

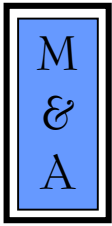


**Financial Statements
December 31, 2020**

**Carbondale and Rural Fire Protection District
Financial Report
December 31, 2020**

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities and each major fund of the Carbondale and Rural Fire Protection District (the "District"), as of and for the year ended December 31, 2020, 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.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Carbondale and Rural Fire Protection District as of December 31, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Member: American Institute of Certified Public Accountants

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Other Matters

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

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

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

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

McMahan and Associates, L.L.C.

**McMahan and Associates, L.L.C.
May 4, 2021**

FINANCIAL STATEMENTS

Carbondale and Rural Fire Protection District
Governmental Funds Balance Sheet/Statement of Net Position
December 31, 2020

Governmental Funds Balance Sheet						
	General Fund	Debt Service	Capital Projects	Total	Adjustments	Statement of Net Position
Assets:						
Cash and cash equivalents	2,013,056	-	373,145	2,386,201	-	2,386,201
Restricted cash	-	-	153,679	153,679	-	153,679
Investments	-	510,557	3,616,760	4,127,317	-	4,127,317
Due from County Treasurer	28,531	-	-	28,531	-	28,531
Assessed taxes receivable	4,160,874	913,469	-	5,074,343	-	5,074,343
Accounts receivable, net of allowance of \$57,108	37,361	-	-	37,361	-	37,361
Prepaid expenses	-	-	16,787	16,787	-	16,787
Due to/from other fund	91,729	(84,723)	-	7,006	-	7,006
Net pension asset - defined benefit plan	-	-	-	-	152,502	152,502
Net pension asset - hybrid plan	-	-	-	-	117,747	117,747
Capital assets, net of accumulated depreciation	-	-	-	-	10,435,519	10,435,519
Total Assets	6,331,551	1,339,303	4,160,371	11,831,225	10,705,768	22,536,993
Deferred Outflows of Resources:						
Pension related deferred outflows	-	-	-	-	1,345,726	1,345,726
Bond related deferred outflows	-	-	-	-	28,792	28,792
Total Deferred Outflows	-	-	-	-	1,374,518	1,374,518
Total Assets and Deferred Outflows	6,331,551	1,339,303	4,160,371	11,831,225	12,080,286	23,911,511
Liabilities:						
Accounts payable and accrued liabilities	155,406	-	181,418	336,824	-	336,824
Accrued interest payable	-	-	-	-	29,752	29,752
Compensated absences	-	-	-	-	233,733	233,733
Loan payable:						
Due within one year	-	-	-	-	99,584	99,584
Due in more than one year	-	-	-	-	41,735	41,735
Bonds payable:						
Due within one year	-	-	-	-	535,000	535,000
Due in more than one year	-	-	-	-	9,831,044	9,831,044
Net pension liability - volunteer plan	-	-	-	-	367,351	367,351
Total Liabilities	155,406	-	181,418	336,824	11,138,199	11,475,023
Deferred Inflows of Resources:						
Unavailable property tax revenues	4,160,874	913,469	-	5,074,343	-	5,074,343
Pension related deferred inflows	-	-	-	-	621,797	621,797
Total Deferred Inflows of Resources	4,160,874	913,469	-	5,074,343	621,797	5,696,140
Fund Balances / Net Position:						
Fund Balances:						
Non-spendable	-	-	16,787	16,787	(16,787)	-
Restricted for emergencies	131,431	-	-	131,431	(131,431)	-
Restricted for debt covenant	-	-	-	-	-	-
Assigned for debt service	-	425,834	-	425,834	(425,834)	-
Assigned for capital projects	-	-	3,962,166	3,962,166	(3,962,166)	-
Unassigned	1,883,840	-	-	1,883,840	(1,883,840)	-
Total Fund Balances	2,015,271	425,834	3,978,953	6,420,058	(6,420,058)	-
Total Liabilities, Deferred Inflows and Fund Balances	6,331,551	1,339,303	4,160,371	11,831,225		
Net Position:						
Investment in capital assets, net of related debt					4,048,428	4,048,428
Restricted for emergencies					131,431	131,431
Restricted for debt covenant					-	-
Unrestricted					2,560,489	2,560,489
Total Net Position					6,740,348	6,740,348

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

Carbondale and Rural Fire Protection District
Governmental Funds Statement of Revenues, Expenditures and
Changes in Fund Balances/Statement of Activities
For the Year Ended December 31, 2020

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

	General Fund	Debt Service	Capital Projects	Total	Adjustments	Statement of Activities
Revenues:						
Property taxes	4,066,237	899,684	-	4,965,921	-	4,965,921
Abated taxes	34,632	6,955	-	41,587	-	41,587
Specific ownership taxes	320,360	-	-	320,360	-	320,360
Interest on delinquent taxes	14,113	-	-	14,113	-	14,113
Charges for services:						
Emergency medical services	240,219	-	-	240,219	229,921	470,140
Investment income	122	4,228	52,670	57,020	-	57,020
Grants and contributions	125,103	-	47,980	173,083	-	173,083
Wildfire contracts	53,510	-	-	53,510	-	53,510
Impact fees	-	-	49,640	49,640	-	49,640
Miscellaneous:						
Building rentals	16,500	-	-	16,500	-	16,500
Special event contracts	11,120	-	-	11,120	-	11,120
Other	15,567	-	10,988	26,555	-	26,555
Total Revenues	4,897,483	910,867	161,278	5,969,628	229,921	6,199,549
Expenditures/Expenses:						
Personnel services	3,567,975	-	-	3,567,975	(116,563)	3,451,412
General and administrative	403,843	19,933	-	423,776	29,347	453,123
Provisions for uncollectible EMS charges	-	-	-	-	229,921	229,921
Firefighting	68,626	-	-	68,626	212,894	281,520
Emergency medical services	70,401	-	-	70,401	45,548	115,949
Communications	64,474	-	-	64,474	30,433	94,907
Training	24,557	-	-	24,557	-	24,557
Equipment	85,576	-	-	85,576	-	85,576
Other	828	-	-	828	-	828
Station	126,033	-	-	126,033	190,684	316,717
Capital outlay	-	-	3,369,786	3,369,786	(3,228,145)	141,641
Debt service:						
Principal	-	520,000	96,896	616,896	(616,896)	-
Interest	-	367,425	5,142	372,567	(22,616)	349,951
Total Expenditures/Expenses	4,412,313	907,358	3,471,824	8,791,495	(3,245,393)	5,546,102
Excess (Deficiency) of Revenues Over Expenditures / Change in Net Position	485,170	3,509	(3,310,546)	(2,821,867)	3,475,314	653,447
Other Financing Sources (Uses):						
Transfers in (out)	(300,000)	-	300,000	-	-	-
Total Other Financing Sources (Uses)	(300,000)	-	300,000	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	185,170	3,509	(3,010,546)	(2,821,867)	2,821,867	
Changes in Net Position					653,447	653,447
Fund Balances/Net Position:						
Beginning of Year	1,830,101	422,325	6,989,499	9,241,925		6,086,901
End of Year	2,015,271	425,834	3,978,953	6,420,058		6,740,348

