



GREEN MOUNTAIN FALLS FIRE PROTECTION DISTRICT, INC.

Financial Statements

And

Supplemental Information

For the Year Ended December 31, 2019

And

Independent Auditors' Report

GREEN MOUNTAIN FALLS FIRE PROTECTION DISTRICT, INC.

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Position – Governmental Activities	3
Statement of Activities – Governmental Activities	4
Fund Financial Statements	
Balance Sheet – Governmental Fund	5
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position	6
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Fund	7
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of the Governmental Fund to the Statement of Activities	8
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Fund – Compared to Budget	9
Notes to the Financial Statements	10
REQUIRED SUPPLEMENTAL INFORMATION	
Schedule of Changes in Net Pension Liability/(Asset) – FPPA – Volunteer Firefighters' Pension Plan	20
Schedule of District Contributions – FPPA – Volunteer Firefighters' Pension Plan	21

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Green Mountain Falls Fire Protection District, Inc.

We have audited the accompanying financial statements of the governmental activities and major fund of Green Mountain Falls Fire Protection District, Inc. (the District) as of and for the year ended December 31, 2019 and the related notes to 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 an opinion 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 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 opinion.

Opinion

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 Green Mountain Falls Fire Protection District, Inc. as of December 31, 2019 and the respective changes in financial position and the respective budgeting comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America also require that the Schedule of Changes in Net Pension Liability/(Asset) – FPPA – Volunteer Firefighters’ Pension Plan on Page 20, and the Schedule of District Contributions – FPPA – Volunteer Firefighters’ Pension Plan on Page 21 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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 evidence sufficient to express an opinion or provide any assurance.

Management has omitted management’s discussion and analysis information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Stockman Kast Ryan + Co. LLP

July 9, 2020

GREEN MOUNTAIN FALLS FIRE PROTECTION DISTRICT, INC.

STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES

DECEMBER 31, 2019

ASSETS

Cash and cash equivalents	\$ 600,119
Property taxes receivable	399,408
Grant receivable	43,220
Capital assets not being depreciated	1,175,868
Capital assets being depreciated, net	<u>117,738</u>
Total assets	<u>2,336,353</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows related to pension	<u>16,129</u>
--------------------------------------	---------------

LIABILITIES

Accounts payable and accrued expenses	9,141
Net pension liability	163,742
Bond payable - due in more than one year	<u>1,031,528</u>
Total liabilities	<u>1,204,411</u>

DEFERRED INFLOWS OF RESOURCES

Deferred property tax revenue	399,408
Deferred inflows related to pension	<u>33,431</u>
Total deferred inflows of resources	<u>432,839</u>

NET POSITION

Net investment in capital assets	262,078
Restricted for emergency reserve	42,176
Unrestricted	<u>410,978</u>
Total net position	<u>\$ 715,232</u>

See notes to financial statements.

GREEN MOUNTAIN FALLS FIRE PROTECTION DISTRICT, INC.

**STATEMENT OF ACTIVITIES – GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Capital Grants and Contributions	
Public safety - Fire/EMS	\$ 315,790	\$ 22,734	\$ 333,842	\$ 40,786
Interest on long-term debt	23,598			(23,598)
	<u>\$ 339,388</u>	<u>\$ 22,734</u>	<u>\$ 333,842</u>	<u>17,188</u>
General revenues:				
				419,548
Property taxes				4,417
Other				<u>423,965</u>
Total general revenues				
				441,153
Change in net position				<u>274,079</u>
Net position - Beginning of year				<u>\$ 715,232</u>
Net position - End of year				

See notes to financial statements.

GREEN MOUNTAIN FALLS FIRE PROTECTION DISTRICT, INC.

BALANCE SHEET – GOVERNMENTAL FUND DECEMBER 31, 2019

ASSETS

Current assets

Cash and cash equivalents	\$ 600,119
Property taxes receivable	399,408
Grant receivable	<u>43,220</u>

TOTAL ASSETS \$ 1,042,747

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES

Current liabilities

Accounts payable and expenses	<u>\$ 9,141</u>
-------------------------------	-----------------

DEFERRED INFLOWS OF RESOURCES

Deferred property taxes 399,408

FUND BALANCES

Fund balances

Restricted for emergencies - TABOR	9,755
Assigned for capital improvements	43,200
Unassigned	<u>581,243</u>

Total fund balances 634,198

**TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES
AND FUND BALANCES** \$ 1,042,747

See notes to financial statements.

