

**RATTLESNAKE FIRE PROTECTION DISTRICT**

**ANNUAL FINANCIAL REPORT**

**For the Year Ended December 31, 2018**

# **RATTLESNAKE FIRE PROTECTION DISTRICT**

## **ANNUAL FINANCIAL REPORT For the Year Ended December 31, 2018**

### **TABLE OF CONTENTS**

---

Report of Independent Certified Public Accountants	i
Management Discussion and Analysis	iii
Basic Financial Statement	
Government-Wide Financial Statements	
Statement of Net Position	1
Statement of Activities	2
Fund Financial Statements	
Balance Sheet – General Fund	3
Reconciliation of the Balance Sheet – General Fund to Change in Net Position	4
Statement of Revenues, Expenditures and Changes in Fund Balance – General Fund	5
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance – General Fund to Change in Net Position	6
Statement of Revenues, Expenditures and Changes in Fund Balance – General Fund - Budget and Actual	7
Notes to the Financial Statements	8
Required Supplementary Information	
Volunteer Firefighters’ Pension Plan Schedule of Change in Net Pension Liability and Related Ratios	23

REPORT OF INDEPENDENT CERTIFIED  
PUBLIC ACCOUNTANTS

***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities and General Fund of the Rattlesnake 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 general fund of the Rattlesnake Fire Protection District, as of December 31, 2018, and the respective changes in financial position thereof, and the respective 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***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedule of changes in net pension liability and related ratios on pages iii through viii and page 23, 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 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  
June 24, 2019

## Management's Discussion and Analysis

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

### Financial Highlights

- The government-wide net position of the District is defined by the amount that the District's assets and deferred outflows of resources exceeds its liabilities and deferred inflows of resources. The net position of the District at the close of the most recent fiscal year was \$3,322,722. Of this amount \$1,511,065 (unassigned net position) may be used to meet the District's ongoing obligations to residents and creditors.
- The District's net position increased by \$131,397. The majority of the increase can be attributed to an increase in property taxes due to higher property valuations, the specific ownership tax due to an increase in residents and outsourced fleet services revenue as more agencies utilizes the fleet maintenance services offered by the District.
- The District spent a total of \$144,035 for capital equipment and building improvements. With the assistance of an EMT grant from the Colorado Department of Public Health and Environment for \$64,890, the District purchased three power prams for \$129,780 and spent \$14,255 in station improvements.
- At close of the current fiscal year, the District's general fund reported an ending balance of \$1,624,310, an increase of \$158,678.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's financial statements comprised of four components: 1) government-wide financial statements, 2) general fund financial statements, 3) notes to the financial statements and 4) required supplemental information.

**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 that of a private-sector business.

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

The statement of net 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 may result in cash flows in future fiscal periods.

Both of the government-wide financial statements identify functions of the District that are supported by charges for services and general revenues, primarily property taxes.

The governmental activities of the District include the fire prevention, fire protection and emergency medical services.

The government-wide financial statements can be found on pages 1 – 2 of this report.

**Fund Financial Statements** - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses governmental fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds** - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on the balance of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statements of revenue, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains one governmental fund, the general fund and adopts an annual appropriated budget for the general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with its budget. There were no amendments to the 2018 budget.

The basic governmental fund financial statements can be found on pages 3 – 6 of this report.

**Notes to the Financial Statements** - The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 8 of this report.

## Government-Wide Financial Analysis

As noted earlier, the District's net position may, over time, serve as a useful indicator of a government's financial position. The District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$3,322,722 at the close of the most recent fiscal year.

Over half of the District's net position (53.43%) reflects its investment in capital assets (e.g., land, buildings and improvements, equipment and vehicles), net of accumulated depreciation and any related debt, if any, used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to residents; consequently, these assets are not available for future spending.

At the end of the current fiscal year the District is able to report a positive balance in net position.

### Rattlesnake Fire Protection District Statement of Net Position

	2018	2017
Current and other assets	\$ 2,425,288	\$ 2,250,507
Capital assets, net of depreciation	1,801,209	1,866,566
Deferred outflows of resources	83,982	106,146
Total Assets and Deferred Outflows of Resources	<u>4,310,479</u>	<u>4,223,219</u>
Current liabilities	45,058	45,332
Long term liabilities due beyond one year	76,812	167,056
Deferred inflows of resources	865,887	819,506
Total Liabilities and Deferred Inflows of Resources	<u>987,757</u>	<u>1,031,894</u>
Net Position		
Invested in capital assets, net of related debt	1,775,478	1,816,041
Restricted	36,179	30,879
Unrestricted	1,511,065	1,344,405
Total Net Position	<u>\$ 3,322,722</u>	<u>\$ 3,191,325</u>

The restricted portion of the District's net position (1.09 %) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$1,511,065 may be used to meet the government's ongoing obligations to residents and creditors.

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights ("TABOR") contains the requirement of setting an emergency reserve. This reserve cannot be accessed except for an unexpected disaster. As of December 31, 2018 the reserve amounts to \$36,179.

The District's net position increased by \$131,397 during the current fiscal year as a result of the District's revenues exceeding expenditures.