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

**Carbondale and Rural Fire Protection District
Statement of Fiduciary Net Position
Volunteer Firefighters Pension Fund
December 31, 2020**

Assets:	
Investments	2,418,026
Due (to) from general fund	(7,006)
Due (to) from FPPA	53,985
Property taxes receivable	62,894
Total Assets	<u>2,527,899</u>
Deferred Inflows of Resources:	
Unavailable property tax revenues	62,894
Total Deferred Inflows of Resources	<u>62,894</u>
Net Position:	
Held in trust for pension benefits	<u>2,465,005</u>

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

**Carbondale and Rural Fire Protection District
Statement of Changes in Fiduciary Net Position
Volunteer Firefighters Pension Fund
For the Year Ended December 31, 2020**

Additions:	
State matching contribution	53,985
Property taxes	56,370
Net investment gain	298,366
Total Additions	<u>408,721</u>
Deductions:	
Administration	41,134
Treasurer's fees	2,000
Pension payments	238,188
Total Deductions	<u>281,322</u>
Change in Net Position	127,399
Net Position - Beginning	<u>2,337,606</u>
Net Position - Ending	<u><u>2,465,005</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2020

I. Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

B. Government-wide and Fund Financial Statements

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

1. Government-wide Financial Statements

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

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

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2020
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

2. Fund Financial Statements

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

The District reports the following governmental funds:

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

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

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

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

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

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

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

1. Long-term Economic Focus and Accrual Basis

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

2. Current Financial Focus and Modified Accrual Basis

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

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2020
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts

1. Cash and Cash Equivalents

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

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

2. Investments

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

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

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

3. Receivables

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

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

4. Property Taxes

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

5. Prepaid Items

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

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2020
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

6. Capital Assets

Capital assets, which include land, fire stations and improvements, equipment, and vehicles, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of five years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

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

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

Assets	Years
Buildings	15 - 40
Equipment	5 - 20

7. Pensions

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

8. Compensated Absences

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

9. Long-term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position column.

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2020
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

10. Deferred Inflows and Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category, which are the pension-related deferred outflows and deferred charges on refunding reported in the government-wide statement of net position.

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

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

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

11. Fund Balance

The District classifies governmental fund balances as follows:

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

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation. The General Fund has \$131,431 restricted by law for emergencies. The General Fund also has \$0 restricted for debt covenants.

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

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2020
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

11. Fund Balance (continued)

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

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

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

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

12. Use of Estimates

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

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2020
(Continued)

II. Reconciliation of Government-wide and Fund Financial Statements

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

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

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

Capital assets	\$ 16,639,173	
Accumulated depreciation	(6,203,654)	
		\$ 10,435,519

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

Deferred charges on bond refunding		\$ 28,792
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Long-term liabilities, including bonds payables, are not due and payable in the current period and, therefore are not reported in the funds.

Loans payable	\$ (141,319)	
Bonds payable	(9,710,000)	
Unamortized bond issuance premium	(656,044)	
Accrued interest payable	(29,752)	
Compensated absences	(233,733)	
		\$ (10,770,848)

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

Net pension asset/(liability) - volunteer fund	\$ (367,351)	
Net pension asset/(liability) - defined benefit plan	152,502	
Net pension asset/(liability) - hybrid plan	117,747	
Pension related deferred outflows	1,345,726	
Pension related deferred inflows	(621,797)	
		\$ 626,827

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2020
(Continued)

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

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

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

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

Capital additions	\$ 3,228,145	
Depreciation expense	(508,906)	
	\$ 2,719,239	\$ 2,719,239

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

Volunteer pension contributions	\$ 56,370	
Pension expense/(income)	74,598	
Net change in compensated absences	(14,405)	
	\$ 116,563	\$ 116,563

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

Principal repayments - Loans payable	\$ 96,896	
Principal repayments - Bonds payable	520,000	
Amortization of premium on bonds payable	28,524	
Amortization of bond refunding charges	(6,774)	
	\$ 638,646	\$ 638,646

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

Change to accrued interest		\$ 866
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Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2020
(Continued)

III. Stewardship, Compliance, and Accountability

A. Budgets and Budgetary Accounting

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

- (1) For the 2020 budget, prior to August 25, 2019, the County Assessor sent to the District a certified assessed valuation of all taxable property within the District's boundaries. The County Assessor may change the assessed valuation on or before December 10, 2019, only once by a single notification to the District.
- (2) On or before October 15, 2019, the District's budget officer submitted to the District's Board of Directors a recommended budget which detailed the necessary property taxes needed along with other available revenues to meet the District's operating requirements.
- (3) For the 2020 budget, prior to December 15, 2019, the District computed and certified to the County Commissioners a rate of a levy that derived the necessary property taxes as computed in the proposed budget.
- (4) After a required publication of "Notice of Proposed Budget" and a public hearing, the District adopted the proposed budget and an appropriating resolution, which legally appropriated expenditures for the upcoming year
- (5) After adoption of the budget resolution, the District may make the following changes: (a) it may transfer appropriated monies between funds or between spending agencies within a fund, as determined by the original appropriation level; (b) it may approve supplemental appropriations to the extent of revenues in excess of the estimate in the budget; (c) it may approve emergency appropriations; and (d) it may approve the reduction of appropriations for which originally estimated revenues are insufficient.
- (6) All appropriations lapse at a year-end.

Taxes levied in one year are collected in the succeeding year. Thus taxes certified in 2019 were collected in 2020 and taxes certified in 2020 will be collected in 2021. Taxes are due on January 1st in the year of collection; however, they may be paid in either one installment (no later than April 30th) or two equal installments (no later than February 28th and June 15th) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 15th.

B. TABOR Amendment - Revenue and Spending Limitation Amendment

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

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2020
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

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

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

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

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

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

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

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

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

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

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

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2020
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

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

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

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

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

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

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

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

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

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

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2020
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

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

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

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

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

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

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

The District's voters approved the following ballot question on November 3, 2020:

Shall Carbondale and Rural Fire Protection District be authorized to increase or decrease its current and all future mill levies if, on or after November 3, 2020, there are changes in the method of calculating assessed valuation of one or more property class, including but not limited to a change in the percentage of actual valuation used to determine residential assessed valuation due to Article X Section 3 of the Colorado Constitution (commonly known as the Gallagher Amendment) or for any other reason such as action by the Legislature, so that, to the extent possible, the actual tax revenues generated by such voter-approved mill levies are the same as the actual tax revenues that would have been generated had such changes not occurred?

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

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2020
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

C. Gallagher Amendment

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

In November 2020, Colorado voters repealed the Gallagher Amendment.

IV. Detailed Notes on All Funds

A. Deposits and Investments

The District’s deposits are entirely covered by federal depository insurance (“FDIC”) or by collateral held under Colorado’s Public Deposit Protection Act (“PDPA”). The FDIC insures the first \$250,000 of the District’s deposits at each separately chartered FDIC-member financial institution, without regard to the nature of the accounts. Any remaining deposit are collateralized as required by PDPA. The carrying amount of the District’s demand deposits was \$2,539,774.

