



2018 BUDGET MESSAGE

Attached is the 2018 Budget for the Frederick-Firestone Fire Protection District (“the District”). The budget was prepared by the Fire Chief and management staff of the District and is based on the modified accrual basis of accounting. The initial budget draft was presented to the Board of Directors on October 9, 2017 with a public hearing and subsequent adoption by the Board on November 13, 2017 and December 11, 2017.

Background

The District is a quasi-municipal corporation and a political subdivision of the State of Colorado. The District is located in Southwest Weld County, Colorado, and provides emergency services to the Town of Frederick, the Town of Firestone, and portions of unincorporated Weld County. These services are provided through Intergovernmental Agreements (IGAs) with both the Towns of Frederick and Firestone that establish Frederick-Firestone Fire Protection District as the sole emergency services provider to the corporate limits of both towns. These IGAs were established in 2003 and require the District to align its boundaries with the Towns’ whenever the Towns’ boundaries expand through annexations. The District was created in 1975 by order and decree of the District Court in Weld County, Colorado. The District’s jurisdiction consists of approximately 36 square miles of southwest Weld County. The population served by the District is approximately 30,324 residents. The District is governed by an elected Board of Directors and operated by paid staff, paid and reserve Paramedic and EMT Firefighters.

The District provides fire suppression, fire prevention, public education, technical rescue, water & ice rescue, hazardous material response, and advanced life support emergency medical transport services within its boundaries. The District also provides these services outside its boundaries pursuant to numerous mutual aid and automatic aid agreements with other fire protection districts and municipal fire departments. Pursuant to these agreements, each emergency service agency pledges to assist the others when necessary in providing additional fire, rescue and emergency medical equipment and personnel for the purpose of delivering fire fighting, specialized rescue and emergency medical care within the jurisdiction of the other emergency service agency. These services are provided through four (4) fire stations, each having bays for housing vehicles and living areas for Firefighters, EMTs and Paramedics. In addition, the District’s Business and Education Center located at 8426 Kosmerl Place in Frederick is for the purpose of housing all administrative, training and public education functions to include the Carbon Valley Emergency Operations Center.

The District currently owns five (5) Type I Engines, one (1) Aerial Apparatus, one (1) Heavy Rescue, one (2) Type VI Brush Trucks, one (1) Water Tender, three (3) ALS Transport

Ambulances, and nine (9) additional support vehicles. Over the past three (3) years, the District has responded to an average of more than 2,000 calls annually. The District’s final incident tally for 2016 was 2,195 and the District estimates the total number of calls for service in 2017 to exceed 2,300 and in 2018 to exceed 2,500.

The following table provides a history of the population of the Towns of Frederick and Firestone, Weld County, and the State. In the Census period of 2000 and 2010, the populations of the Town of Frederick increased by 251.8%, the Town of Firestone increased by 431.8%, Weld County increased by 39.7% and the population of the State of Colorado increased by 16.9%. Both Towns are reporting an approximate >5% growth in population each year.

Table 1: Population Changes 1970-2010

Year	Town of Frederick	Percent Change	Town of Firestone	Percent Change	Weld County	Percent Change	State of Colorado	Percent Change
1970	696	--	570	--	89,297	--	2,209,596	--
1980	855	22.8	1,204	111.2	123,438	38.8	2,889,735	30.8%
1990	988	15.7	1,358	12.8	131,821	6.8	3,294,394	14.0%
2000	2,467	149.7	1,908	40.5	180,936	37.3	4,301,261	30.6%
2010	8,679	251.8	10,147	431.8	252,825	39.7	5,029,196	16.9%

Sources: United States Department of Commerce, Bureau of Census.

Assessed Values

The following table, based on the 2017 Final Assessed Valuation (2018 Collections) displays the specific classes of real and personal property within the District:

Table 2: 2017 Assessed Valuation of Classes of Property in the District (2018 Collections)

