

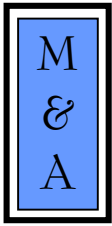


**Financial Statements  
December 31, 2019**

**Carbondale and Rural Fire Protection District  
Financial Report  
December 31, 2019**

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## INDEPENDENT AUDITOR'S REPORT

### **Board of Directors Carbondale and Rural Fire Protection District Carbondale, Colorado**

We have audited the accompanying financial statements of the governmental activities and each major fund of the Carbondale and Rural Fire Protection District (the "District"), as of and for the year ended December 31, 2019, which collectively comprise the District's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Carbondale and Rural Fire Protection District as of December 31, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Member: American Institute of Certified Public Accountants*

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**Other Matters**

The District has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be a part of, the basic financial statements. Our opinions on the basic financial statements are not affected by the missing information.

The budgetary comparison information in section D is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Accounting principles generally accepted in the United States of America require that the Schedule of Changes in Net Pension Asset / Liability, Schedule of Employer's Proportionate Share of the Net Pension Asset / Liability and the Schedules of District Contributions in section D, 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, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The budgetary comparison information found in Section E is presented for purposes of additional analysis and is not a required part of the financial statements. The budgetary comparison information in Section E is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*McMahan and Associates, L.L.C.*

**McMahan and Associates, L.L.C.  
June 16, 2020**

## **FINANCIAL STATEMENTS**

**Carbondale and Rural Fire Protection District**  
**Governmental Funds Balance Sheet/Statement of Net Position**  
**December 31, 2019**

**Governmental Funds Balance Sheet**

	<b>General Fund</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Total</b>	<b>Adjustments</b>	<b>Statement of Net Position</b>
<b>Assets:</b>						
Cash and cash equivalents	1,493,780	-	681,314	2,175,094	-	2,175,094
Restricted cash	247,193	-	-	247,193	-	247,193
Investments	-	507,127	6,397,018	6,904,145	-	6,904,145
Due from County Treasurer	26,034	-	-	26,034	-	26,034
Assessed taxes receivable	4,124,996	899,684	-	5,024,680	-	5,024,680
Accounts receivable, net of allowance of \$64,244	45,209	-	-	45,209	-	45,209
Prepaid expenses	17,177	-	-	17,177	-	17,177
Due to/from other fund	89,808	(84,802)	-	5,006	-	5,006
Net pension asset - hybrid plan	-	-	-	-	79,731	79,731
Capital assets, net of accumulated depreciation	-	-	-	-	7,716,280	7,716,280
<b>Total Assets</b>	<b>6,044,197</b>	<b>1,322,009</b>	<b>7,078,332</b>	<b>14,444,538</b>	<b>7,796,011</b>	<b>22,240,549</b>
<b>Deferred Outflows of Resources:</b>						
Pension related deferred outflows	-	-	-	-	1,574,433	1,574,433
Bond related deferred outflows	-	-	-	-	35,566	35,566
<b>Total Deferred Outflows</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,609,999</b>	<b>1,609,999</b>
<b>Total Assets and Deferred Outflows</b>	<b>6,044,197</b>	<b>1,322,009</b>	<b>7,078,332</b>	<b>14,444,538</b>	<b>9,406,010</b>	<b>23,850,548</b>
<b>Liabilities:</b>						
Accounts payable and accrued liabilities	89,100	-	88,833	177,933	-	177,933
Accrued interest payable	-	-	-	-	30,618	30,618
Compensated absences	-	-	-	-	219,328	219,328
Loan payable:						
Due within one year	-	-	-	-	97,083	97,083
Due in more than one year	-	-	-	-	141,132	141,132
Bonds payable:						
Due within one year	-	-	-	-	520,000	520,000
Due in more than one year	-	-	-	-	10,394,568	10,394,568
Net pension liability - volunteer plan	-	-	-	-	602,293	602,293
Net pension liability - defined benefit plan	-	-	-	-	286,734	286,734
<b>Total Liabilities</b>	<b>89,100</b>	<b>-</b>	<b>88,833</b>	<b>177,933</b>	<b>12,291,756</b>	<b>12,469,689</b>
<b>Deferred Inflows of Resources:</b>						
Unavailable property tax revenues	4,124,996	899,684	-	5,024,680	-	5,024,680
Pension related deferred inflows	-	-	-	-	269,278	269,278
<b>Total Deferred Inflows of Resources</b>	<b>4,124,996</b>	<b>899,684</b>	<b>-</b>	<b>5,024,680</b>	<b>269,278</b>	<b>5,293,958</b>
<b>Fund Balances / Net Position:</b>						
<b>Fund Balances:</b>						
Non-spendable	17,177	-	-	17,177	(17,177)	-
Restricted for emergencies	117,888	-	-	117,888	(117,888)	-
Restricted for debt covenant	247,193	-	-	247,193	(247,193)	-
Assigned for debt service	-	422,325	-	422,325	(422,325)	-
Assigned for capital projects	-	-	6,989,499	6,989,499	(6,989,499)	-
Unassigned	1,447,843	-	-	1,447,843	(1,447,843)	-
<b>Total Fund Balances</b>	<b>1,830,101</b>	<b>422,325</b>	<b>6,989,499</b>	<b>9,241,925</b>	<b>(9,241,925)</b>	<b>-</b>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b>6,044,197</b>	<b>1,322,009</b>	<b>7,078,332</b>	<b>14,444,538</b>		
<b>Net Position:</b>						
Investment in capital assets, net of related debt					3,791,211	3,791,211
Restricted for emergencies					117,888	117,888
Restricted for debt covenant					247,193	247,193
Unrestricted					1,930,609	1,930,609
<b>Total Net Position</b>					<b>6,086,901</b>	<b>6,086,901</b>

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

**Carbondale and Rural Fire Protection District**  
**Governmental Funds Statement of Revenues, Expenditures and**  
**Changes in Fund Balances/Statement of Activities**  
**For the Year Ended December 31, 2019**

**Governmental Funds Statement of Revenues,**  
**Expenditures and Changes in Fund Balances**

	<b>General Fund</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Total</b>	<b>Adjustments</b>	<b>Statement of Activities</b>
<b>Revenues:</b>						
Property taxes	3,748,622	748,864	-	4,497,486	-	4,497,486
Abated taxes	11,506	2,361	-	13,867	-	13,867
Specific ownership taxes	310,711	-	-	310,711	-	310,711
Interest on delinquent taxes	10,422	-	-	10,422	-	10,422
Charges for services:						
Emergency medical services	234,795	-	-	234,795	189,076	423,871
Investment income	70	11,048	34,123	45,241	-	45,241
Grants and contributions	41,866	-	145,219	187,085	-	187,085
Impact fees	-	-	52,560	52,560	-	52,560
Miscellaneous:						
Building rentals	16,500	-	-	16,500	-	16,500
Special event contracts	25,633	-	-	25,633	-	25,633
Other	3,913	-	-	3,913	-	3,913
<b>Total Revenues</b>	<b>4,404,038</b>	<b>762,273</b>	<b>231,902</b>	<b>5,398,213</b>	<b>189,076</b>	<b>5,587,289</b>
<b>Expenditures/Expenses:</b>						
Personnel services	3,088,811	-	-	3,088,811	168,075	3,256,886
General and administrative	311,563	17,390	-	328,953	12,112	341,065
Provisions for uncollectible EMS charges	-	-	-	-	189,076	189,076
Firefighting	59,704	-	-	59,704	217,357	277,061
Emergency medical services	52,338	-	-	52,338	49,259	101,597
Communications	50,473	-	-	50,473	18,961	69,434
Training	80,817	-	-	80,817	-	80,817
Equipment	107,605	-	-	107,605	-	107,605
Other	4,521	-	-	4,521	-	4,521
Station	119,225	-	-	119,225	189,292	308,517
Capital outlay	-	-	1,575,333	1,575,333	(1,172,554)	402,779
Debt service:						
Principal	-	515,000	94,645	609,645	(609,645)	-
Interest	-	331,670	7,393	339,063	3,395	342,458
<b>Total Expenditures/Expenses</b>	<b>3,875,057</b>	<b>864,060</b>	<b>1,677,371</b>	<b>6,416,488</b>	<b>(934,672)</b>	<b>5,481,816</b>
<b>Excess (Deficiency) of Revenues Over Expenditures / Change in Net Position</b>	<b>528,981</b>	<b>(101,787)</b>	<b>(1,445,469)</b>	<b>(1,018,275)</b>	<b>1,123,748</b>	<b>105,473</b>
<b>Other Financing Sources (Uses):</b>						
Debt proceeds	-	377,497	7,835,594	8,213,091	(8,213,091)	-
Issuance costs	-	(6,452)	(133,637)	(140,089)	-	(140,089)
Gain (loss) on disposal of assets	-	-	-	-	(14,081)	(14,081)
Transfers in (out)	(300,000)	-	300,000	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(300,000)</b>	<b>371,045</b>	<b>8,001,957</b>	<b>8,073,002</b>	<b>(8,227,172)</b>	<b>(154,170)</b>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)</b>	<b>228,981</b>	<b>269,258</b>	<b>6,556,488</b>	<b>7,054,727</b>	<b>(7,054,727)</b>	
<b>Changes in Net Position</b>					<b>(48,697)</b>	<b>(48,697)</b>
<b>Fund Balances/Net Position:</b>						
Beginning of Year	1,601,120	153,067	433,011	2,187,198		6,135,598
End of Year	1,830,101	422,325	6,989,499	9,241,925		6,086,901

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

**Carbondale and Rural Fire Protection District  
Statement of Fiduciary Net Position  
Volunteer Firefighters Pension Fund  
December 31, 2019**

<b>Assets:</b>	
Investments	2,342,612
Due (to) from general fund	(5,006)
Property taxes receivable	<u>62,894</u>
<b>Total Assets</b>	<u><u>2,400,500</u></u>
<b>Deferred Inflows of Resources:</b>	
Unavailable property tax revenues	<u>62,894</u>
<b>Total Deferred Inflows of Resources</b>	<u><u>62,894</u></u>
<b>Net Position:</b>	
Held in trust for pension benefits	<u><u>2,337,606</u></u>

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

**Carbondale and Rural Fire Protection District  
Statement of Changes in Fiduciary Net Position  
Volunteer Firefighters Pension Fund  
For the Year Ended December 31, 2019**

<b>Additions:</b>	
State matching contribution	30,402
Property taxes	60,283
Net investment gain	357,529
<b>Total Additions</b>	<u>448,214</u>
<b>Deductions:</b>	
Administration	32,594
Treasurer's fees	1,570
Disability insurance	5,448
Pension payments	228,359
<b>Total Deductions</b>	<u>267,971</u>
<b>Change in Net Position</b>	180,243
<b>Net Position - Beginning</b>	<u>2,157,363</u>
<b>Net Position - Ending</b>	<u><u>2,337,606</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS**

**Carbondale and Rural Fire Protection District**  
**Notes to the Financial Statements**  
**December 31, 2019**

**I. Summary of Significant Accounting Policies**

The Carbondale and Rural Fire Protection District (the "District") is a quasi-municipal corporation organized and operated pursuant to provisions set forth in the Colorado Special District Act. The District was established to provide fire protection within Carbondale and the surrounding area.

The financial statements of the District have been prepared in conformity with U.S. generally accepted accounting principles ("GAAP") as applied to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies established by GAAP used by the District are discussed below.

**A. Reporting Entity**

The reporting entity consists of (a) the primary government; i.e., the District, and (b) organizations for which the District is financially accountable. The District is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the District. Consideration is also given to other organizations which are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the District. Organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

The District has no component units, and it is not a component unit of any other entity.

**B. Government-wide and Fund Financial Statements**

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. However, the District does not have any business-type activities, only governmental activities.

**1. Government-wide Financial Statements**

In the Governmental Funds Balance Sheet/Statement of Net Position, the Statement of Net Position column is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in three parts—invested in capital assets; restricted net position; and unrestricted net position.

The government-wide focus is on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities. The effect of interfund activity has been eliminated from the government-wide financial statements.