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

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

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

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2020
(Continued)

IV. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

At December 31, 2020, the District had the following deposits and investments with the following maturities:

<u>Type</u>	<u>Standard & Poors Rating</u>	<u>Carrying Amounts</u>	<u>Maturities</u>	
			<u>Less than one year</u>	<u>Less than five years</u>
<i>Deposits:</i>				
Petty cash	Not rated	\$ 106	\$ 106	\$ -
Checking and savings	Not rated	2,386,095	2,386,095	-
Restricted deposits	Not rated	153,679	153,679	-
<i>Investments:</i>				
Investment pools	AAAm	4,127,317	4,127,317	-
		<u>\$ 6,667,197</u>	<u>\$ 6,667,197</u>	<u>\$ -</u>

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

The Investment Pool represents investments in CSAFE measured at net asset value. The District has no regulatory oversight for the pool. At December 31, 2020, the District's investments in CSAFE were 100% of the District's investment portfolio.

At December 31, 2020, the District had the following recurring measurements:

<u>Investments Measured at Amortized Cost</u>	<u>Total</u>
CSafe	\$ 4,127,317

B. Interfund Balances and Transfers

There was the following interfund transfer during 2020:

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

Interfund balances at December 31, 2020 were as follows:

<u>Due to:</u>	<u>Due from:</u>	<u>Amount</u>	<u>Purpose</u>
General	Pension	7,006	Short-term posting
General	Debt Service	84,723	Differences

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2020
(Continued)

IV. Detailed Notes on All Funds (continued)

C. Capital Assets

Capital asset activity for the year ended December 31, 2020, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Construction in progress	\$ 41,950	\$ 3,109,741	\$ (69,917)	\$ 3,081,774
Land	934,887	-	-	934,887
Total capital assets, not being depreciated	<u>976,837</u>	<u>3,109,741</u>	<u>(69,917)</u>	<u>4,016,661</u>
Capital assets, being depreciated:				
Fire stations and improvements	7,331,654	107,733	-	7,439,387
Vehicles and equipment	5,102,537	80,588	-	5,183,125
Total capital assets being depreciated	<u>12,434,191</u>	<u>188,321</u>	<u>-</u>	<u>12,622,512</u>
Less accumulated depreciation:				
Fire stations and improvements	(2,392,788)	(215,160)	-	(2,607,948)
Vehicles and equipment	(3,301,960)	(293,746)	-	(3,595,706)
Total accumulated depreciation	<u>(5,694,748)</u>	<u>(508,906)</u>	<u>-</u>	<u>(6,203,654)</u>
Total capital assets, being depreciated, net	<u>6,739,443</u>	<u>(320,585)</u>	<u>-</u>	<u>6,418,858</u>
 Total Capital Assets, Net	 <u>\$ 7,716,280</u>	 <u>\$ (320,585)</u>	 <u>\$ -</u>	 <u>\$ 10,435,519</u>

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

General and administrative	\$ 29,347
Firefighting	212,894
Emergency medical services	45,548
Communications	30,433
Station	190,684
Total depreciation expense	<u>\$ 508,906</u>

D. Long-term Obligations

At December 31, 2020, the District had the following long-term obligations outstanding:

1. \$900,000 Loan Payable

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

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2020
(Continued)

IV. Detailed Notes on All Funds (continued)

D. Long-term Obligations (continued)

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

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 99,584	\$ 2,454	\$ 102,038
2022	41,735	780	42,515
	<u>\$ 141,319</u>	<u>\$ 3,234</u>	<u>\$ 144,553</u>

2. Convertible General Obligation Refunding Bonds, Series 2017

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

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

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

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

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

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

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2020
(Continued)

IV. Detailed Notes on All Funds (continued)

D. Long-Term Debt (continued)

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

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 535,000	\$ 44,200	\$ 579,200
2022	550,000	33,500	583,500
2023	560,000	22,500	582,500
2024	565,000	11,300	576,300
	<u>\$ 2,210,000</u>	<u>\$ 111,500</u>	<u>\$ 2,321,500</u>

3. General Obligation Bonds, Series 2019

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

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

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

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

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ -	\$ 312,825	\$ 312,825
2022	-	312,825	312,825
2023	-	312,825	312,825
2024	-	312,825	312,825
2025	270,000	312,825	582,825
2026 - 2030	1,520,000	1,393,525	2,913,525
2031 - 2035	1,850,000	1,064,125	2,914,125
2036 - 2040	2,255,000	660,975	2,915,975
2041 - 2043	1,605,000	146,700	1,751,700
	<u>\$ 7,500,000</u>	<u>\$ 4,829,450</u>	<u>\$ 12,329,450</u>

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2020
(Continued)

IV. Detailed Notes on All Funds (continued)

D. Long-Term Debt (continued)

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

Fiscal Year Ending:	General Obligation Refunding 2017	General Obligation 2019	Loan Payable 2012	Total
2021	\$ 579,200	\$ 312,825	\$ 102,038	\$ 994,063
2022	583,500	312,825	42,515	938,840
2023	582,500	312,825	-	895,325
2024	576,300	312,825	-	889,125
2025	-	582,825	-	582,825
2026 - 2030	-	2,913,525	-	2,913,525
2031 - 2035	-	2,914,125	-	2,914,125
2036 - 2040	-	2,915,975	-	2,915,975
2041 - 2043	-	1,751,700	-	1,751,700
Total	<u>2,321,500</u>	<u>12,329,450</u>	<u>144,553</u>	<u>14,795,503</u>
Less: Interest				(4,944,184)
Debt Outstanding				<u><u>\$ 9,851,319</u></u>

The District had the following changes in debt for the year ended December 31, 2020.

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Bonds Payable					
G.O. Bonds, Series 2017	\$ 2,730,000	\$ -	\$ (520,000)	\$ 2,210,000	\$ 535,000
G.O. Bond, Series 2019	7,500,000	-	-	7,500,000	-
Premium on 2019 bonds	684,568	-	(28,524)	656,044	-
Loan Payable	238,215	-	(96,896)	141,319	99,584
Total Long Term Debt	<u>11,152,783</u>	<u>-</u>	<u>(645,420)</u>	<u>10,507,363</u>	<u>634,584</u>
Accrued interest payable	30,618	-	(866)	29,752	-
Compensated absences	219,328	14,405	-	233,733	-
Net pension liabilities/(assets):					
Volunteer plan	602,293	-	(234,942)	367,351	-
Defined benefit plan	286,734	-	(439,236)	(152,502)	-
Hybrid plan	(79,731)	-	(38,016)	(117,747)	-
Total Long Term Obligations	<u>\$ 12,212,025</u>	<u>\$ 14,405</u>	<u>\$ (1,358,480)</u>	<u>\$ 10,867,950</u>	<u>\$ 634,584</u>

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2020
(Continued)

IV. Detailed Notes on All Funds (continued)

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

1. FPPA Statewide Defined Benefit Plan

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

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

Contributions. Determined by state statute or by election of the members, contributions are set at a level that enables all benefits to be fully funded at the retirement date of all members. Effective January 1, 2021, contribution rates may be increased by the FPPA Board of Directors upon approval through an election by both the employers and members.

In 2014, the members elected to increase the member contribution rate 0.5% annually from 2015 through 2022 to a total of 12% of base salary. Employer contributions will increase 0.5% annually beginning in 2021 through 2030 to a total of 13%. In 2019, employees and employers are contributing at a rate of 10.5% and 8%, respectively, of base salary for a total contribution rate of 18.5%.

