

**RYE FIRE PROTECTION DISTRICT**  
**RYE, COLORADO**  
**AUDITED FINANCIAL STATEMENTS**  
**WITH INDEPENDENT AUDITORS' REPORT**  
**DECEMBER 31, 2019**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Rye Fire Protection District  
Rye, Colorado

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

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

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

### **Auditors' Responsibility**

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

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

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Rye 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.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6, the budgetary comparison schedule as listed in the table of contents on pages 31 through 33, the schedule of the District's proportionate share of the net pension liability on page 34 and the schedule of the District's contributions on page 35 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.

*McPherson, Goodrich, Paulini & Mahesh, PC*

June 15, 2020

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## RYE FIRE PROTECTION DISTRICT

### Management's Discussion and Analysis

December 31, 2019

As management of Rye Fire Protection District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2019. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole.

### Financial Highlights

- The assets of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$843,328 (net position). The composition of net position for the most recent fiscal year was comprised of the carrying amount of capital assets net of capital lease obligation in the amount of \$436,414 (net investment in capital assets), donor restrictions to acquire specific equipment of \$6,346, donor restrictions for Hatchet Ranch capital improvements and other expansion related costs of \$26,765, restricted for TABOR of \$25,000, and unrestricted net position of \$348,803.
- The District's total net position increased by \$59,814 during the year ended December 31, 2019.
- As of the close of the current fiscal year, the District's governmental fund (general fund) reported an ending fund balance of \$316,113, which is a decrease of \$33,372 for the year ended December 31, 2019.
- At the end of the current fiscal year, unassigned fund balance of the general fund is \$221,703.
- During the current fiscal year, the District's total debt was reduced by \$67,845. No new debt obligations were incurred.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements, which comprise three components: 1) government wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

The basic financial statements present two different views of the District's financial information using government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other required supplemental information that will enhance the reader's understanding of the financial condition of the District.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

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

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused employee compensated absences).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes. The governmental activities of the District primarily include community safety services (e.g., general administration, fire suppression, fire and accident prevention, search and rescue, and the provision of emergency medical services). The District has no business-type activities. The government-wide financial statements can be found on pages 7-8 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local government agencies, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, such as state statutes. The general fund is used to account for all of the District's activities.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements. Governmental funds are reported using an accounting method called modified accrual accounting which has a current financial resources measurements focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps the reader determine if there are adequate financial resources available to finance the District's programs.

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

The District adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for this fund to demonstrate compliance with the budget.

The basic general fund financial statements can be found on pages 9-12 of this report.

**Notes to the basic financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 13-30 of this report.

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$843,328 at the close of the most recent fiscal year.

The District's net investment in capital assets (e.g. building improvements, fire apparatus, radio equipment, ambulances and equipment) was \$436,414. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities unless they are sold.

The following table reflects the condensed Statement of Net Position at December 31:

	<b>Governmental Activities</b>	
	<b>2019</b>	<b>2018</b>
Current and other assets	\$ 1,277,483	\$ 1,329,069
Capital assets	493,548	477,598
Net pension asset	-	62,429
Total assets	1,771,031	1,869,096
Deferred outflows of resources	168,172	73,933
Current and other liabilities	163,377	262,230
Long-term liabilities	86,155	147,624
Net pension liability	38,861	-
Total liabilities	288,393	409,854
Deferred inflows of resources	807,482	749,661
Net Position		
Net investment in capital assets	436,414	352,620
Restricted	58,111	127,521
Unrestricted	348,803	303,373
Total net assets	\$ 843,328	\$ 783,514

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer’s Bill of Rights (TABOR) includes certain requirements regarding the establishment of “emergency reserves.” Under these provisions, the emergency reserve can be used for “declared emergencies only,” as that term is defined in the amendment. This reserve totaled \$25,000 and \$25,000 as of December 31, 2019 and 2018, respectively. Management has elected to designate specific fixed assets in order to meet this specific requirement of TABOR.

The Statement of Activities presents information showing how the District’s net position changed during the most recent fiscal year. Revenues and expenses in this statement are recorded when earned or when a liability is incurred.

The following table reflects the condensed Statement of Activities for the years ended December 31:

	<b>Governmental Activities</b>	
	<b>2019</b>	<b>2018</b>
<b>Revenues:</b>		
Program Revenues:		
Charges for services	\$ 283,304	\$ 790,444
Operating grants and contributions	600	1,400
Capital grants and contributions	32,342	3,045
General Revenues:		
Property taxes	709,487	693,017
Specific ownership taxes	77,601	70,592
Unrestricted investment earnings	45	47
Other	5,282	-
Total Revenues	1,108,661	1,558,545
<b>Expenses:</b>		
Community safety services	980,398	1,297,371
General government	65,346	84,917
Interest on long-term debt	3,103	7,428
Total Expenses	1,048,847	1,389,716
Change in Net Position	59,814	168,829
Net position - Beginning	783,514	614,685
Net position - Ending	\$ 843,328	\$ 783,514

### Financial Analysis of Rye Fire Protection District’s Fund

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

*Governmental funds.* The focus of the District’s governmental fund is to provide information on current year revenues, expenditures, and balances of spendable resources. Such information is useful in assessing the District’s financing requirements. In particular, fund balance may serve as a useful measure of the District’s net resources available for spending at the end of the fiscal year.

The general fund is the only fund of the District. As of December 31, 2019, the District’s general fund reported an ending balance of \$316,113.