Class	2016 Final AV	2017 Final AV	% of AV	\$ Change	% Change	Budget \$ Change
Vacant Land	\$9,545,570	\$13,918,940	2.61%	\$4,373,370	45.82%	\$49,681
Residential	\$172,607,130	\$204,923,780	38.46%	\$32,316,650	18.72%	\$367,117
Commercial	\$82,487,310	\$93,689,050	17.58%	\$11,201,740	13.58%	\$127,252
Industrial	\$23,359,960	\$25,168,520	4.72%	\$1,808,560	7.74%	\$20,545
Agricultural	\$2,108,430	\$2,382,740	0.45%	\$274,310	13.01%	\$3,116
Minerals	\$1,366,030	\$1,446,190	0.27%	\$80,160	5.87%	\$911
Oil & Gas (All)	\$122,207,930	\$158,111,670	29.68%	\$35,903,740	29.38%	\$407,866
State Assessed	\$31,553,880	\$33,142,070	6.22%	\$1,588,190	5.03%	\$18,042
Exempt Property	\$29,219,390	\$31,973,400	N/A	\$2,754,010	9.43%	\$31,286
Total Value	\$445,236,240.00	\$532,782,960.00	100.00%	\$87,546,720.00	19.66%	\$994,530.74

Figure 1: 2017 Assessed Valuation by Category

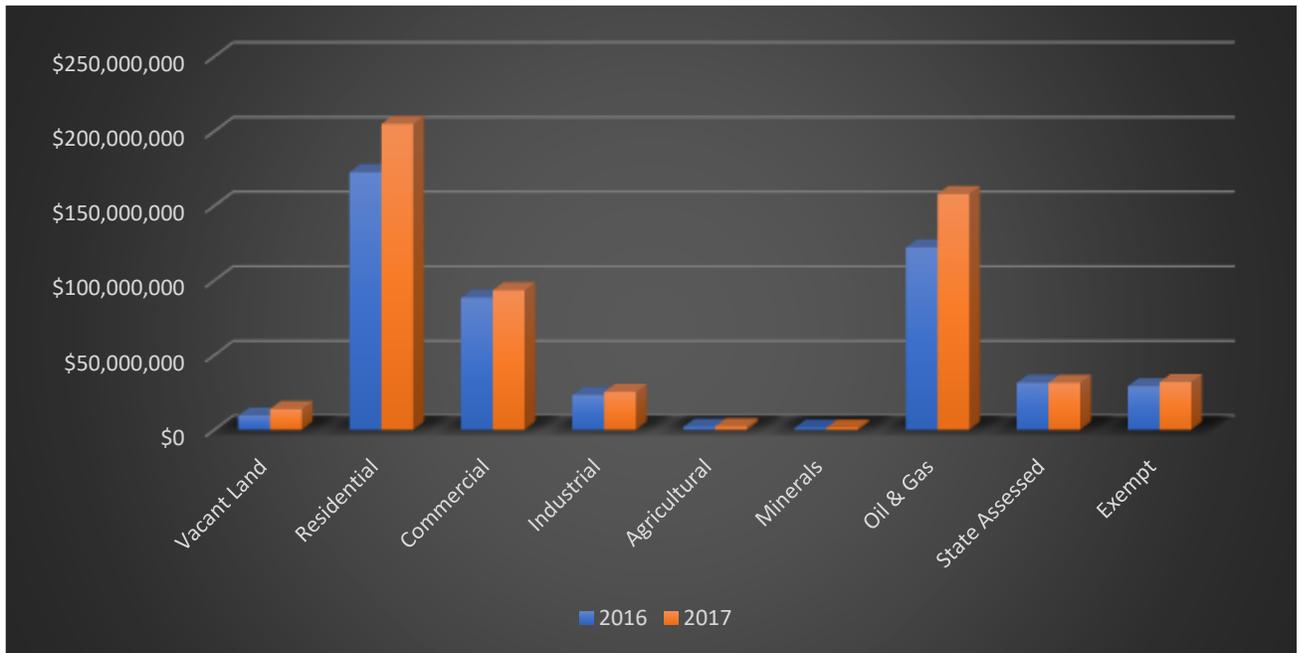
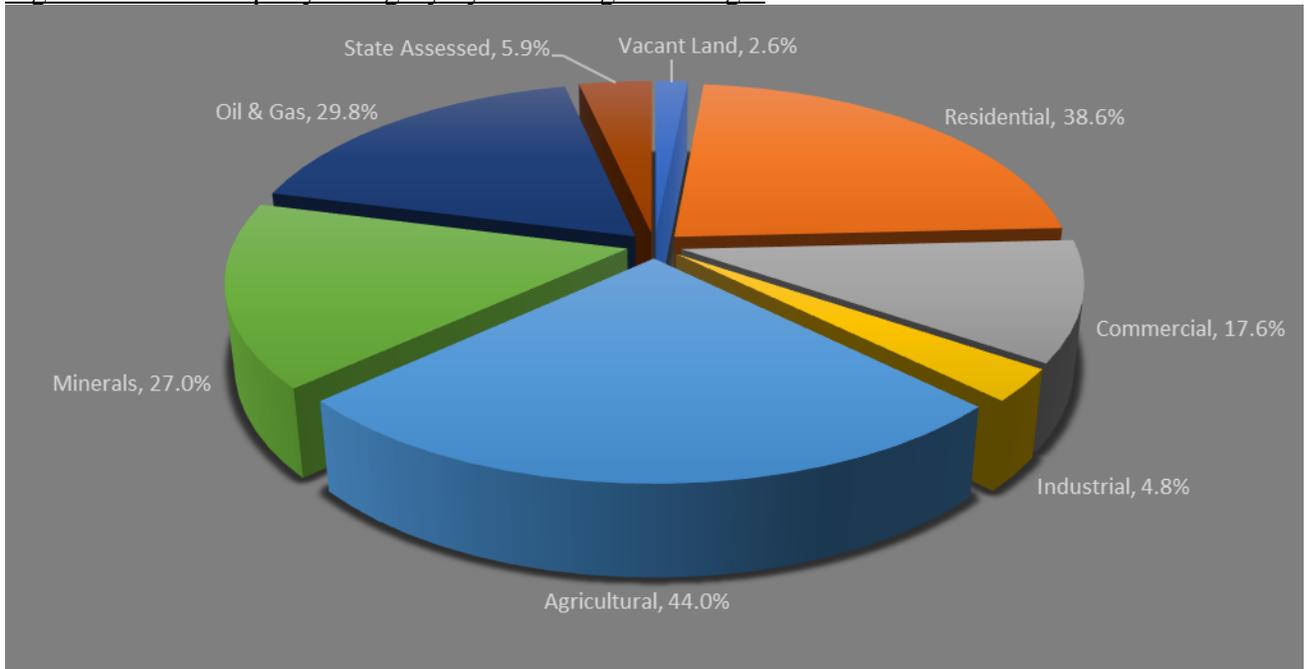


