
***PAGOSA FIRE
PROTECTION DISTRICT***
*FINANCIAL STATEMENTS
DECEMBER 31, 2018*

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Independent Auditors' Report

Board of Directors
Pagosa Fire Protection District
Pagosa Springs, Colorado

Report On The Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Pagosa Fire Protection District (the District) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility For The Financial Statements

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

Auditors' 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 auditors' 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, each major fund and the aggregate remaining fund information of the 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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i through v, the budgetary comparison schedule, schedule of the District's proportionate share of the net pension (asset) liability, schedule of the District's contributions to the pension plan, schedule of changes in the District's net pension liability and related ratios and the schedule of the District's contributions and notes to required supplementary information on pages 40 through 46, respectively, 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 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The individual fund budgetary comparison schedule for the pension trust fund is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The individual fund budgetary comparison schedule for the pension trust fund is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund budgetary comparison schedule for the pension trust fund is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

RubinBrown LLP

June 18, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Pagosa Fire Protection District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the Pagosa Fire Protection District for the year ended December 31, 2018.

This discussion and analysis is intended to be an easily readable analysis of Pagosa Fire Protection District's financial activities based on currently known facts, decisions or conditions. This analysis focuses on current year activities and should be read in conjunction with the financial statements that follow.

Financial Highlights

1. The district's net position is \$3,176,176 at December 31, 2018 compared to the beginning net position of \$3,398,583 at December 31, 2017.
2. Total revenues of \$1,638,061 were less than total expenditures of \$1,860,468 by \$222,407.

Overview of Financial Statement

This discussion and analysis is intended to serve as an introduction to the District's basic financial statement. The District's basic financial statements are comprised of three (3) components:

1. Government-wide financial statements;
2. Fund financial statements;
3. Notes to the financial statements.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. The governmental activity of the District is primarily providing fire and emergency services for the Pagosa Fire Protection District.

The statement of net position presents information on all of the District's assets, liabilities, and deferred inflows/outflows with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The District adopts an annual appropriated budget for its General and Pension Funds. A budgetary comparison has been provided for these funds to demonstrate compliance with this budget.

Fund Financial Statements

Fund financial statements begin on page 6 and provide detailed information about the individual funds – not the District as a whole. The District has one governmental fund: The General Fund.

- Governmental funds – The governmental funds focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is presented in a reconciliation included with the fund financial statements.
- Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's programs.
- The District uses a pension trust fund to account for the accumulation of resources to be used for retirement payments for volunteer firefighters.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The District as a Trustee

The District is a trustee, or fiduciary, for its employees' pension plans. The District's fiduciary activities are reported in a separate Statement of Pension Trust Fund Net Position and Changes in Pension Trust Fund Net Position on pages 10 and 11. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in this fund are used for their intended purpose.

The following tables provide summaries of the District's net position and activities for 2018 compared to 2017.

Condensed Statement of Net Position		
	FY2017	FY2018
Current Assets	\$ 1,783,993	\$ 2,620,640
Capital Assets, Net	3,364,539	3,217,416
Other Assets	-	84,802
Total Assets	5,148,532	5,922,858
Deferred Outflows of Resources	403,853	519,255
Current Liabilities	112,745	81,247
Long-term Liabilities	845,027	916,094
Total Liabilities	957,772	997,341
Deferred Inflows of Resources	1,196,030	2,268,596
Net Position:		
Net Investment in Capital Assets	3,152,826	3,217,416
Restricted	106,840	121,720
Unrestricted	138,917	(162,960)
Total Net Position	\$ 3,398,583	\$ 3,176,176

Condensed Statement of Activities		
	FY2017	FY2018
Program Revenues:		
Charges for Service	\$ 27,948	\$ 16,200
Operating Grants and Contributions	221,929	406,626
Capital Grants and Contributions	-	-
Total Program Revenues	249,877	422,826
General Revenues:		
Taxes	1,133,079	1,170,854
Intergovernmental	15,738	14,820
Interest	261	126
Miscellaneous	22,278	29,435
Total General Revenues	1,171,356	1,215,235
Total Revenues	1,421,233	1,638,061
Expenses:		
Firefighting and Admin	1,566,358	1,851,851
Interest	6,445	8,617
Total Expenses	1,572,803	1,860,468
Change in Net Position	(151,570)	(222,407)
Net Position-Beginning	3,550,153	3,398,583
Net Position – End of Year	\$ 3,398,583	\$ 3,176,176

Financial Analysis

Statement of net position: Net position, the excess of assets and deferred outflows over liabilities and deferred inflows, may serve, over time, as a useful indicator of a government's financial position. The District's assets are \$5,922,858 at the close of the most recent fiscal year. The overall net position decreased by \$222,407. Net investment in capital assets increased from \$3,152,826 at December 31, 2017 to \$3,217,416 at December 31, 2018. Unrestricted net position decreased from \$138,917 at December 31, 2017 to \$(162,960) at December 31, 2018. Restricted net position increased from \$106,840 at December 31, 2017 to \$121,720 at December 31, 2018. Of the restricted net position, \$46,848 is restricted for emergency reserves.

A large portion of the District's net position is its investment in capital assets. These assets include apparatus, vehicles, buildings, land and equipment. The District uses these capital assets to provide services and consequently, these assets are not available to liquidate liabilities or for other spending.

The wildland fire program continues to have a positive impact on the finances of the District as serving as a cooperator to local state and national fires.

Statement of Activities

Impact fees collected for 2018 were \$14,820. Impact fees are collected as a result of development growth in Archuleta County and the Town of Pagosa Springs. Impact Fees are collected and distributed to the District through the Town of Pagosa Springs. They are used to reduce the burden of new development on current and future services. These impact fees provide financial assistance in order to meet the funding requirements needed for future apparatus, equipment, stations and training facilities.

Capital Assets and Long-Term Debt

Capital Assets: The District's net investment in capital assets as of December 31, 2018 is \$3,217,416. The increase is due to the SCBA payoff of \$211,713.

Long Term Debt: As of December 31, 2016, the District purchased 55 self-contained breathing apparatus (SCBA) to replace the old, outdated and expired SCBAs. SCBA is a device worn by firefighters to provide breathable air in an immediately dangerous to life or health atmosphere. All Personnel Protective Equipment including SCBA must meet the National Fire Protection Association (NFPA) requirement for service life. This debt was paid off on 12/19/2018.

Budget Analysis

As of December 31, 2018, the District's general fund revenues of \$1,638,061 exceeded the final budget of \$1,245,942 by \$392,119. As of December 31, 2018, the District's general fund expenditures of \$1,675,959 exceeded the final budget of \$1,547,969 by \$127,990. In total, the excess of revenues over expenditures within the general fund experienced a favorable budget variance \$264,129.

Requests for Information

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Chief and the Finance Administrator, Pagosa Fire Protection District, 191 N. Pagosa Blvd., Pagosa Springs, CO 81147.