### General Fund Budgetary Highlights

During the fiscal year, the District made significant amendments to the original budget. Generally, budget amendments fall into one of two categories: 1) amendments made to adjust the estimates that are used to prepare the original budget resolution once exact information is available; 2) increase in appropriations that become necessary to maintain services. It was necessary to amend the budget to appropriate funds for additional capital outlay, as well as interagency fire fighting expenditures, as the District had not budgeted for those expenses in the original budget.

## Capital Assets and Debt Administration

*Capital assets.* The District's capital assets for its governmental activities as of December 31, 2019 and 2018 totals \$493,548 and \$477,598, respectively (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment and vehicles.

### Rye Fire Protection District (Net of depreciation)

	<b>Governmental Activities</b>	
	<b>2019</b>	<b>2018</b>
Land	\$ 6,630	\$ 6,630
Buildings and improvements	52,675	48,207
Equipment	360,212	330,171
Vehicles	74,031	92,590
Total	\$ 493,548	\$ 477,598

Additional information on the District's capital assets can be found in Note E on page 20 of this report.

Long-term debt. Additional information on the District's long-term debt can be found in Note F on pages 21-22 of this report.

### **Final Comments**

The District continues to strive to achieve its mission of providing affordable, efficient, and reliable community safety services.

### Requests for Information

This financial report is designed to provide a general overview of Rye Fire Protection District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Fire Chief, Rye Fire Protection District, PO Box 19190, Colorado City, CO 81019.

## **BASIC FINANCIAL STATEMENTS**

**RYE FIRE PROTECTION DISTRICT  
STATEMENT OF NET POSITION  
DECEMBER 31, 2019**

**ASSETS**

Cash and equivalents	\$ 410,576
Receivables, net	830,608
Inventory	18,069
Prepaid expenses	18,230
Capital assets	
Non-depreciable capital assets	6,630
Depreciable capital assets, net	486,918
Total capital assets, net	493,548
Total assets	1,771,031

<b>DEFERRED OUTFLOWS OF RESOURCES - PENSION RELATED</b>	168,172
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**LIABILITIES**

Accounts payable and accrued expenses	163,377
Long-term liabilities	
Due within one year	
Capital leases	38,081
Accrued interest	56
Compensated absences	21,213
Due in more than one year	
Capital leases	19,053
Compensated absences	7,752
Net pension liability	38,861
Total liabilities	288,393

**DEFERRED INFLOWS OF RESOURCES**

Property taxes	797,993
Pension related	9,489
Total deferred inflows of resources	807,482

**NET POSITION**

Net investment in capital assets	436,414
Restricted for:	
Capital projects	33,111
TABOR	25,000
Unrestricted	348,803
Total net position	\$ 843,328

The accompanying notes are an integral part of this statement.

**RYE FIRE PROTECTION DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Governmental Activities</u>
<b>Primary government</b>					
<b>Governmental activities:</b>					
General government	\$ 65,346	\$ -	\$ -	\$ -	\$ (65,346)
Public safety	980,398	283,304	600	32,342	(664,152)
Interest on long-term debt	3,103	-	-	-	(3,103)
Total	<u>1,048,847</u>	<u>283,304</u>	<u>600</u>	<u>32,342</u>	<u>(732,601)</u>

**General revenues:**

Taxes:	
Property taxes, levied for general purposes	705,912
Penalty and interest	3,575
Specific ownership tax	77,601
Unrestricted investment earnings	45
Miscellaneous	<u>5,282</u>
Total general revenues	<u>792,415</u>
Change in net position	59,814
Net position, January 1	<u>783,514</u>
Net position, December 31	<u><u>\$ 843,328</u></u>

The accompanying notes are an integral part of this statement.

**RYE FIRE PROTECTION DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUND  
DECEMBER 31, 2019**

	<b>General Fund</b>	<b>Total Governmental Fund</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 410,576	\$ 410,576
Receivables, net	830,608	830,608
Inventory	18,069	18,069
Prepaid items	18,230	18,230
Total assets	1,277,483	1,277,483
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>		
Liabilities:		
Accounts payable	26,785	26,785
Payroll taxes payable	1,785	1,785
Accrued wages and benefits	134,807	134,807
Total liabilities	163,377	163,377
 Deferred inflows of resources:		
Property taxes	797,993	797,993
Total deferred inflows of resources	797,993	797,993
 Fund balances:		
Nonspendable	36,299	36,299
Capital projects	33,111	33,111
Tabor	25,000	25,000
Restricted	58,111	58,111
Unassigned	221,703	221,703
Total fund balances	316,113	316,113
Total liabilities, deferred inflows of resources and fund balances	\$ 1,277,483	\$ 1,277,483

The accompanying notes are an integral part of this statement.

**RYE FIRE PROTECTION DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
DECEMBER 31, 2019**

Total fund balance, governmental funds \$ 316,113

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

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the fund financial statement, but are reported as governmental activities in the Statement of Net Position.

The cost of capital assets is	1,852,608	
Accumulated depreciation is	<u>(1,359,060)</u>	493,548

Recognition and measurement of the net pension liability, together with pension-related deferred outflows of resources and deferred inflows of resources in financial statements prepared using the economic resources measurement focus and the accrual basis of accounting are not financial resources and, therefore, are not reported in the governmental fund

Net pension liability	(38,861)	
Deferred outflows of resources	168,172	
Deferred inflows of resources	<u>(9,489)</u>	119,822

Long-term liabilities, including capital lease contract payable and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the fund financial statement, but are included in governmental activities. Long-term liabilities at year end consist of:

Capital lease payable	(57,134)	
Accrued interest payable	(56)	
Compensated absences	<u>(28,965)</u>	(86,155)

Total Net Position - Governmental Activities	<u><u>\$ 843,328</u></u>
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The accompanying notes are an integral part of this statement.

