

Elbert Fire Protection District

FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS

December 31, 2020

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REPORT OF INDEPENDENT CERTIFIED
PUBLIC ACCOUNTANTS

Board of Directors
Elbert Fire Protection District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the governmental fund of the Elbert Fire Protection District (the "District"), as of and for the year ended December 31, 2020, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting our audit in accordance with auditing standards generally accepted in the United States of America as established by the American Institute of Certified Public Accountants ("US GAAS").

We conducted our audit in accordance with US GAAS. Those standards require that we plan and perform our audit to obtain reasonable assurance about whether these financial statements are free of material misstatement.

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

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

Opinions on the Financial Statements

In our opinion, the financial statements previously referred to, present fairly, in all material respects, the respective financial position of the governmental activities and the governmental fund of the Elbert Fire Protection District, as of December 31, 2020, and the respective changes in financial position thereof, and the budgetary comparison for the general fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Omission of the Management's Discussion and Analysis

The Board of Directors has omitted the management's discussion and analysis, information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this omitted information.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedule of changes in net pension liability and related ratios on page 25 and 26 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to this required supplementary information in accordance with US GAAS, which consist of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on this information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Marc, James and Associates, PC

Highlands Ranch, Colorado
December 14, 2021

BASIC FINANCIAL STATEMENTS

Elbert Fire Protection District

GOVERNMENTAL FUND BALANCE SHEET/STATEMENT OF NET POSITION

December 31, 2020

	General Fund	Adjustments	Statement of Net Position
ASSETS			
Cash and cash equivalents	\$ 167,886	\$ -	\$ 167,886
Property taxes receivable	266,599	-	266,599
Accounts receivable	35,969	-	35,969
Prepaid expenses	5,775	-	5,775
Capital assets, net of accumulated depreciation	-	1,321,632	1,321,632
Net pension asset - volunteer firefighters' pension plan	-	152,236	152,236
Total assets	<u>476,229</u>	<u>1,473,868</u>	<u>1,950,097</u>
DEFERRED OUTFLOWS OF RESOURCES			
Volunteer firefighters' pension plan	-	12,945	12,945
Total assets and deferred outflows of resources	<u>\$ 476,229</u>	<u>1,486,813</u>	<u>1,963,042</u>
LIABILITIES			
Accounts payable	\$ 67,888	-	67,888
Accrued liabilities	2,131	2,543	4,674
Total liabilities	<u>70,019</u>	<u>2,543</u>	<u>72,562</u>
CAPITAL LEASES			
Due within one year	-	79,499	79,499
Due beyond one year	-	381,931	381,931
Total capital leases	<u>-</u>	<u>461,430</u>	<u>461,430</u>
DEFERRED INFLOWS OF RESOURCES			
Volunteer firefighters' pension plan	-	27,973	27,973
Property taxes	266,599	-	266,599
Total deferred inflows of resources	<u>266,599</u>	<u>27,973</u>	<u>294,572</u>
FUND BALANCE			
Nonspendable	5,775	(5,775)	-
Restricted	5,100	(5,100)	-
Committed	17,062	(17,062)	-
Unassigned	111,674	(111,674)	-
Total fund balance	<u>139,611</u>	<u>(139,611)</u>	<u>-</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 476,229</u>	<u>(137,068)</u>	<u>339,161</u>
NET POSITION			
Investment in capital assets, net of related debt		860,202	860,202
Net pension asset - volunteer firefighters' pension plan		152,236	152,236
Restricted		5,100	5,100
Unrestricted		116,940	116,940
Total net position		<u>\$ 1,134,478</u>	<u>\$ 1,134,478</u>

The accompanying notes are an integral part of these financial statements

Elbert Fire Protection District

STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCE/STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2020

