31,

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Statutorily required contributions	\$ 10,111	\$ 9,423	\$ 10,221	\$ 11,229	\$ 12,383	\$ 12,922	\$ 17,102
Contributions in relation to the Statutorily required contributions	<u>10,111</u>	<u>9,423</u>	<u>10,221</u>	<u>11,229</u>	<u>12,383</u>	<u>12,922</u>	<u>17,102</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's employee payroll	\$ 126,392	\$ 117,791	\$ 127,763	\$ 140,363	\$ 154,793	\$ 161,525	\$ 213,779
Contributions as a percentage of employee payroll	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%

Notes:

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

See the accompanying independent auditors' report.

INDIVIDUAL FUND SCHEDULE

NEDERLAND FIRE PROTECTION DISTRICT

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

	2019		VARIANCE Positive (Negative)	2018 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ 163,476
TOTAL REVENUES	-	-	-	163,476
EXPENDITURES				
Current				
Fire Administration	-	3,083	(3,083)	-
Debt Service				
Principal	-	-	-	150,000
Interest and Fiscal Charges	-	-	-	3,750
TOTAL EXPENDITURES	-	3,083	(3,083)	153,750
NET CHANGE IN FUND BALANCE	\$ -	(3,083)	\$ (3,083)	9,726
FUND BALANCE, Beginning		27,750		18,024
FUND BALANCE, Ending		\$ 24,667		\$ 27,750

See the accompanying independent auditors' report.