**RYE FIRE PROTECTION DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>General Fund</u>	<u>Total Governmental Fund</u>
<b>REVENUES</b>		
Property taxes	\$ 705,912	\$ 705,912
Penalty and interest	3,575	3,575
Specific ownership tax	77,601	77,601
Intergovernmental	32,342	32,342
Charges for services	283,304	283,304
Investment earnings	45	45
Contributions	600	600
Total revenues	<u>1,106,111</u>	<u>1,106,111</u>
<b>EXPENDITURES</b>		
Current:		
General government	65,346	65,346
Public safety	904,952	904,952
Capital outlay	99,818	99,818
Debt service:		
Principal	67,845	67,845
Interest and other charges	6,022	6,022
Total expenditures	<u>1,143,983</u>	<u>1,143,983</u>
Excess of expenditures over revenues	<u>(37,872)</u>	<u>(37,872)</u>
<b>OTHER FINANCING SOURCES</b>		
Proceeds from sale of assets	<u>4,500</u>	<u>4,500</u>
Total other financing sources	<u>4,500</u>	<u>4,500</u>
Net change in fund balances	(33,372)	(33,372)
Fund balance, January 1	349,485	349,485
Fund balance, December 31	<u>\$ 316,113</u>	<u>\$ 316,113</u>

The accompanying notes are an integral part of this statement.

**RYE FIRE PROTECTION DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF  
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

Net change in fund balances - total governmental fund: \$ (33,372)

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

The governmental fund reports outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities annually reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. This is the amount by which depreciation exceeds capital outlay expense in the current period.

	Depreciation expense	(81,918)	
	Capital outlay	<u>99,818</u>	17,900

Recognition and measurement of the changes in the net pension asset, together with the changes in the pension-related deferred outflows of resources and deferred inflows of resources in financial statements prepared using the economic resources measurement focus and the accrued basis of accounting are not financial resources and, therefore, are not reported in governmental funds as such. Rather, pension expenditures are reported in the governmental funds when paid.

	Pension expense	(6,251)	
	Pension expenditures	<u>22,020</u>	15,769

Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain (loss) on the sale of the assets. Thus, the change in net position differs from the change in fund balance by the carrying amount of the asset sold. (1,950)

In the Statement of Activities, certain operating expenses such as compensated absences are measured by the amounts earned during the year. In the governmental fund, however, expenditures for these items are measured by the amounts actually paid. This year, compensated absences earned (\$31,310) exceeded amounts paid (\$22,015). (9,297)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to the governmental fund, while the repayment of the principal on long-term debt consumes current financial resources of the governmental fund. Neither transaction, however, has any effect on net position. Interest is recognized as an expenditure in the governmental fund when it is due. In the Statement of Activities, interest expense is recognized as time passes, regardless of when it is due. The net effect of these differences in the treatment of leases and other obligations is as follows:

	Principal payments on capital leases	67,845	
	Interest expense on capital leases	<u>2,919</u>	70,764

Change in net position of governmental activities \$ 59,814

The accompanying notes are an integral part of this statement.

## **NOTES TO FINANCIAL STATEMENTS**

**RYE FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

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

The basic financial statements of Rye Fire Protection District (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

**Financial Reporting Entity**

Rye Fire Protection District (the District) is organized under the laws of the State of Colorado. It operates under the jurisdiction of a local Board of Directors whose members are elected by the voters of the District. The District provides fire protection, ambulance and other public safety services to the public. As required by generally accepted accounting principles, these financial statements present the Rye Fire Protection District (the primary government). No additional separate governmental units, agencies or nonprofit corporations are included in the financial statements of the District since none were determined to fall within the oversight responsibility based upon the application of the following criteria: financial accountability, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

**Government-Wide Financial Statements**

The basic financial statements include both government-wide (based on the District as a whole) and fund financial statements. The government-wide financial statements, which include a statement of net position and a statement of activities, report information on all the activities of the District.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a given functional category or activity is offset by program revenues. Direct expenses are those that are clearly identifiable with a function or activity. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or activity; (2) grants and contributions that are restricted to meeting the operating requirements of a particular function or activity; and (3) grants and contributions that are restricted to meeting the capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported instead as general revenues. The net cost by function is normally covered by general revenues such as property taxes, specific ownership taxes or other unrestricted revenues.

The government-wide focus is more on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the major individual fund of the governmental categories. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

**RYE FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes and special assessments are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue when all eligibility requirements are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues available if collected within 60 days of the end of the fiscal year. Expenditures generally are recorded when a liability is incurred as is the case with accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when the liability has matured and payment is due. General capital asset acquisitions are reported as expenditures in governmental funds, while issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, specific ownership taxes, grant and entitlement revenues, interest, and charges for services, are considered revenues susceptible to accrual. Contributions and miscellaneous revenue are recorded as revenues when received in cash because they are not generally measurable until that time. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the individual programs are used as guidance and, as such, entitlements and shared revenues are recorded at the time of receipt or earlier if the accrual criteria are met.

**Governmental Fund Financial Statements**

Governmental fund financial statements include a balance sheet and a statement of revenues, expenditures and changes in fund balances for the major governmental fund. An accompanying schedule is presented to reconcile and explain the differences in fund balance as presented in these statements to the net position presented in the government-wide financial statements. The District's only fund is the general fund, which is always presented as a major fund.

**Use of Estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reported period. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

Cash equivalents are short-term liquid investments that have maturities of three months or less when purchased.

**RYE FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Receivables**

All receivables are reported at their gross value and, where appropriate, are reduced to estimated net realizable value by the establishment of an allowance for uncollectible amounts.

