

Indian Hills Fire Protection District
FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS

December 31, 2018

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REPORT OF INDEPENDENT CERTIFIED
PUBLIC ACCOUNTANTS

Board of Directors
Indian Hills Fire Protection District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the governmental fund of the Indian Hills Fire Protection District (the "District"), as of and for the year ended December 31, 2018, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting our audit in accordance with auditing standards generally accepted in the United States of America as established by the American Institute of Certified Public Accountants ("US GAAS").

We conducted our audit in accordance with US GAAS. Those standards require that we plan and perform our audit to obtain reasonable assurance about whether these financial statements are free of material misstatement.

An audit includes 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 District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles 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 on the Financial Statements

In our opinion, the financial statements previously referred to, present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the Indian Hills Fire Protection District, as of December 31, 2018, and the respective changes in financial position thereof, and the budgetary comparison for the general fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Omission of the Management's Discussion and Analysis

The Board of Directors has elected to omit the Management's Discussion and Analysis, information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this omitted information.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedule of changes in net pension liability and related ratios on page 24 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, which 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 this required supplementary information in accordance with US GAAS, which consist of inquires 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 this information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Marc, James and Associates, PC

Highlands Ranch, Colorado
September 25, 2019

BASIC FINANCIAL STATEMENTS

Indian Hills Fire Protection District

GOVERNMENTAL FUND BALANCE SHEET/STATEMENT OF NET POSITION

December 31, 2018

	General Fund	Adjustments	Statement of Net Position
ASSETS			
Cash and cash equivalents	\$ 707,322	\$ -	\$ 707,322
Grant receivable	11,713		11,713
Due from Jefferson County	2,044	-	2,044
Property taxes receivable	311,613	-	311,613
Prepaid expense	5,306	-	5,306
Capital assets, net of accumulated depreciation of \$1,077,923	-	552,692	552,692
Total assets	1,037,998	552,692	1,590,690
DEFERRED OUTFLOWS OF RESOURCES			
Volunteer firefighters' pension plan	-	30,866	30,866
Total assets and deferred outflow of resources	\$ 1,037,998	583,558	1,621,556
LIABILITIES			
Accounts payable	\$ 8,942	-	8,942
Accrued expenses	2,891	-	2,891
Net pension liability - volunteer firefighters' pension plan	-	216,118	216,118
Total liabilities	11,833	216,118	227,951
DEFERRED INFLOWS OF RESOURCES			
Property taxes	311,613	-	311,613
Volunteer firefighters' pension plan	-	15,569	15,569
Total deferred inflows of resources	311,613	15,569	327,182
FUND BALANCE			
Non-spendable	5,306	(5,306)	-
Restricted	7,000	(7,000)	-
Assigned	122,782	(122,782)	-
Unrestricted	579,464	(579,464)	-
Total fund balance	714,552	(714,552)	-
Total liabilities, deferred inflows of resources and fund balance	\$ 1,037,998	\$ (482,865)	555,133
NET POSITION			
Invested in capital assets			552,692
Restricted for emergencies			7,000
Unrestricted			506,731
Total net position			\$ 1,066,423