Contributions from members and employers of plans reentering the system are established by resolution and approved by the FPPA Board of Directors. The reentry group has a combined contribution rate of 22.5% of base salary in 2019. It is a local decision on who pays the additional 4% contribution. Per the 2014 member election, the reentry group will also have their required member and employer contribution rates increase 0.5% annually. Effective January 1, 2021, reentry departments may submit a resolution to the FPPA Board of Directors to reduce the additional 4% contribution to the plan for reentry contributions.

The contribution rate for members and employers of affiliated social security employers is 5.25% and 4% of base salary for a total contribution rate of 9.25% in 2019. Per the 2014 member election, the affiliated social security group will also have their required member contribution rate increase 0.25% annually beginning in 2015 through 2022 to a total of 6% of base salary. Employer contributions will increase 0.25% annually beginning in 2021 through 2030 to a total of 6.5% of base salary.

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2020
(Continued)

IV. Detailed Notes on All Funds (continued)

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

1. FPPA Statewide Defined Benefit Plan (continued)

Benefits. On May 23, 1983, the Colorado Revised Statutes were amended to allow the Trustees of the Plan to change the retirement age on an annual basis, depending upon the results of the actuarial valuation and other circumstances. The amended statutes state that retirement age should not be less than age 55 or more than age 60. The Trustees subsequently elected to amend the retirement provisions, effective July 1, 1983, such that any member with at least 25 years of service may retire at any time after age 55 and shall be eligible for a normal retirement pension. Effective January 1, 2021, a member may also qualify for a normal retirement pension if the member's combined years of service and age equals at least 80, with a minimum age of 50.

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

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

Net Pension Liability. At December 31, 2020, the District reported \$152,502 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2019, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2020. The District's proportionate share of the net pension asset was based on the District's contributions to the Plan for the calendar year 2019 relative to the total contributions of participating employers to the Plan.

At December 31, 2020, the District's proportionate share was 0.269647%, as compared to 0.226796% at December 31, 2019.

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2020
(Continued)

IV. Detailed Notes on All Funds (continued)

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

1. FPPA Statewide Defined Benefit Plan (continued)

Net Pension Liability (continued). For the year ended December 31, 2020, the District recognized pension income of \$25,229. At December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 516,096	\$ 2,985
Changes of assumptions or other inputs	289,570	-
Net difference between projected and actual earnings on pension plan investments	-	239,738
Difference between actual and reported contributions recognized	-	4,252
Changes in proportionate share of contributions	66,464	103,871
Contributions subsequent to the measurement date	170,769	-
Total	\$ 1,042,899	\$ 350,846

Contributions subsequent to the measurement date of December 31, 2019, which are reported as deferred outflows of resources related to pensions, will be recognized as an increase of the net pension asset in the year ended December 31, 2021.

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:	
2021	\$ 51,351
2022	30,589
2023	108,581
2024	7,420
2025	108,404
Thereafter	214,939
	\$ 521,284

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2020
(Continued)

IV. Detailed Notes on All Funds (continued)

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

1. FPPA Statewide Defined Benefit Plan (continued)

Actuarial Assumptions. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs:

	Total Pension Liability	Actuarially Determined Contributions
Actuarial Valuation Date	January 1, 2020	January 1, 2019
Actuarial Method	Entry Age Normal	Entry Age Normal
Amortization Method	N/A	Level % of Payroll, Open
Amortization Period	N/A	30 Years
Long-term investment rate *	7.0%	7.0%
Projected Salary Increases	4.25% to 11.25%	4.25% to 11.25%
Cost of Living Adjustments	0%	0%
* includes inflation at	2.5%	2.5%

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

At least every five years the FPPA's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2018 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. 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. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

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

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2020
(Continued)

IV. Detailed Notes on All Funds (continued)

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

1. FPPA Statewide Defined Benefit Plan (continued)

Actuarial Assumptions (continued). 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, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Rate of Return</u>
Global Equity	38%	7.00%
Equity Long/Short	8%	6.00%
Private Markets	25%	9.20%
Fixed Income	15%	5.20%
Absolute Return	8%	5.50%
Managed Futures	4%	5.00%
Cash	2%	2.52%
	<u>100%</u>	

Discount Rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the SWDB plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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 2.75% (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.00%.

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2020
(Continued)

IV. Detailed Notes on All Funds (continued)

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

1. FPPA Statewide Defined Benefit Plan (continued)

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

	1% Decrease (6.0%)	Assumption (7.0%)	1% Increase (8.0%)
Collective net pension liability/(asset)	\$ 342,913,305	\$ (56,556,341)	\$ (387,863,540)
Proportionate share of net pension liability/(asset)	\$ 924,656	\$ (152,502)	\$ (1,045,863)

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

Subsequent Event. House Bill 20-1044 was signed into law on April 1, 2020. Included in the bill is a provision to increase the benefits of the members of the Statewide Defined Benefit Plan through a Rule of 80 provision effective January 1, 2021. This provision provides for a normal retirement as early as age 50 if the member's age combined with years of service totals at least 80. The impact of this change was not included in the Total Pension Liability or the Collective Pension Expense as of the December 31, 2019 measurement period. This will be reflected in the December 31, 2020 measurement period. The impact of the benefit adjustment is approximately \$53 million.

2. FPPA Statewide Hybrid Plan

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

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

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2020
(Continued)

IV. Detailed Notes on All Funds (continued)

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

2. FPPA Statewide Hybrid Plan (continued)

Contributions. The Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. The members of this Plan and their employers are currently each contributing at the rate determined by the individual employer, however, the rate for both employer and members must be at least 8% of the member's base salary. The amount allocated to the Defined Benefit Component is set annually by the FPPA Board of Directors. Excess contributions fund the Money Purchase Component of the Plan. The Defined Benefit Component contribution rate from July 1, 2019 through June 30, 2020 was 13.8%. The Defined Benefit Component contribution rate from July 1, 2018 through June 30, 2019 was 13.4%.

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

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

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

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

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2020
(Continued)

IV. Detailed Notes on All Funds (continued)

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

2. FPPA Statewide Hybrid Plan (continued)

Net Pension Liability. At December 31, 2020, the District reported \$117,747 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2019, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2020. The District's proportionate share of the net pension asset was based on the District's contributions to the Plan for the calendar year 2019 relative to the total contributions of participating employers to the Plan.

At December 31, 2020, the District's proportionate share was 0.604639%, as compared to 0.577621% at December 31, 2019.

For the year ended December 31, 2020, the District recognized pension expense of \$11,049. At December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 55,863	\$ -
Changes of assumptions or other inputs	9,980	-
Net difference between projected and actual earnings on pension plan investments	-	14,449
Difference between actual and reported contributions recognized	13,676	-
Changes in proportionate share of contributions	12,648	8,484
Contributions subsequent to the measurement date	5,143	-
Total	\$ 97,310	\$ 22,933

Contributions subsequent to the measurement date of December 31, 2019, which are reported as deferred outflows of resources related to pensions, will be recognized as an increase of the net pension asset in the year ended December 31, 2021.