GREEN MOUNTAIN FALLS FIRE PROTECTION DISTRICT, INC.

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION DECEMBER 31, 2019

Total governmental fund balance	\$ 634,198
 Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund financial statements. However, in the Statement of Net Position the cost of these items are capitalized and expensed over their estimated lives through annual depreciation expense.	
Cost of capital assets	2,142,828
Less: accumulated depreciation	<u>(849,222)</u>
	<u>1,293,606</u>
 Liabilities, including bonds and net pension liabilities are not due in the current period and therefore are not reported in the governmental funds.	
Bonds payable - due in more than one year	(1,031,528)
Net pension liability - FPPA Statewide Defined Benefit Plan	<u>(163,742)</u>
	<u>(1,195,270)</u>
 Pension-related deferred inflows and outflows or resources are not financial resources or uses and, therefore, are not reported in the Balance Sheet - Governmental Funds.	
Deferred inflows related to pension	16,129
Deferred outflows related to pension	<u>(33,431)</u>
	<u>(17,302)</u>
Net position - Governmental activities	<u>\$ 715,232</u>

See notes to financial statements.

GREEN MOUNTAIN FALLS FIRE PROTECTION DISTRICT, INC.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUND FOR THE YEAR ENDED DECEMBER 31, 2019

REVENUES	
Property tax receipts	\$ 419,548
Grant revenue	242,442
Contributions and donations	91,400
Other revenue	<u>27,151</u>
Total	<u>780,541</u>
EXPENDITURES	
Capital improvements	1,082,471
Firefighting salaries and benefits	77,949
Pension state match	22,083
Debt service - interest expense	23,598
Insurance	16,936
Building and grounds	11,401
Equipment repairs and maintenance	10,525
Communication services	8,346
Training	6,714
Medical services	4,776
Miscellaneous	<u>141,053</u>
Total	<u>1,405,852</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(625,311)
OTHER FINANCING SOURCES	
Bond proceeds	<u>770,541</u>
CHANGE IN FUND BALANCE	145,230
FUND BALANCE, Beginning of year	<u>488,968</u>
FUND BALANCE, End of year	<u>\$ 634,198</u>

See notes to financial statements.

GREEN MOUNTAIN FALLS FIRE PROTECTION DISTRICT, INC.

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2019

A reconciliation reflecting the differences between the governmental fund net change in fund balances and change in net position reported for governmental activities in the Statement of Activities is as follows:

Net change in fund balance - total governmental fund	\$ 145,230
Governmental funds report capital outlays as expenditures. However in the Statement of Activities the cost of those assets is allocated over their estimated	
Depreciation and amortization	(25,396)
Capital outlay	<u>1,082,471</u>
	<u>1,057,075</u>
Long-term debt (e.g. bonds, capital leases, compensated absences) provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financials resources of the governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of differences in the treatment of long-term debt and related items.	
Bond proceeds	<u>770,541</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Pension expense	<u>9,389</u>
Change in net position - Governmental activities	<u>\$ 441,153</u>

See notes to financial statements.

GREEN MOUNTAIN FALLS FIRE PROTECTION DISTRICT, INC.

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUND –
 COMPARED TO BUDGET
 FOR THE YEAR ENDED DECEMBER 31, 2019**

	Budget	Actual	Favorable (Unfavorable) Variance
REVENUES OVER EXPENSES – NON-GAAP			
Property tax receipts	\$ 229,752	\$ 419,548	\$ 189,796
Grant revenue		242,442	242,442
Contributions and donations		91,400	91,400
Other revenue	15,724	27,151	11,427
Total	245,476	780,541	535,065
OPERATING EXPENSES			
Capital outlay - equipment	25,897	108,053	(82,156)
Capital outlay - building		974,418	(974,418)
Firefighting	97,805	77,949	19,856
Pension state match	23,411	22,083	1,328
Insurance	24,462	16,936	7,526
Building and grounds	14,052	11,401	2,651
Equipment repairs and maintenance	16,054	10,525	5,529
Interest expense		23,598	(23,598)
Communication services	11,670	8,346	3,324
Training	2,951	6,714	(3,763)
Medical services	1,162	4,776	(3,614)
Miscellaneous	16,340	141,053	(124,713)
Total operating expenses	233,804	1,405,852	(1,172,048)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	11,672	(625,311)	(636,983)
OTHER FINANCING SOURCES			
Bond proceeds		770,541	770,541
CHANGE IN FUND BALANCE	\$ 11,672	\$ 145,230	\$ 133,558