	General Fund	Adjustments	Statement of Activities
EXPENDITURES			
PUBLIC SAFETY			
Administration	\$ 62,121	\$ -	\$ 62,121
Firefighting and emergency medical services	67,863	-	67,863
Communications	881	-	881
Equipment maintenance	13,199	-	13,199
Small equipment	7,577	-	7,577
Stations, buildings and grounds	8,492	-	8,492
Training	1,860	-	1,860
Pension	-	(7,308)	(7,308)
Depreciation	-	78,640	78,640
DEBT SERVICE			
Principal	262,947	(262,947)	-
Interest	16,998	43	17,041
CAPITAL OUTLAY			
Stations, buildings and equipment	459,081	(459,081)	-
Total expenditures	<u>901,019</u>	<u>(650,653)</u>	<u>250,366</u>
CHARGES FOR SERVICES			
Response and other fees	<u>13,562</u>	<u>-</u>	<u>13,562</u>
NET EXPENDITURES	887,457	(650,653)	236,804
GENERAL REVENUES			
Property taxes	252,485	-	252,485
Specific ownership taxes	41,542	-	41,542
Grants and donations	187,229	-	187,229
Investment income	1,149	-	1,149
Other	124,405	-	124,405
Total general revenues	<u>606,810</u>	<u>-</u>	<u>606,810</u>
EXCESS OF REVENUES OVER EXPENDITURES	(280,647)	650,653	370,006
OTHER SOURCES			
Proceeds form debt issuance	<u>185,325</u>	<u>(185,325)</u>	<u>-</u>
CHANGE IN FUND BALANCE/NET POSITION	(95,322)	465,328	370,006
FUND BALANCE /NET POSITION			
Beginning of the year	<u>234,933</u>	<u>525,879</u>	<u>764,472</u>
End of the year	<u>\$ 139,611</u>	<u>\$ 994,867</u>	<u>\$ 1,134,478</u>

The accompanying notes are an integral part of these financial statements

Elbert Fire Protection District

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCE - BUDGET TO ACTUAL - GENERAL FUND

For the Year Ended December 31, 2020

	Original Budget	Amended and Final Budget	Actual	Variance
REVENUES				
Property taxes	\$ 252,806	\$ 252,857	\$ 252,485	\$ (372)
Specific ownership taxes	40,000	40,000	41,542	1,542
Grants and donations	1,500	187,754	187,229	(525)
Response and other fees	23,100	16,085	13,562	(2,523)
Investment income	-	-	1,149	1,149
Other	1,500	91,732	124,405	32,673
Total revenues	318,906	588,428	620,372	31,944
EXPENDITURES				
PUBLIC SAFETY				
Administration	47,806	49,209	62,121	(12,912)
Firefighting and emergency medical services	82,600	76,030	67,863	8,167
Communications	6,000	1,000	881	119
Equipment maintenance	22,000	15,000	13,199	1,801
Small equipment	-	-	7,577	(7,577)
Stations, buildings and grounds	24,500	19,150	8,492	10,658
Training	9,000	3,000	1,860	1,140
DEBT SERVICE				
Principal	77,222	262,947	262,947	-
Interest	17,778	16,998	16,998	-
CAPITAL OUTLAY				
Stations, buildings and equipment	60,000	404,750	459,081	(54,331)
Total expenditures	346,906	848,084	901,019	(52,935)
REVENUES OVER EXPENDITURES	(28,000)	(259,656)	(280,647)	(20,991)
OTHER SOURCES				
Proceeds from debt issuance	-	185,325	185,325	-
CHANGE IN FUND BALANCE	\$ (28,000)	\$ (74,331)	(95,322)	\$ (20,991)
FUND BALANCE				
Beginning balance			234,933	
Ending balance			\$ 139,611	

The accompanying notes are an integral part of these financial statements

Elbert Fire Protection District

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Elbert Fire Protection District (the “District”) conform to the accounting principles generally accepted in the United States of America (“US GAAP”) as applicable to governmental entities. The following is a summary of the more significant policies consistently applied in the preparation of the financial statements of the District.

1. Reporting Entity

The District was established under State of Colorado statutes as a quasi-municipal corporation and is governed by a five-member Board of Directors pursuant to the provisions of the Colorado Special District Act. The District’s service area is located in Elbert County and El Paso County, Colorado and the District provides firefighting and emergency medical services (“EMS”) to the residents and visitors of the District. As required by US GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local government entities. The District has no component units as defined by Governmental Accounting Standards Board (“GASB”), Statement No. 14, *The Reporting Entity* and GASB No. 39, *Determining Whether Certain Organizations are Component Units*.

2. Measurement Focus and Financial Accounting Framework

Government-Wide Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Governmental Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Elbert Fire Protection District

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

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

2. *Measurement Focus and Financial Accounting Framework - continued*

Property taxes, specific ownership taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue in the current fiscal period.

For 2020, the District has one Governmental Fund, the *General Fund*, which accounts for all of the financial resources of the District.

3. *Cash and Cash Equivalents*

The District considers cash and cash equivalents to include cash on hand, demand deposits and money market accounts.