**Carbondale and Rural Fire Protection District**  
**Notes to the Financial Statements**  
**December 31, 2019**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**B. Government-wide and Fund Financial Statements (continued)**

**2. Fund Financial Statements**

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The fund focus is on current available resources and budget compliance.

The District reports the following governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources not required to be accounted for in another fund.

The *Debt Service Fund* accounts for property taxes levied for debt payment on general obligation bonds.

The *Capital Projects Fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

The District reports the following agency fund which is not included in the government-wide statements since the resources of the fund are not available to the District:

The *Pension Fund* accounts for the volunteer pension investments.

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures or expenses are recognized in the accounts and reported in the financial statements. Financial statement presentation refers to classification of revenues by source and expenses by function.

**1. Long-term Economic Focus and Accrual Basis**

Governmental activities in the government-wide financial statements and fiduciary fund financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

**2. Current Financial Focus and Modified Accrual Basis**

The governmental funds financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter (60 days) to be used to pay liabilities of the current period. Expenditures are generally recognized when the related liability is incurred. The exceptions to this general rule are that principal and interest on general long-term debt and expenditures related to accrued compensated absences are recognized when due.

**Carbondale and Rural Fire Protection District**  
**Notes to the Financial Statements**  
**December 31, 2019**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**D. Financial Statement Accounts**

**1. Cash and Cash Equivalents**

Cash and cash equivalents are defined as deposits that can be withdrawn at any time without notice or penalty and investments with original maturities of three months or less.

Certain deposits held by the District are classified as restricted assets on the balance sheet because their use is limited to the District's debt requirements.

**2. Investments**

Investments are stated at fair value. The change in fair value of investments is recognized as an increase or decrease in investment assets and investment income.

The District follows state statute, which permits investments in the following types of obligations:

- U.S. Treasury Obligations (maximum maturity of 60 months)
- Federal Instrumentality Securities (maximum maturity of 60 months)
- FDIC-insured Certificates of Deposit (maximum maturity of 18 months)
- Corporate Bonds (maximum maturity of 36 months)
- Prime Commercial Paper (maximum maturity of 9 months)
- Eligible Bankers Acceptances
- Repurchase Agreements
- General Obligations and Revenue Obligations
- Local Government Investment Pools
- Money Market Mutual Funds

**3. Receivables**

Receivables are reported net of an allowance for uncollectible accounts. The District's policy is to establish an allowance for uncollectible accounts based on historical experience and individual analysis of accounts.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" in the fund financial statements and are eliminated in the government-wide financial statements.

**4. Property Taxes**

Property taxes are assessed in one year as a lien on the property, but not collected by the governmental entities until the subsequent year. In accordance with GAAP, the assessed but uncollected property taxes have been recorded as a receivable and as deferred revenue.

**5. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**Carbondale and Rural Fire Protection District**  
**Notes to the Financial Statements**  
**December 31, 2019**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**D. Financial Statement Accounts (continued)**

**6. Capital Assets**

Capital assets, which include land, fire stations and improvements, equipment, and vehicles, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial cost of \$500 or more and an estimated useful life in excess of five years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

Capital expenditures for projects are capitalized as projects are constructed. Interest incurred during the construction phase is capitalized as part of the value of the asset.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	15 - 40
Equipment	5 - 20

**7. Pensions**

The District participates in the Statewide Hybrid Plan and the Statewide Defined Benefit Plan, both administered by the Fire and Police Pension Association of Colorado ("FPPA"). The Statewide Hybrid Plan is comprised of two components: Defined Benefit and Money Purchase. The Statewide Defined Benefit Plan is a cost-sharing multiple-employer defined benefit pension plan. The District also sponsors an agent multiple employer defined benefit plan for its volunteer firefighters. The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the plans have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**8. Compensated Absences**

The District permits employees to accumulate earned but unused vacation time, subject to certain limits in amount. Accumulated, unpaid time is accrued when incurred in the government-wide financial statements.

**9. 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 column.

**Carbondale and Rural Fire Protection District**  
**Notes to the Financial Statements**  
**December 31, 2019**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**D. Financial Statement Accounts (continued)**

**10. Deferred Inflows and Outflows 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 then. The District has two items that qualify for reporting in this category, which are the pension-related deferred outflows and deferred charges on refunding reported in the government-wide statement of net position.

Deferred charges on refunding is the difference between the reacquisition price and the net carrying amount of the defeased debt. The deferred charge is amortized over the life of the refunding bonds, and the amortization is included in interest expense.

In addition to liabilities, the statement of net position 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 and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for this type of reporting in this category, which are the unavailable revenues from property taxes and pension-related deferred inflows reported in the government-wide statement of net position.

Deferred items related to the District's pension plans, adjusted for changes in pension related actuarial assumptions, proportion of collective pension amounts, differences between actual and expected experience and investment earnings, and differences between actual and annualized contributions to the pension plan, are amortized over the average remaining service life of active and inactive plan participants.

**11. Fund Balance**

The District classifies governmental fund balances as follows:

*Non-spendable* - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.

*Restricted* – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation. The General Fund has \$117,888 restricted by law for emergencies. The General Fund also has \$247,193 restricted for debt covenants.

*Committed* – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority which is the Board of Directors.

**Carbondale and Rural Fire Protection District**  
**Notes to the Financial Statements**  
**December 31, 2019**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**D. Financial Statement Accounts (continued)**

**11. Fund Balance (continued)**

*Assigned* – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Board of Directors or its management designee. The Capital Project Fund's entire balance is restricted for future capital project and equipment acquisition. The Debt Service Fund's entire balance is restricted for future debt covenants.

*Unassigned* - includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The District uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the District first uses committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The District does not have a formal minimum fund balance policy. However, the District's budget includes a calculation of a targeted reserve position and management calculates targets and reports them annually to the Board of Directors.

**12. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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 amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Carbondale and Rural Fire Protection District**  
**Notes to the Financial Statements**  
**December 31, 2019**  
**(Continued)**

**II. Reconciliation of Government-wide and Fund Financial Statements**

**A. Explanation of differences between the Governmental Funds Balance Sheet and the government-wide Statement of Net Position**

The Governmental Funds Balance Sheet and the government-wide Statement of Net Position includes a reconciling column. Explanation of the adjustments included in the reconciling column is as follows:

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

Capital assets	\$ 13,411,028	
Accumulated depreciation	(5,694,748)	
	\$ 7,716,280	

Deferred outflows are not available for current period expenditures and, therefore, are not reported in the funds.

Deferred charges on bond refunding		\$ 35,566
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Long-term liabilities, including bonds payables, are not due and payable in the current period and, therefore are not reported in the funds.

Loans payable	\$ (238,215)	
Bonds payable	(10,230,000)	
Unamortized bond issuance premium	(684,568)	
Accrued interest payable	(30,618)	
Compensated absences	(219,328)	
	\$ (11,402,729)	

Net pension assets/(liabilities) and related deferrals are not available for resources/(expenditures) and, therefore, are not reported in the funds.

Net pension asset/(liability) - volunteer fund	\$ (602,293)	
Net pension asset/(liability) - defined benefit pla	(286,734)	
Net pension asset/(liability) - hybrid fund	79,731	
Pension related deferred outflows	1,574,433	
Pension related deferred inflows	(269,278)	
	\$ 495,859	

**Carbondale and Rural Fire Protection District**  
**Notes to the Financial Statements**  
**December 31, 2019**  
**(Continued)**

**II. Reconciliation of Government-wide and Fund Financial Statements (continued)**

**B. Explanation of differences between the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the government-wide Statement of Activities**

The governmental fund Statement of Revenue, Expenditures and Changes in Fund Balance and the government-wide Statement of Activities includes a reconciling column. Explanation of the adjustments included in the reconciling column is as follows:

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital additions	\$ 1,172,554	
Depreciation expense	(676,057)	
		\$ 496,497

Some expenses reported in the Statement of Activities, including the change in accrued compensated absences, do not require the use of current financial resources and therefore are not recorded as expenditures in governmental funds.

Volunteer pension contributions	59,983	
Pension expense/(income)	(169,939)	
Net change in compensated absences	(58,119)	
		\$ (168,075)

The issuance of long-term debt (e.g., leases and bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Principal repayments - Loans payable	\$ 94,645	
Principal repayments - Bonds payable	515,000	
Amortization of premium on bonds payable	28,523	
Amortization of bond refunding charges	(6,708)	
Bonds proceeds	(7,500,000)	
Premium on bond issuance	(713,091)	
		\$ (7,581,631)

Governmental funds report bond interest when paid; while the Statement of Activities accrues interest expense as incurred.

Change to accrued interest		\$ (25,210)
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Assets disposed are shown at their sale price on the governmental funds but are shown as a gain or loss on the sale of assets based upon sales price less the asset's book value.

Gain/(loss) on disposal of capital assets		\$ (14,081)
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**Carbondale and Rural Fire Protection District**  
**Notes to the Financial Statements**  
**December 31, 2019**  
**(Continued)**

**III. Stewardship, Compliance, and Accountability**

**A. Budgets and Budgetary Accounting**

In the fall of each year, the District's Board of Directors formally adopts a budget with appropriations by fund for the ensuing year pursuant to the Colorado Local Budget Law. The budget for the governmental funds and the fiduciary fund are adopted on a basis consistent with U.S. GAAP.

- (1) For the 2019 budget, prior to August 25, 2018, the County Assessor sent to the District a certified assessed valuation of all taxable property within the District's boundaries. The County Assessor may change the assessed valuation on or before December 10, 2018, only once by a single notification to the District.
- (2) On or before October 15, 2018, the District's budget officer submitted to the District's Board of Directors a recommended budget which detailed the necessary property taxes needed along with other available revenues to meet the District's operating requirements.
- (3) For the 2019 budget, prior to December 15, 2018, the District computed and certified to the County Commissioners a rate of a levy that derived the necessary property taxes as computed in the proposed budget.
- (4) After a required publication of "Notice of Proposed Budget" and a public hearing, the District adopted the proposed budget and an appropriating resolution, which legally appropriated expenditures for the upcoming year
- (5) After adoption of the budget resolution, the District may make the following changes: (a) it may transfer appropriated monies between funds or between spending agencies within a fund, as determined by the original appropriation level; (b) it may approve supplemental appropriations to the extent of revenues in excess of the estimate in the budget; (c) it may approve emergency appropriations; and (d) it may approve the reduction of appropriations for which originally estimated revenues are insufficient.
- (6) All appropriations lapse at a year-end.

Taxes levied in one year are collected in the succeeding year. Thus taxes certified in 2018 were collected in 2019 and taxes certified in 2019 will be collected in 2020. Taxes are due on January 1st in the year of collection; however, they may be paid in either one installment (no later than April 30th) or two equal installments (no later than February 28th and June 15th) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 15th.

**B. TABOR Amendment - Revenue and Spending Limitation Amendment**

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

**Carbondale and Rural Fire Protection District**  
**Notes to the Financial Statements**  
**December 31, 2019**  
**(Continued)**

**III. Stewardship, Compliance, and Accountability (continued)**

**B. TABOR Amendment - Revenue and Spending Limitation Amendment (continued)**

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

The initial base for local government spending and revenue limits is December 31, 1992, fiscal year spending. Future spending and revenue limits are determined based on the prior year's fiscal year spending adjusted for inflation in the prior calendar year plus annual local growth. Fiscal year spending is generally defined as expenditures and reserve increases with certain exceptions. Revenue, if any, in excess of the fiscal year spending limit must be refunded in the next fiscal year unless voters approve retention of such revenue.