See notes to financial statements.

GREEN MOUNTAIN FALLS FIRE PROTECTION DISTRICT, INC.

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity — Green Mountain Falls Fire Protection District, Inc. (the District) was organized on August 17, 1956 and is governed by an elected Board of Directors. As required by generally accepted accounting principles, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District provides fire protection services and emergency medical services to its geographical service area.

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

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

Government-wide and Fund Financial Statements — The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District except for the fiduciary activities. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of net position reports all financial and capital resources of the District, the difference between the assets and deferred outflows, and, liabilities and deferred inflows, of the District being reported as net position.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation — The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown as increases in assets and redemption of bonds and notes are recorded as a reduction in liabilities.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are taxes, EMS billings and deployment revenue. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation paid. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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

Net Position — The District's net position is classified in the following three components:

- Net investment in capital assets — This component consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- Restricted — This component consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Restricted assets are assets which have restrictions placed on the use of the assets through external constraints imposed by creditors (such as through debt covenants), contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.

- Unrestricted — This component consists of the net amount of assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Budgets — In October, the Board Secretary is required to submit to the Board of Directors a budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted at the District to obtain District elector comments. Prior to December 15, the budget is legally adopted by the Board. The Board Secretary is authorized to transfer budgeted amounts between line items of the District; however, any revisions that alter the total expenditures of the District must be approved by the Board of Directors.

Capital Assets — Capital assets, which include land, buildings and improvements, equipment and vehicles are reported in the governmental activities column in the government-wide financial statements. Such assets are recorded at historical cost, or estimated historical cost, if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Depreciation expense has been computed using the straight-line method over the estimated economical useful lives:

Buildings and improvements	15 – 40 years
Vehicles and equipment	5 – 10 years

Deferred Outflows/Inflows of Resources — In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until that time. The District has recognized deferred outflows of resources in the government-side financial statements in accordance with presentation requirements for GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of FASB Statement No. 27* (GASB 68) and GASB Statement No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date – An Amendment of GASB 68* (GASB 71).

In addition to liabilities, the statement of net position and fund balance sheets will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflow of resources, represents an acquisition of net position/fund balance that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. Property tax revenue that is related to a future period is recorded as deferred inflows. These amounts are deferred and will be recognized as an inflow of resources in the period that the amounts become available. The District has also recognized deferred inflows of resources in the government-wide financial statements in accordance with presentation requirements for GASB 68 and GASB 71.

Fund Balances – Governmental Funds

Fund balances for governmental funds are reported in the categories listed below to make the nature and extent of the constraints placed on a government's fund balances more transparent. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

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

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

Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

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

Cash and Cash Equivalents — For purposes of the statement of cash flows, the District considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Property Taxes — Property taxes are used to support operations. Taxes are assessed on January 1 and are due in one installment on April 30 or in two installments on February 28 and June 15 of each year. Revenue from property taxes is recognized in the year for which the taxes are levied.

Grant Receivable — Grant receivable is stated at the unpaid balance. The District considers the grant receivable to be fully collectible as of December 31, 2019 and no allowance for doubtful accounts is considered necessary. Grant receivable consists entirely of a grant to be collected in less than one year.

Use of Estimates — Preparation of the District's financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events — The District has evaluated subsequent events for recognition or disclosure through the date of the Independent Auditors' Report, which is the date the financial statements were available for issuance.

2. DEPOSITS AND INVESTMENTS

Deposits — Custodial credit risk is the risk that in the event of a bank failure, an entity's deposits may not be returned to it. The District's deposit policy for custodial credit risk requires compliance with the provisions of state law.