The accompanying notes are an integral part of these financial statements

Indian Hills Fire Protection District

STATEMENT OF GOVERNMENTAL FUND REVENUE, EXPENDITURES AND
CHANGE IN FUND BALANCE/STATEMENT OF ACTIVITIES

For the Year ended December 31, 2018

	General Fund	Adjustments	Statement of Activities
EXPENDITURES			
Public safety			
Administration	\$ 147,701	\$ -	\$ 147,701
Emergency medical services	6,065	-	6,065
Wildland and structural firefighting	8,887	-	8,887
Fleet maintenance	11,492	-	11,492
Fuel	4,140	-	4,140
Communications	13,546	-	13,546
Training	12,041	-	12,041
Pension expense	15,000	18,018	33,018
Depreciation	-	62,823	62,823
Debt service			
Principal	43,872	(43,872)	-
Interest	526	-	526
Capital outlay			
Stations, building and grounds	11,269	(4,245)	7,024
Apparatus	23,427	(23,427)	-
Equipment	833	-	833
Total expenditures	298,799	9,297	308,096
CHARGES FOR SERVICES			
Emergency medical response fees	50,566	-	50,566
Other	2,000	-	2,000
Total charges for services	52,566	-	52,566
NET EXPENDITURES	246,233	9,297	255,530
GENERAL REVENUE			
Property taxes	308,644	-	308,644
Specific ownership taxes	28,129	-	28,129
Grants	15,678	-	15,678
Other	7,038	-	7,038
Total general revenue	359,489	-	359,489
CHANGE IN FUND BALANCE/NET POSITION	113,256	(9,297)	103,959
Beginning of the year	601,296	361,168	962,464
End of the year	<u>\$ 714,552</u>	<u>\$ 351,871</u>	<u>\$ 1,066,423</u>

The accompanying notes are an integral part of these financial statements

Indian Hills Fire Protection District

STATEMENT OF REVENUE, EXPENDITURES AND
CHANGE IN FUND BALANCE - BUDGET TO ACTUAL - GENERAL FUND

For the Year ended December 31, 2018

	Original and Final Budget	Actual	Variance
REVENUE			
Property taxes	\$ 309,991	\$ 308,644	\$ (1,347)
Specific ownership taxes	22,000	28,129	6,129
Emergency medical response fees	30,000	50,566	20,566
Grants	-	15,678	15,678
Other	2,150	9,038	6,888
Total revenue	364,141	412,055	47,914
EXPENDITURES			
Public safety			
Administration	154,800	147,701	7,099
Emergency medical services	9,000	6,065	2,935
Wildland and structural firefighting	29,100	8,887	20,213
Fire prevention	3,000	-	3,000
Fleet maintenance	20,000	11,492	8,508
Fuel	4,500	4,140	360
Communications	16,655	13,546	3,109
Training	4,000	12,041	(8,041)
Pension expense	15,000	15,000	-
Debt service			
Principal	43,872	43,872	-
Interest	526	526	-
Capital outlay			
Stations, building and grounds	25,000	11,269	13,731
Apparatus	10,000	23,427	(13,427)
Equipment	11,000	833	10,167
Communications	4,000	-	4,000
Total expenditures	350,453	298,799	51,654
REVENUE OVER EXPENDITURES	\$ 13,688	113,256	\$ 99,568
FUND BALANCE			
Beginning of the year		601,296	
End of the year		<u>\$ 714,552</u>	

The accompanying notes are an integral part of these financial statements

Indian Hills Fire Protection District

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Indian Hills Fire Protection District (the “District”) conform to the accounting principles generally accepted in the United States of America (“US GAAP”) as applicable to governmental entities. The following is a summary of the more significant policies consistently applied in the preparation of the basic financial statements of the District.

1. Reporting Entity

The District was established under State of Colorado statutes as a quasi-municipal corporation and is governed by a five-member Board of Directors pursuant to the provisions of the Colorado Special District Act. The District’s service area is located in Indian Hills, Colorado and the District provides firefighting, rescue and emergency medical services (“EMS”) to the residents and visitors of the District. As required by US GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local government entities. The District has no component units as defined by Governmental Accounting Standards Board (“GASB”), Statement No. 14, *The Reporting Entity* and GASB No. 39, *Determining Whether Certain Organizations are Component Units*.

2. Measurement Focus and Financial Accounting Framework

Government-Wide 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 non-fiduciary activities of the primary government.

The Statement of Net Activities demonstrates the degree to which the direct expenses of a given function or segment is 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 operation or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenue are reported as general revenues.

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 a liability is incurred, regardless of the timing of related cash flows. 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

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 collectible 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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Indian Hills Fire Protection District
NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued*

2. Measurement Focus and Financial Accounting Framework - continued

Property taxes, specific ownership taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period.

For 2018, the District has one Governmental Fund, the *General Fund*, which accounts for all of the financial resources of the District.

3. Cash and Cash Equivalents

The District considers cash and cash equivalents to include cash on hand, demand deposits and money market accounts.