**Rattlesnake Fire Protection District**  
**Statement of Activities**

	2018	2017
<b>Revenue:</b>		
Program revenues:		
Charges for services	\$ 74,997	\$ 68,777
Operating grants and contributions	70,341	37,367
Total program revenues	145,338	106,144
General revenues:		
Property taxes	764,774	622,882
Impact fees	48,371	186,200
Other income	299,787	187,680
Total general revenues	1,112,932	996,762
Total revenues	1,258,270	1,102,906
 <b>Expenses:</b>		
Fire protection – operation	916,300	754,618
Depreciation	209,392	209,367
Interest and fiscal charges	1,181	2,135
Total expenses	1,126,873	966,120
 Change in Net Position	131,397	136,786
Net Position-Beginning	3,191,325	3,054,539
Net Position-Ending	\$ 3,322,722	\$ 3,191,325

Charges for services increased by \$6,220, the increase can be attributed to an increase in the numbers of calls for emergency medical service transports.

General revenue increased by a total of \$116,170, the increase is credited to the rise in property valuations resulting in property taxes increasing by \$141,892; however this was offset by a \$137,829 decrease in impact fees. The decrease in impact fees is due to several subdivisions reaching completion status in the year ending December 31, 2017 which was at a higher impact fee rate than new construction in new subdivisions along with infrastructure work for additional subdivisions. Other income increased by \$112,107 which was due to expanding the number of outside agencies utilizing the District’s fleet services.

Operation expenses for fire protection increased by \$161,682, the increase is due to adding additional part-time staff for fleet services along with the cost of fleet services repairs to the expanded outside agencies, increasing the part-time staff for additional hours of coverage giving faster service to the District’s residents and an increase in station repairs and the cost of utilities.

**Financial Analysis of the District’s Funds**

As noted earlier, the District uses governmental fund accounting internally to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds** - The focus of the District's general fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of the District's net resources available for future spending, if necessary.

As of the end of the current fiscal year, the District's general fund reported an ending balance of \$1,624,310, an increase of \$158,678 in comparison with the prior year. Approximately 95.11% or \$1,544,850 constitutes unassigned fund balance, which is available for future spending, if necessary, at the District's discretion. The remainder of the fund balance is non-spendable, committed and reserved to indicate that it is not available for new spending because it has been reserved for prepaid expenses, a contractual capital expenditure and the TABOR emergency reserve.

### **General Fund Budgetary Highlights**

There were no amendments to the general fund budget for 2018.

### **Capital Assets**

The District's investment in capital assets as of December 31, 2018 amounts to \$1,801,209 (net of accumulated depreciation). This investment in capital assets includes construction in progress, land, building and other improvements, equipment and vehicles. The District added three power prams along with station improvements during the current fiscal year.

### **Long-term Debt**

As reflected on the Statement of Net Position, the District has a net pension liability, of \$76,812, in accordance with GASB 68, *Accounting and Financial Reporting for Pensions*.

### **Economic Factors and Next Year's Budget**

The District has appropriated \$782,380 for spending in the 2019 fiscal year general fund budget from property taxes. It is intended that the projected 2019 revenues into the general fund will be sufficient to cover the District's expenditures.

- The District's budget for 2018 reflected general property tax revenue of \$765,769 (based on an assessed valuation for the District of \$77,814,160 and a mill levy of 9.841 mills).
- The District's budget for 2019 reflects general property tax revenue of \$765,769 (based on an assessed valuation for the District of \$79,502,088 and a mill levy of 9.841 mills).

There has been an increase in new construction within the District along with an increase in property valuations during the current fiscal year and this trend is projected to continue at least for a few more years. Property valuations are re-assessed every odd year and the District anticipates based on the current market conditions for assessed valuations to at least continue through the next re-assessment. For 2018 valuations, the Gallagher Amendment reduced the assessed valuation rate to 7.2% from 7.96% and it is anticipated that the assessed valuation rate will be further reduced by the Gallagher Amendment. In an effort to maintain the District's property tax revenues from further being diminished by the Gallagher Amendment, the District asked the voters to pass a ballot issue allowing the District to maintain the assessed valuation rate at the 2018 rate of 7.2%. On November 6, 2018 the voters in the District passed the ballot issue.

The District's Board of Directors will continue to monitor legislation and other factors that may have any potential long-term impact on providing services by the District to its residents.

### **Requests for Information**

This financial report is designed to provide a general overview of the Rattlesnake Fire Protection District's finances for all those with an interest in the finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

**Rattlesnake Fire Protection District  
46220 Coal Creek Drive  
Parker, CO 80138**

# **Basic Financial Statements**

**RATTLESNAKE FIRE PROTECTION DISTRICT  
STATEMENT OF NET POSITION  
DECEMBER 31, 2018**

**ASSETS**

Cash and cash equivalents	\$	28,291
Investments – state pool		1,513,927
Cash with fiscal agents		26,071
Intergovernmental receivable		71,806
Prepaid expenses		2,813
Property taxes receivable		782,380
Capital assets (not being depreciated)		
Land		43,448
Construction in progress		5,740
Capital assets (net of accumulated depreciation)		
Buildings and improvements		977,342
Improvements other than buildings		36,057
Fire apparatus-automotive		305,397
Machinery and equipment		433,225
Total capital assets		1,801,209

**DEFERRED OUTFLOWS OF RESOURCES**

83,982

**TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES**

4,310,479

**LIABILITIES**

**CURRENT LIABILITIES**

Accounts payable		5,623
Payroll liabilities		3,664
Accrued wages and benefits payable		9,311
Lease payable due within one year		25,731
Accrued interest		729

