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## 2019 BUDGET MESSAGE

Attached is the 2019 Budget for the Frederick-Firestone Fire Protection District (“the District”). The budget was prepared by the Fire Chief and administrative 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 8, 2018 with a public hearing and subsequent adoption by the Board on November 12, 2018 and December 10, 2018.

### 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 all-hazards 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 34,918 residents. The District is governed by an elected Board of Directors and operated by full-time paid Administrative Staff, Paramedic and EMT Firefighters.

The District provides fire suppression, fire prevention, public education, technical rescue, water & ice rescue, hazardous material response, community risk-reduction, emergency management and advanced life support (ALS) 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 the District’s Paramedics, EMT’s and Firefighters. 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, two (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 2,200 calls annually. The District's final incident tally for 2017 was 2,378. The District has seen an approximate six percent increase in service demands each year for the last five (5) years.

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 six percent growth in population each year. Since 2000 the District has seen a 660% increase in residents.

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. (Next population update scheduled for 2020)

## Assessed Values

The following table, based on the 2018 Final Assessed Valuation (For 2019 Collections) displays the specific classes of real and personal property within the District:

Table 2: 2018 Assessed Valuation of Classes of Property in the District (For 2019 Collections)

Class	2017 Final AV	2018 Final AV	% of AV	\$ Change	% Change	Budget \$ Change
Vacant Land	\$13,918,960	\$10,554,890	1.90%	(\$3,364,070)	-24.17%	(\$38,216)
Residential	\$204,931,510	\$215,783,200	38.81%	\$10,851,690	5.30%	\$123,275
Commercial	\$93,500,560	\$96,967,270	17.44%	\$3,466,710	3.71%	\$39,382
Industrial	\$25,340,180	\$29,992,070	5.39%	\$4,651,890	18.36%	\$52,845
Agricultural	\$2,323,780	\$2,370,740	0.43%	\$46,960	2.02%	\$533
Minerals	\$1,446,190	\$1,058,600	0.19%	(\$387,590)	-26.80%	(\$4,403)
Oil & Gas (All)	\$157,946,520	\$167,743,710	30.17%	\$9,797,190	6.20%	\$111,296
State Assessed	\$31,542,040	\$31,512,280	5.67%	(\$29,760)	-0.09%	(\$338)
Exempt Property	\$31,973,400	\$34,550,860	N/A	\$2,577,460	8.06%	\$29,280
<b>Total Value</b>	<b>\$530,949,740.00</b>	<b>\$555,982,760.00</b>	<b>100.00%</b>	<b>\$25,033,020.00</b>	<b>4.71%</b>	<b>\$284,375.11</b>

