

GOLDEN GATE FIRE PROTECTION DISTRICT

BASIC FINANCIAL STATEMENTS

December 31, 2018

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FINANCIAL SECTION



JOHN CUTLER & ASSOCIATES

Board of Directors
Golden Gate Fire Protection District
Golden, 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 Golden Gate Fire Protection District, as of and for the year ended December 31, 2018, 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. 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 Golden Gate Fire Protection District, as of December 31, 2018, 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

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.

Accounting principles generally accepted in the United States of America require that the budgetary comparison and pension information on pages 19-21 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, are 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.

John Lutter & Associates, LLC

July 31, 2019

BASIC FINANCIAL STATEMENTS

GOLDEN GATE FIRE PROTECTION DISTRICT

STATEMENT OF NET POSITION

As of December 31, 2018

	Governmental Activities	
	2018	2017
ASSETS		
Cash and Investments	\$ 260,053	\$ 219,762
Restricted Cash	39,595	49,549
Receivables		
Accounts Receivable	3,522	2,500
Property Taxes	156,663	161,613
Prepaid Expenses	3,564	13,758
Capital Assets, Depreciated		
Net of Accumulated Depreciation	450,218	477,481
Net Pension Asset	71,498	34,916
	<u>985,113</u>	<u>959,579</u>
TOTAL ASSETS		
DEFERRED OUTFLOWS OF RESOURCES		
Related to Pensions-Volunteer Pension	11,016	29,665
	<u>11,016</u>	<u>29,665</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES		
LIABILITIES		
Accounts Payable	16,172	21,253
Accrued Salaries and Benefits	49,242	54,803
	<u>65,414</u>	<u>76,056</u>
TOTAL LIABILITIES		
DEFERRED INFLOWS OF RESOURCES		
Deferred Revenues - Property Taxes	156,663	161,613
Related to Pensions-Volunteer Pension	16,947	-
	<u>173,610</u>	<u>161,613</u>
TOTAL DEFERRED INFLOWS OF RESOURCES		
NET POSITION		
Investment in Capital Assets	450,218	477,481
Restricted for Emergencies	5,500	2,100
Unrestricted	301,387	271,994
	<u>757,105</u>	<u>751,575</u>
TOTAL NET POSITION		

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

GOLDEN GATE FIRE PROTECTION DISTRICT

STATEMENT OF ACTIVITIES
Year Ended December 31, 2018

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Governmental Activities	
PRIMARY GOVERNMENT				2018	2017
Governmental Activities					
General Government	\$ 211,242	\$ -	\$ 38,406	\$ (172,836)	(160,995)
Total Governmental Activities	211,242	-	38,406	(172,836)	(160,995)
GENERAL REVENUES					
				170,415	60,943
				7,951	8,370
				178,366	69,313
CHANGE IN NET POSITION				5,530	(91,682)
NET POSITION, Beginning				751,575	843,257
NET POSITION, Ending				\$ 757,105	\$ 751,575

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

GOLDEN GATE FIRE PROTECTION DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2018

	GENERAL FUND	
	2018	2017
ASSETS		
Cash and Investments	\$ 260,053	219,762
Restricted Cash	39,595	49,549
Accounts Receivable	3,522	2,500
Property Taxes Receivable	156,663	161,613
Prepaid Expenses	3,564	13,758
TOTAL ASSETS	\$ 463,397	\$ 447,182
LIABILITIES AND FUND EQUITY		
LIABILITIES		
Accounts Payable	\$ 16,172	\$ 21,253
Accrued Salaries and Benefits	49,242	54,803
TOTAL LIABILITIES	65,414	76,056
DEFERRED INFLOWS		
Deferred Revenues - Property Taxes	156,663	161,613
TOTAL LIABILITIES & DEFERRED INFLOWS	222,077	237,669
FUND EQUITY		
Fund Balance		
Nonspendable	3,564	13,758
Restricted for Emergencies	5,500	-
Unassigned	232,256	195,755
TOTAL FUND EQUITY	241,320	209,513
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.	450,218	477,481
Long-term liabilities are not due and payable in the current period and are not reported in the funds. These include net pension asset \$71,498, deferred outflows related to pensions \$11,016, and deferred inflows related to pensions of (\$16,947)	65,567	64,581
Net position of governmental activities	\$ 757,105	\$ 751,575