The District's voters approved the following ballot question on May 7, 1996:

*Shall Carbondale and Rural Fire Protection District's taxes be increased \$169,782 annually (maximum first full fiscal year dollar increase) beginning January 1, 1997, and by whatever additional amounts are raised annually thereafter by an ad valorem property tax levy of one and sixty-nine hundredths (1.69) mill, to be in excess of property tax revenues that would be provided by the District's operating mill levy otherwise permitted under state law without such increase (making the District's total maximum operating mill levy six and two hundred fifty-nine thousandths (6.259) mills, to constitute a voter-approved revenue and spending change?*

The District's voters approved the following ballot question on November 5, 2002:

*Shall the Carbondale and Rural Fire Protection District be authorized to collect, retain and expend the full revenues generated each year subsequent to 2002, to receive and expend state grants, and to receive and expend all property tax revenues for capital projects and general obligations without limiting in any year the amount of other revenue that may be collected and spent by the Carbondale and Rural Fire Protection District?*

*Nothing herein shall permit any increase in the property tax mill levy imposed by the Carbondale and Rural Fire Protection District without the express approval of the voters within the District's boundaries.*

The District's voters approved the following ballot questions on May 4, 2004:

*Shall Carbondale and Rural Fire Protection District taxes be increased up to \$415,000 annually (for collection in calendar year 2005) and by such additional amounts raised annually, thereafter by an ad valorem property tax mill levy imposed for District operations, training, and maintenance at a rate of 1.5 mills, which increase shall be in addition to the mill levy currently imposed by the District; and shall the revenue from such taxes constitute permanent voter-approved revenue changes within the meaning of Article X, Section 20 of the Colorado Constitution and an exception to the limitations set forth in Section 29-1-301 of the Colorado Revised Statutes?*

**Carbondale and Rural Fire Protection District**  
**Notes to the Financial Statements**  
**December 31, 2019**  
**(Continued)**

**III. Stewardship, Compliance, and Accountability (continued)**

**B. TABOR Amendment - Revenue and Spending Limitation Amendment (continued)**

The District's voters approved the following ballot questions on May 4, 2004 (continued):

*Shall Carbondale and Rural Fire Protection District Debt be increased up to \$6,750,000, with a maximum repayment cost of up to \$11,500,000, and shall District taxes be increased up to \$625,000 annually for the purpose of financing the costs of providing fire protection and services, such debt to consist of the issuance and payment of general obligation bonds, which bonds shall bear interest at a maximum net effective interest rate not to exceed 5.5% per annum and be issued, dated and sold at such time or times, at such prices and in such manner and containing such terms, not inconsistent herewith, as the Board of Directors may determine; shall ad valorem property taxes be levied in any year, without limitation as to rate or amount, to pay the principal of, premium if any, and interest on such bonds as the same become due; and shall any earnings on the investment of the revenues from such taxes and on the proceeds of such bonds (regardless of amount) constitute a voter-approved revenue change within the meaning of Article X, Section 20 of the Colorado Constitution?*

The District's voters approved the following ballot question on November 1, 2011:

*Shall Carbondale and Rural Fire Protection District taxes be increased by \$775,236 annually for a limited two-year period, beginning in tax collection year 2012, continuing each year through tax collection year 2013 and terminating thereafter, with such increase to be deposited in the General Fund for the purpose of funding the costs of, among other things: maintaining current levels of essential firefighting and paramedic services by an additional property tax to be levied at a rate sufficient to produce \$775,236 (such mill levy to be in addition to the mill levy currently imposed by the District) as a voter-approved revenue change under Article X, Section 20 of the Colorado Constitution and authorization to exceed the limitation contained in Section 29-1-301 of the Colorado Revised Statutes?*

The District's voters approved the following ballot question on November 3, 2015:

*Shall Carbondale and Rural Fire Protection District taxes be increased by \$595,204 annually for a limited two-year period (for tax collection years 2016 and 2017) only with such increase to be deposited in the General Fund for the purpose of funding the costs of, among other things, maintaining current levels of essential firefighting and paramedic services, by a property tax to be levied at a rate of 1.75 mills (such mill levy to be in addition to the mill levy currently imposed by the district) as a voter-approved revenue change under Article X, Section 20 of the Colorado Constitution and authorization to exceed the limitation contained in section 29-1-301 of the Colorado Revised Statutes?*

The District's voters approved the following ballot question on November 7, 2017.

*Shall Carbondale and Rural Fire Protection District taxes be increased by \$630,456 annually for a limited three-year period (for tax collection years 2018, 2019, and 2020 only) with such increase to be deposited in the General Fund for the purpose of funding the costs of, among other things, maintaining current levels of essential firefighting and paramedic services, by a property tax to be levied at a rate of 1.75 mills (such mill levy to be in addition to the mill levy currently imposed by the District) as a voter-approved revenue change under Article X, Section 20 of the Colorado Constitution and authorization to exceed the limitation contained in section 29-1-301 of the Colorado Revised Statutes?*

**Carbondale and Rural Fire Protection District**  
**Notes to the Financial Statements**  
**December 31, 2019**  
**(Continued)**

**III. Stewardship, Compliance, and Accountability (continued)**

**B. TABOR Amendment - Revenue and Spending Limitation Amendment (continued)**

The District's voters approved the following ballot questions on November 6, 2018.

*Shall the Carbondale and Rural Fire Protection District taxes be increased up to \$1.7 million annually (for collection in calendar year 2019) and by such additional amounts raised annually thereafter by an ad valorem property tax imposed at a rate of 4.569 mills (which rate includes the extended mill levy approved by the electors in 2017) in order to meet the operational costs of providing fire protection, medical, rescue and other emergency services; and shall the revenue from the operating mill levy constitute a voter-approved revenue change within the meaning of Article X, Section 20 of the Colorado Constitution and an exception to the limitations set forth in Section 29-1-301 of the Colorado Revised Statutes?*

*Shall the Carbondale and Rural Fire Protection District debt be increased up to \$7.5 million, with a maximum repayment cost of up to \$15.1 million, and shall district taxes be increased up to \$720,000 annually for the purpose of financing the costs of,*

- *purchasing and upgrading ten firefighting apparatus and three ambulances to replace an aging fleet,*
- *constructing a multifunction training facility to improve response capability and enhance responder safety,*
- *expanding two fire stations by the addition of apparatus bays to properly house and position apparatus, and*
- *constructing a maintenance facility to enable the district to perform comprehensive maintenance and repair of apparatus and equipment,*

*and to the extent funds are available, equipping, improving and acquiring fire protection apparatus and facilities, such debt to consist of the issuance and payment of general obligation bonds, which bonds shall bear interest at a maximum net effective interest rate not to exceed 5.5% per annum and be issued at such times and prices (at, above or below par) and in such manner and containing such terms, not inconsistent herewith, as the Board of Directors may determine; shall ad valorem property taxes be levied without limit as to the mill rate to generate an amount sufficient in each year to pay the principal of, premium if any, and interest on such debt and to fund any reserves for the payment thereof; and shall any earnings from the investment of the proceeds of such taxes and bonds constitute a voter-approved revenue change?*

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

**Carbondale and Rural Fire Protection District**  
**Notes to the Financial Statements**  
**December 31, 2019**  
**(Continued)**

**III. Stewardship, Compliance, and Accountability (continued)**

**C. Gallagher Amendment**

In November 1982, Colorado voters approved an amendment (the “Gallagher Amendment”) to Article X of the Colorado Constitution. The Gallagher Amendment sets guidelines to establish the proportionate total statewide assessed valuations for residential and non-residential property, with required adjustments to assessment rates to maintain the respective valuations for assessment such that approximately 45% of property tax collections would come from residential property and 55% to come from non-residential property. Further, the Gallagher Amendment requires that the non-residential assessment rate applied to actual values be fixed at 29% with the residential assessment rate (“RAR”) to be adjusted to hold the 45% / 55% split constant. Because of the increase in residential property values in Colorado, the RAR has historically trended downward, which, in combination with TABOR’s set mill levy rate, may limit the amount of property taxes the District can generate annually.

In 2017, the State Legislature lowered the RAR from 7.96% to 7.22% for the 2018 – 2019 assessment period. This caused an approximately 9.3% loss of revenue for Colorado special districts, offset by increases, if any, in property values. In 2019, the Colorado State Legislature will review new values and set a new RAR to be applied in 2020-21. A publication issued by the Colorado Legislative Council Staff on April 12, 2019 states that the Colorado Division of Property Taxation estimates a RAR of 7.15% for 2019 and 2020, which would be a 1% reduction in property tax generated, assuming property values remain constant. The impact on the District, if any, of future changes to the RAR cannot be determined at this time.

**IV. Detailed Notes on All Funds**

**A. Deposits and Investments**

The District’s deposits are entirely covered by federal depository insurance (“FDIC”) or by collateral held under Colorado’s Public Deposit Protection Act (“PDPA”). The FDIC insures the first \$250,000 of the District’s deposits at each separately chartered FDIC-member financial institution, without regard to the nature of the accounts. Any remaining deposit are collateralized as required by PDPA. The carrying amount of the District’s demand deposits was \$2,422,187.

*Interest Rate Risk.* As a means of limiting its exposure to interest rate risk, the District diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer and type of issuer. The District coordinates its investment maturities to closely match cash flow needs and restricts the maximum investment term to less than five years (less in some cases) from the purchase date. As a result of the limited length of maturities the District has limited its interest rate risk

*Credit Risk.* The District’s investment policy limits investments to those authorized by State statutes. The District’s general investment policy is to apply the prudent-person rule: investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

*Concentration of Credit Risk.* The District diversifies its investments by security type and institution. Financial institutions holding District funds must provide the District a statement of collateral in a form of a listing of securities pledged, and a copy of the certificate from the Banking Authority that states that the institution is an eligible public depository.

**Carbondale and Rural Fire Protection District**  
**Notes to the Financial Statements**  
**December 31, 2019**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**A. Deposits and Investments (continued)**

At December 31, 2019, the District had the following deposits and investments with the following maturities:

<u>Type</u>	<u>Standard &amp; Poors Rating</u>	<u>Carrying Amounts</u>	<u>Maturities</u>	
			<u>Less than one year</u>	<u>Less than five years</u>
<i>Deposits:</i>				
Petty cash	Not rated	\$ 100	\$ 100	\$ -
Checking and savings	Not rated	2,174,994	2,174,994	-
Restricted deposits	Not rated	247,193	247,193	-
<i>Investments:</i>				
Investment pools	AAAm	6,904,145	6,904,145	-
		<u>\$ 9,326,432</u>	<u>\$ 9,326,432</u>	<u>\$ -</u>

*Fair Value of Investments.* The District measures and records its investments using fair value guidelines established by generally accepted accounting principles. There were no investments requiring disclosure in the fair value hierarchy.

The Investment Pool represents investments in CSAFE measured at net asset value. The District has no regulatory oversight for the pool. At December 31, 2019, the District's investments in CSAFE were 100% of the District's investment portfolio.