Figure 1: 2018 Assessed Valuation by Category

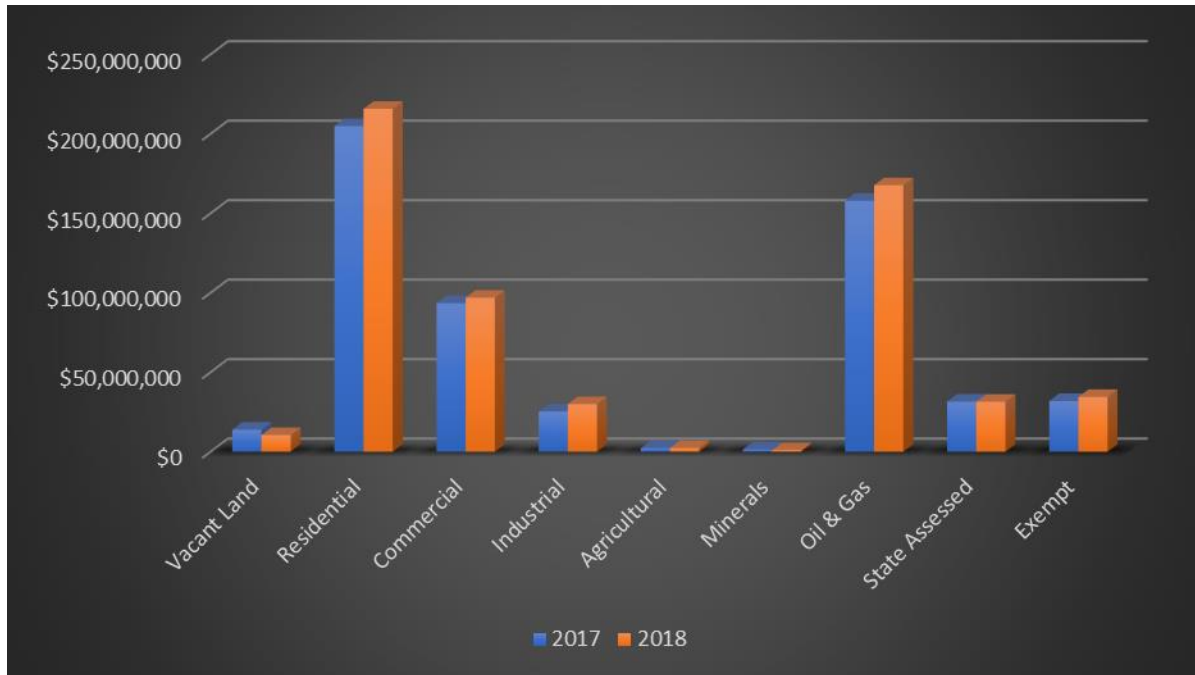
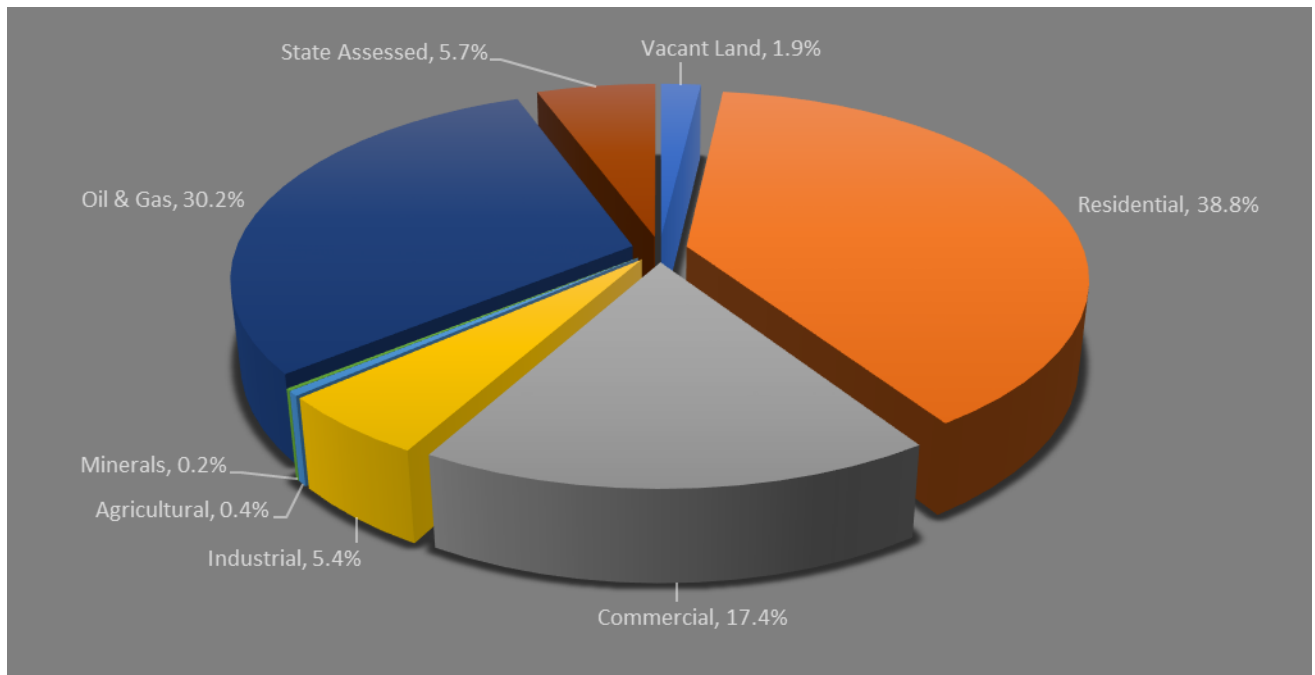