**TOTAL CURRENT LIABILITIES**

45,058

**LONG TERM LIABILITIES**

Net pension liability due beyond one year		76,812
---	--	--------

**TOTAL LONG TERM LIABILITIES**

76,812

**DEFERRED INFLOWS OF RESOURCES**

865,887

**TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES**

987,757

**NET POSITION**

Invested in capital assets, net of related debt		1,775,478
Restricted for:		
TABOR emergency		36,179
Unrestricted		1,511,065
<b>TOTAL NET POSITION</b>		<b>\$ 3,322,722</b>

The accompanying notes are an integral part of these financial statements

**RATTLESNAKE FIRE PROTECTION DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

		<b>Program Revenues</b>			
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Grants and Contributions</b>	<b>Total Governmental Activities</b>	
Governmental activities:					
Fire protection operations	\$ (916,300)	\$ 74,997	\$ 70,341	\$ (770,962)	
Depreciation	(209,392)	-	-	(209,392)	
Interest and fiscal charges	(1,181)	-	-	(1,181)	
<b>Total Governmental Activities</b>	<b>(1,126,873)</b>	<b>74,997</b>	<b>\$ 70,341</b>	<b>(981,535)</b>	
<b>General revenues:</b>					
Property tax				764,774	
Specific ownership tax				140,030	
Impact fees				48,371	
Investment earnings				34,348	
Outsourced fleet service				117,922	
Water sales				4,770	
Other				2,717	
<b>Total General Revenues</b>				<b>1,112,932</b>	
<b>Change in net position</b>				131,397	
<b>NET POSITION – BEGINNING OF YEAR</b>				3,191,325	
<b>NET POSITION – END OF YEAR</b>				<b>\$ 3,322,722</b>	

The accompanying notes are an integral part of these financial statements

**RATTLESNAKE FIRE PROTECTION DISTRICT  
BALANCE SHEET – GENERAL FUND  
DECEMBER 31, 2018**

**ASSETS**

Cash and cash equivalents	\$	28,291
Investments – state pool		1,513,927
Cash with fiscal agents		26,071
Intergovernmental receivable		71,806
Prepaid expenses		2,813
Property taxes receivable		782,380
<b>TOTAL ASSETS</b>	<b>\$</b>	<b><u>2,425,288</u></b>

**LIABILITIES**

Accounts payable	\$	5,623
Payroll liabilities		3,664
Accrued wages and benefits payable		9,311
<b>TOTAL LIABILITIES</b>		<b><u>18,598</u></b>

**DEFERRED INFLOWS OF RESOURCES**

Property taxes		782,380
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>		<b><u>782,380</u></b>

**TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES**

		<b><u>800,978</u></b>
--	--	-----------------------

**FUND BALANCE**

Non-spendable:		
Prepaid expenses		2,813
Restricted:		
TABOR Reserve		36,179
Committed		40,468
Unassigned		1,544,850
<b>TOTAL FUND BALANCE</b>		<b><u>1,624,310</u></b>

**TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE**

	<b>\$</b>	<b><u>2,425,288</u></b>
--	-----------	-------------------------

The accompanying notes are an integral part of these financial statements

**RATTLESNAKE FIRE PROTECTION DISTRICT  
RECONCILIATION OF THE STATEMENT OF THE BALANCE SHEET –  
GENERAL FUND TO THE CHANGE IN NET POSITION  
DECEMBER 31, 2018**

Adjustments to reconcile the fund balance to the net position are as follows:

Fund balance per general fund balance sheet	\$	1,624,310
Capital assets used in governmental activities are not available financial resources and therefore, are not reported in the general fund.		1,801,209
Long-term liabilities, including lease payable and accrued interest used to fund capital assets are not due and payable in the current period and therefore are not reported in the fund.		
Lease payable		(25,731)
Accrued interest		(729)
Net pension liability reflected in the governmental-wide activities is not a liability under governmental fund accounting and therefore, is not reported in the general fund.		(76,812)
Net deferred outflows and inflows of resources related to net pension liability are not current resources and therefore, are not reported in the general fund.		475
Net position	\$	3,322,722

The accompanying notes are an integral part of these financial statements

**RATTLESNAKE FIRE PROTECTION DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE-GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018**

<b>GENERAL REVENUES</b>	
Property taxes	\$ 764,774
Specific ownership taxes	140,030
Impact fees	48,371
Emergency medical services	74,997
Outsourced fleet services	117,922
Water sales	4,770
Contributions	30
Grants	70,311
Investment income	34,348
Total general revenues	<u>1,255,553</u>
<b>OTHER REVENUES</b>	
Other	<u>2,717</u>
Total revenues	<u>1,258,270</u>
<b>EXPENDITURES</b>	
Fire protection – operations	928,853
Capital outlay	144,035
Total expenditures	<u>1,072,888</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	185,382
<b>OTHER FINANCING USES</b>	
Lease principal	(24,794)
Lease interest	(1,910)
Total other financing uses	<u>(26,704)</u>
<b>CHANGE IN FUND BALANCE</b>	158,678
<b>FUND BALANCE – BEGINNING OF YEAR</b>	<u>1,465,632</u>
<b>FUND BALANCE – END OF YEAR</b>	<u><u>\$ 1,624,310</u></u>

The accompanying notes are an integral part of these financial statements

**RATTLESNAKE FIRE PROTECTION DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCE –GENERAL  
FUND TO THE CHANGE IN NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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