PAGOSA FIRE PROTECTION DISTRICT

STATEMENT OF NET POSITION

December 31, 2018

	<u>Governmental Activities</u>
Assets	
Cash	\$ 448,458
Cash held with County Treasurer	10,040
Restricted cash	60,052
Receivables:	
Property taxes	2,039,424
Other	23,298
Prepaid items	39,368
Nondepreciable capital assets	323,801
Depreciable capital assets - net	2,893,615
Net pension asset - SWDBP	84,802
Total Assets	<u>5,922,858</u>
Deferred Outflows Of Resources	
Deferred outflows pension - SWDBP	166,819
Deferred outflows pension - Volunteer Pension	352,436
Total Deferred Outflows Of Resources	<u>519,255</u>
Liabilities	
Accounts payable	17,961
Accrued expenses	20,331
Noncurrent liabilities:	
Due within one year	42,955
Due in more than one year	25,473
Net pension liability - Volunteer Pension	890,621
Total Liabilities	<u>997,341</u>
Deferred Inflows Of Resources	
Unearned property tax revenue	2,039,424
Deferred inflows pension - SWDBP	121,861
Deferred inflows pension - Volunteer Pension	107,311
Total Deferred Inflows Of Resources	<u>2,268,596</u>
Net Position	
Net investment in capital assets	3,217,416
Restricted for:	
Capital impact fees	74,872
TABOR	46,848
Unrestricted	(162,960)
Total Net Position	<u>\$ 3,176,176</u>

PAGOSA FIRE PROTECTION DISTRICT

STATEMENT OF ACTIVITIES For The Year Ended December 31, 2018

	Expenses	Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Net Revenue (Expense) And Change In Net Position
Primary Government					
Governmental activities:					
Public safety	\$ 1,851,851	\$ 16,200	\$ 406,626	\$ —	\$ (1,429,025)
Interest	8,617	—	—	—	(8,617)
Total Governmental Activities	\$ 1,860,468	\$ 16,200	\$ 406,626	\$ —	(1,437,642)
General Revenues					
Property taxes					1,048,808
Specific ownership taxes					122,046
Impact fees					14,820
Intergovernmental					1,020
Investment income					126
Other					28,415
Total General Revenues					1,215,235
Change In Net Position					(222,407)
Net Position - Beginning Of Year					3,398,583
Net Position - End Of Year					\$ 3,176,176

PAGOSA FIRE PROTECTION DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2018

Assets		
		General Fund
Assets		
Cash	\$	448,458
Restricted cash		60,052
Cash held with County Treasurer		10,040
Receivables:		
Property taxes		2,039,424
Other		23,298
Prepaid items		<u>39,368</u>
Total Assets	\$	<u><u>2,620,640</u></u>
Liabilities, Deferred Inflows Of Resources And Fund Balances		
Liabilities		
Accounts payable	\$	17,961
Accrued liabilities		<u>20,331</u>
Total Liabilities		<u><u>38,292</u></u>
Deferred Inflows Of Resources		
Unavailable revenue - property taxes		<u>2,039,424</u>
Fund Balances		
Nonspendable:		
Prepaid items		39,368
Restricted:		
Capital impact fees		74,872
TABOR		46,848
Assigned:		
Station 7		8,500
Unassigned		<u>373,336</u>
Total Fund Balances		<u><u>542,924</u></u>
Total Liabilities, Deferred Inflows Of Resources And Fund Balances	\$	<u><u>2,620,640</u></u>

PAGOSA FIRE PROTECTION DISTRICT
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
December 31, 2018

Fund Balances - Total Governmental Funds \$ 542,924

Amounts reported for governmental activities in the
statement of net position are different because:

Capital assets used in governmental activities are not current
financial resources and, therefore, are not reported in the
governmental funds.

Capital assets	\$ 7,211,731	
Accumulated depreciation	<u>(3,994,315)</u>	3,217,416

Pension plan accounts, such as deferred inflows/outflows and net
pension asset (liability), are not receivable or payable in the current period
and, therefore, are not reported in the governmental funds.

Net pension asset		84,802
Deferred outflows pensions		519,255
Net pension liability		(890,621)
Deferred inflows pensions		(229,172)

Liabilities not due and payable in the current period
are not reported in the governmental funds.

Compensated absences		<u>(68,428)</u>
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Net Position Of Governmental Activities \$ 3,176,176

PAGOSA FIRE PROTECTION DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**

For The Year Ended December 31, 2018

	General Fund
Revenues	
Property taxes	\$ 1,048,808
Specific ownership taxes	122,046
Wildland fire reimbursement	406,626
Impact fees	14,820
Intergovernmental	1,020
Earning on investments	126
Permit fees	6,071
Special fire protection	10,129
Other income	28,415
Total Revenues	<u>1,638,061</u>
Expenditures	
General government:	
Fire administration	1,136,647
Fire fighting	341,005
Fire prevention	11,717
Fire training	35,430
Fire communications	36,007
Fire maintenance	12,185
Station and grounds	48,321
Capital outlay	54,647
Total Expenditures	<u>1,675,959</u>
Deficiency Of Revenues Over Expenditures	<u>(37,898)</u>
Other Financing Sources (Uses)	
Transfer to Pension Trust Fund	<u>(126,107)</u>
Net Change In Fund Balances	(164,005)
Fund Balance - Beginning Of Year	<u>706,929</u>
Fund Balance - End Of Year	<u><u>\$ 542,924</u></u>

PAGOSA FIRE PROTECTION DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For The Year Ended December 31, 2018

Net Change In Fund Balances - Total Governmental Funds \$ (164,005)

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

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets
is capitalized and depreciated over their estimated useful lives.

Capital outlay	\$ 54,647	
Depreciation	<u>(201,770)</u>	(147,123)

Pension benefit (expense) does not use current financial resources
and, therefore, is not reported as an expenditure in governmental funds. (107,768)

The issuance of long-term debt (i.e., bonds and leases) provides
current financial resources to governmental funds, while the
repayment of principle of long-term debt consumes the current
financial resources of governmental funds. Neither transaction,
however, has any effect on net position. Also, governmental funds
report the effect of premiums, discounts and similar items when
debt is first issued, whereas these amounts are amortized in
the statement of activities. The amount is the net effect of these
differences in the treatment of long-term debt and related items.

Compensated absences	(18,492)	
Accrued interest payable	3,268	
Principal payments made	<u>211,713</u>	196,489

Change In Net Position Of Governmental Activities \$ (222,407)

PAGOSA FIRE PROTECTION DISTRICT

STATEMENT OF PLAN NET POSITION - PENSION TRUST FUND December 31, 2018

Assets

Investments	\$ 3,314,367
Contributions receivable	3,962
Accrued interest receivable	222
Total Assets	<u>3,318,551</u>

Net Position Restricted For Pension Benefits

\$ 3,318,551

PAGOSA FIRE PROTECTION DISTRICT

**STATEMENT OF CHANGES IN PLAN NET POSITION -
PENSION TRUST FUND**

For The Year Ended December 31, 2018

Additions

Contributions:

District	\$ 126,107
State	30,596
Total Contributions	<u>156,703</u>

Investment income:

Net depreciation in fair value of investments	(188,234)
Interest	1,578
Dividends	82,357
Total Net Investment Loss	<u>(104,299)</u>

Total Additions	<u>52,404</u>
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Deductions

Benefits	303,875
Professional fees	37,847
AD&D insurance	2,815
Total Deductions	<u>344,537</u>

Net Decrease In Net Position Held In Trust For Pension Benefits	(292,133)
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Net Position Restricted For Pension Benefits - Beginning Of Year	<u>3,610,684</u>
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Net Position Restricted For Pension Benefits - End Of Year	<u><u>\$ 3,318,551</u></u>
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PAGOSA FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

1. Summary Of Significant Accounting Policies

Organization

The Pagosa Fire Protection District (the District) was established on July 9, 1975 as a special district as defined by the 1973 Colorado Revised Statutes (C.R.S.). The District was formed to provide fire protection to its inhabitants. The statutes provide that the Chairman of the Board of Directors is the chief administrative officer and that the Board of Directors shall be the policy-making authority.

Reporting Entity

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements that provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

Basis Of Presentation

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.