Figure 2: 2018 Property Category by Percentage of Budget (For 2019 Collections)



## **2019 Budget Explanation**

The certified Mill Levy for the calendar year of 2019 is 11.360 mills for all general operating purposes, which represents the 2006 voter authorized level. An additional 0.601 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 Net Assessed Valuation of \$537,073,627 which includes the FURA TIF areas' valuation of \$18,899,133, the total property tax and TIF pass through revenue for the District in 2018 will be \$6,649,990 for both General and Bond Funds, an increase of \$55,560 over 2018 property tax revenue collections. An additional \$550,792 in revenue is anticipated from other revenue sources including Specific Ownership taxes and fees for services.

The District will transfer up to \$1,100,000 from its Reserves for scheduled capital replacement items and is funded through an annual General Fund allocation for the purpose of replacing or adding capital equipment and facilities as scheduled or required.

For 2019, those capital projects include; the final construction phase of the new Fire Station 4, an addition of one (1) ALS ambulance, replacement of the 1988 Water Tender, the replacement of two (2) staff vehicles, the replacement and lease of EMS capital equipment, and life cycle replacements for station furnishings including fitness equipment and computers, hazardous materials gas monitoring equipment, firefighting thermal imaging cameras, partial remodel for personnel living quarters at Station 1, and civil unrest ballistic PPE for front line personnel.

## Budget Allocations

The following tables and figures detail comparisons between the 2018 and 2019 Budgets categorically:

Table 3: Budgeted 2018 & 2019 Revenue Comparison

Revenue (Less Bond & Capital)		Difference
2018	\$7,525,969	
2019	\$7,571,794	

Table 4: 2018 & 2019 Expenditure Comparison

Expenditures (Less Bond & Capital)		Difference
2018	\$5,420,765	
2019	\$6,820,417	