4. *Fair Value of Financial Instruments*

The District's financial instruments include cash and cash equivalents, accounts receivable, accounts payable and debt. The District estimates that the fair value of these financial instruments as of December 31, 2020, do not differ materially from the aggregate carrying values used in the accompanying financial statements. The carrying amount of these financial instruments approximates the fair value due to the short maturity of these financial instruments.

5. *Use of Estimates*

The preparation of financial statements in conformity with US GAAP involves the use of management's estimates that affect the reported amounts of assets and liabilities as of the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. These estimates are based upon management's best judgment, after considering past events and assumptions about future events. Actual results could differ from those estimates. District management has estimated the useful lives of the District's capital assets as reflected in the Statement of Net Position. In addition, the volunteer firefighters' pension plan net pension asset and related deferred outflows and deferred inflows of resources are based upon various estimates further discussed in the accompanying notes.

6. *Property Taxes Receivable*

Property taxes are levied on December 15 of each year, and attach as an enforceable lien on subject property as of January 1 of the following year. The property taxes are payable in full on April 30 or if paid in two installments, due on February 28 and June 15. Property taxes are considered to be delinquent as of August 1. Elbert and El Paso County bill and collect the property taxes on behalf of the District and remit the collections, less the applicable Treasurer's fees, to the District on a monthly basis. As the property taxes result in an enforceable lien on the subject property, in the event the property taxes are not paid, the subject property may be sold at public auction to collect the delinquent property taxes. Accordingly, no provision is deemed necessary for uncollected property taxes. As of December 31, the District has recorded the subsequent year levied property taxes and the related deferred inflow of resources.

Elbert Fire Protection District

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

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

7. *Capital Assets*

The District's capital assets are recorded at cost if purchased or constructed. Donated capital assets are valued at the estimated fair value at the time of the donation. The District's capital assets consist of land, buildings, trucks and other equipment. The District has a capitalization policy of \$5,000. The District's Board of Directors has the option to capitalize certain items less than \$5,000 in certain circumstances. Depreciation is provided in amounts sufficient to relate the cost of depreciable capital assets to operations over the estimated useful lives of the assets. Depreciation is provided under the straight-line method, with estimated service lives of five years to forty years.

The cost of normal maintenance and repairs that do not add to the value of, or materially extend the life of, the related capital asset, are charged to expense as incurred.

NOTE B – BUDGET INFORMATION

The District's annual budget is prepared on a Non-GAAP basis for the District's General Fund. An annual appropriated budget is adopted for the General Fund. All annual appropriations lapse at the end of the District's fiscal year.

The District conforms to the following procedures, in accordance with the State of Colorado Revised Statutes, in the establishment of the budgetary information reflected in the accompanying financial statements:

Prior to October 15, the District's Treasurer submits a proposed operating budget for the subsequent fiscal year to the District's Board of Directors. The Board of Directors may change the proposed budget prior to the publication of the notice of budget. Within ten days of the submission, a notice of the proposed budget is published. The operating budget includes proposed expenditures and the means of financing the expenditures.

Public hearings are held at the regular District Board of Directors' meetings to obtain taxpayer input on the proposed operating budget.

On or before December 15, the operating budget is legally adopted through passage of a budget resolution. Upon adoption, the District's Treasurer is authorized to transfer the budgeted amounts within the function and objects of the Fund(s). The District's Board of Directors must approve revisions that change the total expenditures of the Fund(s). Appropriations are controlled and the budget can be only amended in accordance with the State of Colorado Revised Statutes that allows the District to amend the budget and adopt a supplemental appropriation, if funds for a specific purpose, other than ad valorem taxes, become available.

State of Colorado Revised Statutes requires a balanced budget. For 2020, the District's amended budgeted expenditures exceeded budgeted revenues and other sources by \$74,331. The excess of expenditures over revenue and other was anticipated to be funded by the use of prior year surpluses and other funding sources to the extent necessary and applicable.

Elbert Fire Protection District

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE C – CASH AND INVESTMENTS

The Colorado Public Deposit Protection Act (“PDPA”) requires that all units of local government deposit cash in eligible public depositories. State Regulators determine the eligibility. Amounts on deposit in excess of the Federal Deposit Insurance Corporation (“FDIC”) insurance levels must be collateralized. The eligible collateral is determined by the PDPA. The PDPA allows institutions to create a single collateral pool for all public funds. The pool is to be maintained by another institution, or held in trust for all uninsured public deposits. The market value of the collateral must be equal to 102% of the aggregate uninsured public deposits.

