

**FRANKTOWN FIRE PROTECTION DISTRICT**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2020**

**FRANKTOWN FIRE PROTECTION DISTRICT  
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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Franktown Fire Protection District  
Franktown, Colorado 80116

I have audited the accompanying financial statements of the governmental activities and each major fund of the Franktown Fire Protection District, Franktown, Colorado, 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**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

**Opinions**

In my 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 Franktown Fire Protection District, Franktown, Colorado, 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.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 28 and the pension schedules on page 29-32 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

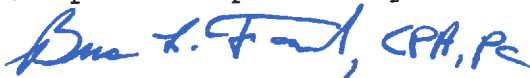
Franktown Fire Protection District has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. My opinion on the basic financial statements is not affected by this missing information.

### *Other Information*

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Franktown Fire Protection District's basic financial statements. The Other Supplemental Information listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

This information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The statistical information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, I do not express an opinion or provide any assurance on it.



Bruce L. Fosdick, CPA, PC  
Castle Rock, Colorado  
September 8, 2021

## **BASIC FINANCIAL STATEMENTS**

**FRANKTOWN FIRE PROTECTION DISTRICT  
STATEMENT OF NET POSITION  
DECEMBER 31, 2020**

	Governmental Activities
<b>ASSETS</b>	
Cash and Investments	\$ 4,743,442
Property Taxes Receivable	2,878,388
EMS, Net Receivable	106,179
Due from Other Government	20,254
Prepaid Expenses	16,217
Capital Assets, Not Being Depreciated	1,139,816
Capital Assets, Net of Accumulated Depreciation	4,246,622
Net Pension Asset	3,210,516
Total Assets	16,361,434
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Related to Pension	899,472
Total Deferred Outflows of Resources	899,472
<b>LIABILITIES</b>	
Accounts Payable	173,928
Retainage Payable	99,321
Accrued Wages and Liabilities	18,107
Compensated Absences	5,505
Total Liabilities	296,861
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Property Tax Revenue	2,878,388
Related to Pension	454,482
Total Deferred Inflows of Resources	3,332,870
<b>NET POSITION</b>	
Investment in Capital Assets	5,386,438
Restricted For:	
Emergencies	112,000
Pension Asset	3,210,516
Unrestricted	4,922,221
Total Net Position	\$ 13,631,175

See accompanying Notes to Basic Financial Statements.

**FRANKTOWN FIRE PROTECTION DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2020**

		Program Revenues		Net Revenues (Expenses) and Change in Net Position
<b>FUNCTIONS/PROGRAMS</b>	Expenses	Charges for Services	Capital Grants and Contributions	Governmental Activities
Primary Government:				
Governmental Activities:				
General Administrative	\$ 426,689	\$ 30,024	\$ -	\$ (396,665)
Fire and Emergency Medical Services	2,368,972	262,499	274,316	(1,832,157)
Total Governmental Activities	\$ 2,795,661	\$ 292,523	\$ 274,316	(2,228,822)
 <b>GENERAL REVENUES</b>				
Property Taxes				2,848,806
Specific Ownership Taxes				246,408
Net Investment Income				49,557
Gain on Sale of Assets				22,500
Other Revenue				25,990
Total General Revenues				3,193,261
 <b>CHANGE IN NET POSITION</b>				
				964,439
Net Position - Beginning of Year				12,666,736
 <b>NET POSITION - END OF YEAR</b>				
				\$ 13,631,175

See accompanying Notes to Basic Financial Statements.

**FRANKTOWN FIRE PROTECTION DISTRICT  
BALANCE SHEET – GOVERNMENTAL FUND  
DECEMBER 31, 2020**

	Governmental Fund
<b>ASSETS</b>	
Cash and Investments	\$ 4,743,442
Property Taxes Receivable	2,878,388
EMS, Net Receivable	106,179
Due from other Government	20,254
Prepaid Expenses	16,217
Total Assets	\$ 7,764,480
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, FUND BALANCES</b>	
<b>LIABILITIES</b>	
Accounts Payable	\$ 173,928
Retainage Payable	99,321
Accrued Wages and Payroll Liabilities	18,107
Total Liabilities	291,356
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Property Tax Revenue	2,878,388
Deferred EMS Billing Revenue	63,816
Total Deferred Inflows of Resources	2,942,204
<b>FUND BALANCES</b>	
Nonspendable	16,217
Restricted for Emergencies	112,000
Assigned for Subsequent Year's Expenditures	186,612
Unassigned	4,216,091
Total Fund Balances	4,530,920
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 7,764,480

See accompanying Notes to Basic Financial Statements.

