HYGIENE FIRE PROTECTION DISTRICT

BASIC FINANCIAL STATEMENTS

December 31, 2019

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FINANCIAL SECTION

Board of Directors
Hygiene Fire Protection District
Hygiene, 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 Hygiene Fire Protection District, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

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Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information on pages 20-22 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.

John Cutler & Associates, LLC

August 13, 2020

BASIC FINANCIAL STATEMENTS

HYGIENE FIRE PROTECTION DISTRICT

STATEMENT OF NET POSITION
As of December 31, 2019

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and Investments	$ 902,651
Receivables	
Property Taxes	742,365
Accounts	210
Net Pension Liability - Volunteer Pension	512,534
Capital Assets, Not Depreciated	150,000
Capital Assets, Depreciated	
Net of Accumulated Depreciation	605,197
TOTAL ASSETS	2,912,957
DEFERRED OUTFLOWS OF RESOURCES	
Related to Volunteer Pension	172,067
TOTAL DEFERRED OUTFLOWS OF RESOURCES	172,067
LIABILITIES	
Accrued Salaries and Benefits	18,547
TOTAL LIABILITIES	18,547
DEFERRED INFLOWS OF RESOURCES	
Deferred Revenues - Property Taxes	742,365
Related to Volunteer Pension	93,891
TOTAL DEFERRED INFLOWS OF RESOURCES	836,256
NET POSITION	
Investment in Capital Assets	755,197
Restricted for Emergencies	22,000
Unrestricted	1,453,024
TOTAL NET POSITION	$ 2,230,221

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

HYGIENE FIRE PROTECTION DISTRICT

STATEMENT OF ACTIVITIES
Year Ended December 31, 2019

FUNCTIONS/PROGRAMS	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION: Governmental Activities
PRIMARY GOVERNMENT					
Governmental Activities					
General Government	$ 301,336	$ 7,500	$ (49,467)	$ 65,274	$ (278,029)
Interest on Long Term Debt	1,482	-	-	-	(1,482)
Total Governmental Activities	$ 302,818	$ 7,500	$ (49,467)	$ 65,274	(279,511)
	GENERAL REVENUES				
	Property Taxes				714,363
	Other				4,989
	TOTAL GENERAL REVENUES				719,352
	CHANGE IN NET POSITION				439,841
	NET POSITION, Beginning, As Restated				1,790,380
	NET POSITION, Ending				$ 2,230,221

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

HYGIENE FIRE PROTECTION DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2019

	GENERAL FUND
ASSETS	
Cash and Investments	$ 902,651
Property Taxes Receivable	742,365
Accounts Receivable	210
TOTAL ASSETS	$ 1,645,226
LIABILITIES, DEFERRED INFLOWS, AND FUND EQUITY	
LIABILITIES	
Accrued Expenses	$ 18,547
TOTAL LIABILITIES	18,547
DEFERRED INFLOWS	
Deferred Revenues - Property Taxes	742,365
FUND EQUITY	
Fund Balance	
Restricted for Emergencies	22,000
Unassigned	862,314
TOTAL FUND EQUITY	884,314
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND EQUITY	$ 1,645,226

Amounts reported for governmental activities in the statement of net position are different because:	
Fund Equity, Governmental Funds	884,314
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	755,197
Long-term liabilities and related assets are not due and payable in the current period and are not reported in the funds. This includes net pension assets of $512,534, deferred outflows related to pensions of $172,067, and deferred inflows related to pensions of ($93,891).	590,710
Net position of governmental activities	$ 2,230,221

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

HYGIENE FIRE PROTECTION DISTRICT

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

	GENERAL FUND
REVENUES	
Taxes	$ 714,363
Grants and Donations	15,807
Rental Income	7,500
Miscellaneous	4,989
TOTAL REVENUES	742,659
EXPENDITURES	
Salaries and Benefits	277,116
Firefighting and Prevention	128,046
General and Adminitrative	115,077
Debt Service	
Principal	49,138
Interest	1,482
TOTAL EXPENDITURES	570,859
NET CHANGE IN FUND BALANCES	171,800
FUND BALANCES, Beginning	712,514
FUND BALANCES, Ending	$ 884,314

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

HYGIENE 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	$	171,800
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation ($78,514) exceeds capital outlay $54,228 for for the current year.		(24,286)
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of Net Position. These include captial lease payments.		49,138
Deferred Charges related to pension are not recognized in the governmental funds. However, for the government-wide funds that amount is capitalized and amortized.		243,189
Change in Net Position of Governmental Activities	$	439,841

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

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

The Hygiene Fire Protection District (the "District") was formed in 1960 to provide fire protection and prevention to the Town of Hygiene, Colorado and surrounding areas of within Boulder County. The District is governed by a five-member Board of Directors elected by the residents.