**Investments**

The District's policy is to state investments in their financial statements at fair value. Unrealized gain or loss, if applicable, resulting from the change in the fair value of investments is recognized in the government-wide statement of activities and the statement of revenues, expenditures and changes in fund balances.

**Inventories and Prepaid Items**

Inventories are recorded at the lower of cost (first-in, first-out basis) or market and consist of expendable medical supplies.

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

**Capital Assets**

Land is recorded at cost and is not depreciated. Purchased or constructed capital assets are recorded at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation.

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

Buildings and improvements	40 years
Equipment	5-15 years
Vehicles	5-20 years

**Vacation, Sick Leave and Other Compensated Absences**

Full time employees earn compensated vacation time at rates ranging from 16 hours to 26 hours per month, depending on length of employment. The maximum number of vacation hours that can accrue ranges from 288 hours to 468 hours depending on length of employment. Compensated sick leave accrues immediately at a rate of 8 hours per month for all full-time employees regardless of length of employment. However, the maximum number of sick leave hours an employee can accrue is 864 hours.

Accumulated compensated absence benefits are payable only in conjunction with the employee's termination. Payments are made in a lump sum at termination.

The unpaid sick leave, vacation pay and related benefits at the end of the period will generally not be paid with expendable and available resources and, as such, the liability is generally not reflected in the governmental fund financial statements. The entire liability for compensated absences is reported in the government-wide financial statements.

**RYE FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

At December 31, 2019, the District had the following obligation to eligible employees for accumulated benefits:

Current portion	\$ 21,213
Long-term portion	<u>7,752</u>
Total	<u>\$ 28,965</u>

**Pensions**

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the SWDB pension plan have been determined on the same basis as they are reported by FPPA. 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.

**Fund Equity**

Governmental funds report fund balance in classifications based primarily on the extent the District is bound to honor constraints on the specific purposes for which amounts in the fund can be spent. Fund balances of the District’s governmental fund consist of the following:

- Nonspendable – includes amounts that are (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash such as prepaid items and inventories.
- Restricted – includes amounts that are restricted for specific purposes stipulated by external resource providers constitutionally or through enabling legislation.
- Committed – includes amounts that can only be used for the specific purposes determined by the passage of a resolution of the Board of Directors of the District. Commitments may be modified or changed only by the Board of Directors approving a new resolution.
- Assigned – includes amounts intended to be used by the District for specific purposes that are neither restricted nor committed. As authorized by the Board of Directors, intent is expressed by the Fire Chief as to which the assigned amounts are to be used for specific purposes. Assigned amounts include appropriations of existing fund balance to eliminate a projected budgetary deficit in the subsequent year’s budget.
- Unassigned – includes amounts that do not meet any of the above criteria.

In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications, fund balance is reduced in the order of restricted, committed, assigned and unassigned.

**RYE FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Net Position**

In the government-wide financial statements, net position is classified in the following categories:

- Net investment in capital assets – this classification consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction or improvement of the capital assets.
- Restricted net position – this classification consists of restrictions created by external creditors, grantors, contributors or laws or regulations of other governments, enabling legislation and constitutional provisions.
- Unrestricted net position – this classification represents the remainder of net position that does not meet the definition of “net investment in capital assets” or “restricted net position”.

When both restricted and unrestricted resources are available for net position use, it is the District’s policy to use restricted resources first and then use unrestricted resources as needed.

**Interest**

Interest revenue on investments is recognized in the period it is earned subject to the measurable and available criteria for governmental funds.

**Property Taxes**

County Treasurers are responsible for assessing, collecting and distributing property taxes in accordance with enabling state legislation and represent ad valorem taxes levied by the District. Property taxes become a lien on the first day of the levy year and may be paid in two equal installments before the last day of February and the 15<sup>th</sup> day of June or in full before the last day of April.

Property taxes are recognized as revenue for the year levied because they are considered both measurable and available. Available means due or past due and receivable within the current period and collected no more than 60 days after December 31.

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

**Budgets and Budgetary Data**

Formal budgetary accounting is employed as a management control tool for the general fund. Budgets are prepared on the modified accrual basis of accounting for the general fund. Annual operating budgets are adopted each fiscal year through passage of an annual budget resolution. The Board of the District may amend the original adopted budget during the year by passing a new resolution to reflect current needs, changing conditions, or revised estimates. The budgetary amounts reflect the original and most recent amended amounts, which were adopted in accordance with the appropriate provisions of state law. Encumbrance accounting is not employed as part of the budgetary process.

**RYE FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE B – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**Tax, Revenue, Spending and Debt Limitations**

In November, 1992, Colorado voters adopted Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer’s Bill of Rights (TABOR). TABOR imposes tax raising, revenue, spending and debt limitations on local government entities within the State of Colorado. These limitations became effective for the first fiscal year beginning after December 31, 1992. TABOR also includes certain requirements regarding the establishment of “emergency reserves.” Under these provisions, the emergency reserve can be used for “declared emergencies only,” as that term is defined in the amendment. This reserve totaled \$25,000 as of December 31, 2019 and 2018.

The amendment is complex and subject to judicial interpretation; however, the District believes it is in compliance with the requirements of the amendment. The District has made certain interpretations of the amendment’s language in order to determine its compliance.