**FRANKTOWN FIRE PROTECTION DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2020**

Total Fund Balances - Governmental Fund \$ 4,530,920

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

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

    Capital Assets, Net 5,386,438

Certain revenues not available to pay liabilities of the current period are deferred in the governmental funds:

    Emergency Medical Service Fees 63,816

Certain assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:

    Net Pension Asset 3,210,516

Deferred outflows of resources used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:

    Related to Pension 899,472

Deferred inflows of resources used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:

    Related to Pension (454,482)

Some liabilities, including leases payable, accrued interest payable and compensated absences, are not due and payable in the current period and, therefore, are not reported in the fund balance sheet.

    Compensated Absences (5,505)

Net Position \$ 13,631,175

**FRANKTOWN FIRE PROTECTION DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUND  
YEAR ENDED DECEMBER 31, 2020**

	Governmental Fund
<b>REVENUES</b>	
Property Taxes	\$ 2,848,806
Specific Ownership Taxes	246,408
Charges for Services	255,111
Rental Income	30,024
Net Investment Income	49,557
Donations	274,316
Other Revenue	25,990
Total Revenues	3,730,212
<b>EXPENDITURES</b>	
General Government:	
General Administrative	331,381
Fire and Emergency Medical Services	2,343,398
Capital Outlay	2,527,754
Total Expenditures	5,202,533
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(1,472,321)
<b>OTHER FINANCING SOURCES (USES)</b>	
Sale of Capital Assets	22,500
Total Other Financing Sources (Uses)	22,500
<b>NET CHANGE IN FUND BALANCE</b>	(1,449,821)
Fund Balance - Beginning of Year	5,980,741
<b>FUND BALANCE - END OF YEAR</b>	\$ 4,530,920

See accompanying Notes to Basic Financial Statements.

**FRANKTOWN FIRE PROTECTION DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2020**

Net Change in Fund Balances - Governmental Fund \$ (1,449,821)

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

Governmental funds report capital outlays as expenditures. In the statement of activities, capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense, the allocation of the cost of any depreciable asset over the estimated useful life of the asset. Therefore, this is the amount of capital related activity in the current period.

Capital Outlay	2,527,754
Depreciation	(333,761)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.

Emergency Medical Services	7,388
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Some items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Pension Income	215,173
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated Absences	(2,294)
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Change in Net Position of Governmental Activities	\$ 964,439
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**FRANKTOWN FIRE PROTECTION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 1 DEFINITION OF REPORTING ENTITY**

Franktown Fire Protection District (the District) is a quasi-municipal corporation, governed pursuant to provisions of the Colorado Special District Act. The District was established to provide fire protection services and emergency medical services to Southeastern Douglas County, Colorado.

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

The District is not financially accountable for any other organization. The District is not a component unit of any other primary governmental.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The more significant accounting policies of the District are described as follows:

**Government-Wide and Fund Financial Statements**

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. Governmental activities are normally supported by taxes and emergency medical service revenue.

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

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

**FRANKTOWN FIRE PROTECTION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues, including emergency medical services, are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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

Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Depreciation is computed and recorded as an operating expense.

Expenditures for property and equipment are shown as increases in assets and payment of compensated absences are recorded as a reduction in liabilities. Employer and plan member contributions are recognized in the period that contributions are due.

The District reports the following major governmental fund:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the general government.

**Budgets**

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and other financing uses level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

The District has amended its annual budget for the year ended December 31, 2020.

**FRANKTOWN FIRE PROTECTION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Property Taxes**

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year.

The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally, sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows of resources in the year they are levied and measurable. The unearned property tax revenues are recorded as revenue in the year they are available or collected.

**Capital Assets**

Capital assets, which include land, buildings and improvements, vehicles, fire trucks, equipment, and office furniture, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Depreciation expense has been computed using the straight-line method over the following estimated economic useful lives:

Buildings	10 to 40 Years
Vehicles and Fire Trucks	5 to 10 Years
Equipment	5 to 10 Years
Office Furniture	7 Years
Improvements	5 Years

**Compensated Absences**

The District has a policy that allows employees to accumulate unused vacation, sick pay and compensatory time benefits up to certain maximum hours. Compensated absences are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The District's General Fund is used to liquidate compensated absences of the governmental activities.