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

GOLDEN GATE FIRE PROTECTION DISTRICT

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended December 31, 2018

	GENERAL FUND	
	2018	2017
REVENUES		
Taxes	\$ 170,415	60,943
Interest	4,540	2,531
Grants and Donations	38,406	58,783
Miscellaneous	3,411	5,839
	<hr/>	<hr/>
TOTAL REVENUES	216,772	128,096
	<hr/>	<hr/>
EXPENDITURES		
Current		
Administration	47,771	24,198
Salaries	27,817	33,255
Facilities	13,420	36,533
Firefighting	11,673	6,695
Repairs and Maintenance	13,021	14,425
Pension Contribution	11,088	8,352
Capital Expenditures	45,983	112,283
Communication	8,869	1,227
Other	5,323	1,005
	<hr/>	<hr/>
TOTAL EXPENDITURES	184,965	237,973
	<hr/>	<hr/>
NET CHANGE IN FUND BALANCES	31,807	(109,877)
FUND BALANCES, Beginning	<hr/> 209,513	<hr/> 319,390
FUND BALANCES, Ending	<hr/> <u>\$ 241,320</u>	<hr/> <u>\$ 209,513</u>

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

GOLDEN GATE 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, 2018

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

Net Changes in Fund Balances - Total Governmental Funds	\$ 31,807
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 depreciation expense (\$73,247), exceeded capital outlay \$45,984 for the year.	(27,263)
Deferred charges related to pensions are not recognized in the governmental funds. However, for the government-wide financial statements, these amounts are capitalized and amortized.	<u>986</u>
Change in Net Position of Governmental Activities	<u>\$ 5,530</u>

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

GOLDEN GATE FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Golden Gate Fire Protection District was formed to provide fire protection and emergency medical services to 1,200 Colorado residents living in 450 homes in an area of 50 square miles and various recreation areas including Golden Gate Canyon State Park, Centennial Cone Open Space Park, White Ranch Open Space Park, Mount Galbraith Open Space Park, and Colorado Department of Wildlife lands. The department is primarily volunteer, consisting of full-time, part-time and volunteer professionals. The District is governed by a five-member Board of Directors elected by the residents.

The accounting policies of the Golden Gate Fire Protection District (the “District”) conform to generally accepted accounting principles as applicable to governments.

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 is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or 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*.

GOLDEN GATE FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

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 fund:

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.

GOLDEN GATE FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(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 assets 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 - 40 years
Vehicles and Equipment	5 - 20 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.

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.

GOLDEN GATE FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

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:

- Nonspendable – This classification includes amounts that cannot be spent because they are either not in a spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact. The District reports prepaid expenses as nonspendable as of December 31, 2018.
- 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.
- 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, 2018.

GOLDEN GATE FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

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.

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.

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.

GOLDEN GATE FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

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).
- 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: DEPOSITS AND INVESTMENTS

A summary of deposits and investments as of December 31, 2018 follows:

Petty Cash	\$	139
Cash Deposits		61,967
Investments		<u>237,512</u>
Total	\$	<u>299,648</u>

GOLDEN GATE FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

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, 2018, 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, 2018, the District had deposits with financial institutions with a carrying amount of \$61,967. The bank balances with the financial institutions were \$63,887. These balances were covered by federal depository insurance.

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.

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

GOLDEN GATE FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

- Guaranteed investment contracts

The above investments are authorized for all funds and fund types used by Colorado local governments.

Fair Value

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District has no investments requiring categorization as of December 31, 2018.