The accounting policies of the District conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

Reporting Entity

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

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

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

Government-Wide and Fund Financial Statements

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

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

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

Government-Wide and Fund Financial Statements (Continued)

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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

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

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

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

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

Investments

Investments are recorded at fair value.

Capital Assets

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

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

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

Buildings and Improvements	10 - 50 years
Machinery and Equipment	3 - 30 years
Infrastructure	10 - 50 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 positions.

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

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

Deferred Outflows/Inflows of Resources

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

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

Property Taxes

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

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

Net Position

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

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

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

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

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

Fund Balance Classification

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

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

- Nonspendable – This classification includes amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact. The District did not report any amounts as nonspendable as of December 31, 2019.

- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District has classified Emergency Reserves as being restricted because their use is restricted by the State Constitution for declared emergencies.

- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (motion or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District did not report any amounts as committed as of December 31, 2019.

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

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

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

NOTE 2: ***STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY***

Budgets and Budgetary Accounting

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

- Before October 15, the Board of Directors appoints District Management as the District's Budget Officer.
- On or before October 15, District Management, acting as the Budget Officer submits to the Board of Directors a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- At least one public hearing is conducted to obtain taxpayer comments.
- Prior to December 15, the budget is legally enacted through passage of a resolution.
- District Management is authorized to transfer budgeted amounts between one or more line items within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the Board of Directors.
- Budgets are legally adopted for all funds of the District on a basis consistent with generally accepted accounting principles (GAAP).
- Budgeted amounts in the financial statements are as originally adopted or as amended by the Board of Directors. All appropriations lapse at year end.

NOTE 3: ***CASH DEPOSITS***

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

Cash Deposits	**$ 902,651**

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 $902,651. The bank balances with the financial institutions were $927,423 these balances, $634,808 was covered by federal depository insurance and $292,615 was covered by collateral held by authorized escrow agents in the financial institutions name (PDPA).

Investments

Interest Rate Risk

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

NOTE 3: ***CASH DEPOSITS*** (Continued)

Credit Risk

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

- Obligations of the United States and certain U.S. government agency securities
- General obligation and revenue bonds of U.S. local government entities
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

The above investments are authorized for all funds and fund types used by Colorado local governments. As of December 31, 2015, the District did not hold any investments and is not subject to credit risk.

NOTE 4: ***CAPITAL ASSETS***

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

	Balances 12/31/18	Additions	Deletions	Balances 12/31/19
Governmental Activities				
Capital Assets, not depreciated				
Land	$ 150,000	$ -	$ -	$ 150,000
Capital Assets, depreciated				
Buildings and Improvements	462,313	11,113	-	473,426
Vehicles	1,204,532	43,115	-	1,247,647
Equipment	317,046	-	-	317,046
Total Capital Assets, depreciated	1,983,891	54,228	-	2,038,119
Less Accumulated Depreciation				
Buildings and Improvements	143,856	10,437	-	154,293
Vehicles	918,187	59,850	-	978,037
Equipment	292,365	8,227	-	300,592
Total Accumulated Depreciation	1,345,408	78,514	-	1,432,922
Total Capital Assets, depreciated, Net	629,483	(24,286)	-	605,197
Governmental Activities, Capital Assets, Net	**$ 779,483**	**$ (24,286)**	**$ -**	**$ 755,197**

Depreciation expense was charged to general government program of the District.

NOTE 5: ***LONG-TERM DEBT***

Following is a summary of long-term debt transactions for the governmental activities for the year ended December 31, 2018.

	Balance 12/31/18	Additions	Payments	Balance 12/31/19	Due In One Year
Capital Lease	$ 49,138	$ -	$ 49,138	$ -	$ -

In November 2017 the District entered into a lease to purchase equipment, with principal and interest payments due annually on November 17 through 2019. Interest accrues at 3.00%. This lease matures in November 17, 2019 and is now paid in full.

NOTE 6: ***RISK MANAGEMENT***

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

NOTE 7: ***COMMITMENTS AND CONTINGENCIES***

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

The District has established an emergency reserve, representing 3% of fiscal year spending (excluding debt service), as required by TABOR. At December 31, 2019, the emergency reserve of $22,000 was recorded in the General Fund. TABOR is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of TABOR.

NOTE 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 does not exceed $300, the State's annual contribution is not 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.

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 an asset of $512,534. The net pension asset was measured as of December 31, 2018 and was determined by an actuarial valuation as of January 1, 2019. Standard update procedures were used to roll forward the total pension liability to December 31, 2019.