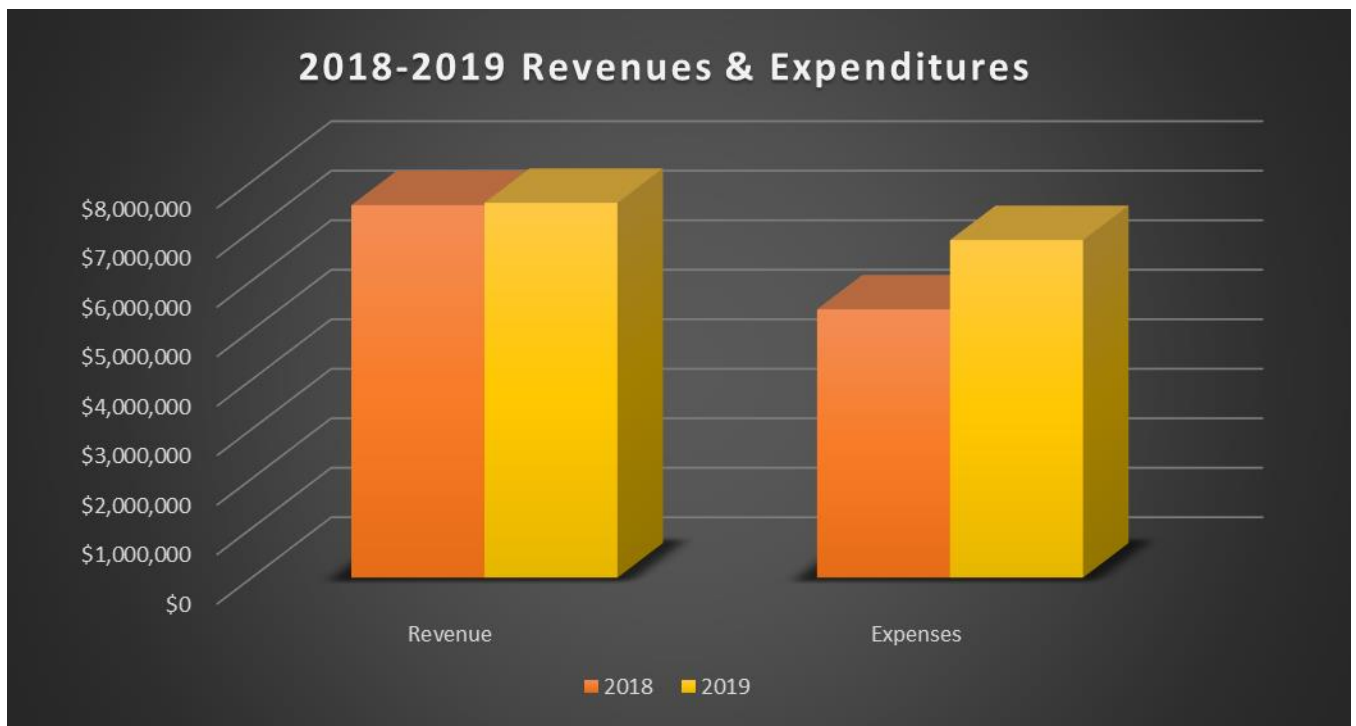


Table 5: Budgeted 2018 & 2019 Fund Balance Comparison

Fund Balance Including Reserves		
		Difference
Beginning 2018	\$6,843,054	<b>(\$1,280,170)</b>
Ending 2019	\$5,562,884	

Table 6: Budgeted 2018 & 2019 Outstanding Debt Principle Comparison

Outstanding Debt		
		Difference
2018	\$1,175,000	<b>(\$285,000)</b>
2019	\$890,000	