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2020
(Continued)

IV. Detailed Notes on All Funds (continued)

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

2. FPPA Statewide Hybrid Plan (continued)

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

Year ending December 31:		
2021	\$	17,009
2022		15,835
2023		20,450
2024		11,157
2025		4,582
Thereafter		201
		<u>\$ 69,234</u>

Actuarial Assumptions. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs:

	Total Pension Liability	Actuarially Determined Contributions
Actuarial Valuation Date	January 1, 2020	January 1, 2019
Actuarial Method	Entry Age Normal	Entry Age Normal
Amortization Method	N/A	Level % of Payroll, Open
Amortization Period	N/A	30 Years
Long-term investment rate *	7.0%	7.0%
Projected Salary Increases	4.25% to 11.25%	4.25% to 11.25%
Cost of Living Adjustments	0%	0%
* includes inflation at	2.5%	2.5%

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

At least every five years the FPPA's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2018 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. 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. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2020
(Continued)

IV. Detailed Notes on All Funds (continued)

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

2. FPPA Statewide Hybrid Plan (continued)

Actuarial Assumptions (continued). The 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, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Rate of Return</u>
Global Equity	38%	7.00%
Equity Long/Short	8%	6.00%
Private Markets	25%	9.20%
Fixed Income	15%	5.20%
Absolute Return	8%	5.50%
Managed Futures	4%	5.00%
Cash	2%	2.52%
	<u>100%</u>	

Discount Rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the SWH Defined Benefit Component 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).

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2020
(Continued)

IV. Detailed Notes on All Funds (continued)

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

2. FPPA Statewide Hybrid Plan (continued)

Discount Rate (continued). For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 2.75% (based on the weekly rate closest to but not later than the measurement date of the “state & local bonds” rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.00%.

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

	1% Decrease (6.0%)	Assumption (7.0%)	1% Increase (8.0%)
Collective net pension liability/(asset)	\$ (11,844,345)	(19,474,018)	(25,856,826)
Proportionate share of net pension liability/(asset)	\$ (71,616)	\$ (117,747)	\$ (156,340)

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

3. Volunteer Pension Fund

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

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2020
(Continued)

IV. Detailed Notes on All Funds (continued)

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

3. Volunteer Pension Fund (continued)

The plan provides normal retirement benefits, disability retirement and survivor benefits. The following benefit provisions were used to determine the District's pension liability at the measurement date of December 31, 2019:

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

As of January 1, 2020, the latest actuarial valuation date, there were 6 active members, 48 service retirees and beneficiaries, and 4 inactive, nonretired members.

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2020
(Continued)

IV. Detailed Notes on All Funds (continued)

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

3. Volunteer Pension Fund (continued)

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

Net Pension Liability. At December 31, 2020, the volunteer pension fund reported a net pension liability of \$367,351. The net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020.

For the year ended December 31, 2020, the District recognized pension income of \$60,418. At December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 65,736
Changes of assumptions or other inputs	39,847	-
Net difference between projected and actual earnings on pension plan investments	109,300	182,282
Contributions subsequent to the measurement date	56,370	-
Total	\$ 205,517	\$ 248,018

Contributions subsequent to the measurement date of December 31, 2019, which are reported as deferred outflows of resources related to pensions, will be recognized as a reduction of the net pension liability in the year ended December 31, 2021.

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2020
(Continued)

IV. Detailed Notes on All Funds (continued)

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

3. Volunteer Pension Fund (continued)

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

Year ending December 31:		
2021	\$	(39,671)
2022		(30,360)
2023		2,172
2024		(31,012)
		<u> \$ (98,871)</u>

Actuarial Assumptions: Actuarially determined contribution rates are calculated as of January 1 of odd numbered years. The contribution rates have a one-year lag, so the actuarial valuation as of January 1, 2017 determines the contribution amounts for 2018 and 2019. The methods and assumptions used to determine contribution rates for the fiscal year ending December 31, 2020 were:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open *
Remaining Amortization Period	20 years *
Asset Valuation Method	5-smoothed fair value
Inflation	2.5%
Salary Increases	N/A
Investment Rate of Return	7.0%
Retirement Age	50% per year of eligibility until 100% at age 65
Mortality	Pre-retirement: 2006 central rates from the RP-2014 Employee Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years, 50% multiplier for off-duty mortality. RP-2014 Mortality Table for Blue Collar Employees, 55% multiplier for off-duty mortality. Post-retirement: 2006 central rates from the RP-2014 Annuitant Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years. Disabled: 2006 central rates from the RP-2014 Disabled Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years.

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

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2020
(Continued)

IV. Detailed Notes on All Funds (continued)

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

3. Volunteer Pension Fund (continued)

Assumption Changes. The assumptions shown above pertain to the actuarial valuation as of January 1, 2020 and the associated Actuarially Determined Contribution for the year ending December 31, 2019.

Discount Rate Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent the plan's fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year obligation bonds with an average AA credit rating as of the measurement date (to the extent the plan's fiduciary net position is projected to be sufficient to pay benefits).

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

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

	1% Decrease (6.0%)	Assumption (7.0%)	1% Increase (8.0%)
Proportionate share of net pension liability/(asset)	\$ 633,661	\$ 367,351	\$ 141,469

4. Statewide Death and Disability Plan

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

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

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

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2020
(Continued)

IV. Detailed Notes on All Funds (continued)

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

4. Statewide Death and Disability Plan (continued)

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

The SWDD is funded by member or on-behalf of member contributions. Members hired on or after January 1, 1997, began contributing 2.4% of base salary to the SWDD. Contributions may be increased 0.1% biennially by the FPPA Board. As of January 1, 2017, the contribution rate is 2.7% of base salary. This percentage can vary depending on actuarial experience. All contributions are made by members or on behalf of members. The 2.7% contribution may be paid entirely by the District or member, or it may be split between the District and the member as determined at the local level. The District paid \$55,055 on-behalf of members to the SWDD at December 31, 2020.

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

5. Section 457 Deferred Compensation Plan

On December 21, 2005, the District adopted an IRC Section 457 deferred compensation plan administered by the Fire and Police Pension Association of Colorado ("FPPA"). Participants may defer up to the lesser of \$19,500 or 100% of the participant's includable compensation. Participants over age 50 are eligible to contribute more than the \$19,500 limit due to a catch-up provision in the plan. The District is neither the trustee nor the administrator and has no liability under the plan.

V. Other Information

A. Risk Management

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

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

Effective January 1, 2021, the Western Slope Health Care Group dissolved and the District joined the Public Sector Health Care Group.