4. Fair Value of Financial Instruments

The District's financial instruments include cash and cash equivalents, accounts receivable, accounts payable, and deferred outflows and inflows of resources. The District estimates that the fair value of these financial instruments as of December 31, 2018, do not differ materially from the aggregate carrying values used in the accompanying financial statements. The carrying amount of these financial instruments approximates the fair value due to the short maturity of these financial instruments.

5. Use of Estimates

The preparation of financial statements in conformity with US GAAP involves the use of management's estimates that affect the reported amounts of assets and liabilities as of the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. These estimates are based upon management's best judgment, after considering past events and assumptions about future events. Actual results could differ from those estimates. As of December 31, 2018, the District has estimated the useful lives of the District's capital assets and the calculation of the District's net pension liability as reflected in the Statement of Net Position is based upon various assumptions.

6. Property Taxes Receivable

Property taxes are levied on December 15 of each year, and attach as an enforceable lien on subject property as of January 1 of the following year. The property taxes are payable in full on April 30 or if paid in two installments, due on February 28 and June 15. Property taxes are considered to be delinquent as of August 1. Jefferson County bills and collects the property taxes on behalf of the District and remits the collections, less the Treasurer's fees, to the District on a monthly basis. As the property taxes result in an enforceable lien on the subject property, in the event the property taxes are not paid, the subject property will be sold at public auction to collect the delinquent property taxes. Accordingly, no provision is deemed necessary for uncollected property taxes.

As of December 31, the District has recorded the levied property taxes and the related deferred inflow of resources.

Indian Hills Fire Protection District
NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued*

7. *Emergency Medical Services (“EMS”) and Response Fees*

The District grants credit to residents, visitors and third party medical payers for EMS and response services provided by the District. Due to uncertainty related to the collection of the EMS and response fees, the District recognizes the revenue when the payment for services is received.

As of December 31, 2018, the balance billed by and outstanding to the District, before third-party payer adjustments was \$7,296. The actual revenue to be recognized will be determined at the time final payment is received by the District.

8. *Capital Assets*

The District’s capital assets are recorded at cost if purchased or constructed. Donated capital assets are valued at the estimated fair value at the time of donation. The District’s capital assets consist of land, stations and buildings, apparatus and equipment. The District has a capitalization policy of \$5,000. The District’s Board of Directors has the option to capitalize certain items less than \$5,000 in certain circumstances. Depreciation is provided in amounts sufficient to relate the cost of depreciable capital assets to operations over the estimated useful lives of the assets. Depreciation is provided under the straight-line method, with estimated service lives of 5 years to 40 years.

The cost of normal maintenance and repairs that do not add to the value of, or materially extend the life of, the related capital asset, are charged to expense as incurred.

NOTE B – BUDGET INFORMATION

The District’s annual budget is prepared on a Non-GAAP basis for the District’s General Fund. An annual appropriated budget is adopted for the General Fund. The annual appropriation lapses at the end of the District’s fiscal year.

The District conforms to the following procedures, in accordance with the State of Colorado revised Statutes, in the establishment of the budgetary information reflected in the accompanying financial statements.

Prior to October 15, the District’s Treasurer submits a proposed operating budget for the subsequent fiscal year to the District’s Board of Directors. The Board of Directors may change the proposed budget prior to the publication of the notice of budget. Within ten days of the submission, a notice of the proposed budget is published. The operating budget includes proposed expenditures and the means of financing the expenditures.

Public hearings are held at the regular District Board of Director’s meetings to obtain taxpayer input on the proposed operating budget.

On or before December 15, the operating budget is legally adopted through passage of a budget resolution. Upon adoption, the District’s Treasurer is authorized to transfer the budgeted amounts within the function and objects of the Fund. The District’s Board of Directors must approve revisions that change the total expenditures of the Fund.

Indian Hills Fire Protection District

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE B – BUDGET INFORMATION - *continued*

Appropriations are controlled and the budget can be only amended in accordance with the State of Colorado Revised Statutes that allows the District to amend the budget and adopt a supplemental appropriation, if funds for a specific purpose, other than ad valorem taxes, become available.

State of Colorado Statutes requires a balanced budget. For 2018, the District's budgeted revenues exceeded budgeted expenditures by \$13,688. It is anticipated that the excess revenues will be used, as necessary, in future years to offset shortfalls.