The statement of net position presents the financial position of the governmental activities of the District. The statement of net position reports all financial and capital resources of the District. The difference between the assets and deferred outflows of resources and liabilities and deferred inflows of resources is reported as net position.

PAGOSA FIRE PROTECTION DISTRICT

Notes To Financial Statements (*Continued*)

The statement of 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 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. The District does not allocate indirect expenses to functions in the statement of activities.

Separate financial statements are provided for the governmental fund and the fiduciary fund, even though the latter is excluded from the government-wide financial statements. The District reports a single major fund: the General Fund.

Accounting Policies

The accounting policies of the District conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The District uses funds to maintain its financial records during the year.

Fund financial statements consist of a series of statements focusing on information about the District's major governmental funds.

The following is the District's major governmental fund:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Additionally, the District reports the following fiduciary fund type:

Pension Trust Fund - The Pension Trust Fund accounts for transactions relating to assets held by the District in its capacity of trustee for the Volunteer Firefighter Pension Fund.

Measurement Focus And Basis Of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when a 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 revenues as soon as all eligibility requirements imposed by the provider have been met.

PAGOSA FIRE PROTECTION DISTRICT

Notes To Financial Statements (*Continued*)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Only current assets and liabilities are included on the balance sheet, and the fund balance includes only spendable resources. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of certain deferred outflows of resources and in the presentation of expenses versus expenditures. Under the modified accrual basis of accounting, revenues are recognized as soon as they are both “measurable and available.” “Measurable” means the amount of the transaction can be determined and “available” means 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 are recorded when a liability is incurred as under accrual accounting. However, debt service expenditures are reported only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt are reported as other financing sources.

The fiduciary fund is reported using the economic resources measurement and accrual basis of accounting. Under this method, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred.

Use Of Estimates

The preparation of financial statements, in conformity with GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Budgets

In accordance with the State Budget Law, the District’s Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year end. The District’s Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements.

PAGOSA FIRE PROTECTION DISTRICT

Notes To Financial Statements (*Continued*)

Deposits And Investments

The District's deposits include amounts that are readily convertible to known amounts of cash, are not subject to significant risk from changes in interest rates and have a maturity of three months or less from the date of acquisition. For deposits, the fair value approximates the carrying value. Deposits include cash in checking accounts and certificates of deposits.

The District's investment policy, in accordance with Colorado law, authorizes investment in obligations of the U.S. Treasury, the State of Colorado, Colorado counties and school districts, repurchase agreements, financial institutions and local government investment pools. State statutes prohibit investments with a stated maturity date greater than five years, unless allowed by District Charter.

The District's investment policy for the Pension Trust Fund, in accordance with C.R.S. 31-30-1113, authorizes, in addition to the above, investments in a noninsured trust pension plan with a trust company.

Investments are measured at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*.

Short-Term Interfund Receivables/Payables

All outstanding balances between funds are reported as "due to/from other funds" in the governmental fund balance sheet. These balances are eliminated in the statement of net position.

Prepaid Items

Payments made for services that will benefit periods beyond the end of the current year are recorded as prepaid items.

Property Taxes

In the government fund financial statements, property tax revenue is accounted for using the modified accrual basis of accounting. Property tax receivable is recognized on the levy or lien date. This receivable represents taxes certified by Archuleta County (the County) to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. Although the succeeding year property tax receivable has been recorded, the related revenue is unavailable and will not be recognized as revenue until the year for which it is levied in the governmental fund statements. In the government-wide financial statements, property tax revenues are also recognized as revenues in the year for which they are levied.

PAGOSA FIRE PROTECTION DISTRICT

Notes To Financial Statements (*Continued*)

The District's property taxes, levied by December 15, are due and payable in the subsequent calendar year. Assessed values are established by the County Assessor. Property taxes attach as an enforceable lien on property as of January 1 of the year in which they are payable. The taxes are payable under two methods: a) in full on or before April 30 or b) one-half on or before February 28, and the remaining one-half on or before June 15. Property tax receipts collected by the County are remitted to the District in the subsequent month. Property taxes receivable not collected within 60 days of year end have been recorded as a deferred inflow of resources in the fund financial statements. Since property taxes are levied in December for the next calendar year's operations, the total levy is reported as taxes receivable and a deferred inflow of resources in the government-wide financial statements.

Capital Assets

Capital assets, which include land, land improvements, buildings, equipment and vehicles, are reported in the government-wide financial statements. Capital outlays are recorded as expenditures in the General Fund at the time of purchase. Capital assets are defined by the District as assets with an initial individual cost of \$5,000 or more and an estimated useful life of more than one year. Capital assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at acquisition value on the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Land and land improvements are not depreciated. Buildings, equipment and vehicles of the District are depreciated using the straight-line method over 5 to 40 years.

Compensated Absences

The District allows its employees to accumulate vacation time, which is required to be taken within one year of its accrual date. The District's accrued vacation is based on completed years of service:

1 - 5 years of service	2 weeks
5 - 10 years of service	3 weeks
10 - 15 years of service	4 weeks
15 - 20 years of service	5 weeks
20+ years of service	6 weeks

PAGOSA FIRE PROTECTION DISTRICT

Notes To Financial Statements (*Continued*)

The District also allows employees to carry over compensatory time of a maximum of 80 hours at year end. Upon separation from service, the total amount of accumulated but unused vacation and compensatory time is paid out. Sick leave is accumulated 1 day a month up to 60 days; however, upon separation from service, no payment is made for any unused sick leave.

Deferred Outflows/Inflows Of Resources

In addition to assets, the statement of net position 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 that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until that time. The District has recognized deferred outflows of resources in the government-wide financial statements in accordance with presentation requirements for pension reporting.

In addition to liabilities, the statement of net position and governmental funds balance sheet 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 that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. Property tax revenue that is related to a future period is recorded as a deferred inflow. These amounts are deferred and will be recognized as an inflow of resources in the period that the amounts become available, at both the governmental fund level and in the period the taxes are levied at the government-wide reporting level. The District has also recognized deferred inflows of resources in the government-wide financial statements in accordance with presentation requirements for pension reporting.

Fund Balance/Net Position

The difference between assets, deferred outflows, liabilities and deferred inflows is “net position” on the government-wide financial statements and “fund balance” on the governmental fund financial statements. Net position is divided into net investment in capital assets, restricted and unrestricted. Net position is reported as restricted when constraints are placed upon it by external parties or are imposed by constitutional provisions or enabling legislation.

PAGOSA FIRE PROTECTION DISTRICT

Notes To Financial Statements (*Continued*)

Fund balance for governmental funds is reported in various categories based on the nature of limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment or an assignment. The following classifications describe the relative strength of the spending constraints.

Nonspendable - includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact

Restricted - includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation

Committed - includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to motions or resolutions passed by the Board of Directors, the District's highest level of decision-making authority. Commitments may be modified or rescinded only through motions or resolutions approved by the Board of Directors.

Assigned - includes amounts the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. The Board of Directors and Fire Chief have authority to assign amounts to be used for specific purposes.

Unassigned - includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund

When both restricted and unrestricted resources are available for use, it is the District's policy to use externally restricted resources first, then unrestricted resources (committed, assigned and unassigned) in order as needed.

Pensions

The District participates in two defined benefit pension plans. For purposes of measuring the net pension (assets) liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of pension plans and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

2. Cash, Cash Equivalents And Investments

Deposits

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 regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is specified by PDPA. PDPA allows the institution 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 the uninsured public deposits as a group. The State Regulatory Commission for banks is required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2018, the District had no deposits exposed to custodial credit risk.