REQUIRED SUPPLEMENTARY INFORMATION

Carbondale and Rural Fire Protection District
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
General Fund
For the Year Ended December 31, 2020
With Comparative Actual Amounts for 2019

	2020			Variance Positive (Negative)	2019
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Property taxes	4,069,676	4,069,676	4,066,237	(3,439)	3,748,622
Abated taxes	34,632	34,632	34,632	-	11,506
Specific ownership taxes	250,000	250,000	320,360	70,360	310,711
Interest on delinquent taxes	1,000	1,000	14,113	13,113	10,422
Charges for services:					
Emergency medical services	225,000	225,000	240,219	15,219	234,795
Investment income	100	100	122	22	70
Grants and contributions	1,000	1,000	125,103	124,103	41,866
Wildfire contracts	10,000	10,000	53,510	43,510	-
Miscellaneous:					
Building rentals	12,000	12,000	16,500	4,500	16,500
Special event contracts	25,000	25,000	11,120	(13,880)	25,633
Other	4,500	4,500	15,567	11,067	3,913
Total Revenues	4,632,908	4,632,908	4,897,483	264,575	4,404,038
Expenditures:					
Personnel Services:					
Salaries and wages	2,360,692	2,510,692	2,559,453	(48,761)	2,222,639
Health benefits	631,067	631,067	597,873	33,194	499,921
Pension benefits	184,895	185,545	173,322	12,223	168,640
Section 457 contributions	19,053	17,374	20,063	(2,689)	15,717
Workmen's compensation	63,662	63,763	61,679	2,084	46,252
Volunteer incentive	15,000	15,000	8,201	6,799	18,076
Volunteer dinner program	5,308	5,308	2,494	2,814	5,255
LOSAP program	35,000	35,000	-	35,000	-
Uniforms	12,000	12,000	21,700	(9,700)	11,281
Payroll taxes	38,880	38,930	39,292	(362)	33,877
Board members	9,000	9,000	12,000	(3,000)	5,200
Death and disability	71,042	64,676	65,938	(1,262)	56,842
Unemployment insurance	6,876	6,897	5,960	937	5,111
Total Personnel Services	3,452,475	3,595,252	3,567,975	27,277	3,088,811
General and Administrative:					
Insurance	70,709	70,709	71,985	(1,276)	60,469
Abated taxes	3,000	3,000	7,567	(4,567)	24,840
Treasurer's fees	92,700	92,700	93,607	(907)	84,945
Legal	20,000	20,000	20,726	(726)	17,122
Accounting	15,750	15,750	15,750	-	13,950
Ambulance billing services	18,000	18,000	17,790	210	15,446
Dues and subscriptions	8,755	8,755	9,762	(1,007)	12,937
Freight and postage	1,466	1,466	1,356	110	1,232
Computer supplies and expenses	2,745	2,745	1,050	1,695	2,754
Board meetings	4,181	4,181	3,346	835	4,528
Election	15,000	15,000	52,486	(37,486)	1,000
Supplies and expenses	24,588	24,588	13,925	10,663	23,921
Fuel	14,000	14,000	10,955	3,045	15,406
Fire prevention	4,000	4,000	1,413	2,587	-
Emergency management	1,000	1,000	-	1,000	-
Master plan	1,000	1,000	-	1,000	-
Public outreach	12,500	12,500	20,943	(8,443)	33,013
Website and marketing	14,000	14,000	10,980	3,020	-
COVID-19	-	50,000	50,202	(202)	-
Total General and Administrative	323,394	373,394	403,843	(30,449)	311,563
Firefighting:					
Supplies and expenses	40,000	40,000	11,258	28,742	52,729
Personal protective equipment	-	-	37,348	(37,348)	-
Fuel	5,870	5,870	6,361	(491)	5,463
Incident resources	2,163	2,163	1,573	590	1,512
Wildfire expenses	1,000	1,000	12,086	(11,086)	-
Total Firefighting	49,033	49,033	68,626	(19,593)	59,704

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

Carbondale and Rural Fire Protection District
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
General Fund
For the Year Ended December 31, 2020
With Comparative Actual Amounts for 2019
(Continued)

	2020			Variance Positive (Negative)	2019
	Original Budget	Final Budget	Actual		Actual
Expenditures (continued):					
Emergency Medical Services:					
Supplies and expenses	35,000	35,000	52,025	(17,025)	45,890
Rescue equipment	-	-	2,430	(2,430)	-
Infection control	1,000	1,000	-	1,000	1,073
Physician advisor	3,500	3,500	12,000	(8,500)	-
Fuel	5,180	5,180	3,946	1,234	5,375
Total Emergency Medical Services	<u>44,680</u>	<u>44,680</u>	<u>70,401</u>	<u>(25,721)</u>	<u>52,338</u>
Communications:					
Telephone	17,785	17,785	17,285	500	16,094
Communications center	20,600	20,600	18,113	2,487	19,638
Supplies and expenses	7,500	7,500	18,049	(10,549)	8,326
Cell phones	6,000	6,000	11,027	(5,027)	6,415
Total Communications	<u>51,885</u>	<u>51,885</u>	<u>64,474</u>	<u>(12,589)</u>	<u>50,473</u>
Training:					
Medical	10,000	10,000	5,417	4,583	13,661
Firefighting	10,000	10,000	14,111	(4,111)	25,667
Paramedic program	2,000	2,000	1,096	904	13,512
EMT tuitions	5,994	5,994	1,046	4,948	4,369
Supplies and expenses	3,090	3,090	1,117	1,973	4,422
Administration	6,000	6,000	1,770	4,230	19,186
Total Training	<u>37,084</u>	<u>37,084</u>	<u>24,557</u>	<u>12,527</u>	<u>80,817</u>
Equipment:					
Vehicle repairs	15,450	15,450	12,270	3,180	22,032
Equipment testing	20,600	20,600	9,928	10,672	15,622
Vehicles supplies, parts, and tires	30,900	30,900	32,313	(1,413)	37,270
Maintenance contracts	16,480	16,480	5,523	10,957	14,738
Communications equipment	515	515	537	(22)	331
Computers	12,500	12,500	15,176	(2,676)	9,311
Office equipment	8,240	8,240	8,774	(534)	8,301
Portable equipment	206	206	1,055	(849)	-
Total Equipment	<u>104,891</u>	<u>104,891</u>	<u>85,576</u>	<u>19,315</u>	<u>107,605</u>
Other:					
Miscellaneous	125,053	124,837	828	124,009	4,521
Total Other	<u>125,053</u>	<u>124,837</u>	<u>828</u>	<u>124,009</u>	<u>4,521</u>
Station:					
Maintenance	17,500	17,500	44,637	(27,137)	31,638
Supplies	17,500	17,500	11,683	5,817	19,313
Utilities	70,000	70,000	69,713	287	68,274
Total Station	<u>105,000</u>	<u>105,000</u>	<u>126,033</u>	<u>(21,033)</u>	<u>119,225</u>
Total Expenditures	<u>4,293,495</u>	<u>4,486,056</u>	<u>4,412,313</u>	<u>73,743</u>	<u>3,875,057</u>
Excess (Deficiency) of Revenues Over Expenditures	339,413	146,852	485,170	338,318	528,981
Other Financing Sources (Uses):					
Transfer to Capital Projects Fund	(300,000)	(300,000)	(300,000)	-	(300,000)
Total Other Financing Sources (Uses)	<u>(300,000)</u>	<u>(300,000)</u>	<u>(300,000)</u>	<u>-</u>	<u>(300,000)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	39,413	(153,148)	185,170	338,318	228,981
Fund Balances - Beginning	<u>1,745,867</u>	<u>1,745,867</u>	<u>1,830,101</u>	<u>84,234</u>	<u>1,601,120</u>
Fund Balances - Ending	<u>1,785,280</u>	<u>1,592,719</u>	<u>2,015,271</u>	<u>422,552</u>	<u>1,830,101</u>