At December 31, 2019, the District had the following recurring measurements:

<u>Investments Measured at Amortized Cost</u>	<u>Total</u>
CSafe	\$ 6,904,145

**B. Interfund Balances and Transfers**

There was the following interfund transfer during 2019:

<u>Transferred to:</u>	<u>Transferred from:</u>	<u>Amount</u>	<u>Purpose</u>
Capital Projects	General Fund	\$ 100,000	Annual transfer to CPF
Capital Projects	General Fund	200,000	Replacement projects

Interfund balances at December 31, 2019 were as follows:

<u>Due to:</u>	<u>Due from:</u>	<u>Amount</u>	<u>Purpose</u>
General	Pension	\$ 5,006	Short-term posting
General	Debt Service	84,802	differences

**Carbondale and Rural Fire Protection District**  
**Notes to the Financial Statements**  
**December 31, 2019**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**C. Capital Assets**

Capital asset activity for the year ended December 31, 2019, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Construction in progress	\$ -	\$ 41,950	\$ -	\$ 41,950
Land	934,887	-	-	934,887
Total capital assets, not being depreciated	<u>934,887</u>	<u>41,950</u>	<u>-</u>	<u>976,837</u>
Capital assets, being depreciated:				
Fire stations and improvements	7,231,385	100,269	-	7,331,654
Vehicles and equipment	4,835,995	1,030,335	(763,793)	5,102,537
Total capital assets being depreciated	<u>12,067,380</u>	<u>1,130,604</u>	<u>(763,793)</u>	<u>12,434,191</u>
Less accumulated depreciation:				
Fire stations and improvements	(2,194,697)	(198,091)	-	(2,392,788)
Vehicles and equipment	(3,762,782)	(288,890)	749,712	(3,301,960)
Total accumulated depreciation	<u>(5,957,479)</u>	<u>(486,981)</u>	<u>749,712</u>	<u>(5,694,748)</u>
Total capital assets, being depreciated, net	<u>6,109,901</u>	<u>643,623</u>	<u>(14,081)</u>	<u>6,739,443</u>
Total Capital Assets, Net	<u>\$ 7,044,788</u>	<u>\$ 643,623</u>	<u>\$ (14,081)</u>	<u>\$ 7,716,280</u>

Depreciation expense was charged to functions of the District as follows:

General and administrative	\$ 12,112
Firefighting	217,357
Emergency medical services	49,259
Communications	18,961
Station	189,292
Total depreciation expense	<u>\$ 486,981</u>

**D. Long-term Obligations**

At December 31, 2019, the District had the following long-term obligations outstanding:

**1. \$900,000 Loan Payable**

On May 23, 2012, the District incurred a loan payable to Alpine Bank whereby the District received \$900,000 to purchase an aerial ladder truck and tender truck for \$701,877 and \$172,092, respectively. The District restricted \$451,200 cash held at Alpine Bank as collateral for the outstanding loan principal, which is payable in 120 monthly installments of \$8,503.18, including variable rate interest at 2.5% over the Alpine Bank Money Market Rate, with the final installment of all unpaid principal and interest due on May 23, 2022.

**Carbondale and Rural Fire Protection District**  
**Notes to the Financial Statements**  
**December 31, 2019**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**D. Long-term Obligations (continued)**

**1. \$900,000 Loan Payable (continued)**

The portion of the 2012 loan payable remaining is as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 97,083	\$ 4,955	\$ 102,038
2021	99,584	2,454	102,038
2022	41,548	269	41,817
	<u>\$ 238,215</u>	<u>\$ 7,678</u>	<u>\$ 245,893</u>

**2. Convertible General Obligation Refunding Bonds, Series 2017**

On March 28, 2017, the District issued Convertible General Obligation Refunding Bonds (Taxable Note Convertible to a Tax-Exempt Bond on the Conversion Date), Series 2017 in the amount of \$3,820,000 to refund the General Obligation Refunding Bonds, Series 2007. Net proceeds after issuance costs were deposited with an escrow agent to pay the refunded 2007 bonds.

The difference in the cash flows between the old debt and the new debt resulted in a net present value savings to the District on the refunding of \$178,777

On September 7, 2017 (the "Conversion Date"), the interest rate changed from the taxable rate of 2.5% to the tax-exempt rate of 2%.

The bonds are subject to redemption at the option of the District, in whole but not in part, on June 1, 2022, and on any date thereafter, upon payment of par and accrued interest, without redemption premium.

The bonds have bi-annual payment dates of June 1 and December 1. The interest rates on the outstanding bond effective September 7, 2017 is 2% and the bonds mature on December 1, 2024. The bonds will be serviced by the Debt Service Fund.

Proceeds of the refunding bonds issuance were used to purchase U.S. government securities to retire outstanding issuances. Sufficient U.S. government, state and local governmental securities were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the District's financial records. The amount of defeased bonds outstanding at year-end is \$3,170,000.

**Carbondale and Rural Fire Protection District**  
**Notes to the Financial Statements**  
**December 31, 2019**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**D. Long-Term Debt (continued)**

**2. Convertible General Obligation Refunding Bonds, Series 2017 (continued)**

The portion of the 2017 bond issue remaining is as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 520,000	\$ 54,600	\$ 574,600
2021	535,000	44,200	579,200
2022	550,000	33,500	583,500
2023	560,000	22,500	582,500
2024	565,000	11,300	576,300
	<u>\$ 2,730,000</u>	<u>\$ 166,100</u>	<u>\$ 2,896,100</u>

**3. General Obligation Bonds, Series 2019**

On January 24, 2019 the District issued General Obligation Bonds, Series 2019 in the amount of \$7,520,000 to finance the costs of various capital projects set forth in the ballot question of November 6, 2018. The Bonds were issued at a premium of \$713,091 and bear interest at nominal rates ranging from 4% to 4.5%, with yields ranging from 2.26% to 3.36%.

The bonds maturing on or after December 1, 2029 are subject to redemption prior to maturity at the option of the District, in whole but not in part, on December 1, 2028, and on any date thereafter, at a redemption price of 100% of principal, plus accrued interest to the redemption date.

The bonds maturing on December 1, 2043 are subject to mandatory sinking fund redemption by on December 1, 2039 and December 1 of each year thereafter and in specified principal amounts, at a redemption price equal to the specified principal amount, with no redemption premium, plus accrued interest to the redemption date.

The bonds have bi-annual payment dates of June 1 and December 1. The bonds mature on December 1, 2043. The bonds will be serviced by the Debt Service Fund and Capital Projects Fund.

The portion of the 2019 bonds issue remaining is as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ -	\$ 312,825	\$ 312,825
2021	-	312,825	312,825
2022	-	312,825	312,825
2023	-	312,825	312,825
2024	-	312,825	312,825
2025 - 2029	1,460,000	1,451,925	2,911,925
2030 - 2034	1,780,000	1,135,325	2,915,325
2035 - 2039	2,165,000	749,925	2,914,925
2040 - 2043	2,095,000	240,975	2,335,975
	<u>\$ 7,500,000</u>	<u>\$ 5,142,275</u>	<u>\$ 12,642,275</u>

**Carbondale and Rural Fire Protection District**  
**Notes to the Financial Statements**  
**December 31, 2019**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**D. Long-Term Debt (continued)**

The District's annual debt service requirements are as follows:

<u>Fiscal Year Ending:</u>	<u>General Obligation Refunding 2017</u>	<u>General Obligation 2019</u>	<u>Loan Payable 2012</u>	<u>Total</u>
2020	\$ 574,600	\$ 312,825	\$ 102,038	\$ 989,463
2021	579,200	312,825	102,038	994,063
2022	583,500	312,825	41,817	938,142
2023	582,500	312,825	-	895,325
2024	576,300	312,825	-	889,125
2025 - 2029	-	2,911,925	-	2,911,925
2030 - 2034	-	2,915,325	-	2,915,325
2035 - 2039	-	2,914,925	-	2,914,925
2040 - 2043	-	2,335,975	-	2,335,975
<b>Total</b>	<u>2,896,100</u>	<u>12,642,275</u>	<u>245,893</u>	<u>15,784,268</u>
Less: Interest				(5,316,053)
<b>Debt Outstanding</b>				<u><u>\$ 10,468,215</u></u>

The District had the following changes in debt for the year ended December 31, 2019.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds Payable					
G.O. Bonds, Series 2017	\$ 3,245,000	\$ -	\$ (515,000)	\$ 2,730,000	\$ 520,000
G.O. Bond, Series 2019	-	7,500,000	-	7,500,000	-
Premium on 2019 bonds	-	713,091	(28,523)	684,568	-
Loan Payable	332,860	-	(94,645)	238,215	97,083
Total Long Term Debt	<u>3,577,860</u>	<u>8,213,091</u>	<u>(638,168)</u>	<u>11,152,783</u>	<u>617,083</u>
Accrued interest payable	5,408	25,210	-	30,618	-
Compensated absences	161,209	58,119	-	219,328	-
Net pension liabilities/(assets):					
Volunteer plan	224,116	378,177	-	602,293	-
Defined benefit plan	(345,623)	632,357	-	286,734	-
Hybrid plan	(114,296)	34,565	-	(79,731)	-
<b>Total Long-term Obligations</b>	<u>\$ 3,508,674</u>	<u>\$ 9,341,519</u>	<u>\$ (638,168)</u>	<u>\$ 12,212,025</u>	<u>\$ 617,083</u>

**Carbondale and Rural Fire Protection District**  
**Notes to the Financial Statements**  
**December 31, 2019**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**E. Pension (Asset) Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

**1. FPPA Statewide Defined Benefit Plan**

*Plan Description.* The Plan is a cost-sharing multiple-employer defined benefit pension plan covering substantially all full-time employees of participating fire or police departments in Colorado hired on or after April 8, 1978 (New Hires), provided they are not already covered by a statutorily exempt plan. As of August 5, 2003, the Plan may include clerical and other personnel from fire districts whose services are auxiliary to fire protection. The plan became effective January 1, 1980.

*Contributions.* Determined by state statute or by election of the members, contributions are set at a level that enables all benefits to be fully funded at the retirement date of all members. Employees and employers are contributing at a rate of 10% and 8%, respectively, of base salary for a total contribution rate of 18% in 2018.

In 2014, the members elected to increase the member contribution rate 0.5% annually from 2015 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 from members and employers of plans re-entering the system are established by resolution and approved by the FPPA Board of Directors. The reentry group has a combined contribution rate of 22% of base salary in 2018. It is a local decision on who pays the additional 4% contribution. Per the 2014 member election, the reentry group will 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 5% and 4% of base salary for a total contribution rate of 9% in 2018. Per the 2014 member election, the affiliated social security group will also have their required member 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.

*Benefits.* On May 23, 1983, the Colorado Revised Statutes were amended to allow the Trustees of the Plan to change the retirement age on an annual basis, depending upon the results of the actuarial valuation and other circumstances. The amended statutes state that retirement age should not be less than age 55 or more than age 60. The Trustees subsequently elected to amend the retirement provisions, effective July 1, 1983, such that any member with at least 25 years of service may retire at any time after age 55 and shall be eligible for a normal retirement pension.

**Carbondale and Rural Fire Protection District**  
**Notes to the Financial Statements**  
**December 31, 2019**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**E. Pension (Asset) Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**

**1. FPPA Statewide Defined Benefit Plan (continued)**

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

In addition, upon retirement a member may receive additional benefits credited to the member's "Separate Retirement Account" each year after January 1, 1988. These are attributable to contributions in excess of the actuarially determined pension cost and the allocation of the net Fire & Police Members' Benefit Investment Fund earnings and losses thereon. Members do not vest in amounts credited to their Separate Retirement Account until retirement, and the Plan may use such stabilization reserve amounts to reduce pension cost in the event such cost exceeds contributions. It was previously mentioned that reentry members have a higher contribution rate. As a result their Separate Retirement Account (SRA) has two components; the standard SRA and the reentry SRA.

The component of a member's SRA attributable to the higher contribution rate is considered the reentry SRA. The reentry SRA cannot be used to subsidize the costs for the non-reentry members. Effective July 1, 2016, the standard Separate Retirement Account contribution rate for members of the Statewide Defined Benefit Plan was set at 0%. The reentry Separate Retirement Account contribution rate was set at 3.70%.

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

**Carbondale and Rural Fire Protection District**  
**Notes to the Financial Statements**  
**December 31, 2019**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**E. Pension (Asset) Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**

**1. FPPA Statewide Defined Benefit Plan (continued)**

*Net Pension Liability.* At December 31, 2019, the District reported \$286,734 for its proportionate share of the net pension liability. 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 of January 1, 2019. The District proportion of the net pension liability was based on District contributions to the Plan for the calendar year 2018 relative to the total contributions of participating employers to the Plan.

At December 31, 2019, the District's proportion was 0.226796%, as compared to 0.240240% at December 31, 2018.

For the year ended December 31, 2019, the District recognized pension income of \$139,636. At December 31, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 368,427	\$ 3,063
Changes of assumptions or other inputs	277,692	-
Net difference between projected and actual earnings on pension plan investments	225,560	-
Difference between actual and reported contributions recognized	-	4,951
Changes in proportionate share of contributions	77,260	6,213
Contributions subsequent to the measurement date	171,348	-
Total	<u>\$ 1,120,287</u>	<u>\$ 14,227</u>

Contributions subsequent to the measurement date of December 31, 2018, which are reported as deferred outflows of resources related to pensions, will be recognized as a reduction of the net pension liability in the year ended December 31, 2020.