Investments

The District is required to comply with state statutes which specify investment instruments meeting defined rating, maturity and concentration risk criteria in which local governments may invest, which include the following:

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

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned to it. The District's policy requires all deposits to be held in PDPA-approved financial institutions to mitigate this risk.

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

PAGOSA FIRE PROTECTION DISTRICT

Notes To Financial Statements (*Continued*)

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

Foreign Currency Risk - Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The District is not exposed to foreign currency risk at year end.

At December 31, 2018, the District had the following investments:

<u>Investments In Pension Trust Fund</u>	<u>Less Than One Year Maturity</u>	<u>Level 1 Fair Value</u>
Mutual funds	\$ 3,314,367	\$ 3,314,367

Fair Value

The District categorizes its fair value measurements within the fair value hierarchy established by GAAP. 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 and Level 3 inputs are significant unobservable inputs. The District's investments held in trust for the pension plan have a Level 1 fair value measurement as of December 31, 2018.

The following is a description of the valuation methodologies used for assets measured at fair value.

Mutual Funds - These are public investment vehicles, valued using the fair value per share (unit) provided by the administrator of the fund. The fair value per unit is based on the value of the underlying assets owned by the fund, minus the liabilities, and then divided by the number of shares outstanding. The fair value per unit is the quoted price in an active market and classified within Level 1 of the valuation hierarchy.

PAGOSA FIRE PROTECTION DISTRICT

Notes To Financial Statements *(Continued)*

Presentation

Cash, cash equivalents and investments presented in the governmental activities financial statements at December 31, 2018 are as follows:

Cash held with County Treasurer	\$ 10,040
Cash	448,458
Restricted cash	<u>60,052</u>
Total Governmental Activities	<u>\$ 518,550</u>
 Pension Trust Fund Investments	 <u>\$ 3,314,367</u>

3. Capital Assets

The following is a summary of changes in capital assets for the year ended December 31, 2018:

	Balance January 1, 2018	Additions	Deletions	Balance December 31, 2018
Capital assets not being depreciated:				
Land	\$ 177,266	\$ —	\$ —	\$ 177,266
Land improvements	146,535	—	—	146,535
Total	323,801	—	—	323,801
Capital assets being depreciated:				
Building	2,039,288	—	—	2,039,288
Equipment	986,930	—	—	986,930
Vehicles	3,807,065	54,647	—	3,861,712
Total Depreciable Capital Assets	6,833,283	54,647	—	6,887,930
Accumulated depreciation	(3,792,545)	(201,770)	—	(3,994,315)
Total Depreciable Capital Assets, Net	3,040,738	(147,123)	—	2,893,615
Capital Assets - Net	\$ 3,364,539	\$ (147,123)	\$ —	\$ 3,217,416

Depreciation expense for the year ended December 31, 2018 was \$201,770 and was charged to public safety.

PAGOSA FIRE PROTECTION DISTRICT

Notes To Financial Statements *(Continued)*

4. Long-Term Obligations

On August 31, 2016, the District entered into a capital lease agreement for the purchase of 55 SCBA units. Payments are to be made in annual installments of \$38,888 beginning June 15, 2017, with final payment due June 15, 2023. The lease bears interest at 2.850%. This lease was paid in full during 2018.

Changes in the District's long-term obligations for the year ended December 31, 2018 are as follows:

	Balance January 1, 2018	Additions	Deletions	Balance December 31, 2018	Current
Capital lease	\$ 211,713	\$ —	\$ (211,713)	\$ —	\$ —
Compensated absences	49,936	61,447	(42,955)	68,428	42,955
Total	\$ 261,649	\$ 61,447	\$ (254,668)	\$ 68,428	\$ 42,955

Total assets recorded in conjunction with the capital lease agreement have a total cost of \$348,159 and accumulated amortization of \$72,533 as of December 31, 2018 and are recorded in the District's governmental activities. Amortization is included in depreciation.

Compensated absences and capital lease payments are liquidated through the General Fund.

In March 2019, the District entered into a capital lease agreement for the purchase of an apparatus. Payments are to be made in annual installments of \$54,717 beginning June 15, 2020, with final payment due June 15, 2029. The lease bears interest at 4.087% and is secured by the asset as well as the District's depository account.

5. Risk Assessment

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 carries commercial insurance for the risks of loss, including worker's compensation and employee accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. Limits of insurance coverage remain unchanged in the past three years.

PAGOSA FIRE PROTECTION DISTRICT

Notes To Financial Statements (*Continued*)

The District is a participant joined the Colorado Special Districts Property and Liability Pool (the Pool), a public entity risk pool currently operating as a common risk management and insurance program for member special districts in Colorado. The Pool provides property and general liability, automobile physical damage and liability, public officials' liability, inland marine, money and security and boiler and machinery coverages to its members. The District does not know its percentage share of the Pool surplus or deficit. The District pays annual premiums to the Pool for coverage.

The Pool agreement also gives the Board of Directors of the Pool the power to establish additional contributions at such times and in such amounts as the Board determines are needed for the purposes of the Pool. The Board may decide to distribute surplus funds among members; however, the District did not receive any such distribution for the year ended December 31, 2018.

6. Intergovernmental Agreement

During 2006, the District entered into an Intergovernmental Agreement with the Town of Pagosa Springs, Colorado, concerning the collection, payment and use of development impact fees. Pursuant to this agreement, the Town of Pagosa Springs, Colorado, began collecting and paying to the District an impact fee. These monies may only be used for the planning, preliminary architectural and engineering services, architectural and engineering design studies, land surveys, real property acquisition, permitting, site improvements and off-site improvements associated with new or expanded facilities; the construction of buildings and other facilities and the purchase of apparatus and equipment, including communications equipment, with an average useable life of at least five years. The amount recognized in 2018 as impact fee income is \$14,820.

7. FPPA Statewide Cost-Sharing Defined Benefit Pension Plan

SWDBP Plan Description

Eligible employees of the District are provided with pensions through the Statewide Defined Benefit Plan (SWDBP), a cost-sharing multiple-employer defined benefit pension plan administered by the Fire & Police Pension Association of Colorado (FPPA). FPPA issues a publicly available comprehensive annual financial report that can be obtained on FPPA's website at <http://www.fppaco.org>.

PAGOSA FIRE PROTECTION DISTRICT

Notes To Financial Statements (*Continued*)

Benefits Provided

SWDBP provides retirement and disability, annual increases and death benefits for members or their beneficiaries. A member is eligible for a normal retirement pension once the member has completed 25 years of credited service and has attained the age of 55.

The annual normal retirement benefit is 2% of the average of the member's highest 3 years' base salary for each year of credited service up to 10 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 SWDBP. Benefits paid to retired members are evaluated and may be redetermined every October 1. The amount of any increase is at the FPPA 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 5 years of accredited service may leave contributions with SWDBP and remain eligible for a retirement pension at age 55 equal to 2% of the member's average highest 3 years' base salary for each year of credited service up to 10 years, plus 2.5% for each year of service thereafter.

Contributions

SWDBP sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. Contribution rates are established by state statute. Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or election of the membership.

Members of SWDBP and their employers are contributing at the rate of 9.5% and 8%, respectively, of base salary for a total contribution rate of 17.5% in 2017. In 2014, the members elected to increase the member contribution rate to SWDBP beginning in 2015. Member contribution rates will increase 0.5% annually through 2022 to a total of 12% of base salary. Employer contributions will remain at 8.0%, resulting in a combined contribution rate of 20% in 2022.