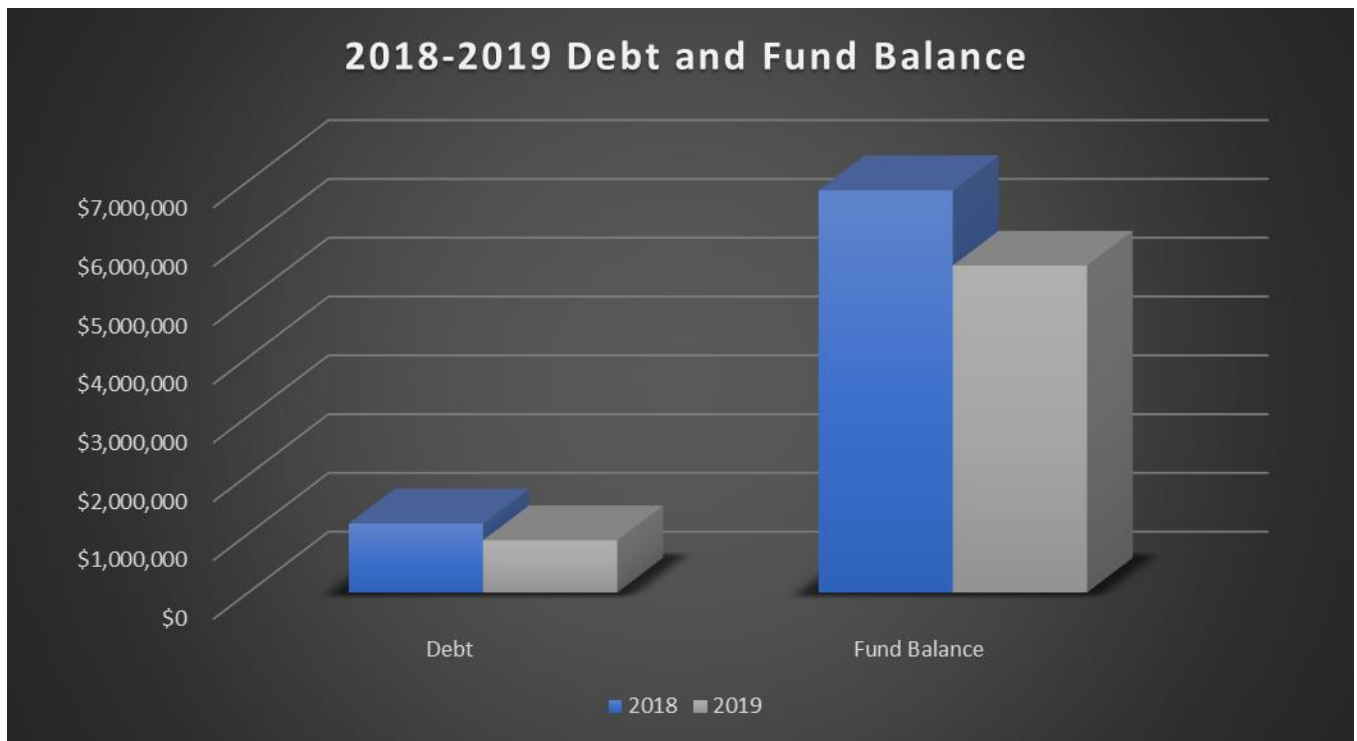
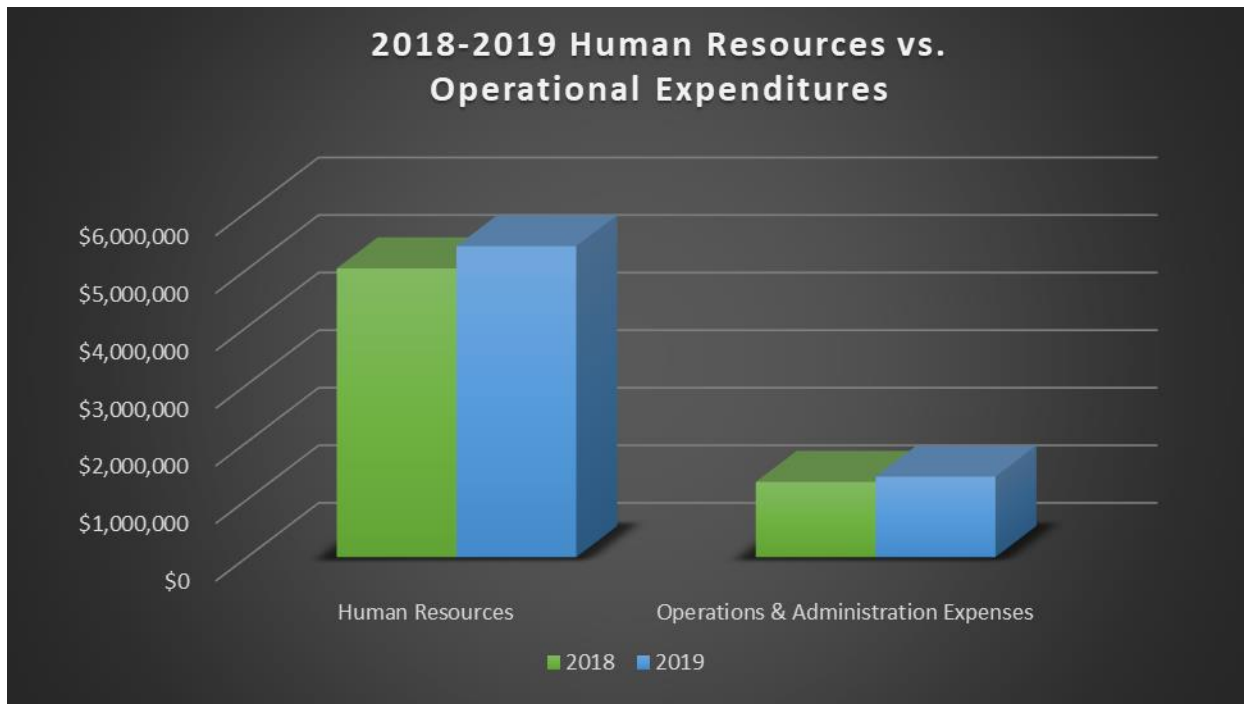


Table 7: Budgeted 2018 & 2019 Human Resources Expenditure Comparison

Human Resource Expenditure		
		Difference
2018	\$5,016,312	<b>\$388,503</b>
2019	\$5,404,815	

Table 8: Budgeted 2018 & 2019 Administration and Operational Expenditure Comparison

Administration & Operational Expenditure		
		Difference
2018	\$1,308,698	<b>\$92,204</b>
2019	\$1,400,902	