Change in fund balance	\$	158,678
<p>The general fund reports capital outlays as expenditures. However, in the statement of activities the cost of the capital assets is allocated over their estimated useful lives and reported as depreciation expense:</p>		
Capital outlay		144,035
Depreciation		(209,392)
		(65,357)
<p>Long-term debt (e.g. lease payable, accrued interest) provide current financial resources to government funds, while the repayment of the principal of the long-term consumes the current financial resources of government funds. Neither transaction, however, has any effect on net position.</p>		
Lease principal		24,794
Change in accrued interest		703
<p>Difference in the recognition of pension expense as reflected in the general fund and the statement of activities.</p>		
		12,579
Change in net position	\$	131,397

The accompanying notes are an integral part of these financial statements

**RATTLESNAKE FIRE PROTECTION DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE – GENERAL FUND  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES:</b>			
Property taxes	\$ 765,684	\$ 764,774	\$ (910)
Specific ownership taxes	100,000	140,030	40,030
Interest on taxes	500	890	390
Investment income	13,958	34,348	20,390
Grants	63,682	70,311	6,629
Emergency medical services	63,500	74,997	11,497
Impact fees	95,000	48,371	(46,629)
Resource deployment	50,000	-	(50,000)
Contribution	1,000	30	(970)
Credit card rewards	1,800	1,827	27
Water sales	5,600	4,770	(830)
Outsourced fleet services	35,000	117,922	82,922
Other	500	-	(500)
<b>TOTAL REVENUES</b>	<u>1,196,224</u>	<u>1,258,270</u>	<u>62,046</u>
<b>EXPENDITURES:</b>			
Operating Expenditures			
Payroll and payroll related expenses	512,709	480,776	31,933
Fire administration	94,350	79,455	14,895
Fire repair service	114,650	135,095	(20,445)
Firefighting	156,600	104,563	52,037
Fire station maintenance	61,800	59,531	2,269
Fire communication	22,797	16,078	6,719
Pension contribution	43,417	30,817	12,600
County Treasurer fee	22,973	22,538	435
Total Operating Expenditures	<u>1,029,296</u>	<u>928,853</u>	<u>100,443</u>
Capital Outlay	137,865	144,035	(6,170)
<b>TOTAL EXPENDITURES</b>	<u>1,167,161</u>	<u>1,072,888</u>	<u>94,273</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	29,063	185,382	156,319
<b>OTHER FINANCING SOURCES</b>			
Lease principal	24,794	24,794	-
Lease interest	1,909	1,910	(1)
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>26,703</u>	<u>26,704</u>	<u>(1)</u>
<b>CHANGES IN FUND BALANCE</b>	2,360	158,678	156,318
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>1,465,634</u>	<u>1,465,632</u>	<u>2</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 1,467,994</u>	<u>\$ 1,624,310</u>	<u>\$ 156,316</u>

The accompanying notes are an integral part of these financial statements

**RATTLESNAKE FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 1 – DEFINITION OF REPORTING ENTITY**

The Rattlesnake Fire Protection District, a quasi-municipal corporation, is governed, pursuant to provisions of the Colorado Special District Act, by a five member Board of Directors. The Board of Directors are elected by voters within the District boundaries or appointed. The District's service area is located in northwest Elbert County, Colorado. The District was established to provide fire protection and emergency medical services.

The District follows the Governmental Accounting Standards Board ("GASB") accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set the financial accountability of governmental organizations elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal 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.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of 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. Property and other taxes and other revenue not included as program revenue are reported as general revenues.

**MEASUREMENT FOCUS AND FINANCIAL ACCOUNTING FRAMEWORK**

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 upon receipt and maybe subject to requirements imposed by the provider.

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.

**RATTLESNAKE FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

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. However, debt service expenditures, claims, and judgments are recorded only when payment is made.

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.

The District reports the following major governmental fund:

**General Fund** – the general fund is the primary operating fund of the District. It accounts for all financial resources of the District.

**Fund Balance/Net Position**

***Fund Balance***

Fund balance for governmental funds are reported in the categories listed below to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

Non-spendable fund balance – the amount of fund balance that is not in spendable form or is legally or contractually required to be maintained intact

Restricted fund balance – the amounts constrained to specific purposes by their providers (such as grantors, bondholders, or higher levels of government), through constitutional provisions, or by enabling legislation

Committed fund balance – amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e. Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint

Assigned fund balance – amounts the District intends to use for a special purpose. Intent can be expressed by the District's Board of Directors or by an official or body to which the District's Board of Directors delegates the authority.

Unassigned fund balance – amounts that are available for any purpose.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District Board of Directors has provided otherwise in its commitment or assignment actions.

**RATTLESNAKE FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

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

Non-spendable		
Prepaid expenses	\$	2,813
Restricted		
TABOR Reserve		36,179
Committed		
Contractual agreement for purchase of capital asset budgeted in 2019		40,468
Unassigned		<u>1,544,850</u>
Total fund balance		<u>\$ 1,624,310</u>

***Net Position***

Net Position represents the difference between assets plus 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 expenditure is incurred for purposes for which both restricted and unrestricted net positions are available, the District will use the most restrictive net position first.

**Cash and Cash Equivalents-Investments**

Cash and cash equivalents consists of cash on hand and amounts deposited in the bank and pooled state regulated investment accounts subject to immediate withdrawal. Investments are stated at cost, which approximates fair value.