PAGOSA FIRE PROTECTION DISTRICT

Notes To Financial Statements (*Continued*)

Contributions from members and employers or departments re-entering the system are established by resolution and approved by the FPPA Board of Directors. The re-entry group has a combined contribution rate of 21.5% of base salary through 2017. It is a local decision as to whether the member or employer pays the additional 4% contribution. Per the 2014 member election, the re-entry group could also have their required member contribution rate increase 0.5% annually beginning in 2015 through 2022 for a total combined member and employer contribution rate of 24% in 2022.

The contribution rate for members and employers of affiliated Social Security employers is 4.755% and 4%, respectively, of base salary for a total contribution rate of 8.75% through 2017. Per the 2014 member election, members of the affiliate Social Security group will have their required contribution rate increase 0.25% annually beginning in 2015 through 2022 to a total of 6% of base salary. Employer contributions will remain at 4% resulting in a combined contribution rate of 10% in 2022.

Employer contributions are recognized by SWDBP in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to SWDBP. Employer contributions recognized by SWDBP from the District were \$31,343 for the year ended December 31, 2018.

Pension Assets, Pension Expense, Deferred Outflows Of Resources And Deferred Inflows Of Resources Related To Pensions

At December 31, 2018, the District reported a net pension asset of \$84,802 for its proportionate share of the plan's net pension asset. The net pension asset was measured as of December 31, 2017, and the total pension asset was determined by an actuarial valuation as of January 1, 2018. The District's proportion of the net pension asset was based on District contributions to SWDBP for the calendar year 2017, relative to the total contributions of participating employers.

At December 31, 2017, the District's proportion was 0.058945%, which was a decrease of 0.032018% from its proportion measured as of December 31, 2016.

PAGOSA FIRE PROTECTION DISTRICT

Notes To Financial Statements (*Continued*)

For the year ended December 31, 2018, the District recognized a pension benefit of \$63,270. At December 31, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to SWDBP from the following sources:

Deferred Outflows Of Resources	
Differences between expected and actual experience	\$ 61,154
Net difference between projected and actual earnings on pension plan investments	39,403
Changes of assumptions and other inputs	12,777
Change in proportion and differences between contributions and proportionate share of contributions	22,142
Contributions subsequent to measurement date	31,343
Total Deferred Outflows Of Resources	\$ 166,819
Deferred Inflows Of Resources	
Differences between expected and actual experience	\$ 940
Net difference between projected and actual earnings on pension plan investments	68,196
Changes in proportion and differences between contributions and proportionate share of contributions	52,725
Total Deferred Inflows Of Resources	\$ 121,861

The amount of \$31,343 reported as deferred outflows of resources related to SWDBP, resulting from contributions subsequent to the measurement date, will be recognized as an increase of the net pension asset in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to SWDBP will be recognized in pension expense (benefit) as follows:

For The Year Ended December 31,	
2019	\$ 6,982
2020	5,671
2021	(6,567)
2022	(11,105)
2023	5,944
Thereafter	12,690
Total	\$ 13,615

PAGOSA FIRE PROTECTION DISTRICT

Notes To Financial Statements (*Continued*)

Actuarial Assumptions

The actuarial valuations for SWDBP were used to determine the total pension asset and actuarially determined contributions for the fiscal year ending December 31, 2017. The valuations used the following actuarial assumption and other inputs:

	Total Pension Liability	Actuarially Determined Contributions
Valuation date	December 31, 2017	January 1, 2017
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level % payroll, open	Level % payroll, open
Remaining amortization period	30 years	30 years
Actuarial assumptions:		
Investment rate of return*	7.5%	7.5%
Projected salary increases*	4.0% - 14.0%	4.0% - 14.0%
Cost of living adjustments	0.0%	0.0%
 * Includes inflation at:	 2.5%	 2.5%

Effective January 1, 2016, the post-retirement mortality tables for nondisabled retirees is a blend of the annuitant and employee generational mortality tables with blue-collar adjustment projected with Scale BB in the *RP-2014 Mortality Tables Report*, published by the Society of Actuaries (RP-2014). The occupationally disabled post-retirement mortality assumption uses the same table as used for healthy annuitants, except there is a 3-year set-forward, meaning a disabled member age 70 will be valued as if they were a 73-year-old healthy retiree. The totally disabled post-retirement mortality assumption uses the RP-2014 generational mortality tables for disabled annuitants, except an additional provision to apply a minimum 3% mortality probability to males and a 2% mortality probability for females is included to reflect substantial impairment for this population. The preretirement off-duty mortality tables are adjusted to 55% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00020.

PAGOSA FIRE PROTECTION DISTRICT

Notes To Financial Statements (*Continued*)

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (assumed at 2.5%). Best estimates of arithmetic real rates of return for each major asset class included in the fund's target asset allocation as of December 31, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate Of Return
Global equity	37.00%	8.3%
Equity long/short	9.00%	7.2%
Illiquid alternatives	24.00%	9.7%
Fixed income	15.00%	3.0%
Absolute return	9.00%	6.5%
Managed futures	4.00%	6.9%
Cash	2.00%	2.3%
Total	100.00%	

Discount Rate

The discount rate used to measure the total pension asset was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers would be made based on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the SWDBP fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability (asset).

Projected benefit payments are required to be discounted to their actuarial present values using a single discount rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits).

PAGOSA FIRE PROTECTION DISTRICT

Notes To Financial Statements *(Continued)*

For the purpose of the valuation, the expected rate of return on pension plan investments is 7.50%, the municipal bond rate is 3.78% (based on the weekly rate closest to but not later than the measurement date of the state and local bonds rate from Federal Reserve statistical release (H.15)) and the resulting single discount rate is 7.50%.

Sensitivity Of The District's Proportionate Share Of The Net Pension Liability (Asset) To Changes In The Discount Rate

Regarding the sensitivity of the net pension liability (asset) to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 7.5%, as well as what the plan's net pension liability (asset) would be if it were calculated using a single discount rate that is one percent lower (6.5%) or one percent higher (8.5%):

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Proportionate share of the net pension liability (asset)	\$ 92,324	\$ (84,802)	\$ (231,882)

Pension Plan Fiduciary Net Position

Detailed information about SWDBP's fiduciary net position is available in FPPA's comprehensive annual financial report, which can be obtained on FPPA's website at <http://www.fppaco.org>.

Subsequent Event

The FPPA Board completed an actuarial experience study and approved changes to the actuarial assumptions effective January 1, 2019. The inflation assumption will remain at 2.5%. The investment return assumption will be reduced from 7.5% to 7.0%, which will increase the cost of pension benefits. The change in the investment return assumption reflects the reduced real return expectations from recent capital market data.

8. Volunteer Firefighter Pension Fund

Summary Of Significant Accounting Policies - Effective January 2, 2003, the District elected to affiliate with Wells Fargo Bank West (Wells Fargo) for the purpose of having Wells Fargo administer its Volunteer Firefighter Pension Plan (the Volunteer Fund), a single-employer defined benefit plan, and manage the Volunteer Fund funds for investment. The net pension liability, deferred inflows and deferred outflows of resources related to the Volunteer Fund, pension expense and information about the fiduciary net position of the Volunteer Fund have been determined using the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information About The Pension Plan - The Volunteer Fund is administered by reference to the Rules and Bylaws of the Firefighter Pension Fund of the District as adopted on July 12, 1982 and amended on August 8, 1988, and applicable Colorado statutes. The Board of Trustees of the Volunteer Fund has the authority to establish and amend benefit provisions. The Board of Trustees consists of the members of the Board of Directors of the District and two elected members from the fire department.

Since the District retains fiduciary responsibility for the Volunteer Fund, it has been determined that the activities of this pension should be reported in the District's financial statements as a fiduciary fund type.