Figure 2: 2017 Property Category by Percentage of Budget



Budget Explanation

The certified Mill Levy for the fiscal year of 2018 is 11.360 mills for all general operating purposes, which represents the 2006 voter authorized level. An additional 0.698 mills is levied for debt service for General Obligation Bonds approved by voters in 2002 and refinanced by the District in 2011. The District maintains Intergovernmental Agreements (IGAs) with both the Towns of Frederick and Firestone and both the Frederick and Firestone Urban Renewal Authorities (FURAs) that provides for a 100% pass through of the District's mill levy for any funds collected by the FURAs in several Tax Increment Financing (TIF) areas.

Based on a gross Assessed Valuation of \$523,171,665, which includes the FURA TIF areas' valuation of \$9,611,295, the total property tax and TIF pass through revenue for the District in 2018 will be \$6,616,535 for both General and Bond Funds, an increase of \$1,016,630 (18.15%) over 2017 property tax revenue collections. An additional \$595,412 in revenue is anticipated from other revenue sources including Specific Ownership taxes and fees for services.

The District will transfer \$3,037,527 from Reserve Funds established for capital replacement and is funded through an annual General Fund allocation for the purpose of replacing or adding capital equipment and facilities. For 2018, those capital projects include; the construction phase of the new Fire Station 4, an addition of one (1) ALS ambulance for Station 4, the replacement and lease of EMS capital equipment, and life cycle replacements for firefighting breathing apparatus, gas monitoring equipment, thermal imaging cameras, and 800 MHz emergency radio hardware for personnel, stations and apparatus. An additional \$83,535 will be transferred from the District's Fund Balance Reserve Account for the purpose of paying for costs related to abatements and boundary alignments and associated legal costs.

Budget Allocations

The following tables and figures detail comparisons between the 2017 and 2018 Budgets categorically:

Table 3: 2017 & 2018 Revenue Comparison

Revenue (Less Bond & Capital)		
		Difference
2017	\$5,864,401	\$948,373
2018	\$6,812,774	

Table 4: 2017 & 2018 Expense Comparison

Expenses (Less Bond & Capital)		
		Difference
2017	\$5,582,381	\$755,279
2018	\$6,337,660	