NOTE C – CASH AND INVESTMENTS

The Colorado Public Deposit Protection Act ("PDPA") requires that all units of local government deposit cash in eligible public depositories. State regulators determine the eligibility. Amounts on deposit in excess of the Federal Deposit Insurance Corporation ("FDIC") insurance levels must be collateralized. The eligible collateral is determined by the PDPA. The PDPA allows institutions to create a single collateral pool for all public funds. The pool is to be maintained by another institution, or held in trust for all uninsured public deposits. The market value of the collateral must be equal to 102% of the aggregate uninsured public deposits.

As of December 31, 2018, all of the District's deposits were either insured by the FDIC or held in eligible depositories.

In addition, State of Colorado Statute specifies investments that meet defined rating and risk criteria in which local governments may hold. The allowed investments include participation in state regulated investment pools. The District participates in the Colorado Local Government Liquid Asset Trust ("COLOTRUST"). As of December 31, 2018, the District had \$597,968 on deposit with COLOTRUST Plus+. The carrying value and market value of the COLOTRUST Plus+ are equal. The COLOTRUST Plus+ is rated AAAM by Standard and Poors.

COLOTRUST determines the net asset value ("NAV") of the shares of each portfolio as of the close of business of each day. The NAV per share of each portfolio is computed by dividing the total value of the securities and other assets of the portfolios, less any liabilities, by the total outstanding shares of the portfolios. Liabilities, which include all expenses and fees of COLOTRUST, are accrued daily. The NAV is calculated at fair value using various inputs to determine value in accordance with GASB guidance. It is the goal of the Trust to maintain a NAV of \$1.00 per share, however changes in interest rates may affect the fair value of the securities held by COLOTRUST and there can be no assurance that the NAV will not vary from \$1.00 per share.

Indian Hills Fire Protection District
NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE D – CAPITAL ASSETS

The changes in the District's capital assets for the year ended December 31, 2018 are as follows:

	Balance December 31, 2017	Additions	Disposals	Balance December 31, 2018
Capital assets				
Not subject to depreciation				
Land	\$ 40,000	\$ -	\$ -	\$ 40,000
Subject to depreciation				
Stations, buildings and grounds	201,100	4,245	-	205,345
Apparatus	894,913	23,427	(1,500)	916,840
Firefighting equipment	328,637	-	(5,877)	322,760
Communication equipment	145,670	-	-	145,670
Total	1,610,320	27,672	(7,377)	1,630,615
Accumulated depreciation				
Stations and grounds	(104,413)	(4,213)	-	(108,626)
Apparatus	(626,809)	(39,002)	1,500	(664,311)
Firefighting equipment	(291,255)	(9,896)	5,877	(295,274)
Communication equipment	-	(9,712)	-	(9,712)
Total	(1,022,477)	(62,823)	7,377	(1,077,923)
Net capital assets	\$ 587,843	\$ (35,151)	\$ -	\$ 552,692

The District considers all depreciation expense to be associated with the District's firefighting operations.

NOTE E – FUND BALANCE/NET POSITION

Fund Balance

The District utilizes a fund balance presentation as required under GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* for the District's fund financial statements. Fund balances are categorized as nonspendable, restricted, committed, assigned or unassigned.

Nonspendable – represents amounts that cannot be spent because they are either in nonspendable form or legally required to remain intact,

Restricted – represents amounts with external constraints placed on the use of these resources or imposed by enabling legislation,

Indian Hills Fire Protection District
 NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE E – FUND BALANCE/NET POSITION - *continued*

Fund Balance - continued

Committed – represents amounts that can only be used for specific purposes imposed by a formal action of the District’s highest level of decision-making authority, the District’s Board of Directors. Committed resources cannot be used for any other purpose unless the District’s Board of Directors removes or changes the specific use by the same type of action used to commit those amounts, either by resolution or by ordinance,

Assigned – represents amounts that the District intends to use for specific purposes as expressed by the District’s Board of Directors or an official delegated the authority to assign amounts,

Unassigned – represents the residual classification for the general fund or deficit balances in other funds, as applicable.