As of December 31, 2020, all of the District’s deposits were either insured by the FDIC or held in eligible depositories.

In addition, State of Colorado Statute specifies investments that meet defined rating and risk criteria in which local governments may hold. The allowed investments include participation in state regulated investment pools. The District participates in the Colorado Local Government Liquid Asset Trust (“COLOTRUST”). As of December 31, 2020, the District had \$126,978 on deposit with COLOTRUST Plus+. The carrying value and market value of the COLOTRUST Plus+ are equal. The COLOTRUST Plus+ is rated AAAM by Standard and Poors.

COLOTRUST determines the net asset value (“NAV”) of the shares of each portfolio as of the close of business of each day. The NAV per share of each portfolio is computed by dividing the total value of the securities and other assets of the portfolios, less any liabilities, by the total outstanding shares of the portfolios. Liabilities, which include all expenses and fees of COLOTRUST, are accrued daily. The NAV is calculated at fair value using various inputs to determine value in accordance with GASB guidance. It is the goal of the Trust to maintain a NAV of \$1.00 per share, however changes in interest rates may affect the fair value of the securities held by COLOTRUST and there can be no assurance that the NAV will not vary from \$1.00 per share.

NOTE D – EMERGENCY MEDICAL SERVICES

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

As of December 31, 2020, the balance billed by and outstanding to the District, before third-party payer adjustments was \$12,250. The actual revenue to be recognized will be determine at the time final payment is received by the District.

Elbert Fire Protection District

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE E – CAPITAL ASSETS

The changes in the District’s capital assets for the year ended December 31, 2020, are as follows:

	Balance December 31, 2019	Additions	Disposals	Balance December 31, 2020
Capital assets				
Not subject to depreciation				
Land	\$ 10,000	\$ -	\$ -	\$ 10,000
Construction in process	-	19,084	-	19,084
Subject to depreciation				
Stations, buildings and grounds	734,402	125,920	-	860,322
Improvements	81,115	14,648	-	95,763
Vehicles and related equipment	908,802	299,429	-	1,208,231
Total	1,734,319	459,081	-	2,193,400
Accumulated depreciation				
Stations, buildings and grounds	(83,096)	(18,360)	-	(101,456)
Improvements	(50,794)	(4,668)	-	(55,462)
Vehicles and related equipment	(659,238)	(55,612)	-	(714,850)
Total	(793,128)	(78,640)	-	(871,768)
Net capital assets	\$ 941,191	\$ 380,441	\$ -	\$ 1,321,632

In 2020, the District began the construction of living quarters at Station 3, which is reflected as construction in process as of December 31, 2020. The construction was completed in early 2021.

NOTE F - LEASE-PURCHASE AGREEMENTS

2014 Lease-Purchase Agreement

In June 2014, the District entered into a lease-purchase collateralized by fire apparatus as defined in the Series 2014 Lease Purchase Agreement ("2014 Lease Purchase"). Under the terms of the 2014 Lease Purchase, the lease payments shall constitute a current expenditure/expense of the District payable in the current year and in any other year so as to not be construed as a multiple fiscal year obligation.

Provided the District has complied with the terms and conditions of the 2014 Lease Purchase, the District shall have the option, upon any payment date as specified in the 2014 Lease Purchase, to exercise the early termination/purchase option in the amount as specified in the 2014 Lease Purchase.

The 2014 Lease Purchase requires annual rental payments of \$25,067 including interest at a rate of 3.1% with a final payment due June 1, 2023.

Elbert Fire Protection District
NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE F - LEASE-PURCHASE AGREEMENTS - *continued*

2014 Lease-Purchase Agreement- continued

The changes in the 2014 Lease Purchase for the year ended December 31, 2020 are as follows:

Balance December 31, 2019	Borrowings	Payments	Balance December 31, 2020	Balance due within One Year
\$ 91,706	\$ -	\$ 21,702	\$ 70,004	\$ 22,499

As of December 31, 2020, the future minimum payments under the 2014 Lease Purchase are as follows:

Year ended December 31,	Principal	Interest	Total
2021	\$ 22,499	\$ 2,568	\$ 25,067
2022	23,324	1,743	25,067
2023	24,181	886	25,067
Total	\$ 70,004	\$ 5,197	\$ 75,201

As of December 31, 2020, the optional prepayments are as follows:

June 1,	Early Termination/ Purchase Option
2021	\$ 49,048
2022	24,966

2018 Lease-Purchase Agreement

In February 2018, the District entered into a lease-purchase ("2018 Lease Purchase") in an amount not to exceed \$600,000, collateralized by real estate, to finance certain real estate in the District as described in the 2018 Lease Purchase for use in the District's governmental operations.