The financial statements of the Volunteer Fund are prepared using the accrual basis of accounting. Benefits, expenses and refunds are recognized when due and payable in accordance with the terms of the plan. All administrative expenses are borne by the Volunteer Fund. Stand-alone financial statements for the Volunteer Fund are not issued. The Volunteer Fund is included in the District's financial statements as a fiduciary fund.

Contribution And Benefit Information - Funding of accrued pension expense is accomplished through contributions from the State of Colorado in accordance with 1973 C.R.S. 31-30-1014(3)(a)(1), and through an annual mill levy of 0.500 (not to exceed one) on the current valuation for assessment. The assessed valuation for 2018 was \$257,088,011. One mill was \$257,088. Taxes collected in 2018 for pension funding were \$126,107.

PAGOSA FIRE PROTECTION DISTRICT

Notes To Financial Statements (*Continued*)

The Volunteer Fund is open to any firefighter who renders service to the District and who does not receive compensation under an employment contract as a firefighter. The Volunteer Fund covers substantially all volunteer firefighters within the fire department of the District.

The benefits provided under the plan are as follows:

- a) A pension amount of \$650 per month to active members who have attained age 50 and completed 20 or more years of service. Benefits are prorated for service of at least 10 years, but less than 20 years. A volunteer firefighter must maintain a minimum training participation in the fire department of 36 hours each year to qualify for retirement benefits.
- b) A pension amount of \$32.50 per month per year of service for inactive members who have attained the age of 50 and had completed at least 10 years of service before their termination. A maximum benefit of \$600 per month is payable for inactive members with over 20 years of service.
- c) Survivor Benefit - monthly benefits
Following death before retirement, not more than \$325
- d) Survivor Benefit - lump sum benefit
Following death of any active or retired member of the Pension Fund, \$1,000
- e) Disability Retirement Benefit - monthly benefits
Short Term Disability - \$150 for one year

Census information for the Volunteer Fund as of December 31, 2018 is as follows:

Inactive plan members or beneficiaries currently receiving benefits	64
Inactive plan members entitled to but not yet receiving benefits	6
Active plan members	<u>28</u>
Total Members	<u><u>98</u></u>

Pension Liability, Pension Expense And Deferred Outflows Of Resources And Deferred Inflows Of Resources Related To Pensions

At December 31, 2018, the District reported a net pension liability of \$890,621 on the statement of net position. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as January 1, 2019.

PAGOSA FIRE PROTECTION DISTRICT

Notes To Financial Statements (*Continued*)

For the year ended December 31, 2018, the District recognized a pension expense of \$203,023. At December 31, 2018, the District reported the following deferred outflows of resources and inflows of resources related to pension from the following sources:

Deferred Outflows Of Resources

Difference between projected and actual earnings on pension plan investments	\$ 294,480
Differences between expected and actual experience	22,735
Changes of assumptions	35,221
Total Deferred Outflows Of Resources	\$ 352,436

Deferred Inflows Of Resources

Difference between projected and actual earnings on pension plan investments	\$ 88,524
Changes of assumptions	18,787
Total Deferred Inflows Of Resources	\$ 107,311

Deferred outflows and inflows of resources will be recognized in pension expense as follows:

For The Year Ended December 31,	
2019	\$ 109,754
2020	38,232
2021	34,102
2022	63,037
Total	\$ 245,125

PAGOSA FIRE PROTECTION DISTRICT

Notes To Financial Statements (*Continued*)

Actuarial Assumptions

The total pension liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Valuation date	January 1, 2019
Actuarial cost method	Entry age normal
Amortization method	Level dollar, open
Remaining amortization period years	20 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	6.0%
Salary increases	N/A
Inflation	Implicit
Retirement age	50% rate assumed until age 65 at which 100% retirement is assumed
Mortality	For ages less than 55, RP-2014 Mortality Tables for Blue Collar Employees. For ages 65 and older, RP-2014 Mortality Tables for Blue Collar Healthy Annuitants. For ages 55 through 64, a blend of the previous tables. All tables are generationally projected with Scale BB.
Cost-of-living adjustment	None

The actuarial assumptions used in the January 1, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2018 through December 31, 2018. The mortality and withdrawal assumptions have been updated since the prior valuation. The assumptions are similar to the assumption set used to value volunteer fire districts in Colorado that are associated with FPPA. The investment rate of return has been updated to be net of investment expenses only and an explicit administrative expense assumption has been added to the actuarially determined contribution.

PAGOSA FIRE PROTECTION DISTRICT

Notes To Financial Statements *(Continued)*

The investment objective of the Volunteer Fund is to emphasize long-term growth of principle while avoiding excessive risk. Short-term volatility is tolerated in as much as the comparable market index fluctuates. Total return to exceed the performance of a policy index based on the strategic allocation of the Volunteer Fund assets to various broad asset classes. The asset classes included in the pension plan's target asset allocation as of December 31, 2018 are summarized in the following table:

Asset Class	Target Allocation
Domestic large cap equities	18.00%
Domestic mid cap equities	5.00%
Domestic small cap equities	5.00%
International stocks	10.00%
Fixed income	60.00%
Cash and equivalents	2.00%
Total	100.00%

Discount Rate

The single discount rate used to measure the total pension liability was 6.0%. This single discount rate was based on the expected rate of return on pension plan investments of 6.0%. The projection of cash flows used to determine the single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

PAGOSA FIRE PROTECTION DISTRICT

Notes To Financial Statements *(Continued)*

Changes in the net pension liability at December 31, 2018 are as follows:

	<u>2018</u>
Total Pension Liability	
Service cost	\$ 49,860
Interest	247,046
Differences between expected and actual experience	3,098
Changes of assumptions	(32,087)
Benefit payments	<u>(306,690)</u>
Net Change In Total Pension Liability	<u>(38,773)</u>
 Total Pension Liability, Beginning Of Year	 <u>4,243,983</u>
 Total Pension Liability, End Of Year (a)	 <u><u>\$ 4,205,210</u></u>
 Plan Fiduciary Net Position	
Contributions - employer	\$ 122,145
Net investment income	(104,299)
Benefit payments	(306,690)
Administrative expense	(37,846)
State of Colorado contributions	<u>30,596</u>
Net Change In Plan Fiduciary Net Position	<u>(296,094)</u>
 Plan Fiduciary Net Position, Beginning Of Year	 <u>3,610,683</u>
 Plan Fiduciary Net Position, End Of Year (b)	 <u><u>\$ 3,314,589</u></u>
 Net Pension Liability ((a)-(b))	 <u>\$ 890,621</u>

Sensitivity Of The Net Pension Liability To Changes In The Discount Rate

Regarding the sensitivity of the net pension liability (asset) to changes in the single discount rate, the following presents the Volunteer Fund's net pension liability, calculated using a single discount rate of 6.0%, as well as what the Volunteer Fund's net pension liability would be if it were calculated using a single discount rate that is one percent lower (5.0%) or one percent higher (7.0%):

	1% Decrease	Current Discount Rate	1% Increase
	(5.0%)	(6.0%)	(7.0%)
Net pension liability	<u>\$ 1,353,601</u>	<u>\$ 890,621</u>	<u>\$ 504,210</u>

Pension Plan Fiduciary Net Position

Detailed information about the Volunteer Fund's financial reports including applicable financial statements and required supplementary information for the District may be obtained by contacting the District.

9. Statewide Death And Disability Plan

The District contributes to the Statewide Death and Disability Plan (SWD&DP), a cost-sharing multiple-employer defined benefit death and disability plan administered by FPPA. All full-time firefighters are members of the plan. Contributions to the plan are used solely for the payment of death and disability benefits. Benefits are established by state statute and generally allow for benefits upon the death or disability of a plan member prior to retirement. FPPA issues a publicly available annual financial report that includes financial statements and required supplementary information for SWD&DP. That report may be obtained at www.fppaco.org.