For the year ended December 31, 2019 the District recognized pension income of $22,977. At December 31, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	N/A	$43,515
Changes in assumptions	$27,979	
Net difference between projected and actual earnings on pension plan investments	$106,461	$50,376
Contributions subsequent to the measurement date	$37,627	N/A
Total	$172,067	$93,891

$37,927 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	
2020	$17,017
2021	$1,716
2022	$1,041
2023	$20,775

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)

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 market
Inflation	2.50%
Salary Increases:	N/A
Investment Rate of Return:	7.5%
Retirement Age:	50% per year of eligibility until 100% at age 65.
Mortality:	Pre-retirement: RP-2014 Combined Mortality Table with Blue Collar Adjustment, 40% multiplier for off-duty mortality. Post-retirement: RP-2014 Combined Mortality Table, with Blue Collar Adjustment Disabled: RP-2014 Disabled Mortality Table All tables projected with Scale BB.

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:

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)

Asset Class	**Target Allocation**	**10 Year Expected Geometric Real Rate of Return**
Global Equity	37.0%	8.03%
Equity Long/Short	9.0%	6.45%
Private Markets	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%	

The discount rate used to measure the total pension liability was 7.50 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 Plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment) to determine the total pension liability.

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension asset	($419,667)	($512,534)	($590,336)

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

REQUIRED SUPPLEMENTAL INFORMATION

HYGIENE FIRE PROTECTION DISTRICT

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2019

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Taxes	$ 687,417	$ 714,363	$ 26,946
Grants and Donations	5,000	15,807	10,807
Rental Income	7,500	7,500	-
Miscellaneous	1,700	4,989	3,289
TOTAL REVENUES	701,617	742,659	41,042
EXPENDITURES			
Current			
Salaries and Benefits	335,207	277,116	58,091
Firefighting and Prevention	160,913	128,046	32,867
General and Adminitrative	106,640	115,077	(8,437)
Debt Service			
Principal	98,600	49,138	49,462
Interest	-	1,482	(1,482)
TOTAL EXPENDITURES	701,360	570,859	130,501
CHANGE IN FUND BALANCE	257	171,800	171,543
FUND BALANCE, Beginning	658,772	712,514	53,742
FUND BALANCE, Ending	$ 659,029	$ 884,314	$ 225,285

See the accompanying independent auditors' report.

HYGIENE FIRE PROTECTION DISTRICT

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

FY Ending December 31	Actuarially Determined Contribution	Actual Contribution*	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2014	$ -	$ 93,313	$ (93,313)	N/A	N/A
2015	$ -	$ 61,122	$ (61,122)	N/A	N/A
2016	$ -	$ 65,617	$ (65,617)	N/A	N/A
2017	$ -	$ 68,466	$ (68,466)	N/A	N/A
2018	$ -	$ 68,651	$ (68,651)	N/A	N/A
2019	$ -	$ 70,688	$ (70,688)	N/A	N/A

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

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

See the accompanying independent auditors' report.

HYGIENE FIRE PROTECTION DISTRICT

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

Measurement Period Ending December 31,	2014	2015	2016	2017	2018
Total Pension Liability					
Service Cost	$ 9,641	$ 11,988	$ 11,988	$ 14,648	$ 14,648
Interest on the Total Pension Liability	65,712	60,458	61,198	63,242	64,397
Benefit Changes	-	-	-	-	-
Difference Between Expected and Actual Experiences	(83,891)	-	(7,922)	-	(60,043)
Assumption Changes	-	-	23,316	-	34,851
Benefit Payments	(60,296)	(65,132)	(59,940)	(65,430)	(59,441)
Net Change in Total Pension Liability	(68,834)	7,314	28,640	12,460	(5,588)
Total Pension Liability - Beginning	901,035	832,201	839,515	868,155	880,615
Total Pension Liability - Ending	$ 832,201	$ 839,515	$ 868,155	$ 880,615	$ 875,027
Plan Fiduciary Net Position					
Employer Contribution	$ 64,354	$ 32,163	$ 36,670	$ 35,463	$ 36,734
Pension Plan Net Investment Income	71,385	20,351	61,312	175,459	329
Benefit Payments	(60,296)	(65,132)	(59,940)	(65,430)	(59,441)
Pension Plan Administrative Expenses	(2,036)	(2,854)	(2,093)	(11,061)	(13,336)
State of Colorado Supplemental Discretionary Payment	28,959	28,959	28,947	33,003	31,917
Net Change in Plan Fiduciary Net Position	102,366	13,487	64,896	167,434	(3,797)
Plan Fiduciary Net Position - Beginning	1,043,175	1,145,541	1,159,028	1,223,924	1,391,358
Plan Fiduciary Net Position - Ending	1,145,541	1,159,028	1,223,924	1,391,358	1,387,561
Net Pension Liability/(Asset)	$ (313,340)	$ (319,513)	$ (355,769)	$ (510,743)	$ (512,534)
Plan Fidiciary Net Position as a Percentage of Total Pension Liability	137.65%	138.06%	140.98%	158.00%	158.57%
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.