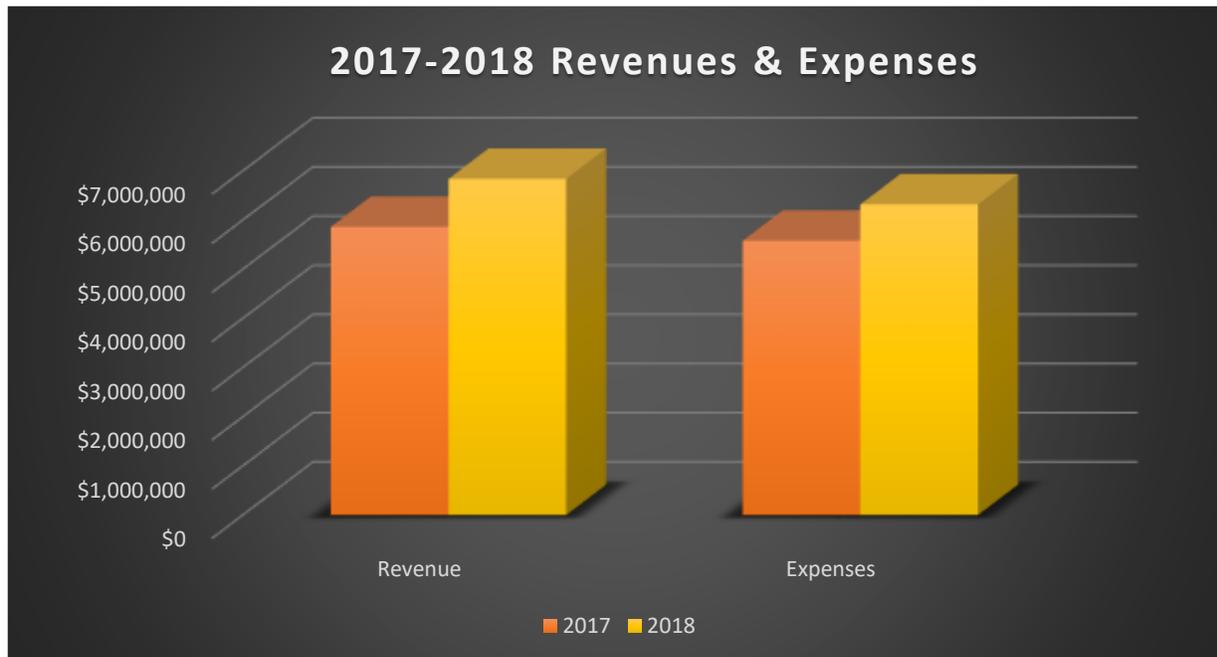


Table 5: 2017 & 2018 Reserve Fund Contribution Comparison

Investments		
		Difference
2017	\$425,169	\$69,138
2018	\$494,307	

Table 6: 2017 & 2018 Reserve Fund Balance Comparison

Reserve Fund Balance		
		Difference
2017	\$3,934,282	(\$1,023,749)
2018	\$2,910,533	