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

Volunteer Plan:

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability						
Service Cost	\$ 9,981	\$ 45,336	\$ 45,336	\$ 64,271	\$ 64,271	\$ 60,555
Interest on the Total Pension Liability	184,551	188,280	186,462	190,290	185,598	192,506
Benefit Changes	-	207,678	-	-	-	-
Difference between Expected and Actual Experience	-	(179,842)	-	(175,552)	-	(162,480)
Assumption Changes	-	109,013	-	69,462	-	-
Benefit Payments	(228,359)	(225,552)	(190,200)	(190,225)	(184,500)	(184,525)
Net Change in Total Pension Liability	<u>(33,827)</u>	<u>144,913</u>	<u>41,598</u>	<u>(41,754)</u>	<u>65,369</u>	<u>(93,944)</u>
Total Pension Liability - Beginning	<u>2,743,790</u>	<u>2,598,877</u>	<u>2,557,279</u>	<u>2,599,033</u>	<u>2,533,664</u>	<u>2,627,608</u>
Total Pension Liability - Ending (a)	<u><u>\$ 2,709,963</u></u>	<u><u>\$ 2,743,790</u></u>	<u><u>\$ 2,598,877</u></u>	<u><u>\$ 2,557,279</u></u>	<u><u>\$ 2,599,033</u></u>	<u><u>\$ 2,533,664</u></u>
Plan Fiduciary Net Position						
Employer Contributions	\$ 59,983	\$ 33,780	\$ 63,229	\$ 55,031	\$ 64,140	\$ 71,818
Pension Plan Net Investment Income	301,518	3,460	305,131	110,503	39,150	139,016
Benefit Payments	(228,359)	(225,552)	(190,200)	(190,225)	(184,500)	(184,525)
Pension Plan Administrative Expense	(19,335)	(44,952)	(36,130)	(21,229)	(23,480)	(23,825)
State of Colorado supplemental discretionary payment	87,308	-	49,528	57,726	64,636	56,132
Net Change in Plan Fiduciary Net Position	<u>201,115</u>	<u>(233,264)</u>	<u>191,558</u>	<u>11,806</u>	<u>(40,054)</u>	<u>58,616</u>
Plan Fiduciary Net Position - Beginning	<u>2,141,497</u>	<u>2,374,761</u>	<u>2,183,203</u>	<u>2,171,397</u>	<u>2,211,451</u>	<u>2,152,835</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 2,342,612</u></u>	<u><u>\$ 2,141,497</u></u>	<u><u>\$ 2,374,761</u></u>	<u><u>\$ 2,183,203</u></u>	<u><u>\$ 2,171,397</u></u>	<u><u>\$ 2,211,451</u></u>
Net Pension Liability/(Asset) - Ending (a) - (b)	<u><u>\$ 367,351</u></u>	<u><u>\$ 602,293</u></u>	<u><u>\$ 224,116</u></u>	<u><u>\$ 374,076</u></u>	<u><u>\$ 427,636</u></u>	<u><u>\$ 322,213</u></u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	86.44%	78.05%	91.38%	85.37%	83.55%	87.28%

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

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

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

Defined Benefit Plan:	2019	2018	2017	2016	2015	2014	2013
District's portion of the net pension liability/(asset)	0.269647%	0.226796%	0.240240%	0.233713%	0.252046%	0.259341%	0.293450%
District's proportionate share of the net pension liability/(asset)	\$ (152,503)	\$ 286,734	\$ (345,624)	\$ 84,449	\$ (4,443)	\$ 292,686	\$ 262,399
District's covered payroll	1,987,388	1,519,213	1,405,238	1,196,100	1,221,850	1,166,266	1,274,574
District's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	-7.7%	18.9%	-24.6%	7%	0%	25%	21%
Plan fiduciary net position as a percentage of the total pension liability	101.9%	95.2%	106.3%	98.2%	100.1%	106.8%	105.8%
 Hybrid Plan:							
	2019	2018	2017	2016	2015	2014	2013
District's portion of the net pension liability/(asset)	0.604639%	0.577621%	0.584554%	0.672288%	0.690260%	0.655657%	0.651210%
District's proportionate share of the net pension liability/(asset)	\$ (9,637)	\$ (9,206)	\$ (114,296)	\$ (73,180)	\$ (72,704)	\$ (77,758)	\$ (66,424)
District's covered payroll	120,613	115,075	111,725	108,675	113,625	101,450	105,308
District's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	-8%	-8%	-102%	-67%	-64%	-77%	-63%
Plan fiduciary net position as a percentage of the total pension liability	130.1%	123.5%	138.9%	125.8%	129.4%	140.6%	139.0%

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

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

Volunteer Plan:	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 90,385	\$ 90,385	\$ 112,757	\$ 112,757	\$ 128,363	\$ 128,363
Actual contribution, including State of Colorado discretionary payment	<u>(147,291)</u>	<u>(33,780)</u>	<u>(112,757)</u>	<u>(112,757)</u>	<u>(128,776)</u>	<u>(127,950)</u>
Contribution deficiency (excess)	<u>\$ (56,906)</u>	<u>\$ 56,605</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (413)</u>	<u>\$ 413</u>

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

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

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

Defined Benefit Plan:

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Statutorily required contribution	\$ 158,991	\$ 121,537	\$ 112,419	\$ 95,688	\$ 97,748	\$ 93,301	\$ 101,966
Contributions in relation to the statutorily required contribution	<u>(158,991)</u>	<u>(121,537)</u>	<u>(112,419)</u>	<u>(95,688)</u>	<u>(97,748)</u>	<u>(93,301)</u>	<u>(101,966)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 1,987,388	\$ 1,519,213	\$ 1,405,238	\$ 1,196,100	\$ 1,221,850	\$ 1,166,266	\$ 1,274,574
Contributions as a percentage of covered payroll	8%	8%	8%	8%	8%	8%	8%

Hybrid Plan:

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Statutorily required contribution	\$ 9,649	\$ 9,206	\$ 8,938	\$ 8,694	\$ 9,090	\$ 8,116	\$ 8,425
Contributions in relation to the statutorily required contribution	<u>(9,649)</u>	<u>(9,206)</u>	<u>(8,938)</u>	<u>(8,694)</u>	<u>(9,090)</u>	<u>(8,116)</u>	<u>(8,425)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 120,613	\$ 115,075	\$ 111,725	\$ 108,675	\$ 113,625	\$ 101,450	\$ 105,308
Contributions as a percentage of covered payroll	8%	8%	8%	8%	8%	8%	8%

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

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

**Carbondale and Rural Fire Protection District
Notes to the Required Supplementary Information
December 31, 2020**

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

A. Changes of assumptions or other inputs

1. Changes Since January 1, 2019 Actuarial Valuation are as Follows:

- No changes.

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

- The global assumption set for plans administered by FPPA was changed in the 2018 Experience Study and effective as of January 1, 2019. Significant changes affecting this valuation include:
 - Reduce investment return from 7.5% to 7.0%.
 - Update base mortality tables and projection scales.
 - Increase withdrawal rates by 10%.

B. Changes of benefit terms

No changes during the years presented.

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

No changes during the years presented.