**Capital Assets**

Capital assets which include land, buildings and improvements, fire apparatus and related equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. The District’s Board of Directors has the option to capitalize certain items less than \$5,000 in certain circumstances. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated and capital assets received through grants are recorded at estimated fair market value at date of donation.

**RATTLESNAKE FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

Capital Assets are depreciated using the straight line method over the following estimated useful lives.

Buildings	5 – 35	years
Improvements	20	years
Fire Apparatus - automotive	10 – 15	years
Equipment	2 – 20	years

**Deferred Outflows of Resources**

In addition to assets, the financial statements 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 assets by the government that is applicable to a future reporting period. As of December 31, 2018, the District’s deferred outflows of resources consists of:

Pension contributions subsequent to the net pension liability measurement date of 12/31/2017	\$ 30,817
Unamortized difference between the projected and actual earning on plan investments for the year ending 12/31/14	1,424
Unamortized difference between the projected and actual earnings on pension plan investments for the year ending 12/31/15	22,581
Unamortized difference between the projected and actual earnings on pension plan investments for the year ending 12/31/16	13,144
Unamortized difference between due to assumption changes for the year ending 12/31/16	<u>16,016</u>
Total deferred outflows of resources - government-wide	<u>\$ 83,982</u>

**Deferred Inflows of Resources**

In addition to liabilities, the financial statements 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. As of December 31, 2018, the District’s deferred inflows of resources consists of:

Property taxes receivable	\$ 782,380
Unamortized difference between expected and actual experience of the total pension liability for the year ending 12/31/14	20,883
Unamortized difference between expected and actual experience of the total pension liability for the year ending 12/31/16	6,825
Unamortized difference between the projected and actual earnings on pension plan investments for the year ending 12/31/17	<u>55,799</u>
Total deferred inflows of resources - government-wide	<u>\$ 865,887</u>

**Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position.

**RATTLESNAKE FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of American ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent 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.

**Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions and natural disasters for which the District carries commercial insurance. Claims have not exceeded coverage in any of the three preceding years.

**NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. BUDGETARY INFORMATION**

Formal budgetary integration is employed as a management control device during the year in the general fund. Formal budgetary integration is also employed to comply with Budget Law of the State of Colorado. The Board of Directors adopted the District's budget in accordance with the Colorado Revised Statutes. Appropriation for all funds lapse at year-end.

The budgets for governmental fund types are adopted on a GAAP basis. The legal level of budgetary control (i.e. the level at which expenditures may not legally exceed appropriations) is the fund level. Total fund expenditure amounts determine the level at which expenditures may not legally exceed appropriations. Colorado Revised Statutes require the District to adopt a balanced budget. A balanced budget is when expenditures do not exceed the beginning cash balance plus revenues for the budget year. The District's Board of Directors can amend the budget and adopt supplemental budgets in accordance with the Colorado Revised Statutes.

State of Colorado Statutes requires a balanced budget. For 2018, the District's general fund's budgeted revenues exceeded budgeted expenditures by \$2,360. The anticipated excess revenues over expenditure would be added to the fund balance and be available in future years.

**B. PROPERTY TAXES**

Property taxes are levied on December 15 of each year and attach as an enforceable lien on property as of January 1. Taxes are due as of January 1 of the following year and are payable in two equal installments due February 28 and June 15 if paid in installments, or April 30, with a single payment. Taxes are delinquent as of August 1. If the taxes are not paid within subsequent statutory periods, the property will be sold at public auction. No provision has been made for uncollected taxes, as all taxes are deemed collectible. The County Treasurer bills and collects the property taxes and remits collections to the District on a monthly basis.

**RATTLESNAKE FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

Property taxes are recorded initially as deferred inflows of resources in the year the property taxes are levied and measurable since the property taxes are not normally available nor are the property taxes budgeted as a resource until the subsequent year. The property taxes are recorded as revenue in the subsequent year as the property taxes are received.

**NOTE 4 – DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS**

**A. DEPOSITS 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 regulations. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. The 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 market value of the collateral must be at least equal to 102% of the uninsured deposits. The State Regulatory Commissions for banks and savings associations are required by Statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

**Custodial Credit Risk** – In the case of deposits, there is the risk that in the event of a bank failure, the District’s deposit may not be returned to it. As of December 31, 2018, the District’s deposits were not exposed to custodial credit risk as all deposits were insured by the Federal Deposit Insurance Commission or collateralized in accordance with PDPA.

**Investments**

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest:

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

**Interest Rate Risk** – As a means of limiting its exposure to fair value losses arising from prevailing market interest rates, the District’s investment policy states that the weighted average maturity of the portfolio shall be no longer than 2.5 years.

**Credit Risk** – The District’s investment policy is to apply the prudent person rule where investments are made, as a prudent person would be expected to act. The District’s investment policy limits investments in fixed income securities to U.S. Treasury Bills, Notes and Bonds, Certificate of

**RATTLESNAKE FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

Deposits, Commercial Paper, Money Market Funds and Colorado Public Investment Pools. The investment policy limits investment in commercial paper to be rated AI/PI by at least one nationally recognized rating agency at the time of purchase. Money market funds are to be registered as an investment company.