Table 7: 2017 & 2018 Outstanding Debt Principle Comparison

Outstanding Debt		
		Difference
2017	\$1,450,000	(\$275,000)
2018	\$1,175,000	

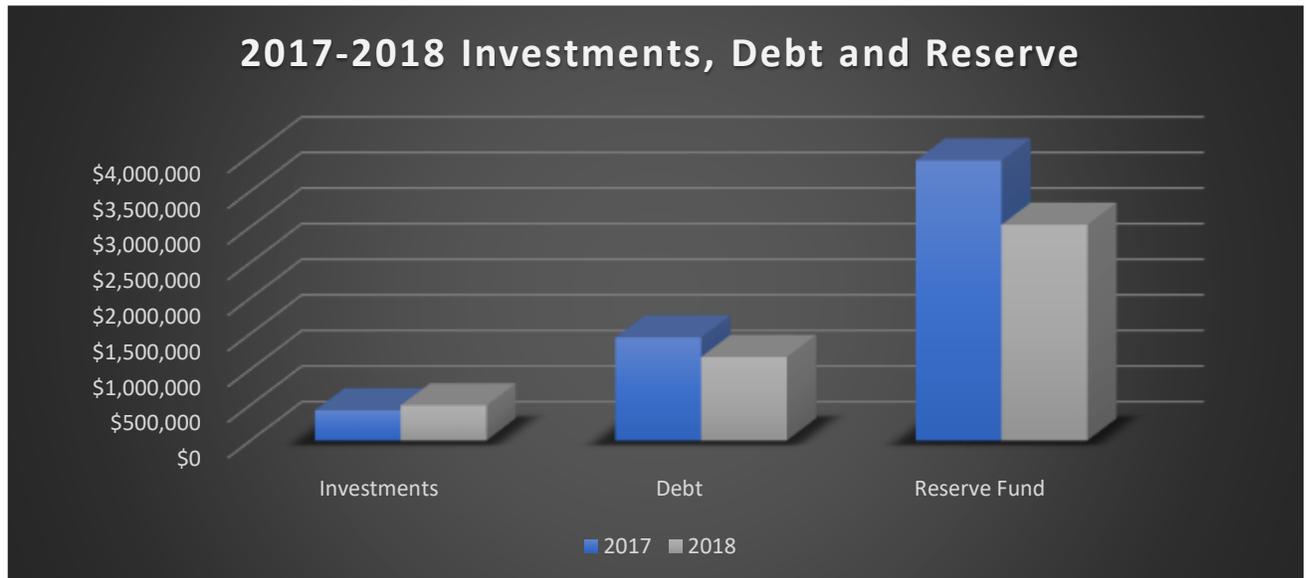
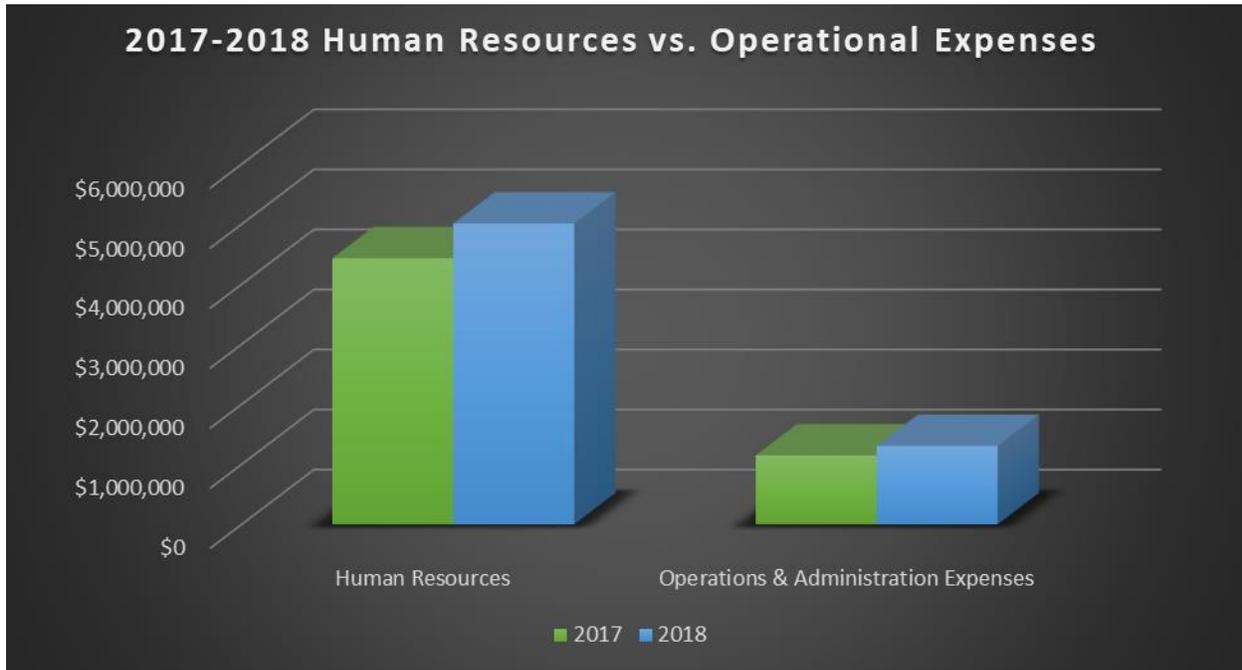


Table 8: 2017 & 2018 Human Resources Expense Comparison

Human Resources		Difference
Year	Expense	
2017	\$4,434,325	\$581,987
2018	\$5,016,312	

Table 9: 2017 & 2018 Operations & Administration Services Expense Comparison

Administration & Operations Expenses		Difference
Year	Expense	
2017	\$1,148,054	\$200,294
2018	\$1,348,348	



Budget Appropriations

Copies of the 2018 Certification of Mill Levies for both the General Fund and Bond Fund are attached. The worksheets attached to the budget spreadsheet explain expenses and revenues for each line item in the budget. The 2018 Budget reflects a balance of expenses and revenues with a revenue total of \$7,198,009 with an additional transfer of \$3,197,842 from Reserve Funds for capital and special projects. This revenue is applied to the following expense categories:

Personnel Expenses:	\$ 5,006,309
Volunteer Pension Fund:	\$ 10,003
Administrative and Operations Expenses:	\$ 1,018,620
Education and Training Expenses:	\$ 120,663
Equipment Maintenance Expenses:	\$ 209,065
Capital / Reserve Fund Investments:	\$ 758,035
Capital Projects/ Equipment:	\$ 3,037,527
General Obligation Bond Expenses:	\$ 319,164

2018 Total Expenditures: \$10,479,386

The District maintains a pension fund for qualified and vested volunteer firefighters. The fund is administered by the Fire and Police Pension Association of Colorado (FPPA) in accordance with state and federal regulations. In 2010, the District's last volunteer retired and therefore there will not be additional payees added in the future. The projected Volunteer Pension Fund balances for 2018 are as follows:

Volunteer Pension Fund	
2018 Pension Fund District Contribution	\$ 10,003
2018 Pension Fund State Contribution	\$ 9,003
2018 Pension Fund Income	\$ 1,715
2018 Pension Fund Distributions	\$ (31,200)
2018 Pension Fund Expenses	\$ (1,500)
2017 Pension Fund Carry-Over	\$ 113,496
2018 Ending Pension Fund Balance:	\$ 98,707

The District maintains restricted, assigned, and unassigned reserve funds in order to satisfy statutory requirements as well as fund specific future capital and life cycle replacement projects needed to maintain service levels into the foreseeable future. The District's reserve funds are divided into the following categories:

Restricted Reserve Funds	
2017 TABOR Reserve Carry-Over:	\$ 165,400
2018 TABOR Reserve Contribution:	\$ 25,035
2018 TABOR Reserve Withdrawal:	\$ 0
2017 Operating Contingency Carry-Over	\$ 1,689,562
2018 Operating Contingency Contribution	\$ 33,000
2018 Operating Contingency Withdrawal	\$ 0
2017 Bond Contingency Carry-Over:	\$ 393,676
2018 Bond Contingency Contribution:	\$ 0
2018 Bond Contingency Withdrawal:	\$ 0
Category Total:	\$ 2,306,673

Assigned Reserve Funds	
2017 Facilities Reserve Carry-Over:	\$ 2,025,848
2018 Facilities Reserve Income:	\$ 14,463
2018 Facilities Reserve Contribution:	\$ 500,000
2018 Facilities Reserve Withdrawal:	\$ (2,471,255)
2017 Equipment Reserve Carry-Over:	\$ 471,994
2018 Equipment Reserve Contribution:	\$ 200,000

2018 Equipment Reserve Withdrawal:	\$	<u>(566,272)</u>
Category Total:	\$	174,778

Unassigned Reserve Funds

2017 Fund Balance Carry-Over:	\$	568,415
2018 Fund Balance Contribution:	\$	0
2018 Fund Balance Withdrawal:	\$	<u>(83,535)</u>
Category Total:	\$	484,580

Noteworthy Projects

In addition to funding normal operations required to maintain current service delivery levels, the 2018 Budget reflects the following notable projects:

Staffing & Personnel:

- Due to continuing increases in community development in both residential and commercial, emergency service demands continue to increase workloads on existing line and administrative staff. Since the District is a smaller organization, any workload increase at one level has an overflow and backlog effect on other areas and positions within the organization. Compounding the growth in service demands, assessed values remain volatile mainly due to oil & gas pricing and instability and any new revenues below 5% are only sufficient to sustain services and programs, not grow them. In order to address these workload issues, for 2018 the District will implement the following Staffing Plan enhancements:
 1. In order to begin to address the overflow and demand on our line personnel, Chief Staff is proposing an additional three (3) Paramedic/Firefighters, one for each shift to increase staffing and provide depth within the District's Paramedic ranks in return improving the level of advanced life support care provided. This will assist with reducing overtime cost associated with leave and possible mandatory hold-over situations. This will also assist with maintaining response time standard with our local IGAs and to ensure we maintain and enhance the District's standard of care provided to our citizens.
 2. In order to begin to address the overflow and backlog at the executive levels, Chief Staff is proposing a new administrative position of Finance Director. This position is needed to enhance the safeguarding of the District's assets and regularly and accurately report on financial status. The Finance Director will also develop and implement directives, regulation, policies and procedures to advance the District's mission, goals and objectives. The Finance Director will assist the Fire Chief in development and implementation of the District budgets and forecast the financial needs of the District. The Finance Director will oversee all payroll, accounts receivable and accounts payable processes. The Finance Director will also prepare financial statements, schedules, and reports for the Board, Fire Chief, Group Supervisors and the District Auditor to ensure all U.S. general accepted accounting procedures to include GASB and Special Districts of Colorado standards and regulations.