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

A. Changes of assumptions or other inputs

1. Changes Since January 1, 2019 Actuarial Valuation are as Follows:

- No changes.

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

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

Carbondale and Rural Fire Protection District
Notes to the Required Supplementary Information
December 31, 2020
(Continued)

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

A. Changes of assumptions or other inputs (continued)

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

- For determining the actuarial determined contributions, the post-retirement mortality tables for non-disabled retirees is a blend of the Annuitant and Employee RP-2014 generational mortality tables with blue collar adjustment projected with Scale BB. The pre-retirement off-duty mortality tables are adjusted to 55% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00020.

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

- No changes.

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

- No changes.

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

- Effective January 1, 2016, the post-retirement mortality tables for non-disabled retirees is a blend of the Annuitant and Employee RP-2014 generational mortality tables with blue collar adjustment projected with Scale BB. The occupationally disabled post-retirement mortality assumption uses the same table as used for healthy annuitants, except that is a three-year set-forward, meaning a disabled member age 70 will be valued as if they were a 73-year-old healthy retiree. The totally disabled post-retirement mortality assumption uses the RP-2014 generational mortality tables for disabled annuitants, except an additional provision to apply a minimum 3% mortality probability to males and 2% mortality probability for females is included to reflect substantial impairment for this population. The pre-retirement off-duty mortality tables are adjusted to 55% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00020.

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

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

B. Changes of benefit terms

No changes during the years presented.

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

Carbondale and Rural Fire Protection District
Notes to the Required Supplementary Information
December 31, 2020
(Continued)

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

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

No changes during the years presented.

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

A. Changes of assumptions or other inputs

No changes during the years presented.

B. Changes of benefit terms

No changes during the years presented.

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

No changes during the years presented.

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

A. Changes of assumptions or other inputs

No changes during the years presented.

B. Changes of benefit terms

No changes during the years presented.

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

No changes during the years presented.

SUPPLEMENTARY INFORMATION

Carbondale and Rural Fire Protection District
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Debt Service Fund
For the Year Ended December 31, 2020
With Comparative Actual Amounts for 2019

	<u>2020</u>			Variance Positive (Negative)	<u>2019</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:					
Property tax	899,684	899,684	899,684	-	748,864
Abated property tax	6,955	6,955	6,955	-	2,361
Investment income	10,000	10,000	4,228	(5,772)	11,048
Total Revenues	<u>916,639</u>	<u>916,639</u>	<u>910,867</u>	<u>(5,772)</u>	<u>762,273</u>
Expenditures:					
Principal	520,000	520,000	520,000	-	515,000
Interest	367,425	367,425	367,425	-	331,670
Paying agent fees	1,000	1,000	800	200	400
County Treasurer's fees	18,500	19,575	19,133	442	16,990
Total Expenditures	<u>906,925</u>	<u>908,000</u>	<u>907,358</u>	<u>642</u>	<u>864,060</u>
Excess (Deficiency) of Revenues Over Expenditures	9,714	8,639	3,509	(5,130)	(101,787)
Other Financing Sources (Uses):					
Debt proceeds	-	-	-	-	377,497
Issuance costs	-	-	-	-	(6,452)
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>371,045</u>
Excess of Revenues and Other Financing Sources Over Expenditures	9,714	8,639	3,509	(5,130)	269,258
Fund Balances - Beginning	<u>421,638</u>	<u>421,638</u>	<u>422,325</u>	<u>687</u>	<u>153,067</u>
Fund Balances - Ending	<u>431,352</u>	<u>430,277</u>	<u>425,834</u>	<u>(4,443)</u>	<u>422,325</u>

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

Carbondale and Rural Fire Protection District
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Capital Projects Fund
For the Year Ended December 31, 2020
With Comparative Actual Amounts for 2019

	2020			Variance Positive (Negative)	2019
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Impact fees	10,000	10,000	49,640	39,640	52,560
Grants	135,750	135,750	52,670	(83,080)	34,123
Net investment income	152,600	152,600	47,980	(104,620)	145,219
Miscellaneous income	-	-	10,988	10,988	-
Total Revenues	<u>298,350</u>	<u>298,350</u>	<u>161,278</u>	<u>(137,072)</u>	<u>231,902</u>
Expenditures:					
Fire equipment	177,500	177,500	42,383	135,117	293,866
Station projects and improvements	1,822,500	1,828,500	2,323,510	(495,010)	186,883
Communication equipment	76,161	76,161	61,646	14,515	42,617
Training equipment	116,750	116,750	48,935	67,815	116,041
Medical equipment	74,250	74,250	-	74,250	13,823
Rescue equipment	-	26,112	26,696	(584)	-
Office equipment	17,300	17,300	21,444	(4,144)	128,111
Station equipment	6,600	6,600	4,385	2,215	16,679
Vehicles and apparatus	2,285,000	2,285,000	817,561	1,467,439	777,313
COVID-19	-	-	23,226	(23,226)	-
Loans and leases:					
Aerial and tender - principal	97,249	97,249	96,896	353	94,645
Aerial and tender - interest	4,789	4,789	5,142	(353)	7,393
Total Expenditures	<u>4,678,099</u>	<u>4,710,211</u>	<u>3,471,824</u>	<u>1,238,387</u>	<u>1,677,371</u>
(Deficiency) of Revenues Over Expenditures	(4,379,749)	(4,411,861)	(3,310,546)	1,101,315	(1,445,469)
Other Financing Sources:					
Debt proceeds	-	-	-	-	7,835,594
Issuance costs	-	-	-	-	(133,637)
Operating transfers in	300,000	300,000	300,000	-	300,000
Total Other Financing Sources	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>-</u>	<u>8,001,957</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures	(4,079,749)	(4,111,861)	(3,010,546)	1,101,315	6,556,488
Fund Balances - Beginning	<u>7,101,145</u>	<u>7,101,145</u>	<u>6,989,499</u>	<u>(111,646)</u>	<u>433,011</u>
Fund Balances - Ending	<u>3,021,396</u>	<u>2,989,284</u>	<u>3,978,953</u>	<u>989,669</u>	<u>6,989,499</u>

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

Carbondale and Rural Fire Protection District
Schedule of Revenues, Expenditures and Changes in Fund Net Position
Budget and Actual
Pension Fund
For the Year Ended December 31, 2020
With Comparative Actual Amounts for 2019

	<u>2020</u>		<u>2019</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
			<u>Actual</u>
Additions:			
Property taxes	56,370	56,370	-
State grant	53,985	53,985	-
Net investment income (loss)	50,000	298,366	248,366
Total Additions	<u>160,355</u>	<u>408,721</u>	<u>248,366</u>
Deductions:			
Benefits	275,000	238,188	36,812
Disability insurance	26,000	-	26,000
Treasurer's fees	2,000	2,000	-
Administration	40,000	41,134	(1,134)
Total Deductions	<u>343,000</u>	<u>281,322</u>	<u>61,678</u>
Change in Net Position	(182,645)	127,399	310,044
Net Position - Beginning	<u>2,351,353</u>	<u>2,337,606</u>	<u>(13,747)</u>
Net Position - Ending	<u>2,168,708</u>	<u>2,465,005</u>	<u>296,297</u>
	<u>2,337,606</u>		

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