**NOTE C – CASH, CASH EQUIVALENTS AND INVESTMENTS**

At December 31, 2019, cash, cash equivalents and investments are summarized as follows:

Demand deposits	\$ <u>410,576</u>
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**DEPOSITS**

At December 31, 2019, the carrying amount was \$410,576 and the bank balance of the District’s deposits was \$416,494, which exceeded federal depository insurance by \$166,494 and was held in a qualified depository bank. Colorado law requires that depository institutions must apply for and be designated as an eligible public depository before the institution can accept public fund monies. The depository institution must pledge eligible collateral as security for all public deposits held by that institution that are not insured by depository insurance. The fair value of the collateral that each institution pledges must equal at least 102% of the total uninsured deposits held by that institution. Generally, the eligible collateral in the collateral pools is held by the depository institution or its agent in the name of the depository institution.

**INVESTMENTS**

The District is subject to the provisions of Colorado Revised Statutes 24-75-601, which is entitled “Concerning Investment in Securities by Public Entities”. This law, among other things, outlines the types of securities that public entities in Colorado may acquire and hold as investments. These include U.S. government and agency securities, certain bonds of political subdivisions, bankers’ acceptances, commercial paper, local government investment pools, repurchase agreements, money market funds, guaranteed insurance contracts and U.S. dollar-denominated corporate or bank debt. The statute also includes a provision limiting any investment to a five-year maturity unless the governing body authorizes a longer period. The District held no investments as of December 31, 2019.

**RYE FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE C – CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

Custodial credit risk – Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District’s investment policy does not limit the holding of securities by counterparties. As of December 31, 2019, deposits with a bank balance of \$166,494 were uninsured but are not exposed to custodial credit risk because they are collateralized by securities held by the pledging financial institution’s agent.

**NOTE D – RECEIVABLES**

Receivables as of December 31, 2019 consist of the following:

	<u>Governmental Activities</u> <u>General Fund</u>
Receivables:	
Property taxes	\$ 798,899
Specific ownership taxes	6,274
Penalties and interest	329
State firefighting fees	-
Ambulance service fees	<u>275,171</u>
Less: allowance for uncollectible ambulance service fees	<u>(250,065)</u>
Net Receivables	<u>\$ 830,608</u>

**RYE FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE E – CAPITAL ASSETS**

The following is a summary of changes in capital assets:

<b>Governmental Activities</b>	Balance January 1, <u>2019</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31 <u>2019</u>
Capital assets, not being depreciated –				
Land	\$ 6,630	\$ -	\$ -	\$ 6,630
Capital assets not being depreciated	<u>6,630</u>	<u>-</u>	<u>-</u>	<u>6,630</u>
Capital assets, being depreciated –				
Buildings and improvements	171,687	9,295	-	180,982
Vehicles	302,901	-	(3,000)	299,901
Equipment	<u>1,274,572</u>	<u>90,523</u>	<u>-</u>	<u>1,365,095</u>
Capital assets being depreciated	<u>1,749,160</u>	<u>99,818</u>	<u>(3,000)</u>	<u>1,845,978</u>
Accumulated depreciation –				
Buildings and improvements	(123,481)	(4,826)	-	(128,307)
Vehicles	(210,311)	(16,609)	1,050	(225,870)
Equipment	<u>(944,400)</u>	<u>(60,483)</u>	<u>-</u>	<u>(1,004,883)</u>
Total accumulated depreciation	<u>(1,278,192)</u>	<u>(81,918)</u>	<u>-</u>	<u>(1,359,060)</u>
Capital assets being depreciated, net	<u>470,968</u>	<u>17,900</u>	<u>(1,950)</u>	<u>486,918</u>
Governmental activities capital assets, net	<u>\$ 477,598</u>	<u>\$ 17,900</u>	<u>\$ (1,950)</u>	<u>\$ 493,548</u>
Depreciation expense by function:				
General government	\$ -			
Public safety	<u>81,918</u>			
	<u>\$ 81,918</u>			

**RYE FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE F – LONG-TERM DEBT**

The following is a summary of changes in long-term liabilities reported in the government-wide financial statements for the year ended December 31, 2019:

	Balance January 1, <u>2019</u>	<u>Additions</u>	<u>Retirements</u>	Balance December 31, <u>2019</u>	Due Within <u>One Year</u>
<u>Governmental Activities:</u>					
Obligations under capital leases:					
2009 Capital Lease- Fire Engine	\$ 124,979	\$ -	\$ (67,845)	\$ 57,134	\$ 19,053
Compensated absences	<u>19,670</u>	<u>31,310</u>	<u>(22,015)</u>	<u>28,965</u>	<u>21,213</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 144,649</u>	<u>\$ 31,310</u>	<u>\$ (89,860)</u>	<u>\$ 86,099</u>	<u>\$ 40,266</u>

The following is a description of each individual issue for the governmental activities:

Obligations under capital lease

\$295,794 of obligation under capital lease dated December 2009 for the acquisition of new fire engine; interest rate of 5.3%; payable in annual installments, beginning in 2012, of \$38,867 including interest through December 2023; lease provides a prepayment clause which may be exercised anytime equal to 103.5% of the remaining unamortized balance of the capital lease; debt is serviced by the general fund; no lease principal payments were made in 2012, 2013 or 2014.

\$ 57,134

The debt service requirements for the governmental activities capital lease as of December 31, 2019 follows:

Year Ending	<u>Capital Leases</u>		
<u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	38,081	786	38,867
2021	<u>19,053</u>	<u>621</u>	<u>19,674</u>
Total	<u>\$ 57,134</u>	<u>\$ 1,407</u>	<u>\$ 58,541</u>

**RYE FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE F – LONG-TERM DEBT (Continued)**

The assets acquired and related accumulated amortization under capital leases are as follows:

	Governmental Activities
Assets:	
Equipment	\$ 295,794
Less: accumulated amortization	(162,687)
	\$ 133,107

Amortization of assets acquired under capital leases is included with depreciation expense.