**COLOTRUST** – At December 31, 2018, the District had \$1,513,927 invested in the Colorado Local Government Liquid Trust (“Trust”), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies and instrumentalities, and repurchase agreements collateralized with certain U.S. government agencies or instrumentalities. COLOTRUST PLUS+ may also invest in the highest rated commercial paper. Both the COLOTRUST PRIME and COLOTRUST PLUS+ portfolios are rated AAAM by Standard & Poor’s.

**Investment Valuation** – Certain investments are measured at fair value on a recurring basis are categorized within the fair value hierarchy established by general accepted accounting principles. The hierarchy is based on the valuation inputs used to measure an asset’s fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District has investments not categorized with the fair value hierarchy. These investments are measured at amortized cost or in certain circumstances the value is calculated using the net asset value (“NAV”) per share, or its equivalent of the investment. These investments include 2a7-like external investment pools and money market investments. The District held investments in COLOTRUST at year end for which the investment valuation was determined as follows.

COLOTRUST determines the 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 in 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.

**B. EMERGENCY MEDICAL SERVICES (“EMS”)**

The District grants credit to residents, visitors and third party medical payers for EMS and EMS support response services provided by the District. Due to the uncertainty related to the various third-party payer adjustments and the actual collection of the EMS and EMS support response fees, the District recognizes revenue associated with the EMS and EMS support responses services on the cash basis thereby recognizing the revenue when the payment for EMS and EMS support services is received.

**RATTLESNAKE FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**C. CAPITAL ASSETS**

An analysis of the changes in capital assets for the year ended December 31, 2018 follows:

	Balance at December 31, 2017	Additions	Deletions	Balance at December 31, 2018
<b>Capital assets - not being depreciated</b>				
Land	\$ 43,448	-	-	\$ 43,448
Construction in progress	5,740	-	-	5,740
Total capital assets not being depreciated	<u>49,188</u>	<u>-</u>	<u>-</u>	<u>49,188</u>
<b>Capital assets, being depreciated</b>				
Buildings and improvements	1,546,989	14,255	-	1,561,244
Improvements other than buildings	595,408	-	-	595,408
Fire apparatus-automotive	3,156,558	-	-	3,156,558
Machinery and equipment	793,619	129,780	-	923,399
Total capital assets being depreciated	<u>6,092,574</u>	<u>144,035</u>	<u>-</u>	<u>6,236,609</u>
<b>Less depreciation</b>				
Buildings and improvements	(536,655)	(47,247)	-	(583,902)
Improvements other than buildings	(539,031)	(20,320)	-	(559,351)
Fire apparatus-automotive	(2,786,363)	(64,798)	-	(2,851,161)
Machinery and equipment	(413,147)	(77,027)	-	(490,174)
Total accumulated depreciation	<u>(4,275,196)</u>	<u>(209,392)</u>	<u>-</u>	<u>(4,484,588)</u>
Total capital assets being depreciated, net	<u>1,817,378</u>	<u>(65,357)</u>	<u>-</u>	<u>1,752,021</u>
<b>Capital assets - net</b>	<u>\$ 1,866,566</u>	<u>\$ (65,357)</u>	<u>\$ -</u>	<u>\$ 1,801,209</u>

**D. CAPITAL LEASE**

The District entered into a capital lease agreement for Motorola Radios on March 30, 2016. Total acquisition cost and amount financed was \$74,415. Payments are made in annual installments of \$26,703 beginning April 1, 2017, with final payment due on April 1, 2019. The following is summary of debt service principal and interest requirements to maturity:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2019	<u>25,731</u>	<u>972</u>	<u>26,703</u>
<b>Total</b>	<u>\$ 25,731</u>	<u>\$ 972</u>	<u>\$ 26,703</u>

As of December 31, 2018, assets under the lease agreement with a cost of \$74,415 and accumulated depreciation of \$39,688 are recorded in the District's governmental activities. As of December 31, 2018, there was \$729 of accrued interest as reflected on the Statement of Net Position.

**RATTLESNAKE FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 5 – OTHER INFORMATION**

**A. Pension Plans**

**Volunteer Firefighters’ Pension**

*Description of the Plan and Benefits Provided*

The District, on behalf of its volunteer firefighters, contributes to a defined benefit pension plan (“Plan”) that is affiliated with the Colorado Fire and Police Pension Association (“FPPA”). Assets of the plan are commingled for investment purposes in the Fire and Police Member’s Benefit Fund, an agent multiple-employer defined benefit pension plan administered by FPPA. 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. Colorado Revised Statutes, as amended, establishes basic benefit provisions under the Plan. FPPA issues publicly available annual financial reports that include assets of the volunteer plan. That report may be obtained by calling the FPPA at (303) 770-3772 in the Denver Metro area, or 1-800-332-FPPA (3772) from outside the metro area.

The Pension Plan’s Board of Trustees is composed of the five Directors of the District and two District volunteer firefighters. Volunteer firefighters who complete the minimum annual training required by the District and are members in good standing, are eligible to participate in the Plan for that year.

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 contributes to the plan in an amount set by statute.

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

Normal Retirement Benefit at Age 50 with 20 years of service (monthly)	\$ 375
Disability Retirement Benefit (monthly)	
Short Term Disability for line of duty injury	150
Long Term Disability for line of duty injury	300
Survivor Benefits (monthly)	
Death in the line of duty, before retirement eligible	187
Death after normal retirement	187
Death after disability retirement	75
Funeral Benefit, lump sum, one-time only	100

Volunteer firefighter’s rights to a benefit vest after ten years of service. Volunteer firefighters, who retire with 10 years of credited services, are entitled to a partial benefit. Surviving spouses are entitled to 50% benefits. The above benefit provisions were also used to determine the total pension liability, discussed subsequently.