**Carbondale and Rural Fire Protection District**  
**Notes to the Financial Statements**  
**December 31, 2019**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**E. Pension (Asset) Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**

**1. FPPA Statewide Defined Benefit Plan (continued)**

*Net Pension Liability (continued).* Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending December 31:		
2020	\$	174,053
2021		126,966
2022		109,503
2023		175,101
2024		90,016
Thereafter		259,073
	<u>\$</u>	<u>934,712</u>

*Actuarial Assumptions.* The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs:

	<b>Total Pension Liability</b>	<b>Actuarially Determined Contributions</b>
Actuarial Valuation Date	January 1, 2019	January 1, 2018
Actuarial Method	Entry Age Normal	Entry Age Normal
Amortization Method	N/A	Level % of Payroll, Open
Amortization Period	N/A	30 Years
Long-term investment rate *	7.0%	7.5%
Projected Salary Increases	4.25% to 11.25%	4.0% to 14.0%
Cost of Living Adjustments	0%	0%
* includes inflation at	2.5%	2.5%

For determining the total pension liability, the post-retirement mortality tables for non-disabled retirees uses the 2006 central rate from the RP-2014 annuitant mortality tables projected to 2018 using the MP-2017 projection scales, and the projected prospectively using the ultimate rates of the scale for all years. The pre-retirement off-duty mortality tables are adjusted to 50% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00015.

For determining the actuarial determined contributions, the post-retirement mortality tables for non-disabled retirees is a blend of the Annuitant and Employee RP-2014 generational mortality tables with blue collar adjustment projected with Scale BB. The pre-retirement 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.

At least every five years the FPPA's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2018 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions.

**Carbondale and Rural Fire Protection District**  
**Notes to the Financial Statements**  
**December 31, 2019**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**E. Pension (Asset) Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**

**1. FPPA Statewide Defined Benefit Plan (continued)**

*Actuarial Assumptions (continued).* The recommendations were made by the FPPA's actuaries, Gabriel, Roeder, Smith & Co., based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2019 and were used in the rollforward calculation of total pension liability as of December 31, 2018. Actuarial assumptions effective for actuarial valuations prior to January 1, 2019 were used in the determination of the actuarially determined contributions as of December 31, 2018. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

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.

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, 2018 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long Term Expected Rate of Return</b>
Global Equity	37%	8.03%
Equity Long/Short	9%	6.45%
Private Markets	24%	10.00%
Fixed Income	15%	2.90%
Absolute Return	9%	5.08%
Managed Futures	4%	5.35%
Cash	2%	2.52%
	<b>100%</b>	

Discount Rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will 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 SWDB plan 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.

**Carbondale and Rural Fire Protection District**  
**Notes to the Financial Statements**  
**December 31, 2019**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**E. Pension (Asset) Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**

**1. FPPA Statewide Defined Benefit Plan (continued)**

*Discount Rate.* 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).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 3.71% (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.00%.

*Sensitivity of the District's proportionate share of the net pension liability/(asset) to changes in the discount rate.* The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the proportionate share of the net pension liability/(asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	<b>1% Decrease (6.0%)</b>	<b>Assumption (7.0%)</b>	<b>1% Increase (8.0%)</b>
Collective net pension liability/(asset)	\$ 490,270,474	\$ 126,427,453	\$ (175,373,352)
Proportionate share of net pension liability/(asset)	\$ 1,111,916	\$ 286,734	\$ (397,741)

*Pension plan fiduciary net position.* Detailed information about the Plan's fiduciary net position is available in FPPA's comprehensive annual financial report which can be obtained at [http://www.fppaco.org/annual\\_reports.htm](http://www.fppaco.org/annual_reports.htm).

**Pension Expense for the Plan Year Ended December 31, 2018**

Service Cost	\$ 197,704
Interest on the Total Pension Liability	406,280
Current-Period Benefit Changes	6,104
IRC 414(h)(2) Employer-paid Member Contributions	(145,930)
Member Purchases of Service Credit	(189,472)
Projected Earnings on Plan Investments	(420,329)
Pension Plan Administrative Expense	7,319
Other Changes in Plan Fiduciary Net Position	(86)
Recognition of Outflow of Resources due to Liabilities	80,735
Recognition of Outflow of Resources due to Assets	89,082
<b>Total Pension Plan Expense</b>	<b>\$ 31,407</b>

**Carbondale and Rural Fire Protection District**  
**Notes to the Financial Statements**  
**December 31, 2019**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**E. Pension (Asset) Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**

**2. FPPA Statewide Hybrid Plan**

*Plan Description.* The Plan was established January 1, 2004 as a cost-sharing multiple-employer pension plan covering full-time firefighters and police officers from departments that elect coverage. The Plan may also cover clerical staff or other fire district personnel whose services are auxiliary to fire protection. The Plan is comprised of two components: Defined Benefit and Money Purchase. With the latter component, members have the option of choosing among various investment options offered by an outside investment manager. Employers may not withdraw from the Plan once affiliated.

The Plan assets associated with the Defined Benefit Component are included in the Fire & Police Members' Benefit Investment Fund and the Plan assets associated with the Money Purchase Component and Deferred Retirement Option Plan ("DROP") assets are included in the Fire & Police Members' Self-Directed Investment Fund.

*Contributions.* The Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. The members of this Plan and their employers are currently each contributing at the rate determined by the individual employer, however, the rate for both employer and members must be at least 8% of the member's base salary. The amount allocated to the Defined Benefit Component is set annually by the Fire & Police Pension Association Board of Directors. Excess contributions fund the Money Purchase Component of the Plan. The Defined Benefit Component contribution rate from July 1, 2018 through June 30, 2019 is 13.4%. The Defined Benefit Component contribution rate from July 1, 2017 through June 30, 2018 was 14.8%.

Within the Money Purchase Component, members are always fully vested in their own contributions, as well as the earnings on those contributions. Vesting in the employer's contributions within the Money Purchase Component, and earnings on those contributions occurs according to the vesting schedule set by the plan document at 20% per year after the first year of service to be 100% vested after 5 years of service. Employer and member contributions are invested in funds at the discretion of members.

*Benefits.* The Plan states that any member may retire from further service and become eligible for a normal retirement pension at any time after age 55, if the member has at least 25 years of service.

The annual normal pension of the Defined Benefit Component is 1.5% of the average of the member's highest three years' base salary for each year of credited service. Benefits paid to retired members of the Defined Benefit Component are evaluated and may be re-determined annually on October 1. The amount of any increase is based on the Board's discretion and can range from 0 to 3%.

**Carbondale and Rural Fire Protection District**  
**Notes to the Financial Statements**  
**December 31, 2019**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**E. Pension (Asset) Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**

**2. FPPA Statewide Hybrid Plan (continued)**

*Benefits (continued).* A member is eligible for early retirement at age 50 or after of 30 years of service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, a member may elect to have all contributions, along with 5% as interest, returned as a lump sum distribution from the Defined Benefit Component. Alternatively, a member with at least five years of accredited service may leave contributions with the Defined Benefit Component of the Plan and remain eligible for a retirement pension at age 55 equal to 1.5% of the average of the member's highest three years' base salary for each year of credited service.

*Net Pension Asset.* At December 31, 2019, the District reported \$79,731 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2018, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2019. The District proportion of the net pension asset was based on District contributions to the Plan for the calendar year 2018 relative to the total contributions of participating employers to the Plan.

At December 31, 2019, the District's proportion was 0.577621%, as compared to 0.584554% at December 31, 2018.

For the year ended December 31, 2019, the District recognized pension income of \$458. At December 31, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 56,087	\$ -
Changes of assumptions or other inputs	11,607	-
Net difference between projected and actual earnings on pension plan investments	17,025	-
Difference between actual and reported contributions recognized	17,279	-
Changes in proportionate share of contributions	15,760	2,528
Contributions subsequent to the measurement date	8,212	-
Total	<u>\$ 125,970</u>	<u>\$ 2,528</u>

Contributions subsequent to the measurement date of December 31, 2018, which are reported as deferred outflows of resources related to pensions, will be recognized as an increase of the net pension asset in the year ended December 31, 2020.

**Carbondale and Rural Fire Protection District**  
**Notes to the Financial Statements**  
**December 31, 2019**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**E. Pension (Asset) Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**

**2. FPPA Statewide Hybrid Plan (continued)**

*Net Pension Liability (continued).* Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending December 31:

2020	\$	25,320
2021		22,343
2022		21,222
2023		25,631
2024		16,714
Thereafter		4,000
	<u>\$</u>	<u>115,230</u>

*Actuarial Assumptions.* The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs:

	<b>Total Pension Liability</b>	<b>Actuarially Determined Contributions</b>
Actuarial Valuation Date	January 1, 2019	January 1, 2018
Actuarial Method	Entry Age Normal	Entry Age Normal
Amortization Method	N/A	Level % of Payroll, Open
Amortization Period	N/A	30 Years
Long-term investment rate *	7.0%	7.5%
Projected Salary Increases	4.25% to 11.25%	4.0% to 14.0%
Cost of Living Adjustments	0%	0%
* includes inflation at	2.5%	2.5%

For determining the total pension liability, the post-retirement mortality tables for non-disabled retirees uses the 2006 central rate from the RP-2014 annuitant mortality tables projected to 2018 using the MP-2017 projection scales, and the projected prospectively using the ultimate rates of the scale for all years. The pre-retirement off-duty mortality tables are adjusted to 50% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00015.

For determining the actuarial determined contributions, the post-retirement mortality tables for non-disabled retirees is a blend of the Annuitant and Employee RP-2014 generational mortality tables with blue collar adjustment projected with Scale BB. The pre-retirement 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.

At least every five years the FPPA's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2018 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions.

**Carbondale and Rural Fire Protection District**  
**Notes to the Financial Statements**  
**December 31, 2019**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**E. Pension (Asset) Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**

**2. FPPA Statewide Hybrid Plan (continued)**

*Actuarial Assumptions (continued).* The recommendations were made by the FPPA's actuaries, Gabriel, Roeder, Smith & Co., based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2019 and were used in the rollforward calculation of total pension liability as of December 31, 2018. Actuarial assumptions effective for actuarial valuations prior to January 1, 2019 were used in the determination of the actuarially determined contributions as of December 31, 2018. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

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.

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, 2018 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long Term Expected Rate of Return</b>
Global Equity	37%	8.03%
Equity Long/Short	9%	6.45%
Private Markets	24%	10.00%
Fixed Income	15%	2.90%
Absolute Return	9%	5.08%
Managed Futures	4%	5.35%
Cash	2%	2.52%
	<b>100%</b>	

Discount Rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will 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 SWH plan 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.

**Carbondale and Rural Fire Protection District**  
**Notes to the Financial Statements**  
**December 31, 2019**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**E. Pension (Asset) Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**

**2. FPPA Statewide Hybrid Plan (continued)**

*Discount Rate.* 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).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 3.71% (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.00%.

*Sensitivity of the District's proportionate share of the net pension liability/(asset) to changes in the discount rate.* The following presents the proportionate share of the net pension asset calculated using the discount rate of 7.00%, as well as what the proportionate share of the net pension liability/(asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	<b>1% Decrease (6.0%)</b>	<b>Assumption (7.0%)</b>	<b>1% Increase (8.0%)</b>
Collective net pension liability/(asset)	\$ (6,768,386)	\$ (13,803,441)	\$ (19,701,158)
Proportionate share of net pension liability/(asset)	\$ (39,096)	\$ (79,731)	\$ (113,798)

*Pension plan fiduciary net position.* Detailed information about the Plan's fiduciary net position is available in FPPA's comprehensive annual financial report which can be obtained at [http://www.fppaco.org/annual\\_reports.htm](http://www.fppaco.org/annual_reports.htm).