**NOTE G – NET POSITION**

Restricted net position represents net position whose uses are subject to constraints that are either (1) legally imposed by creditors (such as debt covenants), grantors, or laws or regulations of other governments, or (2) imposed by law through constitutional provisions or enabling legislation. Restricted net position at December 31, 2019 for governmental activities are as follows:

	Governmental Activities
Restricted for:	
Capital projects	\$ 6,346
Hatchett Ranch expansion related costs	26,765
TABOR	25,000
Total Restricted Net Position	\$ 58,111

*Restricted for capital projects.* This represents amounts received from donors with the restriction that the funds be used to acquire a wood chipper.

*Hatchett Ranch Expansion.* The residents of Hatchett Ranch agreed to a one-time inclusion fee that totaled \$65,330 to be included in the fire district. These funds are to be used for capital improvements and other expansion related costs related to this expansion.

**RYE FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE H – FUND BALANCES**

At December 31, 2019, fund balance for the governmental fund consists of the following:

	<u>Governmental Activities</u>	
	<u>General Fund</u>	<u>Total Governmental Fund</u>
Nonspendable fund balances:		
Inventory	\$ 18,069	\$ 18,069
Prepaid items	18,230	18,230
Total nonspendable fund balances	36,299	36,299
Restricted fund balances:		
Capital projects	6,346	6,346
Hatchett Ranch expansion	26,765	26,765
TABOR	25,000	25,000
Total restricted fund balances	58,111	58,111
Unassigned fund balance:	221,703	221,703
Total fund balance	\$ 316,113	\$ 316,113

**RYE FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE I – DEFINED BENEFIT PENSION PLAN**

**Statewide-Defined Benefit Plan**

**General Information about the Pension Plan**

*Plan description.* The Statewide Defined Benefit Plan (SWDB) 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 that 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.

The Plan assets are included in the Fire & Police Members' Benefit Investment Fund and the Fire & Police Members' Self-Directed Investment Fund (for Deferred Retirement Option Plan (DROP) assets and Separate Retirement Account assets from eligible retired members).

The Plan is administered by the Fire & Police Pension Association of Colorado (FPPA). FPPA issues a publicly available comprehensive annual financial report that can be obtained on FPPA's website at <http://www.fppaco.org>.

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

The annual normal retirement benefit is 2 percent of the average of the member's highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter. The benefit earned prior to January 1, 2007 for members of affiliated Social Security employers will be reduced by the amount of Social Security income payable to the member annually. Effective January 1, 2007, members currently covered under Social Security will receive half the benefit when compared to the 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 percent or the Consumer Price Index.

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 percent as interest, returned as a lump sum distribution. Alternatively, a member with at least five years of accredited service may leave contributions with the Plan and remain eligible for a retirement pension at age 55 equal to 2 percent of the member's average highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter.

**RYE FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE I – DEFINED BENEFIT PENSION PLAN (Continued)**

*Contributions.* Contribution rates for the SWDB plan are set by state statute. Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or election of the membership.

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

Contributions from members and employers of departments re-entering the system are established by resolution and approved by the FPPA Board of Directors. The re-entry group has a combined contribution rate of 22 percent of base salary in 2018. It is a local decision as to whether the member or employer pays the additional 4 percent contribution. Per the 2014 member election, the re-entry group will also have their required member contribution rate increase 0.5 percent annually beginning in 2015 through 2022 for a total combined member and employer contribution rate of 24 percent in 2022.

The contribution rate for members and employers of affiliated social security employers is 5 percent and 4 percent, respectively, of base salary for a total contribution rate of 9 percent in 2018. Per the 2014 member election, members of the affiliated social security group will have their required contribution rate increase 0.25 percent annually beginning in 2015 through 2022 to a total of 6 percent of base salary. Employer contributions will remain at 4 percent resulting in a combined contribution rate of 10 percent in 2022.

Contributions to the pension plan from the District were \$22,020 for the year ended December 31, 2019.

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

At December 31, 2019, the Rye Fire Protection District reported a liability of \$38,861 for its proportionate share of the net pension liability. The net pension liability (asset) was measured as of December 31, 2018, and the total pension liability (asset) used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019. The District's proportion of the net pension liability (asset) was based on the District's contributions to the SWDB for the calendar year 2018 relative to the total contributions of participating employers to the SWDB.

At December 31, 2018, the District's proportion was .031 percent, which was a decrease of 0.012 percent from its proportion measured as of December 31, 2017.

**RYE FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE I – DEFINED BENEFIT PENSION PLAN (Continued)**

For the year ended December 31, 2019, the District recognized pension expense of \$6,253. At December 31, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Difference between expected and actual experience	\$ -	\$ 415
Difference between projected and actual earnings on pension plan investments	30,570	-
Difference between actual and expected experience	49,933	-
Changes in assumptions	37,636	-
Changes in proportionate share	26,298	9,074
Differences between contributions recognized and proportionate share of contributions	1,715	-
Contributions subsequent to the measurement date	<u>22,020</u>	<u>-</u>
Total	<u>\$ 168,172</u>	<u>\$ 9,489</u>

\$22,020 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a (increase) reduction of the net pension (asset) liability in the year ended December 31, 2020. 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 ended	
2020	\$ 24,329
2021	17,947
2022	15,579
2023	24,470
2024	12,938
Thereafter	<u>41,393</u>
	<u>\$ 136,656</u>

**RYE FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE I – DEFINED BENEFIT PENSION PLAN (Continued)**

*Actuarial assumptions.* The actuarial valuations for the SWDB were used to determine the total pension liability and actuarially determined contributions for the fiscal year ending December 31, 2018. The valuations used the following actuarial assumptions and other inputs:

Actuarial Method	Entry Age Normal
Amortization Method	Level % of Payroll, Open
Amortization Period	30 years
Long-term Investment	
Rate of Return *	7.00 – 7.50 percent
Projected Salary Increases *	4.0 – 14.0 percent
Cost of Living	
Adjustments (COLA)	0.00 percent
* Includes inflation at	2.5 percent

For determining the total pension liability, the post-retirement mortality tables for non-disabled retirees uses the 2006 central rates from the RP-2014 Annuitant Mortality Tables projected to 2018 using the MP-2017 projections 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 it economic and demographic actuarial assumptions. At its July 2018 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. 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 purchase of service credit and other benefits where actuarial factors are used.