Local Government Investment Pools

The District had invested \$237,512 in the Colorado Government Liquid Asset Trust (ColoTrust) which has a credit rating of AAAM by Standard and Poor's. ColoTrust is an investment vehicle established for local government entities in Colorado to pool surplus funds and is regulated by the State Securities Commissioner. It operates similarly to a money market fund and each share is equal in value to \$1.00. Investments consist of U.S. Treasury and U.S. Agency securities, and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the entities.

ColoTrust is not a 2a7-like external investment pool. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. The government-investor does not "look through" the pool to report a pro rata share of the pool's investments, receivables, and payables.

Restricted Cash

Cash in the amount of \$39,595 has been restricted for the Length of Service Award Plan (LOSAP).

GOLDEN GATE FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 4: CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2018, is summarized below:

	<u>Balances</u> <u>12/31/17</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>12/31/18</u>
Governmental Activities				
Capital Assets, depreciated				
Buildings and Improvements	\$ 555,671	\$ -	\$ -	\$ 555,671
Furniture, Fixtures & Equipment	336,302	44,544		380,846
Vehicles and Equipment	<u>609,573</u>	<u>1,440</u>	<u>-</u>	<u>611,013</u>
Total Capital Assets, depreciated	<u>1,501,546</u>	<u>45,984</u>	<u>-</u>	<u>1,547,530</u>
Less Accumulated Depreciation				
Buildings and Improvements	278,158	14,965	-	293,123
Furniture, Fixtures & Equipment	267,868	23,165	-	291,033
Vehicles and Equipment	<u>478,039</u>	<u>35,117</u>	<u>-</u>	<u>513,156</u>
Total Accumulated Depreciation	<u>1,024,065</u>	<u>73,247</u>	<u>-</u>	<u>1,097,312</u>
Governmental Activities, Capital Assets, Net	<u>\$ 477,481</u>	<u>\$ (27,263)</u>	<u>\$ -</u>	<u>\$ 450,218</u>

Depreciation expense was charged to administration function of the District.

NOTE 5: 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 coverage for the last three years.

NOTE 6: 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.

GOLDEN GATE FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 6: COMMITMENTS AND CONTINGENCIES (Continued)

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. On November 2, 2010, voters within the District approved the collection, retention and expenditure of the full revenues generated by the District in 2010 and subsequent years without limitation.

The District has established an emergency reserve, representing 3% of fiscal year spending (excluding debt service), as required by the Amendment. At December 31, 2018, the emergency reserve of \$5,500 was recorded in the General Fund.

NOTE 7: PENSION PLANS

Volunteer Firefighters' Pension Plan

Summary of Significant Accounting Policies

Pensions. 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.

GOLDEN GATE FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 7: PENSION PLANS (Continued)

Volunteer Firefighters' Pension Plan

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. 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. The Plan receives contributions from the District in an amount not to exceed one mill of property tax revenue. Contributions are established and may be amended by the District Board. As established by the legislature, the State of Colorado contributes ninety percent of the District's contribution, not to exceed one-half mill levy on the current assessed valuation. An actuary is used to determine the adequacy of contributions.

The actuarial study as of January 1, 2017, 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.

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

At December 31, 2018 the District reported an asset of \$71,498. The net pension asset was measured as of December 31, 2017, 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, 2018.

GOLDEN GATE FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 7: DEFINED BENEFIT PENSION PLANS (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, 2018 the District recognized pension income of \$986. 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	N/A
Change in Assumptions	N/A	N/A
Net difference between projected and actual earnings on pension plan investments	\$11,016	\$16,947
Contributions subsequent to the measurement date	N/A	N/A
Total	\$11,016	\$16,947

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,	
2019	\$888
2020	\$402
2021	(\$2,985)
2022	(\$4,236)
2023	-

GOLDEN GATE FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 7: DEFINED BENEFIT PENSION PLANS

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	3.00%
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-2000 Combined Mortality Table with Blue Collar Adjustment, 40% multiplier for off-duty mortality. Post-retirement: RP-2000 Combined Mortality Table, with Blue Collar Adjustment Disabled: RP-2000 Disabled Mortality Table All tables projected with Scale AA.