Under the terms of the 2018 Lease Purchase, the lease payments shall constitute a current expenditure/expense of the District payable in the current year and in any other year so as to not be construed as a multiple fiscal year obligation.

The 2018 Lease Purchase requires semi-annual rental payments, on June 1 and December 1, including interest at a rate of 2.88%, with a final payment due December 1, 2027.

Provided the District has complied with the terms and conditions of the 2018 Lease Purchase, the District shall have the option to prepay, in whole or in part, on any date, upon 30 days prior notice, without penalty.

Elbert Fire Protection District

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE F - LEASE-PURCHASE AGREEMENTS - *continued*

2018 Lease-Purchase Agreement - continued

The changes in the 2018 Lease Purchase for the year ended December 31, 2020 are as follows:

Balance December 31, 2019	Borrowings	Payments	Balance December 31, 2020	Balance due within One Year
\$ 447,346	-	\$ 55,920	\$ 391,426	\$ 57,000

As of December 31, 2020, the future minimum payments under the 2018 Lease Purchase are as follows:

Year ended December 31,	Principal	Interest	Total
2021	\$ 57,000	\$ 12,530	\$ 69,530
2022	58,600	10,889	69,489
2023	60,300	9,202	69,502
2024	62,100	7,465	69,565
2025	63,800	5,676	69,476
2026-2027	89,626	5,786	95,412
Total	\$ 391,426	\$ 51,548	\$ 442,974

2020 Lease-Purchase Agreement

In June 2020, the District entered into a lease-purchase (“2020 Lease Purchase”) in an amount not to exceed \$185,325, collateralized by a fire engine, to temporarily finance a portion of the purchase of a new ambulance. In August 2020, the District received the proceeds of a grant, previously awarded, and the 2020 Lease Purchase was paid in full.

NOTE G – FUND BALANCE/NET POSITION

Fund Balance

The District utilizes the fund balance presentation as required under GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Fund balances are categorized as nonspendable, restricted, committed, assigned or unassigned.

Nonspendable – represents amounts that cannot be spent because they are either in nonspendable form or legally required to remain intact,

Restricted – represents amounts with external constraints placed on the use of these resources or imposed by enabling legislation,

Committed – represents amounts that can only be used for specific purposes imposed by a formal action of the District’s highest level of decision-making authority, the District’s Board of Directors. Committed resources cannot be used for any other purpose unless the District’s Board of Directors removes or changes the specific use by the same type of action used to commit those amounts, either by resolution or by ordinance,

Elbert Fire Protection District

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE G – FUND BALANCE/NET POSITION - *continued*

Fund Balance - continued

Assigned – represents amounts that the District intends to use for specific purposes as expressed by the District’s Board of Directors or an official delegated the authority to assign amounts,

Unassigned – represents the residual classification for the general fund or deficit balances in other funds, as applicable.

Amounts are considered to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available. Unrestricted amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of these unrestricted fund balances classifications could be used.

<u>Fund balances</u>	
Nonspendable	
Prepaid expenses	\$ 5,775
Restricted	
TABOR reserve	5,100
Committed	
Station #3 – living quarters	17,062
Unassigned	<u>111,674</u>
Total fund balance	<u>\$ 139,611</u>

Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District reports three categories of net position, as follows:

Net investment in capital assets – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows or resources related to those assets.

Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

When an expenditure is incurred for purposes for which both restricted and unrestricted net position is available, the District will use the most restrictive net position first.

Elbert Fire Protection District

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE H – PENSION PLANS

Volunteer Firefighters’ Pension Plan

Description of the Plan and Benefits Provided

The District, on behalf of its volunteer firefighters, maintains the District’s Volunteer Firefighters’ Pension Plan, a defined benefit plan (the “Plan”) which is affiliated with the Colorado Fire and Police Pension Association (“FPPA”).

Volunteer firefighters who maintain an average training participation in the department of 36 hours per year are eligible to participate in the plan for that year. Volunteers’ rights to benefits fully vest after 20 years of service. Volunteers, who retire at, or after the age of fifty with ten years of credited service, are entitled to a reduced benefit. In addition, the Plan provides death and disability benefits funded by insurance policies.