**RYE FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE I – DEFINED BENEFIT PENSION PLAN (Continued)**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	37.0%	8.03%
Equity Long/Short	9.0%	6.45%
Private Markets	24.0%	10.00%
Fixed Income	15.0%	2.90%
Absolute Return	9.0%	5.08%
Managed Futures	4.0%	5.35%
Cash	<u>2.0%</u>	2.52%
Total	<u>100.00%</u>	

The discount rate used to measure the total pension liability was 7.00 percent. 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.

*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%.

**RYE FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE I – DEFINED BENEFIT PENSION PLAN (Continued)**

*Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate.* Regarding the sensitivity of the net pension liability/(asset) to changes in the Single Discount Rate, the following presents the plan’s net pension liability, calculated using a single discount rate of 7.00%, as well as what the plan’s net pension liability/(asset) would be if it were calculated using a Single Discount Rate that is one percent lower and one percent higher:

	1% Decrease (6.00%)	Single Discount Rate Assumption (7.00%)	1% Increase (8.00%)
Proportionate share of the net pension liability (asset)	\$ <u>150,699</u>	\$ <u>38,861</u>	\$ <u>(53,906)</u>

*Pension plan fiduciary net position.* Detailed information about the SWDB’s fiduciary net position is available in FPPA’s comprehensive annual financial report which can be obtained at <http://www.fppaco.org>.

**Payable to the pension plan**

At December 31, 2019, the District reported a payable of \$1,870 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2019.

**RYE FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE J – OTHER POST EMPLOYMENT BENEFITS**

**Fire and Police Statewide Death & Disability (New Hire) Plan**

*Plan Description* - The Rye Fire Protection District contributes to the statewide, cost-sharing, multiple-employer death and disability plan administered by the Colorado Fire and Police Pension Association (FPPA). The statewide plan provides death and disability benefits for those new hires employed after January 1, 1997 and their beneficiaries. Title 31, Article 30 of the Colorado Revised Statutes (CRS), as amended, assigns the authority to establish benefit provisions to the state legislature. FPPA issues a publicly available financial report that includes the statewide death and disability plan. That report may be obtained by writing to FPPA of Colorado, 5290 DTC Parkway, Suite 100, Englewood, Colorado, 80111, or by calling FPPA at 303-770-3772 in the Denver metro area or 800-332-3772 from outside the metro area.

*Funding Policy* - Plan members and the District are required to contribute at a rate set by statute. Pursuant to statute, the FPPA Board of Directors may adjust the contribution rate every two years based on an annual actuarial valuation by no more than one-tenth of one percent. The 2019 contribution rate for new-hire fire members is 0.1% of covered salary and for the District the contribution rate is 2.7% of covered salary. The District has elected to absorb the member contribution of 0.1%. The District's contributions to the statewide death and disability plan for the years ended December 31, 2019 and 2018 were \$7,707 and \$5,559, respectively, which were equal to their required contributions for each year.

**Subsequent Event**

The District expects the economic uncertainties resulting from the COVID-19 pandemic to negatively impact the operating results of the SWDB and SWD&D plans. However, the related financial impact and duration cannot be reasonably estimated at this time.

**NOTE K – RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster. The District carries commercial insurance for such risks, including workers' compensation and accident insurance. Settled claims resulting from these risks did not exceed commercial insurance coverage for each of the last three years.

**NOTE L – SUBSEQUENT EVENT**

The District has evaluated its December 31, 2019 financial statements for subsequent events through the date the financial statements were issued. As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact the revenues of the District, including receipt of property tax revenues and collections for ambulance services provided. While this situation is expected to be temporary, the related financial impact and duration cannot be reasonably estimated at this time.