The plan provides pre-retirement death benefits, as follows:

- Off-duty: 40% of the base salary paid to the member prior to death, with an additional 10% of base salary if a surviving spouse has two or more dependent children
- On-duty: 70% of the base salary paid to the member prior to death

Disability benefits are as follows

- Total Disability: 70% of the base salary preceding disability
- Permanent occupational disability: 50% of the base salary preceding disability
- Temporary occupational disability: 40% of the base salary preceding disability for up to five years

Benefit adjustments are granted periodically at the discretion of the FPPA Board of Directors. Total disability retirees receive an automatic increase of 3%. For other annuitants, the increase may reflect the Consumer Price Index, but in no case may be higher than 3%.

Once a member is eligible to retire, contributions to the plan and plan benefit obligations cease.

PAGOSA FIRE PROTECTION DISTRICT

Notes To Financial Statements (*Continued*)

Contributions

The contribution requirements are established by state statutes. However, in accordance with C.R.S. 31-31-811(4), the FPPA Board of Directors, based on an annual actuarial valuation, may adjust the contribution rate every two years, but in no event may the adjustment for any two-year period exceed one-tenth of one percent of the member's salary.

Any decision regarding whether the employer or member contribute to the plan, or whether the contribution is paid jointly by the employer and the member, is determined by the District.

No contributions are required for members hired prior to January 1, 1997. For members hired on or after January 1, 1997, the District contributed 2.7% of base salaries on behalf of the members during the year ended December 31, 2018. Contributions to the plan for the year ended December 31, 2018 were \$10,643, equal to the required contributions.

Based on the 2018 actuarial results, the FPPA Board of Directors agreed to increase the contribution rate from 2.7% to 2.8%, effective January 1, 2019 through December 31, 2020.

Pension Liabilities, Pension Expense And Deferred Outflows Of Resources And Deferred Inflows Of Resources Related To Pensions

The District has no requirement to contribute to the plan and does not receive contributions from a nonemployer entity. Therefore, the District does not report a net other post-employment benefits (OPEB) liability or deferred outflows of resources and deferred inflows of resources related to OPEB.

OPEB Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in FPPA's separately issued financial report, which may be obtained at www.fppaco.org.

10. Deferred Compensation Plan

The District participates in a deferred compensation plan (the 457 Plan) as defined under the Internal Revenue Code Section 457, which allows employees to make an elective deferral of a portion of earned compensation to the 457 Plan. The 457 Plan is a multi-employer plan administered by FPPA. Amendments to the 457 Plan may be made by the plan trustee. The District does not match employee contributions to the 457 Plan. For the year ended December 31, 2018, participating employees contributed \$15,449 to the 457 Plan.

11. Tax, Spending And Debt Limitations

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, otherwise known as the Taxpayers' Bill of Rights (TABOR), which has several limitations, including revenue raising, spending abilities and other specific requirements of state and local governments. The amendment is complex and subject to judicial interpretation.

The amendment requires emergency reserves up to 3% of spending limits. The reserves for years after 1994 must be at least 3% of fiscal year spending. The amendment allows for an increase of revenues under formulas using inflation and local growth. Voter approval is required for tax increases and spending above the inflation and growth factor. Revenue collected, kept or spent illegally shall be refunded with interest. The District believes it is in compliance with TABOR requirements; however, the District has made certain interpretations of the amendment's language in order to determine its compliance.

On May 5, 1998, an election was held that authorized the District to retain and spend all revenues and other funds collected from any source, effective January 1, 1997 and thereafter.

On May 2, 2000, an election was held that authorized a permanent waiver of the 5.5% limitation under Section 29-1-301, C.R.S.

PAGOSA FIRE PROTECTION DISTRICT

Notes To Financial Statements *(Continued)*

12. Operating Leases

The District leases land from the County on County Road 382 for a fire station. The lease began on May 1, 2008 for a 99-year term. The lease cost is \$1 per year.

The District leases land from Hidden Valley Ranch Association for a fire station. The lease began January 1, 2007 and ends on December 31, 2056 as long as the premises are used as a fire station. The lease cost is \$1 per year.

The District leases land at Station #1 to the Upper San Juan Hospital District for the purpose of operating an emergency services building. The lease was signed June 17, 1987 and expires on December 31, 2037. The lease amount is \$1 per year.

Required Supplementary Information

PAGOSA FIRE PROTECTION DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For The Year Ended December 31, 2018

	Budgeted Amounts			Variance With Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Property taxes	\$ 1,054,877	\$ 1,054,877	\$ 1,048,808	\$ (6,069)
Specific ownership taxes	80,000	80,000	122,046	42,046
Wildland fire reimbursement	80,000	80,000	406,626	326,626
Impact fees	13,500	13,500	14,820	1,320
Intergovernmental	1,020	1,020	1,020	—
Earning on investments	45	45	126	81
Permit fees	6,500	6,500	6,071	(429)
Special fire protection	10,000	10,000	10,129	129
Other income	—	—	28,415	28,415
Total Revenues	1,245,942	1,245,942	1,638,061	392,119
Expenditures				
General government:				
Fire administration	968,966	1,138,467	1,136,647	1,820
Fire fighting	174,750	174,750	341,005	(166,255)
Fire prevention	13,400	13,400	11,717	1,683
Fire training	62,175	62,175	35,430	26,745
Fire communications	43,827	43,827	36,007	7,820
Fire maintenance	20,100	20,100	12,185	7,915
Station and grounds	35,250	35,250	48,321	(13,071)
Capital outlay	60,000	60,000	54,647	5,353
Total Expenditures	1,378,468	1,547,969	1,675,959	(127,990)
Deficiency Of Revenues Under Expenditures	(132,526)	(302,027)	(37,898)	264,129
Other Financing Sources (Uses)				
Transfer to Pension Trust Fund	(129,045)	(129,045)	(126,107)	2,938
Net Change In Fund Balances	\$ (261,571)	\$ (431,072)	(164,005)	\$ 267,067
Fund Balance - Beginning Of Year			706,929	
Fund Balance - End Of Year			\$ 542,924	

Notes:

The basis of budgeting is the same as GAAP.

This schedule is presented on a GAAP basis.

PAGOSA FIRE PROTECTION DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION (ASSET) LIABILITY - SWDBP For The Year Ended December 31, 2017 (Measurement Date) Employee Pension Plan

	2017	2016	2015	2014	2013
District's portion of the net pension (asset) liability	0.058945%	0.090964%	0.109459%	0.102782%	0.091468%
District's proportionate share of the net pension (asset) liability	\$ (84,802)	\$ 32,868	\$ (1,930)	\$ (115,998)	\$ (81,790)
District's covered payroll	\$ 513,237	\$ 529,046	\$ 540,852	\$ 525,147	\$ 497,505
District's proportionate share of the net pension (asset) liability as a percentage of its covered payroll	-16.52%	6.21%	-0.36%	-22.09%	-16.44%
Plan fiduciary net position as a percentage of the total pension (asset) liability	106.3%	98.2%	100.1%	106.8%	105.8%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District is presenting information for those years for which information is available.