3. The effects of increased workloads and program complexities are also evident in the Operations Division, which many times becomes a “catch all” for task overloads in the other Divisions such as the Training Division. In order to address this increased workload and program complexities Chief Staff is proposing an additional person within the Training Division. This position will be a Training Lieutenant to be supervised by the current Training Captain. This position is needed to (1) improve consistency in training between shifts and ranks; (2) assist the Training Captain with classroom and practical skills as required by State and National standards; (3) assist the Operations Division with Quality Assurance/Improvement within the District’s stand of care and overall mission and; (4) reduce the workload on the Training Captain to develop and enhance administrative functions not currently being met.
4. Chief Staff is also proposing to absorb all the current Temporary Full Time (TFT) employees who are assigned by contract. There are currently six (6) TFT positions slated to be absorbed in order to provide equal pay and benefits for those individuals completing the same job and positions as other EMT/Firefighters

Fleet & Equipment:

- Lease of Power Prams and Auto Loaders. This is a continuation and expansion of a project initiated in 2015 to install power prams and power auto loaders lease in all District ambulances in order to increase patient and crew safety. In 2018 the District will add an additional power loader for the new ambulance after it is delivered. The lease agreement will include service and maintenance of the equipment for the life of the lease. This project will be funded out of the Equipment & Fleet Reserve Fund.
- Lifecycle replacement of one Thermal Imaging Camera. A lifecycle replacement program for these essential firefighting and rescue tools was established in 2016 in order to replace and upgrade each device over a five-year period. These devices are inventoried on each front line firefighting apparatus. For 2018, we will be replacing one (1) TIC. This project will be funded out of the Equipment & Fleet Reserve Fund.
- Life Cycle replacement of SCBA equipment. Most of this equipment was bulk purchased as part of a grant many years ago. The equipment is now at the end of its lifecycle according to current NFPA Standards. In order to spread out the replacement schedules and to comply with new NFPA standards regulating breathing apparatus, the District will be replacing six (6) air packs in 2018. This project will be funded out of the Equipment & Fleet Reserve Fund.
- Lifecycle replacement of Radio Communications Equipment. Motorola discontinues support for several platforms of portable and mobile radios from 2018-2019. For 2018, we will be replacing all of the outdated and noncurrent platforms. This will bring all communications equipment up to current FCC

standards for all apparatus, stations and personnel. This project will be funded out of the Equipment & Fleet Reserve Fund.

- Ambulance Addition. The District will purchase a new Ambulance in 2018. The new chassis will have a gasoline motor rather than diesel. Because the District's service demands continue to increase functional front-line and reserve ambulances are required within our fleet. This project will be funded out of the Equipment & Fleet Reserve Fund with full payment being made in 2018 upon delivery.

Facilities:

- Construction of new Station 4. The District will complete the construction phase for the new facility for Fire Station 4 located at 10706 Weld County Road 7 between Weld County Road 22 and Highway 119. This new facility is necessary to maintain response time benchmarks and ISO requirements due to the development and inclusion of new property within the District's boundaries along the Highway 119/Firestone Boulevard and WCR7 corridor. This project will be funded out of the Facilities Reserve Fund.

General Obligation Bonds.

- The District will continue paying down the 2003 General Obligation Bonds in 2017 with two (2) interest payments and one (1) principal payment. The total of the payments will be \$319,164, and the remaining outstanding debt at the end of 2017 will be \$1,175,000 down from the original \$4,045,000 in 2003. The Bond Fund mill levy will be .698 in 2018 to account for the increase in property tax revenue and make the 2018 minimum debt payment.