**Pension Expense for the Plan Year Ended December 31, 2018**

Service Cost	\$ 8,698
Interest on the Total Pension Liability	22,519
Current-Period Benefit Changes	2,974
IRC 414(h)(2) Employer-paid Member Contributions	(4,015)
Member Purchases of Service Credit	(16,412)
Projected Earnings on Plan Investments	(30,886)
Pension Plan Administrative Expense	514
Other Changes in Plan Fiduciary Net Position	-
Recognition of Outflow of Resources due to Liabilities	13,207
Recognition of Outflow of Resources due to Assets	6,213
<b>Total Pension Plan Expense</b>	<b>\$ 2,814</b>

**Carbondale and Rural Fire Protection District**  
**Notes to the Financial Statements**  
**December 31, 2019**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**E. Pension (Asset) Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**

**3. Volunteer Pension Fund**

*Plan Description.* The District is trustee of a single-employer defined benefit pension plan available to provide retirement income for volunteer fire fighters in recognition of their service to the District. FPPA administers an agent multiple-employer Public Employee Retirement System (“PERS”). The PERS represents the assets of numerous separate plans that have been pooled for investment purposes. The pension plans have elected to affiliate with FPPA for plan administration and investment only. FPPA issues a publicly available comprehensive annual financial report that can be obtained at <http://fppaco.org/annual-reports.html>.

The plan provides normal retirement benefits, disability retirement and survivor benefits. The following benefit provisions were used to determine the District’s pension liability at the measurement date of December 31, 2018:

1. Normal Retirement Benefit at Age 50 with 20 years of Service (monthly):	
a. Regular	\$550.00
b. Extended Service Amount Per Year of Service	\$0.00
2. Vested Retirement Benefit (monthly):	
a. With 10 to 20 Years of Service Amount Per Year of Service per Minimum Vesting Years	\$27.50
b. Minimum Vesting Years	10
3. Disability Retirement Benefit (monthly):	
a. Short Term Disability for line of duty injury amount payable for not more than 1 year	\$275.00
b. Long Term Disability for line of duty injury Lifetime Benefit	\$550.00
4. Survivor Benefits (monthly):	
a. Following Death before Retirement Eligible; due to death in line of duty as a volunteer firefighter	\$275.00
b. Following Death after Normal Retirement	\$275.00
c. Following Death after Normal Retirement with Extended Service Amount Per Year of Service	\$0.00
d. Following Death after Vested Retirement with 10 to 20 Years of Service Amount per Year of Service per Minimum Vesting Years	
e. Following Death after Disability Retirement	\$13.75
f. Optional Survivor Benefit Following Death before or after Retirement Eligible; due to death on or off duty as a volunteer firefighter (Purchase of Life Insurance Required)	\$0.00
5. Funeral Benefits (Required Benefit):	
a. Funeral Benefit Lump Sum, one time only	\$1,000.00

As of January 1, 2019, the latest actuarial valuation date, there were 8 active members, 48 service retirees and beneficiaries, and 4 inactive, nonretired members.

**Carbondale and Rural Fire Protection District**  
**Notes to the Financial Statements**  
**December 31, 2019**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**E. Pension (Asset) Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**

**3. Volunteer Pension Fund (continued)**

*Funding Policy.* The funding of the plan by the District and members is authorized by the Board of Trustees. The contribution by the State of Colorado (the "State") toward fire pension funds has been a fixed dollar amount established by the legislature and allocated pro rata to all fire pension funds in the State who apply for State matching funds, based upon the amounts contributed by the employer up to a maximum of one half (1/2) mill on the assessed valuation or 90% of District contributions, whichever is less. Since the District currently offers maximum retirement benefits in excess of \$300 per month, the State will match at the level determined above but no greater than the maximum of: (1) the amount necessary to fund a pension of \$300 per month on an actuarially sound basis, and (2) the amount of State contributions provided in the prior year.

*Net Pension Liability.* At December 31, 2019, the volunteer pension fund reported a net pension liability of \$602,293. 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 of January 1, 2019.

For the year ended December 31, 2019, the District recognized pension expense of \$310,033. At December 31, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ -	\$ 165,180
Changes of assumptions or other inputs	91,203	-
Net difference between projected and actual earnings on pension plan investments	176,990	87,343
Contributions subsequent to the measurement date	59,983	-
Total	\$ 328,176	\$ 252,523

Contributions subsequent to the measurement date of December 31, 2018, which are reported as deferred outflows of resources related to pensions, will be recognized as a reduction of the net pension liability in the year ended December 31, 2020.

**Carbondale and Rural Fire Protection District**  
**Notes to the Financial Statements**  
**December 31, 2019**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**E. Pension (Asset) Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**

**3. Volunteer Pension Fund (continued)**

*Net Pension Liability (continued).* Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending December 31:		
2020	\$	(9,513)
2021		(8,657)
2022		654
2023		33,186
2024		-
Thereafter		-
	<u>\$</u>	<u>15,670</u>

*Actuarial Assumptions:* Actuarially determined contribution rates are calculated as of January 1 of odd numbered years. The contribution rates have a one-year lag, so the actuarial valuation as of January 1, 2017 determines the contribution amounts for 2018 and 2019. The methods and assumptions used to determine contribution rates for the fiscal year ending December 31, 2019 were:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open *
Remaining Amortization Period	20 years *
Asset Valuation Method	5-smoothed fair value
Inflation	2.5%
Salary Increases	N/A
Investment Rate of Return	7.0%
Retirement Age	50% per year of eligibility until 100% at age 65
Mortality	<b>Pre-retirement:</b> 2006 central rates from the RP-2014 Employee Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years, 50% multiplier for off-duty mortality. <b>Post-retirement:</b> 2006 central rates from the RP-2014 Annuitant Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years. <b>Disabled:</b> 2006 central rates from the RP-2014 Disabled Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years.

\* Plans that are heavily weighted with retiree liabilities use an amortization period based on the expected remaining lifetime of the participants.

**Carbondale and Rural Fire Protection District**  
**Notes to the Financial Statements**  
**December 31, 2019**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**E. Pension (Asset) Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**

**3. Volunteer Pension Fund (continued)**

*Assumption Changes.* The assumptions shown above pertain to the actuarial valuation as of January 1, 2019 and the associated Actuarially Determined Contribution for the year ending December 31, 2018. Following an experience study in 2018, the Board adopted a new assumption set for first use in the January 1, 2019 valuations.

The primary changes, which can be observed in the January 1, 2019 valuation, as compared to the assumptions shown are as follows:

Investment Rate of Return                      7.0%

Mortality

**Pre-retirement:** 2006 central rates from the RP-2014 Employee Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years, 50% multiplier for off-duty mortality.

**Post-retirement:** 2006 central rates from the RP-2014 Annuitant Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years.

**Disabled:** 2006 central rates from the RP-2014 Disabled Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years.

*Discount Rate* 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 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 obligation bonds with an average AA credit rating as of the measurement date (to the extent the plan's fiduciary net position is projected to be sufficient to pay benefits).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 3.71% (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.00%.

**Carbondale and Rural Fire Protection District**  
**Notes to the Financial Statements**  
**December 31, 2019**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**E. Pension (Asset) Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**

**3. Volunteer Pension Fund (continued)**

*Sensitivity of the net pension (asset)/liability to changes in the Single Discount Rate:* The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the proportionate share of the net pension liability/(asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	<b>1% Decrease (6.0%)</b>	<b>Assumption (7.0%)</b>	<b>1% Increase (8.0%)</b>
Proportionate share of net pension liability/(asset)	\$ 876,379	\$ 602,293	\$ 370,280

**4. Statewide Death and Disability Plan**

*Plan Description.* Firefighters of the District contribute to the Statewide Death and Disability Plan ("SWDD"). The SWDD is a cost-sharing multiple-employer defined benefit death and disability plan administered by FPPA. Contributions to the SWDD are used solely for the payment of death and disability benefits. The SWDD was established in 1980 pursuant to Colorado Revised Statutes.

SWDD benefits provide 24-hour coverage, both on- and off-duty for members not eligible for normal retirement under a defined benefit plan, or under a money purchase plan.

In the case of an on-duty death, benefits may be payable to the surviving spouse or dependent children of active members who were eligible to retire, but were still working. Death and disability benefits are free from state and federal taxes in the event that a member's disability is determined to be the result of an on-duty injury or an occupational disease.

*Funding Policy.* Prior to 1997, the SWDD was primarily funded by the State of Colorado (the "State"), whose contributions were established by Colorado statute. In 1997 the State made a one-time contribution of \$39,000,000 to fund past and future service costs for all firefighters and police officers hired prior to January 1, 1997. No further State contributions are anticipated.

The SWDD is funded by member or on-behalf of member contributions. Members hired on or after January 1, 1997, began contributing 2.4% of base salary to the SWDD. Contributions may be increased 0.1% biennially by the FPPA Board. As of January 1, 2017, the contribution rate is 2.7% of base salary. This percentage can vary depending on actuarial experience. All contributions are made by members or on behalf of members. The 2.7% contribution may be paid entirely by the District or member, or it may be split between the District and the member as determined at the local level. The District paid \$29,730 on-behalf of members to the SWDD at December 31, 2019.

**Carbondale and Rural Fire Protection District**  
**Notes to the Financial Statements**  
**December 31, 2019**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**E. Pension (Asset) Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**

**4. Statewide Death and Disability Plan (continued)**

FPPA issues a publicly available comprehensive annual financial report which includes additional information on the Statewide Death and Disability Plan. That report can be obtained at <https://www.fppaco.org/annual-reports.html>.

**5. Section 457 Deferred Compensation Plan**

On December 21, 2005, the District adopted an IRC Section 457 deferred compensation plan administered by the Fire and Police Pension Association of Colorado ("FPPA"). Participants may defer up to the lesser of \$11,000 or 100% of the participant's includable compensation. Participants over age 50 are eligible to contribute more than the \$11,000 limit due to a catch-up provision in the plan. The District is neither the trustee nor the administrator and has no liability under the plan.

**V. Other Information**

**A. Risk Management**

The District is exposed to various risks of loss related to workers compensation; general liability, unemployment, torts, theft of, damage to, and destruction of assets; and errors and omissions. The District has acquired commercial coverage for these risks and claims, if any, are not expected to exceed the commercial insurance coverage.

Effective October 1, 2000, the District joined Western Slope Health Care Group, currently with 13 local government members, for employee health and accident coverage. The plan self-insures up to \$65,000 per employee and carries commercial coverage for claims in excess of \$65,000.

**B. Implementation of Governmental Accounting Standards Board Statement No. 84**

In 2019, the District implemented Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities, which improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. As such, the District has presented a statement of fiduciary net position and a statement of changes in fiduciary net position for the Volunteer Pension Fund.

**C. Subsequent Event – COVID-19**

The spread of COVID-19 may have operational, economic and financial impacts on the District. The significance and duration of the potential impacts cannot be reasonably estimated at this time.