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

Normal Retirement Benefit at Age 50 with 20 years of service (monthly)	\$	75
Funeral Benefit, lump sum, one-time only		100

The above benefit provisions were used to determine the total pension asset.

Plan Participants Covered by the Plan as of January 1, 2020

Retirees and beneficiaries	6
Inactive, Non-retired	1
Active	<u>6</u>
Total participants	<u><u>13</u></u>

Net Pension Asset and Change in the Net Pension Asset

As defined within GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (“GASB 68”) the Net Pension Liability/(Asset) (“NPL/”NPA”) is the difference between the Total Pension Liability (“TPL”) and the Plan’s Net Position. This is analogous to the Plan’s accrued liability less the market value of the Plan’s assets. The TPL/NPA is based upon an actuarial valuation performed as of January 1, 2019 with a TPL/TPA measurement date of December 31, 2019. As permitted under GASB 68, the measurement date is within one year of the District’s fiscal year-end of December 31, 2020, and may be used to fulfill the December 31, 2020 reporting requirements.

Elbert Fire Protection District
NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE H – PENSION PLANS - *continued*

Volunteer Firefighters' Pension Plan - continued

Net Pension Asset and Change in the Net Pension Asset – continued

The change in the Plan's NPA consists of the following:

Service costs	\$	325
Interest on the TPL		5,241
Net Plan investment income		(29,575)
Plan administrative expenses		3,889
		(20,120)
Change in the Net Pension Asset		(20,120)
Net Pension Asset – Beginning of the Year		(132,116)
Net Pension Asset – End of the Year	\$	(152,236)

As of December 31, 2019, the measurement date, the NPA consisted of the following:

Total Pension Liability	\$	77,368
Plan Net Position Available for Benefits		(229,770)
Net Pension Asset	\$	(152,236)
Percentage of Plan Net Position to Total Pension Liability		296.35%

The Plan's NPA is calculated using a Single Discount Rate of 7.00%. The Plan's NPA calculated using a Single Discount Rate that is 1% lower or 1% higher is as follows:

1% Discount 6.00%	7.00%	1% Increase 8.00%
\$ (144,343)	\$ (152,236)	\$ (158,845)

Basis for Determining the District and Actuarial Calculated Contributions

The actuarially determined contributions are calculated as of January 1 of odd numbered years. The contribution rates have a one-year lag, as such, the actuarial valuation as of January 1, 2017, determined the contribution amounts for 2018 and 2019. The methods and assumptions used to determine the contribution rates are as follows:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open
Remaining Amortization Period	20 years
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Investment Rate of Return	7.50%
Retirement Age	50% per year of eligibility until 100% at age 65
Mortality	Pre-retirement: PR-2014 Combined Mortality Table with Blue Collar Adjustment, Post-retirement: RP-2014 Combined Mortality Table with Blue Collar Adjustment, Disability: RP-2014 Disabled Mortality Table

Elbert Fire Protection District
NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE H – PENSION PLANS - *continued*

Volunteer Firefighters' Pension Plan – continued

Change in Assumptions

The assumptions shown on the preceding page pertain to the actuarial valuation as of January 1, 2017 and the associated Actuarially Determined Contribution for the year ended December 31, 2019. Following an experience study in 2018, a new assumption set was adopted for first use in the January 1, 2019 valuations. The new assumption set is used in determining the Net Pension Asset as of December 31, 2018 and as of December 31, 2019.

The primary change, which can be observed in the January 1, 2019 valuation, was reduction in the investment rate of return to 7.0%.

Basis for Determining the District and Actuarial Calculated Contributions

For the year ended December 31, 2019, the actuarial and District contributions were as follows:

Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)
\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>

Deferred Outflows and Inflows of Resources - Pension Plan

The deferred outflows and inflows of resources, as applicable, related to the Plan are amounts used under GASB 68 in developing the annual pension expense. The deferred outflows and inflows of resources arise from differences between expected and actual experiences and changes, as applicable, of assumptions. The portions of these amounts which are not included in the current pension expense (income) are reflected as deferred outflows and inflows of resources and consist of:

Deferred Outflows of Resources

Deferred outflow of resources to be recognized in future pension expense resulting from differences between projected and actual Plan investment income	\$ 10,358
Assumption changes	2,587
Total deferred outflows of resources - pension	\$ 12,945