Amounts are considered to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available. Unrestricted amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of these unrestricted fund balances classifications could be used.

As of December 31, 2018, the District’s fund balance consisted of the following:

Fund balances:		
Nonspendable		
Prepaid expenses	\$	5,306
Restricted		
TABOR reserve		7,000
Assigned		
2019 deficit budget		122,782
Unassigned		<u>579,464</u>
Total fund balance	\$	<u><u>714,552</u></u>

Included in the preparation of the 2019 budget, the District’s Board of Directors included as a budgetary resource, the use of a portion of the 2018 fund balance to eliminate an excess of budgeted expenditures over budgeted revenue. The majority of the excess budgeted expenditures related to budgeted capital outlays for station improvements, apparatus and equipment.

As required under GASB No. 54, the use of a portion of the fund balance, in an amount no greater than is necessary to eliminate the excess of budgeted expenditures over budgeted revenue, should be classified as assigned. The assignment expires at the end of 2019.

Indian Hills Fire Protection District

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE E – FUND BALANCE/NET POSITION - *continued*

Fund Balance - continued

Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District reports three categories of net position, as follows:

Net investment in capital assets – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows or resources related to those assets.

Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

When an expenditure is incurred for purposes for which both restricted and unrestricted net position is available, the District will use the most restrictive net position first.

NOTE F – PENSION PLANS

Volunteer Firefighters’ Pension Plan

Description of the Plan and Benefits Provided

The District, on behalf of its volunteer firefighters, contributes to the District’s Volunteer Firefighters’ Pension Plan, a defined benefit plan (the “Plan”) which is affiliated with the Colorado Fire and Police Pension Association (“FPPA”).

The District makes contributions based upon District established benefits and funding requirements based upon an actuarial study. Plan members do not make contributions. The State of Colorado also may make an annual contribution to the Plan in an amount established by statute.

The Plan provides retirement benefits for members and beneficiaries according to the Plan provisions as enacted and governed by the Pension Fund Board of Trustees as follows:

Normal Retirement Benefit at Age 50 with 20 years of service (monthly)	\$	250
Vested Retirement Benefit with 10 to 20 years of service per year (monthly)	\$	12
Minimum vesting years		10
Funeral Benefit, lump sum, one-time only	\$	100

Indian Hills Fire Protection District

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE F – PENSION PLANS - *continued*

Volunteer Firefighters' Pension Plan - continued

The above benefit provisions were also used to determine the total pension liability as of December 31, 2017, the measurement date.

Plan Participants Covered by the Plan

Retirees and beneficiaries	17
Active	<u>15</u>
Total Participants	<u><u>32</u></u>

Net Pension Liability and Change in the Net Pension Liability/(Asset)

As defined within GASB Statement No. 68, *Employer Reporting for Pension Plan*, (“GASB 68”) the Net Pension Liability/(Asset) (“NPL”/“NPA”) is the difference between the Total Pension Liability (“TPL”) and the Plan’s fiduciary Net Position. This is analogous to the Plan’s accrued liability less the market value of the Plan’s assets. The TPL is based upon an actuarial valuation performed as of January 1, 2017 and the measurement date of December 31, 2017. As permitted under GASB 68, the measurement date is within one year of the District’s fiscal year-end of December 31, 2018, and may be used to fulfill the December 31, 2018 reporting requirements.

The change in the Plan’s NPL for 2017 consists of the following:

Service costs	\$ 6,951
Interest on the TPL	38,931
District contribution	(15,000)
State of Colorado supplemental discretionary contribution	(12,399)
Net Plan investment income	(41,480)
Plan administrative expenses	<u>7,028</u>
Change in the Net Plan Liability	(15,969)
Net Plan Liability – Beginning of the Year	<u>232,087</u>
Net Plan Liability – End of the Year	<u><u>\$ 216,118</u></u>

As of December 31, 2017, the measurement date, the NPL consisted of the following:

Total Pension Liability	\$ 539,031
Plan Net Position Available for Benefits	<u>322,913</u>
Net Position Liability	<u><u>\$ 216,118</u></u>
Percentage of Plan Net Position to Total Pension Liability	<u><u>59.91%</u></u>