**REQUIRED SUPPLEMENTARY INFORMATION**

**Carbondale and Rural Fire Protection District**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual**  
**General Fund**  
**For the Year Ended December 31, 2019**  
**With Comparative Actual Amounts for 2018**

	2019			Variance Positive (Negative)	2018
	Original Budget	Final Budget	Actual		Actual
<b>Revenues:</b>					
Property taxes	3,753,416	3,753,416	3,748,622	(4,794)	2,740,964
Abated taxes	2,361	2,361	11,506	9,145	1,912
Specific ownership taxes	200,000	200,000	310,711	110,711	244,786
Interest on delinquent taxes	6,000	6,000	10,422	4,422	8,673
Charges for services:				-	
Emergency medical services	225,000	225,000	234,795	9,795	201,589
Investment income	100	100	70	(30)	76
Grants and contributions	1,000	1,000	41,866	40,866	38,368
Wildfire contracts	10,000	10,000	-	(10,000)	163,906
Miscellaneous:				-	
Building rentals	12,000	12,000	16,500	4,500	17,000
Special event contracts	14,000	14,000	25,633	11,633	13,080
Other	4,500	4,500	3,913	(587)	5,689
<b>Total Revenues</b>	<u>4,228,377</u>	<u>4,228,377</u>	<u>4,404,038</u>	<u>175,661</u>	<u>3,436,043</u>
<b>Expenditures:</b>					
<b>Personnel Services:</b>					
Salaries and wages	2,155,900	2,155,900	2,222,639	(66,739)	1,856,620
Health benefits	513,735	513,735	499,921	13,814	419,370
Pension benefits	171,330	171,330	168,640	2,690	132,259
Section 457 contributions	20,305	20,305	15,717	4,588	13,397
Workmen's compensation	57,726	57,726	46,252	11,474	50,468
Volunteer incentive	35,000	35,000	18,076	16,924	22,685
Volunteer dinner program	10,000	10,000	5,255	4,745	4,575
LOSAP program	30,000	30,000	-	30,000	-
Uniforms	10,000	10,000	11,281	(1,281)	-
Payroll taxes	35,911	35,911	33,877	2,034	33,668
Board members	9,000	9,000	5,200	3,800	7,500
Death and disability	52,806	52,806	56,842	(4,036)	40,242
Unemployment insurance	6,237	6,237	5,111	1,126	4,739
<b>Total Personnel Services</b>	<u>3,107,950</u>	<u>3,107,950</u>	<u>3,088,811</u>	<u>19,139</u>	<u>2,585,523</u>
<b>General and Administrative:</b>					
Insurance	55,000	55,000	60,469	(5,469)	60,553
Abated taxes	3,000	26,000	24,840	1,160	7,425
Treasurer's fees	66,290	91,290	84,945	6,345	61,772
Legal	25,000	25,000	17,122	7,878	22,159
Accounting	15,000	15,000	13,950	1,050	13,250
Ambulance billing services	18,000	18,000	15,446	2,554	1,023
Dues and subscriptions	5,920	5,920	12,937	(7,017)	4,799
Freight and postage	1,350	1,350	1,232	118	1,388
Computer supplies and expenses	1,288	1,288	2,754	(1,466)	1,044
Board meetings	4,000	4,000	4,528	(528)	4,116
Election	1,000	1,000	1,000	-	7,394
Supplies and expenses	20,000	20,000	23,921	(3,921)	23,747
Fuel	12,512	12,512	15,406	(2,894)	13,478
Fire prevention	-	-	-	-	21
Emergency management	2,100	2,100	-	2,100	2,000
Master plan	2,100	2,100	-	2,100	-
Public outreach	27,000	27,000	33,013	(6,013)	31,029
<b>Total General and Administrative</b>	<u>259,560</u>	<u>307,560</u>	<u>311,563</u>	<u>(4,003)</u>	<u>255,198</u>
<b>Firefighting:</b>					
Supplies and expenses	40,000	57,000	52,729	4,271	27,445
Fuel	3,909	3,909	5,463	(1,554)	4,385
Incident resources	4,310	4,310	1,512	2,798	1,599
Wildfire expenses	2,000	2,000	-	2,000	3,927
<b>Total Firefighting</b>	<u>50,219</u>	<u>67,219</u>	<u>59,704</u>	<u>7,515</u>	<u>37,356</u>

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

**Carbondale and Rural Fire Protection District**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual**  
**General Fund**  
**For the Year Ended December 31, 2019**  
**With Comparative Actual Amounts for 2018**  
**(Continued)**

	<u>2019</u>			<b>Variance Positive (Negative)</b>	<u>2018</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		<u>Actual</u>
<b>Expenditures (continued):</b>					
<b>Emergency Medical Services:</b>					
Supplies and expenses	40,000	48,000	45,890	2,110	43,565
Infection control	2,500	2,500	1,073	1,427	765
Physician advisor	3,500	3,500	-	3,500	3,500
Fuel	4,995	4,995	5,375	(380)	5,301
<b>Total Emergency Medical Services</b>	<u>50,995</u>	<u>58,995</u>	<u>52,338</u>	<u>6,657</u>	<u>53,131</u>
<b>Communications:</b>					
Telephone	20,000	20,000	16,094	3,906	13,989
Communications center	15,000	15,000	19,638	(4,638)	6,506
Supplies and expenses	11,805	11,805	8,326	3,479	16,661
Cell phones	5,000	5,000	6,415	(1,415)	2,531
<b>Total Communications</b>	<u>51,805</u>	<u>51,805</u>	<u>50,473</u>	<u>1,332</u>	<u>39,687</u>
<b>Training:</b>					
Medical	15,000	15,000	13,661	1,339	8,598
Firefighting	16,000	26,000	25,667	333	16,053
Paramedic program	12,000	12,000	13,512	(1,512)	4,715
EMT tuitions	4,000	4,000	4,369	(369)	1,777
Supplies and expenses	3,000	3,000	4,422	(1,422)	1,697
Administration	12,000	12,000	19,186	(7,186)	5,360
<b>Total Training</b>	<u>62,000</u>	<u>72,000</u>	<u>80,817</u>	<u>(8,817)</u>	<u>38,200</u>
<b>Equipment:</b>					
Vehicle repairs	30,000	30,000	22,032	7,968	18,753
Equipment testing	20,000	20,000	15,622	4,378	13,277
Vehicles supplies, parts, and tires	30,000	39,000	37,270	1,730	27,548
Maintenance contracts	23,000	23,000	14,738	8,262	15,029
Communications equipment	3,000	3,000	331	2,669	117
Computers	14,392	14,392	9,311	5,081	10,391
Office equipment	10,000	10,000	8,301	1,699	-
Portable equipment	206	206	-	206	-
<b>Total Equipment</b>	<u>130,598</u>	<u>139,598</u>	<u>107,605</u>	<u>31,993</u>	<u>85,115</u>
<b>Other:</b>					
Miscellaneous	119,000	119,000	4,521	114,479	13,691
<b>Total Other</b>	<u>119,000</u>	<u>119,000</u>	<u>4,521</u>	<u>114,479</u>	<u>13,691</u>
<b>Station:</b>					
Maintenance	25,881	33,881	31,638	2,243	26,443
Supplies	21,586	21,586	19,313	2,273	23,958
Utilities	63,306	63,306	68,274	(4,968)	67,393
<b>Total Station</b>	<u>110,773</u>	<u>118,773</u>	<u>119,225</u>	<u>(452)</u>	<u>117,794</u>
<b>Total Expenditures</b>	<u>3,942,900</u>	<u>4,042,900</u>	<u>3,875,057</u>	<u>167,843</u>	<u>3,225,695</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	285,477	185,477	528,981	343,504	210,348
<b>Other Financing Sources (Uses):</b>					
Transfer to Capital Projects Fund	(300,000)	(300,000)	(300,000)	-	(100,000)
<b>Total Other Financing Sources (Uses)</b>	<u>(300,000)</u>	<u>(300,000)</u>	<u>(300,000)</u>	<u>-</u>	<u>(100,000)</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)</b>	(14,523)	(114,523)	228,981	343,504	110,348
<b>Fund Balances - Beginning</b>	<u>1,519,580</u>	<u>1,519,580</u>	<u>1,601,120</u>	<u>81,540</u>	<u>1,490,772</u>
<b>Fund Balances - Ending</b>	<u>1,505,057</u>	<u>1,405,057</u>	<u>1,830,101</u>	<u>425,044</u>	<u>1,601,120</u>

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

**Carbondale and Rural Fire Protection District**  
**Schedule of Employer's Proportionate Share of Net Pension Liability/(Asset)**  
**Fire and Police Pension Association of Colorado**  
**Last 10 Fiscal Years \***

**Volunteer Plan:**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total Pension Liability</b>					
Service Cost	\$ 45,336	\$ 45,336	\$ 64,271	\$ 64,271	\$ 60,555
Interest on the Total Pension Liability	188,280	186,462	190,290	185,598	192,506
Benefit Changes	207,678	-	-	-	-
Difference between Expected and Actual Experience	(179,842)	-	(175,552)	-	(162,480)
Assumption Changes	109,013	-	69,462	-	-
Benefit Payments	<u>(225,552)</u>	<u>(190,200)</u>	<u>(190,225)</u>	<u>(184,500)</u>	<u>(184,525)</u>
<b>Net Change in Total Pension Liability</b>	144,913	41,598	(41,754)	65,369	(93,944)
<b>Total Pension Liability - Beginning</b>	<u>2,598,877</u>	<u>2,557,279</u>	<u>2,599,033</u>	<u>2,533,664</u>	<u>2,627,608</u>
<b>Total Pension Liability - Ending (a)</b>	<u>\$ 2,743,790</u>	<u>\$ 2,598,877</u>	<u>\$ 2,557,279</u>	<u>\$ 2,599,033</u>	<u>\$ 2,533,664</u>
<b>Plan Fiduciary Net Position</b>					
Employer Contributions	\$ 33,780	\$ 63,229	\$ 55,031	\$ 64,140	\$ 71,818
Pension Plan Net Investment Income	3,460	305,131	110,503	39,150	139,016
Benefit Payments	(225,552)	(190,200)	(190,225)	(184,500)	(184,525)
Pension Plan Administrative Expense	(44,952)	(36,130)	(21,229)	(23,480)	(23,825)
State of Colorado supplemental discretionary payment	-	49,528	57,726	64,636	56,132
<b>Net Change in Plan Fiduciary Net Position</b>	<u>(233,264)</u>	<u>191,558</u>	<u>11,806</u>	<u>(40,054)</u>	<u>58,616</u>
<b>Plan Fiduciary Net Position - Beginning</b>	<u>2,374,761</u>	<u>2,183,203</u>	<u>2,171,397</u>	<u>2,211,451</u>	<u>2,152,835</u>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ 2,141,497</u>	<u>\$ 2,374,761</u>	<u>\$ 2,183,203</u>	<u>\$ 2,171,397</u>	<u>\$ 2,211,451</u>
<b>Net Pension Liability/(Asset) - Ending (a) - (b)</b>	<u>\$ 602,293</u>	<u>\$ 224,116</u>	<u>\$ 374,076</u>	<u>\$ 427,636</u>	<u>\$ 322,213</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	78.05%	91.38%	85.37%	83.55%	87.28%

\* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred one year prior. Information is only available beginning in fiscal year 2015.

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

**Carbondale and Rural Fire Protection District  
Schedule of Employer's Proportionate Share of Net Pension Liability/(Asset)  
Fire and Police Association of Colorado  
Last 10 Fiscal Years \***

**Defined Benefit Plan:**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's portion of the net pension liability/(asset)	0.226796%	0.240240%	0.233713%	0.252046%	0.259341%	0.293450%
District's proportionate share of the net pension liability/(asset)	\$ 286,734	\$ (345,624)	\$ 84,449	\$ (4,443)	\$ 292,686	\$ 262,399
District's covered payroll	1,519,213	1,405,238	1,196,100	1,221,850	1,166,266	1,274,574
District's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	18.9%	-24.6%	7%	0%	25%	21%
Plan fiduciary net position as a percentage of the total pension liability	95.2%	106.3%	98.2%	100.1%	106.8%	105.8%

**Hybrid Plan:**

	<u>2018</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2013</u>
District's portion of the net pension liability/(asset)	0.577621%	0.584554%	0.672288%	0.690260%	0.655657%	0.651210%
District's proportionate share of the net pension liability/(asset)	\$ (9,206)	\$ (114,296)	\$ (73,180)	\$ (72,704)	\$ (77,758)	\$ (66,424)
District's covered payroll	115,075	111,725	108,675	113,625	101,450	105,308
District's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	-8%	-102%	-67%	-64%	-77%	-63%
Plan fiduciary net position as a percentage of the total pension liability	123.5%	138.9%	125.8%	129.4%	140.6%	139.0%

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**Carbondale and Rural Fire Protection District  
Schedule of District Contributions  
Fire and Police Pension Association of Colorado  
Last 10 Fiscal Years \***

<b>Volunteer Plan:</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Actuarially determined contribution	\$ 90,385	\$ 112,757	\$ 112,757	\$ 128,363	\$ 128,363
Actual contribution, including State of Colorado discretionary payment	<u>(33,780)</u>	<u>(112,757)</u>	<u>(112,757)</u>	<u>(128,776)</u>	<u>(127,950)</u>
Contribution deficiency (excess)	<u>\$ 56,605</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (413)</u>	<u>\$ 413</u>

\* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred one year prior. Information is only available beginning in fiscal year 2015.