*Plan participants covered by the Plan*

Retirees and Beneficiaries	30
Active Members	<u>22</u>
Total Participants	<u><u>52</u></u>

**RATTLESNAKE FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

*Net Pension Liability and Change in the Net Pension Liability*

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 Net Position Available for Benefits. This is analogous to the Plan’s accrued liability less than 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 consists of the following:

Service Cost	\$	24,293
Interest on the TPL		85,609
District contribution		(30,817)
State of Colorado supplemental discretionary payment		(12,600)
Net investment income		(144,949)
Plan administrative expense		13,951
Change in the Net Pension Liability		(64,513)
Net Pension Liability – Beginning of the Year		141,325
Net Pension Liability – End of the Year	\$	76,812

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

Total Pension Liability	\$	1,195,062
Plan Net Position Available for Benefits		1,118,250
Net Position Liability	\$	76,812
Percentage of Plan Net Position Available for Benefits to Total Pension Liability		93,57%

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

1% Decrease		1% Increase
6.50%	7.50%	8.50%
\$ 229,717	\$ 76,812	\$ (48,541)

*Basis for Determining the District and Actuarial Calculated Contributions*

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 2018 and 2019.

**RATTLESNAKE FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 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 market
Inflation	2.5%
Investment Rate of Return	7.5%
Retirement Age	50% per year of eligibility until 100% at age 65
Mortality	Pre-retirement: RP2014 Combined Mortality Table with Blue Collar Adjustment, 55% multiplier for off-duty mortality
	Post-retirement: RP2014 Combined Mortality Table with Blue Collar Adjustment
	Disabled: RP2014 Disabled Mortality Table

For the year ending December 31, 2018, the actuarial and District contributions were as follows:

Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Ratio
\$35,307	\$ 43,417	\$ (8,110)	123%

*Deferred Outflows and Inflows of Resources – Pension Plan*

The deferred outflows and inflows of resources, as applicable, related to the Plan are amounts used under GASB 68 in developing the annual pension expense. The deferred outflows and inflows 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 are reflected on the statement of net position as deferred outflows and inflows of resources.

Deferred outflows as of December 31, 2018, are as follows:

Deferred outflow of resources to be recognized in future pension expense resulting from differences between projected and actual Plan investment income	\$ 37,149
Deferred outflow of resources to be recognized in future pension expense resulting from change in assumptions	16,016
District contributions to the Plan subsequent to the NPL measurement date	30,817
Total deferred outflows of resources – pension	<u>\$ 83,982</u>

Deferred inflows as of December 31, 2018, are as follows:

Unamortized difference between expected and actual experience of the TPL	\$ 27,708
Deferred inflow of resources to be recognized in future pension expense resulting from differences between projected and actual Plan investment income	55,799
Total deferred inflows of resources – pension	<u>\$ 83,507</u>

**RATTLESNAKE FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

Future amortization of the deferred outflows as of December 31, 2018, are as follows:

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>Total</u>
2019	1,424	11,290	9,452	22,166
2020	-	11,291	9,452	20,743
2021	-	-	9,453	9,453
2022	-	-	803	803
	<u>\$ 1,424</u>	<u>\$ 22,581</u>	<u>\$ 29,160</u>	<u>\$ 53,165</u>

Future accretion of the deferred inflows as of December 31, 2018, are as follows:

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>Total</u>
2019	(20,883)	-	(2,160)	(13,950)	(36,993)
2020	-	-	(2,160)	(13,950)	(16,110)
2021	-	-	(2,160)	(13,950)	(16,110)
2022	-	-	(345)	(13,949)	(14,294)
	<u>\$ (20,883)</u>	<u>\$ -</u>	<u>\$ (6,825)</u>	<u>\$ (55,799)</u>	<u>\$ (83,507)</u>

**Fire and Police Statewide Defined Benefit Plan**

*Description of the Plan and Benefits Provided*

The District has three full time employees that 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 percent 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 percent 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 percent 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 percent of the member's average highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter.

*Contributions*

**RATTLESNAKE FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

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 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.

Contributions made to the SWDB plan for the current year and 5 previous years are as follows:

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Member Contributions	\$ 19,956	\$ 18,495	\$ 15,190	\$ 8,190	\$ 7,262
District Contributions	\$ 16,035	\$ 15,611	\$ 13,609	\$ 7,609	\$ 7,262

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

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

**B. Tax, Spending and Debt Limitations**

Colorado voters passed an amendment to the State Constitution in 1992, Article X, Section 20, ("TABOR") which has several limitations, including revenue raising, spending abilities, and other specific requirements for state and local governments. TABOR excludes from its provision Enterprise Activities. Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10 percent of their annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR.

Fiscal Year Spending and revenue limits are determined based on the prior year's spending adjusted for inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the limit must be refunded unless the voters approve retention of such revenue.

TABOR requires that Emergency Reserves be established. These reserves must be at least 3 percent of Fiscal Year Spending (excluding bonded debt service) in 1995 and thereafter. Emergency reserves as of December 31, 2018, totaling \$36,179 have been presented as a reservation of fund balance in the general fund and net position. The District is not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary and benefit increases.