Indian Hills Fire Protection District
 NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE F – PENSION PLANS - *continued*

Volunteer Firefighters' Pension Plan - continued

The Plan's NPL is calculated using a Single Discount Rate of 7.50%. The Plan's NPL calculated using a Single Discount Rate that is 1% lower or 1% higher is as follows:

<u>1% Discount</u> 6.50%	<u>7.50%</u>	<u>1% Increase</u> 8.50%
\$ <u>267,152</u>	\$ <u>216,118</u>	\$ <u>172,574</u>

Methods and Assumptions Used to Determine the Contribution Rates for Fiscal Year Ended December 31, 2017

The District makes contributions based upon District established benefits, as previously presented and funding requirements based upon an actuarial study. Plan members do not make contributions. The State of Colorado also makes contributions to the Plan in an amount established by statute.

The actuarially determined contributions are calculated as of January 1 of odd numbered years. The contribution rates have a one-year lag, as such, the actuarial valuation as of January 1, 2017, determines the contribution amounts for 2017 and 2018.

The methods and assumptions used to determine the contribution rates are as follows:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar
Remaining Amortization Period	20 years
Asset Valuation Method	5-year smoothed fair value
Inflation	3.00%
Investment Rate of Return	7.50%
Retirement Age	50% per year of eligibility until 100% at age 65
Mortality	Pre-retirement PR-2000 Combined Mortality Table with Blue Collar Adjustment, Post-retirement RP-2000 Combined Mortality Table with Blue Collar Adjustment, Disability RP-2000 Disabled Mortality Table

For the year ended December 31, 2017, the actuarial and District contributions were as follows:

<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Ratio</u>
\$ <u>22,655</u>	\$ <u>27,399</u>	\$ <u>(4,744)</u>	<u>120.94%</u>

Indian Hills Fire Protection District

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE F – PENSION PLANS - *continued*

Volunteer Firefighters' Pension Plan - continued

Deferred Inflows and Outflows of Resources

The deferred inflows and outflows of resources, as applicable, related to the Plan are amounts used under GASB 68 in developing the annual pension expense. The deferred inflows and outflows of resources arise from differences between expected and actual experiences and changes, as applicable, of assumptions. The portions of these amounts which are not included in the current pension expense (income) are reflected as deferred inflows and outflows of resources and consist of:

Deferred outflow of resources to be recognized in future pension expense resulting from the difference between expected and actual experience associated with the TPL.	\$ 1,264
Deferred outflow of resources to be recognized in future pension expense resulting from differences between projected and actual Plan investment income.	12,074
Deferred outflow of resources to be recognized in future pension expense resulting from the change in Plan assumptions.	<u>2,528</u>
	15,866
Contributions to the Pension Plan subsequent to the measurement date of Net Pension Liability - December 31, 2017	<u>15,000</u>
Total Deferred Outflows	\$ <u><u>30,866</u></u>

Deferred Inflows and Outflows of Resources - continued

Deferred outflow of resources to be recognized in future pension expense resulting from differences between projected and actual Plan investment income.	\$ <u><u>15,569</u></u>
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The net deferred outflows and inflows of resources by year to be recognized in the future pension expense (income) as of December 31, 2018 are as follows:

<u>Year ended December 31,</u>	
2019	\$ 5,517
2020	1,114
2021	(2,441)
2022	<u>(3,893)</u>
Total	\$ <u><u>297</u></u>

Indian Hills Fire Protection District

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE F – PENSION PLANS - *continued*

Statewide Fire and Police Defined Benefit Pension Plan

Description of the Plan and Benefits Provided

The District's full time employees participate in the Fire and Police Pension Association of Colorado's Statewide Defined Benefit Plan (SWDB). The SWDB plan covers all firefighter and police officer employees of the participating fire and police departments in Colorado hired after April 8, 1978. The SWDB plan is a multi-employer plan administered by the FFPA. Members of the SWDB plan may receive a monthly lifetime benefit upon meeting the eligibility requirements for normal, early, vested or deferred retirement.