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

**Carbondale and Rural Fire Protection District  
Schedule of District Contributions  
Fire and Police Pension Association of Colorado  
Last 10 Fiscal Years \***

**Defined Benefit Plan:**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Statutorily required contribution	\$ 121,537	\$ 112,419	\$ 95,688	\$ 97,748	\$ 93,301	\$ 101,966
Contributions in relation to the statutorily required contribution	<u>(121,537)</u>	<u>(112,419)</u>	<u>(95,688)</u>	<u>(97,748)</u>	<u>(93,301)</u>	<u>(101,966)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 1,519,213	\$ 1,405,238	\$ 1,196,100	\$ 1,221,850	\$ 1,166,266	\$ 1,274,574
Contributions as a percentage of covered payroll	8%	8%	8%	8%	8%	8%

**Hybrid Plan:**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Statutorily required contribution	\$ 9,206	\$ 8,938	\$ 8,694	\$ 9,090	\$ 8,116	\$ 8,425
Contributions in relation to the statutorily required contribution	<u>(9,206)</u>	<u>(8,938)</u>	<u>(8,694)</u>	<u>(9,090)</u>	<u>(8,116)</u>	<u>(8,425)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 115,075	\$ 111,725	\$ 108,675	\$ 113,625	\$ 101,450	\$ 105,308
Contributions as a percentage of covered payroll	8%	8%	8%	8%	8%	8%

\* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred one year prior. Information is only available beginning in fiscal year 2014.

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

**Carbondale and Rural Fire Protection District  
Notes to the Required Supplementary Information  
December 31, 2019**

**I. Schedule of Employer's Proportionate Share of the Net Pension Liability/(Asset) – Volunteer Pension Fund**

**A. Changes of assumptions or other inputs**

The assumptions shown in 2019 pertain to the actuarial valuation as of January 1, 2017 and the associated Actuarially Determined Contribution for the year ending December 31, 2018. Following an experience study in 2018, the Board adopted a new assumption set for first use in the January 1, 2019 valuations.

The primary changes, which can be observed in the January 1, 2019 valuation, as compared to the assumptions shown are as follows:

Investment Rate of Return                      7.0%

Mortality    **Pre-retirement:** 2006 central rates from the RP-2014 Employee Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years, 50% multiplier for off-duty mortality.  
**Post-retirement:** 2006 central rates from the RP-2014 Annuitant Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years.  
**Disabled:** 2006 central rates from the RP-2014 Disabled Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years.

**B. Changes of benefit terms**

No changes during the years presented.

**C. Changes of size or composition of population covered by benefit terms**

No changes during the years presented.

**II. Schedule of Employer's Proportionate Share of the Net Pension Liability/(Asset) – Statewide Defined Benefit Plan, and Statewide Hybrid Plan**

**A. Changes of assumptions or other inputs**

**1. Changes Since January 1, 2018 Actuarial Valuation are as Follows:**

- For determining the total pension liability, the post-retirement mortality tables for non-disabled retirees uses the 2006 central rate from the RP-2014 annuitant mortality tables projected to 2018 using the MP-2017 projection scales, and the projected prospectively using the ultimate rates of the scale for all years. The pre-retirement off-duty mortality tables are adjusted to 50% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00015.

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

**Carbondale and Rural Fire Protection District**  
**Notes to the Required Supplementary Information**  
**December 31, 2019**  
**(Continued)**

**II. Schedule of Employer's Proportionate Share of the Net Pension Liability/(Asset) – Statewide Defined Benefit Plan, and Statewide Hybrid Plan (continued)**

**A. Changes of assumptions or other inputs (continued)**

**1. Changes Since January 1, 2018 Actuarial Valuation are as Follows (continued):**

- For determining the actuarial determined contributions, the post-retirement mortality tables for non-disabled retirees is a blend of the Annuitant and Employee RP-2014 generational mortality tables with blue collar adjustment projected with Scale BB. The pre-retirement 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.

**2. Changes Since January 1, 2017 Actuarial Valuation are as Follows:**

- No changes.

**3. Changes Since January 1, 2016 Actuarial Valuation are as Follows:**

- No changes.

**4. Changes Since January 1, 2015 Actuarial Valuation are as Follows:**

- Effective January 1, 2016, the post-retirement mortality tables for non-disabled retirees is a blend of the Annuitant and Employee RP-2014 generational mortality tables with blue collar adjustment projected with Scale BB. The occupationally disabled post-retirement mortality assumption uses the same table as used for healthy annuitants, except that is a three-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 2% mortality probability for females is included to reflect substantial impairment for this population. The pre-retirement 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.

**5. Changes Since January 1, 2014 Actuarial Valuation are as Follows:**

- For determining the total pension liability, the RP-2014 Mortality Tables for Blue Collar Employees, projected with Scale BB, 55 percent multiplier for off-duty mortality is used in the valuation for off-duty mortality of active members. On-duty related mortality is assumed to be 0.00020 per year for all members of post-retirement benefits for members under age 55. For post-retirement members ages 65 and older, the RP-2014 Mortality Tables for Blue Collar Healthy Annuitants, projected with Scale BB are used.

**B. Changes of benefit terms**

No changes during the years presented.

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

**Carbondale and Rural Fire Protection District**  
**Notes to the Required Supplementary Information**  
**December 31, 2019**  
**(Continued)**

**II. Schedule of Employer's Proportionate Share of the Net Pension Liability/(Asset) – Statewide Defined Benefit Plan, and Statewide Hybrid Plan (continued)**

**C. Changes of size or composition of population covered by benefit terms**

No changes during the years presented.

**III. Notes to the Schedule of District Contributions – Volunteer Pension Fund**

**A. Changes of assumptions or other inputs**

No changes during the years presented.

**B. Changes of benefit terms**

No changes during the years presented.

**C. Changes of size or composition of population covered by benefit terms**

No changes during the years presented.

**IV. Notes to the Schedule of District Contributions – Statewide Defined Benefit Plan, and Statewide Hybrid Plan**

**A. Changes of assumptions or other inputs**

No changes during the years presented.

**B. Changes of benefit terms**

No changes during the years presented.

**C. Changes of size or composition of population covered by benefit terms**

No changes during the years presented.

**SUPPLEMENTARY INFORMATION**

**Carbondale and Rural Fire Protection District**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual**  
**Debt Service Fund**  
**For the Year Ended December 31, 2019**  
**With Comparative Actual Amounts for 2018**

	2019			Variance Positive (Negative)	2018
	Original Budget	Final Budget	Actual		Actual
<b>Revenues:</b>					
Property tax	748,864	748,864	748,864	-	598,738
Abated property tax	2,361	2,361	2,361	-	362
Investment income	2,000	2,000	11,048	9,048	2,591
<b>Total Revenues</b>	<u>753,225</u>	<u>753,225</u>	<u>762,273</u>	<u>9,048</u>	<u>601,691</u>
<b>Expenditures:</b>					
Principal	515,000	515,000	515,000	-	505,000
Interest	248,231	335,500	331,670	3,830	75,000
Paying agent fees	1,000	1,000	400	600	400
County Treasurer's fees	18,500	18,500	16,990	1,510	14,130
<b>Total Expenditures</b>	<u>782,731</u>	<u>870,000</u>	<u>864,060</u>	<u>5,940</u>	<u>594,530</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(29,506)	(116,775)	(101,787)	14,988	7,161
<b>Other Financing Sources (Uses):</b>					
Debt proceeds	-	-	377,497	377,497	-
Issuance costs	-	-	(6,452)	(6,452)	-
<b>Total Other Financing Sources</b>	<u>-</u>	<u>-</u>	<u>371,045</u>	<u>371,045</u>	<u>-</u>
<b>Excess of Revenues and Other Financing Sources Over Expenditures</b>	(29,506)	(116,775)	269,258	386,033	7,161
<b>Fund Balances - Beginning</b>	<u>148,208</u>	<u>148,208</u>	<u>153,067</u>	<u>4,859</u>	<u>145,906</u>
<b>Fund Balances - Ending</b>	<u>118,702</u>	<u>31,433</u>	<u>422,325</u>	<u>390,892</u>	<u>153,067</u>

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

**Carbondale and Rural Fire Protection District**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual**  
**Capital Projects Fund**  
**For the Year Ended December 31, 2019**  
**With Comparative Actual Amounts for 2018**

	<b>2019</b>		<b>Variance Positive (Negative)</b>	<b>2018</b>
	<b>Original and Final Budget</b>	<b>Actual</b>		<b>Actual</b>
<b>Revenues:</b>				
Impact fees	40,000	52,560	12,560	3,000
Grants	150,200	145,219	(4,981)	134
Net investment income	27,300	34,123	6,823	65,846
Miscellaneous income	-	-	-	-
<b>Total Revenues</b>	<u>217,500</u>	<u>231,902</u>	<u>14,402</u>	<u>68,980</u>
<b>Expenditures:</b>				
Fire equipment	10,000	293,866	(283,866)	16,975
Station projects and improvements	2,310,000	186,883	2,123,117	4,950
Communication equipment	12,000	42,617	(30,617)	43,226
Training equipment	100,000	116,041	(16,041)	831
Medical equipment	-	13,823	(13,823)	72,474
Office equipment	6,000	128,111	(122,111)	8,017
Station equipment	-	16,679	(16,679)	5,072
Vehicles and apparatus	1,940,000	777,313	1,162,687	90,208
Loans and leases:				
Aerial and tender - principal	94,645	94,645	-	99,731
Aerial and tender - interest	7,393	7,393	-	9,585
<b>Total Expenditures</b>	<u>4,480,038</u>	<u>1,677,371</u>	<u>2,802,667</u>	<u>351,069</u>
<b>(Deficiency) of Revenues Over Expenditures</b>	<b>(4,262,538)</b>	<b>(1,445,469)</b>	<b>2,817,069</b>	<b>(282,089)</b>
<b>Other Financing Sources:</b>				
Debt proceeds	7,460,000	7,835,594	375,594	-
Issuance costs	-	(133,637)	(133,637)	-
Operating transfers in	300,000	300,000	-	100,000
<b>Total Other Financing Sources</b>	<u>7,760,000</u>	<u>8,001,957</u>	<u>241,957</u>	<u>100,000</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures</b>	<b>3,497,462</b>	<b>6,556,488</b>	<b>3,059,026</b>	<b>(182,089)</b>
<b>Fund Balances - Beginning</b>	<u>423,847</u>	<u>433,011</u>	<u>9,164</u>	<u>615,100</u>
<b>Fund Balances - Ending</b>	<u><u>3,921,309</u></u>	<u><u>6,989,499</u></u>	<u><u>3,068,190</u></u>	<u><u>433,011</u></u>

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

**Carbondale and Rural Fire Protection District**  
**Schedule of Revenues, Expenditures and Changes in Fund Net Position**  
**Budget and Actual**  
**Pension Fund**  
**For the Year Ended December 31, 2019**  
**With Comparative Actual Amounts for 2018**

	<u>2019</u>		<u>2018</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
			<u>Actual</u>
<b>Additions:</b>			
Property taxes	59,983	60,283	300
State grant	30,402	30,402	-
Net investment income (loss)	50,000	357,529	307,529
<b>Total Additions</b>	<u>140,385</u>	<u>448,214</u>	<u>307,829</u>
<b>Deductions:</b>			
Benefits	250,000	228,359	21,641
Disability insurance	26,000	5,448	20,552
Treasurer's fees	2,000	1,570	430
Administration	40,000	32,594	7,406
<b>Total Deductions</b>	<u>318,000</u>	<u>267,971</u>	<u>50,029</u>
<b>Change in Net Position</b>	(177,615)	180,243	357,858
<b>Net Position - Beginning</b>	<u>2,305,751</u>	<u>2,157,363</u>	<u>(148,388)</u>
<b>Net Position - Ending</b>	<u>2,128,136</u>	<u>2,337,606</u>	<u>209,470</u>
	<u>2,157,363</u>	<u>2,157,363</u>	<u>2,157,363</u>

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