**REQUIRED SUPPLEMENTARY INFORMATION**

**RYE FIRE PROTECTION DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts,	Final Budget -
			Budgetary	Positive
			Basis	(Negative)
<b>REVENUES</b>				
Property Tax - Pueblo	\$ 657,590	\$ 716,218	\$ 721,918	\$ 5,700
Property Tax - Huerfano	8,255	9,109	9,358	249
Property Tax - Custer	47,886	53,424	55,812	2,388
Interagency Fire Fighting	-	214,683	107,502	(107,181)
Emergency Medical Services	243,413	212,794	175,802	(36,992)
Donations	1,000	600	600	-
Other	5,000	37,027	7,232	(29,795)
Miscellaneous Grants	-	-	32,342	32,342
Interest	45	45	45	-
<b>Total Revenues</b>	963,189	1,243,900	1,110,611	(133,289)
<b>EXPENDITURES</b>				
<b>General Government</b>				
Legal Expense	8,000	1,853	1,853	-
Other Administrative Expense	7,740	11,641	12,140	(499)
Administrative Supplies	5,000	829	829	-
Treasurer's Fee	11,117	9,671	12,308	(2,637)
Bad Debt Expense	-	-	3,018	(3,018)
Outside Service Fees	35,000	35,739	35,198	541
<b>Total General Government</b>	66,857	59,733	65,346	(5,613)
<b>Public Safety</b>				
EMS Billing Fee	18,000	17,465	18,901	(1,436)
Insurance - Worker's Comp	22,000	22,919	23,886	(967)
Insurance - Liab, Auto, & Prop	23,425	24,397	23,519	878
Career Firefighters	203,765	156,963	161,205	(4,242)
Command Staff	108,189	150,940	152,486	(1,546)
Part-time Firefighters	162,230	184,377	182,362	2,015
Interagency Staffing	-	60,000	50,416	9,584
Interagency Overtime Pay	-	60,000	50,785	9,215
Payroll Taxes - FICA	15,490	24,738	19,632	5,106
Payroll Taxes - Medicare	10,906	9,777	8,652	1,125
Payroll Taxes - SUTA	1,423	3,000	3,255	(255)
Employee Benefits - Health Ins	44,400	60,965	42,788	18,177
Employee Benefits - Retirement	21,599	29,709	30,282	(573)
Operational Supplies	28,000	16,645	17,867	(1,222)
Training - Tuition & Travel	5,000	783	783	-
Interagency Travel Reimbursement	-	-	5,824	(5,824)
Training - Supplies	1,500	408	408	-
Information/Prevention Expense	1,500	1,078	1,078	-
Communications - R&M	500	198	198	-
Communications - Supplies	-	-	-	-

Continued

**RYE FIRE PROTECTION DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Budgeted Amounts</u>		<b>Actual</b>	<b>Variance with</b>
	<u>Original</u>	<u>Final</u>	<b>Amounts, Budgetary Basis</b>	<b>Final Budget - Positive (Negative)</b>
Continued				
Fleet - Fuel & Oil	27,000	25,599	25,701	(102)
Fleet - R&M	22,000	30,369	30,035	334
Buildings & Grounds	-	-	127	(127)
EMS - Physician Advisor	4,800	5,100	5,100	-
EMS - Medical Supplies	13,000	17,089	15,474	1,615
Utilities -Telephone	8,345	9,175	9,175	-
Utilities -LPG	5,400	8,599	7,471	1,128
Utilities -Electric	8,200	7,647	7,163	484
Utilities -Water	2,200	2,266	2,258	8
Utilities -Trash	840	1,140	1,140	-
Office Rent	7,400	-	-	-
Physical Plant Expenditures	14,220	-	-	-
Hatchet Ranch Expenditures	-	-	6,981	(6,981)
Capital outlay	75,000	175,000	99,818	75,182
<b>Total Public Safety</b>	<u>856,332</u>	<u>1,106,346</u>	<u>1,004,770</u>	<u>101,576</u>
<b>Debt Service:</b>				
Capital Lease - Principal	40,000	73,867	67,845	6,022
Capital Lease - Interest	-	-	6,022	(6,022)
<b>Total Debt Service</b>	<u>40,000</u>	<u>73,867</u>	<u>73,867</u>	<u>-</u>
<b>Total Expenditures</b>	<u>963,189</u>	<u>1,239,946</u>	<u>1,143,983</u>	<u>95,963</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>\$ -</u>	<u>\$ 3,954</u>	<u>(33,372)</u>	<u>\$ (37,326)</u>
Net change in fund balances			(33,372)	
<b>Fund Balances, January 1</b>			<u>349,485</u>	
<b>Fund Balances, December 31</b>			<u><u>\$ 316,113</u></u>	

**RYE FIRE PROTECTION DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2019**

**BUDGETARY INFORMATION**

The District adheres to the following procedures in establishing the budgetary data reflected in the budgetary comparison schedules.

On or before the first board meeting in October, the executive director submits to the board of directors a proposed budget for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them. Public hearings are conducted by the board of directors to obtain taxpayer comments. The District adopts a budget for the general fund and the general fund uses the current financial resources measurement focus and the modified accrual basis of accounting in preparing the budget.

Expenditure estimates in the annual budgets are enacted into law by the passage of an appropriation resolution. The board of directors may amend the original adopted budget during the year by passing a new resolution to reflect current needs.

The legal level of budgetary control exists at the total fund level, which is to say total expenditures in the general fund cannot legally exceed appropriations.

RYE FIRE PROTECTION DISTRICT  
 SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 NEW HIRE FIRE AND POLICE PENSION FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2019

	2018	2017	2016	2015	2014	2013
Town's proportion of the net pension liability (asset)	0.03074%	0.04339%	0.04392%	0.03394%	0.03463%	0.03568%
Town's proportionate share of the net pension liability (asset)	38,861	(62,429)	15,870	(598)	(39,085)	(31,908)
Town's covered payroll	205,900	299,013	244,775	171,216	155,740	154,990
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	18.874%	-20.878%	6.484%	-0.349%	-25.096%	-20.587%
Plan fiduciary net position as a percentage of the total pension liability	95.200%	106.300%	98.210%	100.100%	106.800%	105.800%

Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

RYE FIRE PROTECTION DISTRICT  
 SCHEDULE OF THE TOWN'S CONTRIBUTIONS  
 NEW HIRE FIRE AND POLICE PENSION FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2019

	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 22,020	\$ 16,472	\$ 23,921	\$ 17,982	\$ 13,697	\$ 12,459	\$ 12,399
Contributions in relation to the contractually required contribution	<u>22,020</u>	<u>16,472</u>	<u>23,921</u>	<u>17,982</u>	<u>13,697</u>	<u>12,459</u>	<u>12,399</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Town's covered payroll	275,250	205,900	299,013	224,775	171,216	155,740	154,990
Contributions as a percentage of covered payroll	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%

Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.