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

The annual normal retirement benefit is 2 percent of the average of the member's highest three years' base salary for each year of credited service up to ten years, plus 2.5% for each year of service thereafter. The benefit earned prior to January 1, 2007 for members of affiliated Social Security employers will be reduced by the amount of Social Security income payable to the member annually. Effective January 1, 2007, members currently covered under Social Security will receive half the benefit when compared to the SWDB plan. Benefits paid to retired members are evaluated and may be re-determined every October 1. The amount of any increase is based on the Board's discretion and can range from 0% to the higher of 3% or the Consumer Price Index.

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

Contributions

Members of the SWDB plan and employers are contributing at the rate of 10% and 8%, respectively, of base salary for a total contribution rate of 18% in 2018. In 2014, the members of the SWDB plan voted to increase the member contribution to the SWDB plan beginning in 2015. Member contribution rates will increase by 0.5% annually through 2022 to a total of 12% of base salary. Employer contributions will remain at 8% resulting in a combined contribution rate of 20% in 2022.

The District's contribution to the Statewide Defined Benefit Plan for the year ended December 31, 2018, was \$3,460

Indian Hills Fire Protection District
NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE F – PENSION PLANS - *continued*

Statewide Fire and Police Defined Benefit Pension Plan - continued

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

The SWDB plan is also subject to the provisions of GASB 68 which provide guidance for the potential recognition of the District's proportionate share of the SWDB plans net pension liability/(asset) and any related deferred outflows or deferred inflows. The District has evaluated the impact of GASB 68 and has determined the District's proportionate share of the SWDB plans net pension liability/(asset) and any related deferred outflows or deferred inflows is immaterial. As such, as permitted under US GAAP, the District's proportionate share of the SWDB plan's net pension liability/(asset) and any related deferred outflows or deferred inflows are not reflected.

Fire and Police Pension Association

The Fire and Police Pension Association ("FPPA") 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 affiliated pension plans have elected to use FPPA for plan administration investment services only. FPPA issues a publically available comprehensive annual financial report. That report may be obtained through the FPPA website at www.fppaco.org.

NOTE G - COMMITMENTS

Service User Agreement

Effective January 1, 2018, the District entered into a Service User Agreement ("User Agreement") with the Jefferson County Communications Center Authority ("Jeffcom") under which Jeffcom will provide 24 hour 911 call receiving and emergency dispatching services to the District and six other entities. The initial term of the User Agreement is for a term of one year. At the end of each term, the User Agreement shall automatically renew for a period one year, unless 90 days advance notice is provided by either party.

The District is billed quarterly, in advance, based upon the average of dispatches for the same quarter for the prior three years as further defined in the User Agreement.

NOTE H – TAX, SPENDING AND DEBT LIMITATIONS

Taxpayer's Bill of Rights

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights ("TABOR"), contains tax, spending and debt limitations which apply to the State of Colorado and all local governments.

TABOR requires local governments to establish emergency reserves. These reserves must be at least 3% of fiscal year spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. Cash equal to the required emergency reserve is reflected as restricted.

Indian Hills Fire Protection District

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE H – TAX, SPENDING AND DEBT LIMITATIONS - *continued*

Taxpayer's Bill of Rights - continued

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the calculation of the fiscal year spending limits will require judicial interpretation.

Gallagher Amendment

In 2018, the electors of the District authorized the District to adjust the District's mill levy up or down, in response to legislative changes to the residential property tax assessment percentage. The District levied 12 mills for property taxes to be collected in 2019.

NOTE I – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft, damage to, or destruction of assets; errors or omissions; injuries to volunteers; or acts of God for which the District carries commercial insurance. The District's claims have not exceeded its coverage during the preceding three years.

NOTE J – MANAGEMENT'S EVALUATION OF SUBSEQUENT EVENTS

The preparation of the District's financial statements and accompanying footnotes in conformity with generally accepted accounting principles requires management of the District to evaluate transactions and events subsequent to the balance sheet date involving the District. Management has evaluated the subsequent transactions and events of the District through September 25, 2019, which is the date the financial statements and accompanying footnotes were available for issuance.