Deferred Inflows of Resources

Deferred inflows of resources to be recognized in future pension expense resulting from the difference between expected and actual experience associated with the TPL	\$ (10,146)
Deferred inflow of resources to be recognized in future pension expense resulting from differences between projected and actual Plan investment income	(17,827)
Total deferred inflows of resources - pension	(27,973)
Net deferred inflows of resources - pension	\$ (15,028)

Elbert Fire Protection District
NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE H – PENSION PLANS - *continued*

Volunteer Firefighters’ Pension Plan – continued

Deferred Outflows and Inflows of Resources - Pension Plan – continued

The deferred outflows and inflows of resources, net, by year to be recognized in the future pension expense (income) as of December 31, 2020 are as follows:

<u>Year ended December 31,</u>	
2021	\$ (5,028)
2022	(5,548)
2023	(1,405)
2024	<u>(3,047)</u>
Total	<u>\$ (15,028)</u>

Fire and Police Pension Association

The Fire and Police Pension Association 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 affiliated pension plans have elected to use FPPA for plan administration investment services only. FPPA issues a publically available comprehensive annual financial report. That report may be obtained through the FPPA website at www.fppaco.org.

NOTE I – TAX, SPENDING AND DEBT LIMITATIONS

Taxpayer’s Bill of Rights

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer’s Bill of Rights (“TABOR”), contains tax, spending and debt limitations which apply to the State of Colorado and all local governments.

TABOR requires local governments to establish emergency reserves. These reserves must be at least 3% of fiscal year spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

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

In 1998, the voters of the District voted to allow the District to retain revenues in excess of the limits established by TABOR.

Gallagher Amendment

In 2018, the electors of the District authorized the District to adjust the District’s mill levy up or down, in response to legislative changes to the residential property tax assessment percentage. The District levied 7.715 mills for property taxes to be collected in 2021.

Elbert Fire Protection District

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE J – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Governmental Funds Balance Sheet/Statement of Net Position includes an adjustments column which reconciles the differences between the government-wide and fund financial statements as follows:

Capital assets, net of accumulated depreciation, reflected in the Statement of Net Position are not financial resources in the governmental funds and accordingly are not reported in the general fund,	\$	1,321,632
The net pension asset reflected in the Statement of Net Position is not an asset in the general fund and is not reflected in the general fund.		152,236
Deferred outflows associated with the recording of the net pension liability in the Statement of Net Position are not resources in the general fund and are not reflected in the general fund.		12,945
Deferred inflows associated with the recording of the net pension liability in the Statement of Net Position are not liabilities in the general fund and are not reflected in the general fund.		27,973
Long-term debt, including accrued interest payable, is not due and payable in the current period and therefore is not reported in the general fund.		
Capital leases		461,430
Accrued interest payable		2,543

Elbert Fire Protection District

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE J – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS -
continued

The Statement of Governmental Funds Revenues, Expenditures and Change in Fund Balance/Statement of Net Activities includes an adjustments column which reconciles the differences between the government-wide and fund financial statements as follows:

Depreciation expense on capital assets is reported in the Statement of Activities. However, it does not use current financial resources, as such, depreciation expense is not recorded as an expenditure in the general fund, \$ 78,640

The difference between the pension expense as reflected in the Statement of Activities as calculated under GASB 68, 7,308

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those capital assets is allocated over the estimated useful lives as depreciation expense. This is the net amount of capital assets recorded in the current year. 459,081

Interest expense is recorded in the Statement of Activities when incurred. Interest is only recorded, as paid, in the general fund, 43

Principal payments on long-term debt are expenditures in the governmental funds; however, the principal payment is a reduction in the long-term debt as reflected in the Statement of Net Position. 262,947

Governmental funds report the proceeds from issuance of long-term debt as revenue. However, for the governmental-wide financial statements, the revenue is not reflected and the debt is recognized on the Statement of Net Position, 185,325

NOTE K – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft, damage to, or destruction of assets; errors or omissions; injuries to volunteers; or acts of God for which the District carries commercial insurance. The District's claims have not exceeded its coverage during the preceding three years.

Elbert Fire Protection District

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE L – CORONAVIRUS PANDEMIC

In December 2019, an outbreak of a novel strain of coronavirus (“COVID-19”) originated in Wuhan, China and has since spread world-wide, including the United States. In March 2020, the World Health Organization characterized COVID-19 as a pandemic.

COVID-19 has adversely affected the economics and financial markets of the United States, including Colorado, resulting in a world-wide economic downturn, operational closures, and social restrictions that have impacted the operations of the District during 2020 and beyond.