## Budget Appropriations

Copies of the 2019 Weld County Certification of Mill Levies for both the General Fund and Bond Fund are attached. The worksheets attached to the budget spreadsheet explain expenditures and revenues for each line item in the budget. The 2019 Budget reflects a balance of expenditures and revenues with a revenue total of \$7,189,842 with an additional transfer of \$2,982,904 from Reserves for capital and special projects. This is allocated in these categories:

- 2019 General Fund Expenditures
- 2019 Classifications of Fund Balance
  - Restricted Fund Balance
  - Assigned Fund Balance
  - Unassigned Fund Balance
- 2019 FPPA Volunteer Pension

### 2019 GENERAL FUND EXPENDITURES

General Operations	\$6,810,414
FPPA Volunteer Pension Contribution	\$10,003
Capital Expenditures	\$1,093,772
General Obligation Bond - Debt Service	<u>\$321,788</u>
<b>TOTAL EXPENDITURES:</b>	<b>\$8,235,977</b>

The District maintains restricted, assigned, and unassigned classifications of the General Fund's Fund Balance in order to satisfy statutory requirements as well as providing funding for specific future capital and life-cycle replacement projects. This is needed to maintain service levels into the foreseeable future. The District's fund balance classifications are as follows:

### 2019 CLASSIFICATIONS OF FUND BALANCE

#### Classification: Restricted Fund Balance

##### Tabor Reserve

Carry-Over From Prior Year	\$181,450
2019 Contribution	\$18,445
2019 Withdrawal	<u>\$0</u>
<b>2019 Carry-Over</b>	<b>\$199,895</b>

##### Operating Contingency Reserve

Carry-Over From Prior Year	\$1,724,579
2019 Contribution	\$0
2019 Withdrawal	<u>\$0</u>
<b>2019 Carry-Over</b>	<b>\$1,724,579</b>



### Bond Contingency Reserve

Carry-Over From Prior Year	\$398,844
2019 Contribution	\$0
2019 Withdrawal	\$0
<b>2019 Carry-Over</b>	<b>\$398,844</b>

### Classification: Assigned Fund Balance

#### Facility Reserve

Carry-Over From Prior Year	\$54,593
2019 Contribution	\$347,500
2019 Withdrawal	(\$400,200)
<b>2019 Carry-Over</b>	<b>\$1,893</b>

#### Equipment Reserve

Carry-Over From Prior Year	\$326,710
2019 Contribution	\$385,000
2019 Withdrawal	(\$708,272)
<b>2019 Carry-Over</b>	<b>\$3,438</b>

### Classification: Unassigned Fund Balance

Carry-Over From Prior Year	\$1,713,945
2019 Contribution	\$0
2019 Withdrawal	(\$426,145)
<b>2019 Carry-Over</b>	<b>\$1,287,800</b>

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.

### 2019 FPPA Volunteer Pension

<b>Carry-Over From Prior Year</b>	<b>\$126,024</b>
District Contribution	\$10,003
State Matching	\$9,003
Income	\$4,523
Disbursements	(\$31,200)
Expenses	(\$8,305)
<b>2019 Carry-Over</b>	<b>\$110,048</b>

## Noteworthy Projects 2019

In addition to funding normal operations required to maintain current service delivery levels, the 2019 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 2019 the District will implement the following Staffing Plan enhancements:
  1. In order to begin to address the overflow and demand in the area of Fleet Maintenance the District will begin a partnership with the Town of Frederick in 2019 to assist with Fleet Maintenance. The District will cost-share a full-time mechanic with the Town of Frederick beginning in January of 2019. This position will assist and coordinate the District's fleet maintenance on an ongoing basis. This program will assist the District by providing a timelier and cost-effective solution for our preventative maintenance of our fleet. This is a gap-stop until the District can either pay for a full-time mechanic in the future or continue the partnership with the Town of Frederick, as both organizations continue to grow exponentially.
  2. In order to begin to address the overflow and backlog at the emergency management level of the Carbon Valley Emergency Management Agency. The District has taken the initiative to hire a full-time emergency management coordinator in 2019. This position will be cost shared between five (5) agencies of the Carbon Valley area. The five (5) agencies participating in ensuring the Carbon Valley area is better prepared for any man-made or natural disasters are Frederick-Firestone Fire Protection District, Town of Frederick, Town of Firestone, Town of Dacono, and Mountain View Fire Protection District. The full-time employee will be an employee of the District and the salary and benefits will be cost-shared between all the agencies involved.