- In July 2019, the District was awarded an Emergency Medical Service and Trauma grant in the amount of \$109,434 through the State of Colorado, Department of Public Health and Environment for the purchase of new ambulance.

Indian Hills Fire Protection District

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE K – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Governmental Funds Balance Sheet/Statement of Net Position includes an adjustments column which reconciles the differences between the government-wide and fund financial statements as follows:

Capital assets, net of accumulated depreciation, reflected in the Statement of Net Position are not financial resources in the governmental funds and accordingly are not reported in the governmental funds,	\$	552,692
The net pension liability reflected in the Statement of Net Position is not a liability in the general fund and is not reflected in the general fund,		216,118
Deferred outflows associated with the recording of the net pension liability in the Statement of Net Position are not resources in the general fund and are not reflected in the general fund,		30,866
Deferred inflows associated with the recording of the net pension liability in the Statement of Net Position are not liabilities in the general fund and are not reflected in the general fund.		15,569

NOTE K – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Governmental Funds Revenues, Expenditures and Changes in Fund Balance/Statement of Net Activities includes an adjustment column which reconciles the differences between the government-wide and fund financial statements as follows:

Depreciation expense on capital assets is reported in the Statement of Activities. However, it does not use current financial resources, as such, depreciation expense is not recorded as an expenditure in the governmental funds,	\$	62,823
The difference between the pension expense as reflected in the Statement of Activities as calculated under GASB 68 and the actual District pension contribution as reflected in the general fund,		18,018
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those capital assets is allocated over the estimated useful lives as depreciation expense. This is the net amount of capital assets recorded in the current year,		27,672
Governmental funds report principal payments as expenditures. However, the principal payments are reflected on the Statement of Net Position as a reduction in the corresponding debt.		43,872

REQUIRED SUPPLEMENTARY INFORMATION

Indian Hills Fire Protection District

VOLUNTEER FIREFIGHTERS' PENSION PLAN
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Year 4 (prospectively since 2014)

<i>Measurement period ended December 31.</i>	2014	2015	2016	2017
<i>Total Pension Plan Liability</i>				
Service cost	\$ 4,404	\$ 4,863	\$ 4,863	\$ 6,951
Interest on the total pension liability	36,580	37,019	36,841	38,931
Difference between expected and actual experience of the total pension liability	8,886	-	9,796	-
Assumption changes	-	-	19,596	-
Benefit payments	(44,250)	(44,250)	(44,250)	(44,250)
Net change in total pension liability	5,620	(2,368)	26,846	1,632
Total pension plan liability - beginning	507,301	512,921	510,553	537,399
Total pension plan liability - ending	\$ 512,921	\$ 510,553	\$ 537,399	\$ 539,031
<i>Pension Plan Fiduciary Net Position</i>				
District contributions	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
Pension plan net investment income	20,502	5,809	15,263	41,480
Benefit payments	(44,250)	(44,250)	(44,250)	(44,250)
Pension Plan administrative expenses	(859)	(1,587)	(737)	(7,028)
State of Colorado supplemental discretionary contribution	10,323	10,231	10,184	12,399
Net change in pension plan fiduciary net position	716	(14,797)	(4,540)	17,601
Pension plan fiduciary net position - beginning	323,933	324,649	309,852	305,312
Pension plan fiduciary net position - ending	\$ 324,649	\$ 309,852	\$ 305,312	\$ 322,913
<i>Net Pension Liability</i>	\$ (188,272)	\$ (200,701)	\$ (232,087)	\$ (216,118)
Pension Plan Fiduciary Net Position as a % of Total Pension Plan Liability	63.29%	60.69%	56.81%	59.91%
<i>Net Pension Plan Liability as % of Covered Payroll</i>	N/A	N/A	N/A	N/A
<i>Covered Payroll</i>	N/A	N/A	N/A	N/A
<i>Schedule of Contributions</i>				
Actuarially determined contribution	\$ 23,157	\$ 23,157	\$ 22,655	\$ 22,655
Actual contributions	25,323	25,231	25,184	27,399
Contribution deficiency (excess)	\$ (2,166)	\$ (2,074)	\$ (2,529)	\$ (4,744)