Reserve Funds:

- The Reserve Fund was established in 2007 to provide for three (3) main purposes:
 1. To provide for emergency funding of unanticipated expenses resulting from natural or manmade emergencies, unanticipated revenue shortages, additional expenses not anticipated with approved projects;
 2. To provide for capital planning and life cycle replacement/cost recovery funds through an annual General Fund contribution for fleet, capital equipment, and facilities purchasing;
 3. To provide for a holding account for unanticipated bond revenues collected in above bond expenses in 2008 in order to eliminated the Bond Mill Levy 1.5 years earlier than the expiration of the Bond.
- All funds designated as Reserve Funds are maintained in either a ColoTrust Account (Plus or Prime), Checking Account, or Savings Account. All funds in the ColoTrust Account or any investment account must be maintained, secured and invested only in investments specifically authorized by Federal and State

standards. For 2018, additional restrictions on Money Market Accounts were added to those requirements. The District uses three (3) types of Reserve Accounts that meet GASB standards:

1. Unassigned Reserve Accounts – These are reserve funds such as the Fund Balance Account in which funds may be used for unspecified or unanticipated projects or shortfalls to the General Fund, or for other purposes determined by the Board or Fire Chief.
 2. Assigned Reserve Accounts – These are reserve funds used for specific purchasing purposes such as lifecycle replacement of equipment or station construction and renovation projects.
 3. Restricted Reserve Funds – These are reserve funds that are only allowed to be used for a declared emergency or specific statutory items. Regulations regarding the use of these funds are established by constitutional provisions, enabling legislation, constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. Transfers made from these accounts require specific Board action through Resolution and may require repayment within strict timeframes.
- The District will maintain the following Reserve Fund Accounts in 2018:
1. Fund Balance Unassigned Reserve Account. This fund is now in a ColoTrust Plus Account. It exists to provide a holding account to maximize interest revenues for monthly collections of surplus revenues over expenses and to fund General Fund expenses in periods of excess monthly expenses over collected revenues. It is also used to fund specific General Fund Expenses that are considered extraordinary, sporadic, or temporary in nature so as not to interrupt funding for reoccurring General Fund programs and projects.
 2. Operational Contingency Restricted Reserve Account. This fund was established in a ColoTrust Prime account to allow for funding flexibility during short periods of economic downturns and to provide for funding of unforeseen expenses that occur during a budget year. The District targets to retain 25% of its operating budget in Restricted Reserve, not including assigned capital replacement funds or restricted debt service funds. This is accomplished through two accounts; the restricted 3% Emergency Contingency (TABOR) Account and the restricted Operating Contingency Account. The TABOR Account reserves 3% of that target and the Operating Contingency Account targets the remaining 22% reserve amount. Each year the District has added surplus revenue to this account which has increased the funding level above the 22% target. The projected 2018 year-end balance of this fund will be \$1,724,529. The total Restricted Cash Reserves for year-end 2018 is projected to be 31% of the overall Operating Budget, or 6% over targeted levels.

3. 3% Emergency TABOR Restricted Reserve Account. The District is required by statute to hold 3% of its operating budget in an emergency reserve. These funds can only be accessed in times of a declared emergency and only for certain restricted purchases. The used funds are required to be repaid in the following budget year. A transfer of \$25,035 will be made from the Fund Balance account into the TABOR fund in order to maintain this funding level.
4. Bond Fund Restricted Reserve Account & Debt Service. The Debt Service Schedule displays the Bond principle, interest, and fee payments from 2003 to maturity in 2023. Prior to 2008, the maximum authorized mill levy of 2 mills was not sufficient to make the minimum principle and interest payment, and the shortage was taken from General Fund revenues. In 2011, the Bond was refinanced to eliminate the Bond Mill Levy 1.5 years earlier than the Bond maturity in 2023.
5. Equipment Cost Recovery Assigned Reserve Account. The Equipment Cost Recovery worksheet displays the estimated replacement cost of fleet and capital equipment assets at the end of their life cycle. This schedule is adjusted annually for projected inflationary and material increases.
6. Facility Cost Recovery Assigned Reserve Account. For 2018, the District has budgeted a withdrawal for completed construction of the new facility for Station 4. Also, each year any needed maintenance or renovation projects at existing facilities are budgeted out of this account.

Financial information provided includes all sources of revenue and expenditures as well as beginning and ending fund balances. This budget is implemented by the District's Board of Directors to guide priorities and planning for the delivery of emergency and prevention services to the citizens of Frederick, Firestone, and portions of unincorporated Weld County.

This budget may be amended for unforeseen circumstances or unanticipated revenues or expenses. The District complies with all State of Colorado statutes requiring a yearly independent financial audit, and all audits are available upon request. All audits comply with the most current Government Accounting Standards Board (GASB) requirements. For further information or questions, please do not hesitate to contact the District's Administrative Office at your convenience.

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read "Jeremy A. Young", with a large, stylized flourish underneath.

Jeremy A. Young, EFO, CFO
Fire Chief