### **Fleet & Equipment:**

- Ambulance Addition. The District will purchase a new Ambulance in 2019. 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 our reserve funds with full payment being made in 2019 upon delivery.

- Tender Replacement. The District will purchase a new Water Tender in 2019. The new Tender will replace the District's 1988 Water Tender and will include all the new safety features required by NFPA for the safety of our personnel and community.

### **Facilities:**

- Final Construction of new Station 4. The District will complete the final 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 in January of 2019. 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 corridor. This project will be funded out of our reserves.
- Partial remodel of Station 1. The District will complete a partial remodel of the living quarters of Fire Station 1. This remodel will enhance the living area to include the kitchen and dayroom area and will provide more privacy to our personnel within the sleeping quarters and restroom areas. Station 1 is the oldest station in the District and was built in the early 80's. This will be funded out of our reserves.

### **General Obligation Bonds.**

- The District will continue paying down the 2003 General Obligation Bonds in 2019 with two (2) interest payments and one (1) principal payment. The total of the payments will be \$321,788, and the remaining outstanding debt at the end of 2019 will be \$890,000 down from the original \$4,045,000 in 2003. The Bond Fund mill levy will be .601 in 2019 to account for the increase in property tax revenue and make the 2019 minimum debt payment.

### **Districts Reserves:**

- The District's Reserves were established 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 through an annual 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 order to eliminate the Bond Mill Levy 1.5 years earlier than the expiration of the Bond.
- All reserves 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 2019, additional restrictions on Money Market Accounts were added to those requirements. The District uses three (3) types of fund balance classifications that meet GASB standards:

1. Unassigned Fund Balance – This classification may be utilized for unspecified or unanticipated projects or shortfalls to the General Fund, or for other purposes determined by the Board or the Fire Chief.
  2. Assigned Fund Balance – These reserves utilized for specific purchasing purposes such as lifecycle replacement, addition of equipment or station construction and renovation projects.
  3. Restricted Fund Balance – These reserves 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 Reserves in 2019:
1. Operational Contingency Reserve. This is 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 (2) accounts; the restricted TABOR Reserve and the restricted Operating Contingency Reserve. The TABOR Reserve is 3% of the District target and the Operating Contingency Reserve targets the remaining 22%. Each year the District adds surplus revenue to this account which has increased the funding level above the 22% target. The projected 2019 year-end balance of this fund will be \$1,924,474. The total Restricted Cash Reserves for year-end 2019 is projected to be 35% of the overall Operating Budget, or 10% over targeted levels.
  2. TABOR Reserve. The District is required by Colorado 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 \$18,445 will be made from the Fund Balance account into the TABOR Reserve in order to maintain the 3% funding level.
  3. Bond & Debt Service Reserve. The Debt Service Schedule displays the Bond principle, interest, and fee payments from 2003 to maturity in 2023. This reserve was created to eliminate the Bond Mill Levy 1.5+ years earlier than the Bond maturity in 2023.

4. Equipment Reserve. The Equipment Reserve is utilized for fleet and capital equipment assets at the end of their life-cycle or additions as the District continues to grow and service demands increase. This schedule is adjusted annually for projected inflationary and material increases.
5. Facilities Reserve. The Facility Reserve is utilized each year for any needed maintenance or renovation projects at existing facilities, furnishings or major construction such as new fire stations.

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 services and community risk-reduction to the citizens of Frederick, Firestone, and portions of unincorporated Weld County, Colorado.

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 at 303-833-2742.

Respectfully Submitted,

A handwritten signature in blue ink that reads "Jeremy A. Young". The signature is stylized with a large, sweeping flourish at the end.

Jeremy A. Young, EFO, CFO  
Fire Chief