PAGOSA FIRE PROTECTION DISTRICT

**SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
TO THE PENSION PLAN - SWDBP
For The Year Ended December 31, 2018
Employee Pension Plan**

	2018		2017		2016		2015		2014		2013	
Contractually required contribution	\$	31,343	\$	35,588	\$	37,243	\$	42,475	\$	38,598	\$	31,783
Contributions in relation to the contractually required contribution		31,343		35,588		37,243		42,475		38,598		31,783
Contribution Deficiency	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—
District's covered payroll	\$	543,656	\$	513,237	\$	529,046	\$	540,852	\$	525,147	\$	497,505
Contributions as a percentage of covered payroll		5.77%		6.93%		7.04%		7.85%		7.35%		6.39%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District is presenting information for those years for which information is available.

PAGOSA FIRE PROTECTION DISTRICT

**SCHEDULE OF CHANGES IN THE DISTRICT'S
NET PENSION LIABILITY AND RELATED RATIOS -
THE VOLUNTEER FUND
Last Five Fiscal Years¹**

	2018	2017	2016	2015	2014
Total Pension Liability					
Service cost	\$ 49,860	\$ 76,508	\$ 76,508	\$ 74,203	\$ 54,888
Interest	247,046	238,118	239,174	246,217	232,723
Differences between expected and actual experience	3,098	55,350	—	(152,180)	200,755
Changes of assumptions	(32,087)	93,184	—	—	—
Benefit payments	(306,690)	(299,118)	(290,940)	(284,895)	(280,694)
Net Change In Total Pension Liability	(38,773)	164,042	24,742	(116,655)	207,672
Total Pension Liability, Beginning Of Year	4,243,983	4,079,941	4,055,199	4,171,854	3,964,182
Total Pension Liability, End Of Year (a)	\$ 4,205,210	\$ 4,243,983	\$ 4,079,941	\$ 4,055,199	\$ 4,171,854
Plan Fiduciary Net Position					
Contributions - employer	\$ 122,145	\$ 128,476	\$ 122,503	\$ 119,239	\$ 119,082
Net investment income	(104,299)	345,631	203,521	(3,990)	202,767
Benefit payments	(306,690)	(299,118)	(296,510)	(284,895)	(280,694)
Administrative expense	(37,846)	(28,356)	(36,801)	(27,681)	(29,847)
State of Colorado contributions	30,596	30,596	30,596	30,596	30,596
Net Change In Plan Fiduciary Net Position	(296,094)	177,229	23,309	(166,731)	41,904
Plan Fiduciary Net Position, Beginning Of Year	3,610,683	3,433,454	3,410,145	3,576,876	3,534,972
Plan Fiduciary Net Position, End Of Year (b)	\$ 3,314,589	\$ 3,610,683	\$ 3,433,454	\$ 3,410,145	\$ 3,576,876
Net Pension Liability ((a)-(b))	\$ 890,621	\$ 633,300	\$ 646,487	\$ 645,054	\$ 594,978
Plan Fiduciary Net Position As A Percentage Of Total Pension Liability	78.82%	85.08%	84.15%	84.09%	85.74%
Covered Payroll	N/A	N/A	N/A	N/A	N/A
Net Pension Liability As A Percentage Of Covered Payroll	N/A	N/A	N/A	N/A	N/A

Note:

(1) The District implemented GASB Statement No. 67 in fiscal year 2014. Information for years prior to fiscal year 2014 is, therefore, unavailable.

PAGOSA FIRE PROTECTION DISTRICT

**SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS -
THE VOLUNTEER FUND**

Last Five Fiscal Years¹

	2018	2017	2016	2015	2014
Actuarially determined contributions	\$ 103,511	\$ 120,816	\$ 120,737	\$ 117,097	\$ 84,533
Contributions in relation to the actuarially determined contributions	152,741	159,072	147,529	180,431	180,749
Contribution Excess	\$ (49,230)	\$ (38,256)	\$ (26,792)	\$ (63,334)	\$ (96,216)
Covered payroll	N/A	N/A	N/A	N/A	N/A
Contributions as percentage of covered payroll	N/A	N/A	N/A	N/A	N/A

Note:

(1) The District implemented GASB Statement No. 67 in fiscal year 2014.
Information for years prior to fiscal year 2014 is, therefore, unavailable.

PAGOSA FIRE PROTECTION DISTRICT

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2018

1. Budgets And Budgetary Accounting

The District Board adopts an annual budget for the General and the Pension Trust Funds. Budgeted amounts for all funds are based on legally adopted budgets, including supplemental budget appropriations, if any, which are on a basis consistent with GAAP for each fund type. The Fire Chief is authorized to transfer budgeted amounts within and among departments; however, any revisions that alter total expenditures for any of the funds must be approved by the District Board.

The budgetary comparison schedule included in the required supplementary information presents a comparison of budgetary data to actual results of operations for the General Fund, for which an annual operating budget is legally adopted. This fund utilizes the same basis of accounting for both budgetary purposes and actual results. The General Fund recognizes an expenditure for contingencies and capital replacements in its budget basis expenditures.

Annual budgets are established for all funds of the District as required by Colorado law. Budgets reported in the accompanying financial statements are on the same basis of accounting as described above.

Expenditures may not legally exceed appropriations at the fund level. Budget amounts included in the financial statements are based on the final amended budget. After budget approval, the District Board may approve supplemental appropriations if an occurrence, condition or need exists which was not known at the time the budget was adopted.

For the year ending December 31, 2018, the District's expenditures in the General Fund exceeded appropriations by \$127,990. The excess in expenditures in the fund directly relates to wildland firefighting expenditures. The additional expenditures were reimbursed by the State of Colorado and recognized as revenue.

For the year ending December 31, 2018, the District amended the budget on December 11, 2018.

PAGOSA FIRE PROTECTION DISTRICT

Note To Required Supplementary Information *(Continued)*

On or before October 15 of each year, the District's budget officer must prepare and submit a proposed budget to the District Board for the next fiscal year. Thereupon, notice must be published stating, among other things, that the budget is open to inspection by the public and that interested electors may file or register any objection to the budget.

Subject to certain exceptions and exclusions discussed hereafter, the District must submit a request for property tax increases in excess of the statutory limitation to the Division of Local Government (if within TABOR limits) or submit the question of an increased level directly to the electors of the District at a general or special election. State law requires that the District adopt a budget prior to the certification of its mill levy to the County and file a certified copy of its budget with the Division of Local Government within 30 days of such adoption. Failure to do so can result in the County Treasurer's withholding future property tax revenues pending compliance by the District. Budget appropriations lapse at the end of each year. The encumbrance method is not used.

Supplementary Information

PAGOSA FIRE PROTECTION DISTRICT

**SCHEDULE OF CHANGES IN PLAN NET POSITION -
BUDGET TO ACTUAL - PENSION TRUST FUND**

For The Year Ended December 31, 2018

	Original And Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
Additions			
Contributions:			
District	\$ 128,944	\$ 126,107	\$ (2,837)
State	30,596	30,596	—
Total Contributions	159,540	156,703	(2,837)
Investment income:			
Net appreciation in fair value of investments	235,300	(188,234)	(423,534)
Interest	—	1,578	1,578
Dividends	—	82,357	82,357
Total Net Investment Income (Loss)	235,300	(104,299)	(339,599)
Total Additions	394,840	52,404	(342,436)
Deductions			
Benefits	308,295	303,875	4,420
Professional fees	34,500	37,847	(3,347)
AD&D insurance	2,815	2,815	—
Total Deductions	345,610	344,537	1,073
Net Increase (Decrease) In Net Position Held In Trust For Pension Benefits	\$ 49,230	(292,133)	\$ (341,363)
Net Position Restricted For Pension Benefits - Beginning Of Year		<u>3,610,684</u>	
Net Position Restricted For Pension Benefits - End Of Year		<u>\$ 3,318,551</u>	