The Colorado Public Deposit Protection Act, (PDPA) requires that all units of local government deposit cash into eligible public depositories as determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA which allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits.

At December 31, 2019, the carrying amount of the District's cash is \$600,119. The bank balances of these accounts are \$614,377. Of the bank balances \$250,000 was covered by federal depository insurance and \$364,377 is required by Colorado Statutes to be collateralized with securities held by the pledging financial institution.

3. CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2019 is as follows:

	Balance at January 1, 2019	Additions	Decreases	Balance at December 31, 2019
Capital assets not being depreciated				
Land	\$ 201,450			\$ 201,450
Building-Construction in progress		\$ 974,418		974,418
Total	<u>201,450</u>	<u>974,418</u>	<u>\$ —</u>	<u>1,175,868</u>
Capital assets being depreciated:				
Building	399,071		(14,063)	385,008
Vehicles	349,843	93,850	(35,000)	408,693
Equipment	230,860	14,203	(71,804)	173,259
Total	979,774	108,053	(120,867)	966,960
Total accumulated depreciation	<u>(858,826)</u>	<u>(25,396)</u>	<u>35,000</u>	<u>(849,222)</u>
Net	<u>120,948</u>	<u>82,657</u>	<u>(85,867)</u>	<u>117,738</u>
Capital assets, net	<u>\$ 322,398</u>	<u>\$ 1,057,075</u>	<u>\$ (85,867)</u>	<u>\$ 1,293,606</u>

4. BOND PAYABLE

The District entered into a Series 2017 general obligation note agreement with a financial institution on December 19, 2017 for the purpose of funding the construction of a new fire station in Green Mountain Falls, Colorado. Under the agreement, the District may borrow up to \$3,500,000 to

finance the costs of constructing a new fire station. Management of the District currently expects the District will borrow \$3,200,000 under the agreement. The note is backed by the full faith and credit of the District. The note bears interest at 3.15% and interest-only payments are due quarterly through the completion date of construction, which is expected to be near the end of 2020 accordingly no principal payments are expected to be due in 2020. Following the completion of the construction, estimated interest and principal payments of \$57,943 are due quarterly through December 19, 2038.

Bond payable activity for the year ended December 31, 2019 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Bond payable	\$ 260,987	\$ 770,541	\$ —	\$1,031,528	\$ —

The following schedule sets forth estimated future principal and interest payments based on the assumption the District will borrow \$3,200,000:

	Principal	Interest	Total
2020		\$ 100,800	\$ 100,800
2021	\$ 132,526	99,245	231,771
2022	136,750	95,021	231,771
2023	141,109	90,662	231,771
2024	145,607	86,164	231,771
2025 – 2029	800,680	358,174	1,158,854
2030 – 2034	936,682	222,172	1,158,854
2035 – 2038	906,646	64,418	971,064
Total	\$3,200,000	\$1,116,656	\$4,316,656

5. RETIREMENT PLANS

Volunteer Firefighters' Pension Plan

General Information about the Volunteer Firefighters' Pension Plan

Plan description. The District, on behalf of its volunteer firefighters, contributes to the Volunteer Firefighters' Pension Plan (VFPP), a defined benefit pension plan which is affiliated with the FPPA. The net pension asset, 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 VFPP have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Assets of the plan are commingled for investment purposes in the Fire and Police Member's Benefit Fund, an agent multiple-employer defined benefit pension plan administered by FPPA. The Volunteer Firefighters' Pension Plan Board of Trustees is comprised of the five Directors of the District and two District volunteer, retired volunteer or active retiree firefighters. The Colorado Revised Statutes (CRS), as amended, establishes basic benefit provisions

under the plan. FPPA issues a publicly available comprehensive annual finance report that includes the assets of the volunteer plan. That report may be obtained at www.fppaco.org.

Volunteers covered and benefits provided. The retirement benefit provisions and plan requirements were established by the District under CRS.