In response the District declared a Public Health Epidemic Emergency related to COVID-19. The declaration’s intent was to provide the necessary organization, powers and authority to enable the timely and effective use of all available District resources to prepare for, respond to, and recover from the COVID-19 pandemic. The Public Health Epidemic Emergency has subsequently lapsed.

The District continues to monitor and assess the effects of the COVID-19 pandemic on the District; however, the ultimate impact of the COVID-19 outbreak or a similar health epidemic is highly uncertain and subject to change.

NOTE M – MANAGEMENT’S EVALUATION OF SUBSEQUENT EVENTS

The preparation of the District’s financial statements and accompanying notes in conformity with generally accepted accounting principles requires management of the District to evaluate transactions and events subsequent to the balance sheet date involving the District. Management has evaluated the subsequent transactions and events of the District through December 14, 2021, which is the date the financial statements and accompanying footnotes were available for issuance.

NOTE N – RESTATEMENT OF NET POSITION

The beginning net position was restated by \$3,660 to adjust the 2014 Lease Purchase Agreement further discussed in NOTE F.

REQUIRED SUPPLEMENTARY INFORMATION

Ebert Fire Protection District

VOLUNTEER FIREFIGHTERS' PENSION PLAN
SCHEDULE OF CHANGES IN NET PENSION ASSET AND RELATED RATIOS

Year 6 (prospectively since 2014)

Measurement period ended December 31.

	2014	2015	2016	2017	2018	2019
<i>Total Pension Plan Liability</i>						
Service cost	\$ 493	\$ 707	\$ 707	\$ 770	\$ 770	\$ 325
Interest on the total pension liability	3,904	6,206	6,387	6,121	6,255	5,241
Benefit changes	28,204	-	-	-	-	-
Difference between expected and actual experience of the total pension liability	2,519	-	(8,914)	-	(12,890)	-
Assumption changes	-	-	2,887	-	2,964	-
Benefit payments	(4,553)	(4,500)	(4,500)	(4,815)	(5,400)	(5,400)
Net change in total pension liability	30,567	2,413	(3,433)	2,076	(8,301)	166
Total pension plan liability - beginning	54,046	84,613	87,026	83,593	85,669	77,368
Total pension plan liability - ending	<u>\$ 84,613</u>	<u>\$ 87,026</u>	<u>\$ 83,593</u>	<u>\$ 85,669</u>	<u>\$ 77,368</u>	<u>\$ 77,534</u>
<i>Pension Plan Fiduciary Net Position</i>						
District contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Pension plan net investment income	12,834	3,533	10,353	28,677	106	29,575
Benefit payments	(4,553)	(4,500)	(4,500)	(4,815)	(5,400)	(5,400)
Pension Plan administrative expenses	(678)	(1,430)	(584)	(4,585)	(3,442)	(3,889)
State of Colorado supplemental discretionary contribution	-	-	-	-	-	-
Net change in pension plan fiduciary net position	7,603	(2,397)	5,269	19,277	(8,736)	20,286
Pension plan fiduciary net position - beginning	188,468	196,071	193,674	198,943	218,220	209,484
Pension plan fiduciary net position - ending	<u>\$ 196,071</u>	<u>\$ 193,674</u>	<u>\$ 198,943</u>	<u>\$ 218,220</u>	<u>\$ 209,484</u>	<u>\$ 229,770</u>
<i>Net Pension Asset</i>	<u>\$ 111,458</u>	<u>\$ 106,648</u>	<u>\$ 115,350</u>	<u>\$ 132,551</u>	<u>\$ 132,116</u>	<u>\$ 152,236</u>
Pension Plan Fiduciary Net Position as a % of Total Pension Plan Liability	<u>231.73%</u>	<u>222.55%</u>	<u>237.99%</u>	<u>254.72%</u>	<u>270.76%</u>	<u>296.35%</u>

Ebert Fire Protection District

VOLUNTEER FIREFIGHTERS' PENSION PLAN
 SCHEDULE OF CHANGES IN NET PENSION ASSET AND RELATED RATIOS

Year 6 (prospectively since 2014)

<i>Measurement period ended December 31.</i>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<i>Net Pension Plan Liability as % of Covered Payroll</i>	N/A	N/A	N/A	N/A	N/A	N/A
<i>Covered Payroll</i>	N/A	N/A	N/A	N/A	N/A	N/A
<i>Schedule of Contributions</i>						
Actuarially determined contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Actual contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>