In 2013, the electors of the District authorized the District to collect and spend all revenue received in 2013 and subsequent years, notwithstanding the limitations of TABOR, without increasing its mill levy above current levels without further voter approval.

**RATTLESNAKE FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

The District's Board of Directors believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits and qualification as an Enterprise will require judicial interpretation.

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 9.841 mills for property taxes to be collected in 2018 and 2019.

**C. Impact Fee**

In May 2016, the State of Colorado passed House Bill 16-1088 Fire Protection District Impact Fee on New Development. The legislation authorizes Fire Districts to impose an impact fee on the construction of new buildings, structures, facilities, or improvements, including oil and gas wells, on previously improved or unimproved real property for reasonable related cost of fire protection services from the Fire Districts. Additionally, the County where the Fire District resides must be involved with the assessment and collection of the agreed impact fees. On March 22, 2017, the District entered into an Intergovernmental Agreement with Elbert County for the Assessment, Collection and Remittance of Emergency Services Impact Fees establishing an impact fee schedule and authorizing the County to impose and collect the impact fee less a 3% treasurer fee to defray collection cost.

In 2017, the District contracted for an Impact Fee Study with the results of the study decreasing the residential fee from \$3,180 to \$2,897 per dwelling unit and commercial developments from \$1.65 to \$1.35 per square foot. The new impact fee rates become effective January 1, 2018 and will be effective until the next required Impact Fee Study in 2024. For the year ending December 31, 2018 the District collected \$48,371.

**D. Oil and Gas Lease**

In November 2017, the District entered into an oil and gas lease with Lotus Land & Minerals, LLC to lease the mineral rights under certain properties owned by the District. The primary term of the lease is for four years with an option for an additional two years.

**E. Intergovernmental Agreement**

In April 2013, the District entered into an Intergovernmental Agreement ("IGA") for the construction and operation of a Joint Facility with Elizabeth Fire Protection District. The Joint Facility enables both Districts to provide high quality and cost effective emergency services to its residents along with an improvement in insurance ratings. Per the IGA, operating costs of the Joint Facility would be equally shared. As of July 2017, the District moved fleet operations into the Joint Facility. Subsequently, under mutual agreement any costs incurred over the minimum operating costs of the Joint Facility are the responsibility of the District.

## **Required Supplementary Information**

**RATTLESNAKE FIRE PROTECTION DISTRICT**

**VOLUNTEER FIREFIGHTERS' PENSION PLAN**

**SCHEDULE OF CHANGE IN NET PENSION LIABILITY**

**AND RELATED RATIOS**

**Year 4 (prospectively since 2014)**

Measurement period ended December 31.	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>Total Pension Plan Liability</b>				
Service cost	\$ 25,995	\$ 28,371	\$ 28,371	\$ 24,293
Interest on the total pension liability	83,444	78,471	81,290	85,609
Difference between expected and actual experience of the total pension liability	(116,359 )	-	(11,145 )	-
Assumption changes	-	-	26,158	-
Benefit payments	(60,890 )	(60,202 )	(61,538 )	(87,154 )
Net change in total pension liability	(67,810 )	46,640	63,766	22,748
Total pension plan liability – beginning	<u>1,129,718</u>	<u>1,061,908</u>	<u>1,108,548</u>	<u>1,172,314</u>
Total pension plan liability – ending	<u>\$ 1,061,908</u>	<u>\$ 1,108,548</u>	<u>\$ 1,172,314</u>	<u>\$ 1,195,062</u>
<b>Pension Plan Fiduciary Net Position</b>				
District contributions	\$ 30,817	\$ 30,817	\$ 30,817	\$ 30,817
Pension plan net investment income	63,448	17,716	52,260	144,949
Benefit payments	(60,890 )	(60,202 )	(61,538 )	(87,154 )
Pension plan administrative expenses	(1,836 )	(2,931 )	(1,830 )	(13,951 )
State of Colorado supplemental discretionary contribution	16,748	16,748	12,600	12,600
Net change in pension plan fiduciary net position	48,287	2,148	32,309	87,261
Pension plan fiduciary net position – beginning	<u>948,245</u>	<u>996,532</u>	<u>998,680</u>	<u>1,030,989</u>
Pension plan fiduciary net position – ending	<u>\$ 996,532</u>	<u>\$ 998,680</u>	<u>\$ 1,030,989</u>	<u>\$ 1,118,250</u>
Net Pension Liability	<u>\$ (65,376 )</u>	<u>\$ (109,868 )</u>	<u>\$ (141,325 )</u>	<u>\$ (76,812 )</u>
Pension Plan Fiduciary Net Position as a % of Total Pension Plan Liability	93.84%	90.09%	87.94%	93.57%
Net Pension Plan Liability as % of Covered Payroll	N/A	N/A	N/A	N/A
Covered Payroll	N/A	N/A	N/A	N/A
<b>Schedule of Contributions</b>				
Actuarially determined contribution	\$ 35,311	\$ 35,311	\$ 35,307	\$ 35,307
Actual contributions	<u>47,565</u>	<u>47,565</u>	<u>43,417</u>	<u>43,417</u>
Contribution deficiency (excess)	<u>\$ (12,254 )</u>	<u>\$ (12,254 )</u>	<u>\$ (8,110 )</u>	<u>\$ (8,110 )</u>