The Board of Trustees has adopted the following schedule of monthly benefits, which was in effect at December 31, 2018:

Normal Retirement Benefit	\$ 325
Vested Retirement Benefit	
With 10 to 20 years of service, amount per year of service vesting years	\$ 16.25
Minimum vesting years	20
Disability Retirement Benefit	\$ 0
Survivor Benefit	
Death before normal retirement due to death in line of duty	\$ 0
Death after normal retirement	\$ 162.50
Death after normal retirement with extended service amount per year of service	\$ 8.13
Funeral Benefits (lump sum)	\$ 100

At December 31, 2018, there are 11 retired volunteers receiving benefits, 10 active volunteers and 0 inactive, nonretired volunteers.

Contributions. The District makes contributions based upon District established benefits; the needs and best interest of the District, the VFPP and the VFPP beneficiaries; and the funding that would be required in order to maintain the actuarial soundness of the plan, based upon a biennial actuarial study. VFPP members do not make contributions. The State of Colorado also contributes to the plan in an amount set by statute. The District contributed \$22,083 for the year ended December 31, 2018.

Net Pension Liability

Actuarial assumptions. The District's net pension liability was based on an actuarial valuation performed as of January 1, 2018 and a measurement date of December 31, 2018. The total pension liability for the December 31, 2018 measurement date was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar – open
Remining amortization period	20 years
Asset valuation method	5 – year smoothed fair value
Inflation	2.5%
Projected salary increases	N/A
Investment rate of return	7.0% per annum

Retirement age
Mortality

50% per year of eligibility until 100% at age 65
Pre-retirement mortality was based on the RP-2000 Combined Mortality Table with Blue Collar Adjustment and the mortality of disabled retirees was based on the RP-2000 Disabled Mortality Table. All tables projected with Scale AA.

Single Discount Rate. Projected benefit payments are 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 the valuation, the long-term expected rate of return on pension plan investments is 7.00%. The Single Discount Rate is 7.00% because the Plan's fiduciary net position is projected to be sufficient to pay future benefits.

Changes in the Net Pension Liability

Changes in the District's net pension liability for the year ended December 31, 2019 were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at December 31, 2017	\$ 443,613	\$ 283,265	\$ 160,348
Changes for the Year:			
Service cost	3,409		3,409
Interest on the total pension liability	32,084		32,084
Difference between expected and actual experience	(31,862)		(31,862)
Changes in assumptions or other inputs	15,837		15,837
Benefit payments	(35,655)	(35,655)	
District contributions			
State of Colorado contributions		20,558	(20,558)
Pension plan net investment income		464	(464)
Administrative expense		(4,948)	4,948
Net changes	(16,187)	(19,581)	3,394
Balances at December 31, 2018	\$ 427,426	\$ 263,684	\$ 163,742

Sensitivity of the District's Net Pension (Asset) Liability to Changes in the Discount Rate. The following presents the net pension liability calculated using the discount rate of 7.0%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	<u>6.0%</u>	<u>7.0%</u>	<u>8.0%</u>
Proportionate share of the net pension (asset) liability	<u>\$ 207,672</u>	<u>\$ 163,742</u>	<u>\$ 126,696</u>

Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2019, the District recognized pension expense of \$12,694.

At December 31, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience		\$ 30,085
Assumption changes	\$ 7,538	
Net difference between projected and actual investment earnings	<u>8,591</u>	<u>3,346</u>
Total	<u>\$ 16,129</u>	<u>\$ 33,431</u>

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	\$ (11,122)
2021	(4,787)
2022	(2,077)
2023	<u>684</u>
Total	<u>\$ (17,302)</u>

6. RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carries commercial insurance for these risks of loss. There were no claims resulting from these risks that exceeded commercial insurance coverage during 2019.

The District purchases medical malpractice insurance under a claims-made policy on a fixed premium basis. Further, the District is subject to the provisions of the Colorado Government Immunity Act which provides a limitation on the liability of the District. The District is not aware of

any unasserted claims, unreported incidents or claims outstanding which are expected to exceed malpractice insurance coverage limits as of December 31, 2019.

7. TAX, SPENDING AND DEBT LIMITATIONS

In 1992 Colorado voters approved Amendment 1 to the state Constitution which is commonly known as the Taxpayer's Bill of Rights or the TABOR Amendment. The amendment applies to all units of local governments and limits taxes, spending, revenue, and multi-year debt (excepting bond refundings to lower interest rates and adding employees to pension plans). The District believes that it is in compliance with the provisions of TABOR, as it is currently understood. Many of the provisions may not become fully understood without judicial review.