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	\$(45,897)	\$(71,498)	\$(93,222)

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

GOLDEN GATE FIRE PROTECTION DISTRICT

GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2018

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2017 ACTUAL
REVENUES				
Taxes	\$ 171,613	\$ 170,415	\$ (1,198)	60,943
Interest	1,500	4,540	3,040	2,531
Grants and Donations	100	38,406	38,306	58,783
Miscellaneous	79,840	3,411	(76,429)	5,839
TOTAL REVENUES	253,053	216,772	(36,281)	128,096
EXPENDITURES				
Current				
Administration	43,365	47,771	(4,406)	24,198
Salaries, Recruiting and Benefits	26,780	27,817	(1,037)	33,255
Firefighting	18,500	11,673	6,827	6,695
Facilities	17,600	13,420	4,180	36,533
Repairs and Maintenance	13,000	13,021	(21)	14,425
Pension Contribution	23,000	11,088	11,912	8,352
Communication	28,500	8,869	19,631	1,227
Capital Expenditures	71,000	45,983	25,017	112,283
Other	11,308	5,323	5,985	1,005
TOTAL EXPENDITURES	253,053	184,965	68,088	237,973
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	31,807	31,807	(109,877)
CHANGE IN FUND BALANCE		31,807	31,807	(109,877)
FUND BALANCE, Beginning	-	209,513	209,513	319,390
FUND BALANCE, Ending	\$ -	\$ 241,320	\$ 241,320	\$ 209,513

See the accompanying independent auditors' report.

GOLDEN GATE FIRE PROTECTION DISTRICT

SCHEDULE OF CONTRIBUTIONS

December 31, 2018

FY Ending December 31	Actuarially Determined Contribution	Actual Contribution*	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2013	\$ 17,074	\$ 17,074	\$ -	N/A	N/A
2014	16,257	16,257	-	N/A	N/A
2015	12	7,432	(7,420)	N/A	N/A
2016	-	17,750	(17,750)	N/A	N/A
2017	0	15,744	(15,744)	N/A	N/A
2018	-	-	-	N/A	N/A

*Includes both employer and State of Colorado Supplementary Discretionary Payment

See the accompanying independent auditors' report.

GOLDEN GATE FIRE PROTECTION DISTRICT

SCHEDULE OF CHANGES IN NET PENSION LIABILITY/(ASSET) AND RELATED RATIOS

<u>Measurement Period Ending December 31,</u>	<u>2016</u>	<u>2017</u>
Total Pension Liability		
Service Cost	\$ 550	\$ 337
Interest on the Total Pension Liability	18,881	19,349
Benefit Changes	-	-
Difference Between Expected and Actual Experiences	2,755	-
Assumption Changes	8,063	-
Benefit Payments	<u>(24,300)</u>	<u>(23,475)</u>
Net Change in Total Pension Liability	5,949	(3,789)
Total Pension Liability - Beginning	<u>263,402</u>	<u>269,351</u>
Total Pension Liability - Ending	<u><u>\$ 269,351</u></u>	<u><u>\$ 265,562</u></u>
Plan Fiduciary Net Position		
Employer Contribution	\$ 17,750	\$ 8,352
Pension Plan Net Investment Income	15,656	43,606
Benefit Payments	(24,300)	(23,475)
Pension Plan Administrative Expenses	(745)	(3,082)
State of Colorado Supplemental Discretionary Payment	<u>-</u>	<u>7,392</u>
Net Change in Plan Fiduciary Net Position	8,361	32,793
Plan Fiduciary Net Position - Beginning	<u>295,906</u>	<u>304,267</u>
Plan Fiduciary Net Position - Ending	<u><u>304,267</u></u>	<u><u>337,060</u></u>
Net Pension Liability/(Asset)	\$ (34,916)	\$ (71,498)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	112.96%	126.92%
Covered Employee Payroll	N/A	N/A
Net Pension Liability/(Asset) as a Percentage of Covered Employee Payroll	N/A	N/A

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

See the accompanying independent auditors' report.