The District has recorded an emergency reserve of 3% of their operating expenses as required by TABOR.

8. SUBSEQUENT EVENT

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the District's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the District is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2020.

GREEN MOUNTAIN FALLS FIRE PROTECTION DISTRICT, INC.

SUPPLEMENTAL SCHEDULE

GREEN MOUNTAIN FALLS FIRE PROTECTION DISTRICT, INC.

SCHEDULE OF CHANGES IN NET PENSION LIABILITY/(ASSET)

FPPA – VOLUNTEER FIREFIGHTERS’ PENSION PLAN

FOR THE FIVE YEARS ENDED DECEMBER 31,

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	\$ 3,409	\$ 3,409	\$ 4,863	\$ 4,863	\$ 5,656
Interest on the total pension liability	32,084	32,001	34,110	33,559	31,590
Change in benefit terms					70,717
Difference between expected and actual experience	(31,862)		(47,538)		(54,365)
Changes in assumptions or other inputs	15,837		13,532		
Benefit payments	(35,655)	(33,012)	(31,755)	(30,413)	(23,625)
Net change in total pension liability	(16,187)	2,398	(26,788)	8,009	29,973
Total pension liability - Beginning	443,613	441,215	468,003	459,994	430,021
Total pension liability - Ending (a)	\$ 427,426	\$ 443,613	\$ 441,215	\$ 468,003	\$ 459,994
Plan fiduciary net position					
Employer contributions	\$ 20,558	\$ 16,003	\$ 16,003	\$ 14,668	\$ 13,924
Pension plan net investment income	464	35,735	12,691	4,561	15,592
Benefit payments	(35,655)	(33,012)	(31,755)	(30,413)	(23,625)
Administrative expense	(4,948)	(4,961)	(657)	(2,986)	(748)
State of Colorado supplemental discretionary payment		10,424	10,108	10,121	10,165
Net change in plan fiduciary net position	(19,581)	24,189	6,390	(4,049)	15,308
Plan fiduciary net position - Beginning	283,265	259,076	252,686	256,735	241,427
Plan fiduciary net position - Ending (b)	263,684	283,265	259,076	252,686	256,735
Net pension liability/(asset) - Ending (a) - (b)	\$ 163,742	\$ 160,348	\$ 182,139	\$ 215,317	\$ 203,259
Plan fiduciary net position as a percentage of total pension liability	61.69%	63.85%	58.72%	53.99%	55.81%
Covered employee payroll	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered employee payroll	N/A	N/A	N/A	N/A	N/A

GREEN MOUNTAIN FALLS FIRE PROTECTION DISTRICT, INC.

SCHEDULE OF DISTRICT CONTRIBUTIONS

FPPA – VOLUNTEER FIREFIGHTERS' PENSION PLAN

FOR THE FIVE YEARS ENDED DECEMBER 31,

	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 20,558	\$ 24,194	\$ 24,194	\$ 24,427	\$ 24,427
Contributions in relation to the actuarially required contribution:					
District contribution	(20,558)	(16,003)	(16,003)	(14,668)	(13,924)
State of Colorado contribution	(10,424)	(10,424)	(10,108)	(10,121)	(10,165)
Net change in total pension liability	\$ —	\$ (2,233)	\$ (1,917)	\$ (362)	\$ 338
Covered employee payroll	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered employee payroll	N/A	N/A	N/A	N/A	N/A

Notes to Schedule:

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar - open
Remaining amortization period	20 years
Asset valuation method	5 - year smoothed fair value
Inflation	2.5%
Projected salary increases	N/A
investment rate of return	7.0% per annum
Retirement age	50% per year of eligibility until 100% at age 65
Mortality	Pre-retirement mortality was based on the RP-2000 Combined Mortality Table with Blue Collar Adjustment, 40% multiplier for off-duty mortality, post retirement mortality was based on the RP-2000 Mortality Table, with Blue Collar Adjustment and the mortality of disabled retirees was based on the RP-2000 Disabled Mortality Table. All tables projected with Scale AA.