**FRANKTOWN FIRE PROTECTION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Deferred Inflow/Outflow of Resources**

In addition to assets, the statement of net position reports 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 and so will not be recognized as an outflow of resources until that time. The District has four items that qualify for reporting in this category. Accordingly, the items related to pension are deferred and recognized as outflows of resources in the period that the amounts are incurred and consist of: 1) contributions subsequent to measurement date; 2) change in experience; 3) change in assumptions; and 4) change in proportionate share. (See Notes 6 and 7 for additional information.)

In addition to liabilities, the statement of net position reports 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 until that time. The District has five items that qualify for reporting in this category. Accordingly, these items are deferred and recognized as inflows of resources in the period that the amounts becomes available.

Property tax revenue is considered a deferred inflow of resources in the year the taxes are levied and measurable and are recognized as an inflow of resources in the period they are collected. EMS revenue is considered a deferred inflow of resources for amounts not collected within the period of availability or 60 days as determined by the District. A deferred inflow related to pension consists of three components: 1) change in investment earnings; 2) change in experience; and 2) change in proportionate share. (See Notes 6 and 7 for additional information.)

**Equity**

**Net Position**

For government-wide presentation purposes, when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

**Fund Balance**

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

- *Nonspendable Fund Balance* – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

**FRANKTOWN FIRE PROTECTION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Equity (Continued)**

**Fund Balance (Continued)**

- *Restricted Fund Balance* – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.
- *Committed Fund Balance* – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.
- *Assigned Fund Balance* – The portion of fund balance that is constrained by the government’s intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.
- *Unassigned Fund Balance* – The residual portion of fund balance that does not meet any of the criteria described above.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District’s practice to use the most restrictive classification first.

**NOTE 3 CASH AND INVESTMENTS**

Cash and investments as of December 31, 2020 are classified in the accompanying financial statements as follows:

Deposits with Financial Institutions	\$ 256,384
Investments	4,487,058
Total Cash and Investments	<u>\$ 4,743,442</u>

**Deposits with Financial Institutions**

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized.

**FRANKTOWN FIRE PROTECTION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**Deposits with Financial Institutions (Continued)**

The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2020, the District's cash deposits had a carrying balance of \$256,384.

**Investments**

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments.

The District generally limits its concentration of investments to those noted with an asterisk (\*) below, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- Obligations of the United States, certain U.S. government agency securities and securities of the World Bank
- General obligation and revenue bonds of U.S. local government entities
- Certain certificates of participation
- Certain securities lending agreements
- Banker" acceptances of certain banks
- Commercial paper
- Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- \* Local government investment pools

**FRANKTOWN FIRE PROTECTION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**Investments (Continued)**

As of December 31, 2020, the District had the following investments:

Colorado Local Government Liquid Asset Trust (COLOTRUST)	Less than One Year	\$ 4,433,412
Colorado Surplus Asset Fund Trust (CSAFE)	Less than One Year	53,646
Total		<u>\$ 4,487,058</u>

**COLOTRUST**

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24- 75-601. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAM by Standard & Poor's. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

**CSAFE**

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust is similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper. A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. CSAFE is rated AAAM by Standard & Poor's. CSAFE records its investments at amortized cost and the District records its investments in CSAFE using the amortized cost method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

**FRANKTOWN FIRE PROTECTION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 4 PROPERTY AND EQUIPMENT**

An analysis of the changes in capital assets for the year ended December 31, 2020 follows:

	Balance at December 31, 2019	Increases	Decreases	Balance at December 31, 2020
Governmental Activities				
Capital Assets, Not Being Depreciated				
Construction in Progress	\$ 251,698	\$ 2,160,156	\$ 1,290,317	\$ 1,121,537
Land	18,279	-	-	18,279
Total Capital Assets, Not Being Depreciated	269,977	2,160,156	1,290,317	1,139,816
Capital Assets, Being Depreciated:				
Buildings	3,671,705	1,090,317	-	4,762,022
Improvements	98,385	-	-	98,385
Vehicles and Fire Trucks	2,548,604	298,598	32,739	2,814,463
Furniture	43,709	-	-	43,709
Equipment	767,026	269,000	-	1,036,026
Total Capital Assets, Being Depreciated	7,129,429	1,657,915	32,739	8,754,605
Less Accumulated Depreciation For:				
Buildings	1,700,112	93,765	-	1,793,877
Improvements	54,996	1,240	-	56,236
Vehicles and Fire Trucks	1,758,328	182,837	32,739	1,908,426
Furniture	43,405	303	-	43,708
Equipment	650,120	55,616	-	705,736
Total Accumulated Depreciation	4,206,961	333,761	32,739	4,507,983
Total Capital Assets, Being Depreciated, Net	2,922,468	1,324,154	-	4,246,622
Capital Assets, Net	<u>\$ 3,192,445</u>	<u>\$ 3,484,310</u>	<u>\$ 1,290,317</u>	<u>\$ 5,386,438</u>

Construction in progress at December 31, 2020 represents costs related to the remodel of Station 183, which was completed in January 2021. The remodel of Station 182 was completed in December 2020, the cost of which was transferred from construction in progress to buildings in 2020.

Depreciation expense for the year ended December 31, 2020 was \$333,761, of which \$95,308 was allocated to general and administrative expenses and \$238,453 was allocated to fire and emergency medical services.

**FRANKTOWN FIRE PROTECTION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 5 COMPENSATED ABSENCES**

December 31, 2020, there was \$5,505 in unpaid vacation benefits. Compensated absences activity for the year ended December 31, 2020, was as follows:

	Balance at December 31, 2019	Additions	Reductions	Balance at December 31, 2020	Due Within One Year
Compensated Absences	\$ 3,211	\$ 55,264	\$ 52,970	\$ 5,505	\$ 5,505

**NOTE 6 NET POSITION**

The District has net position consisting of three components – investments in capital assets, restricted, and unrestricted.

Investment in capital assets consists of capital assets, net of accumulated depreciation. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. If there were any outstanding borrowings that were attributable to the acquisition, construction or improvement of those assets, this amount would be reduced by such borrowings.

Restricted net position includes assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District was required to establish emergency reserves in the amount of \$112,000 as of December 31, 2020. In addition, the District had \$3,210,516 restricted for pension activity on the statement of net position for the Volunteer Pension Plan and the Defined Benefit Plan.

**NOTE 7 VOLUNTEERS' PENSION FUND**

**Plan Descriptions and Provisions**

The District, on behalf of its volunteer firefighters, contributes to a single-employer defined benefit pension plan (the Plan). The plan provides retirement benefits for members and beneficiaries according to the plan provisions as enacted and governed by the Pension Fund Board of Trustees. Colorado Revised Statutes (CRS), as amended, establishes basic benefit provisions for such plans. The Plan is included as a Pension Trust fund of the District and the Pension Trust does not issue separate statements.

**FRANKTOWN FIRE PROTECTION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 7 VOLUNTEERS' PENSION FUND (CONTINUED)**

**Volunteers Covered by Benefit Terms**

As of the December 31, 2019 measurement date, the following employees were covered by the benefit terms:

Retirees and Beneficiaries	21
Inactive, Nonretired Members	2
Active Members	12
Total	35

**Benefits Provided**

The Plan provides retirement, survivor, death, and funeral benefits. Retirement benefit for a member is \$350 a month for 20 or more years of service. Those members with a minimum of 20 years of service receive \$8.75 per month for every year of service. Survivor's death benefits are \$-0- following death before being eligible for retirement and \$175 following death after normal retirement. Funeral benefit to the family members is a one-time payment of \$100.

**Funding Policy**

The contributions are not actuarially determined. An actuary is used to determine the adequacy of contributions. The Actuarial study as of January 1, 2019, indicated that the current level of contributions to the fund are adequate to support, on an actuarially sound basis, the prospective benefits for the present plan.

**Contributions**

For the year ended December 31, 2020, the District contributed \$36,000 to the plan.

**Net Pension Liability**

The total pension liability is based on an actuarial valuation performed as of January 1, 2019 and a measurement date of December 31, 2019. This measurement date is within two years of the plan sponsor's fiscal year-end of December 31, 2020 and may be used for December 31, 2020 reporting purposes.

*Actuarial assumptions.* The total pension liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open*
Remaining Amortization Period	20 years*
Asset Valuation Method	5-Year smoothed fair value
Inflation	3.00%
Salary Increases	N/A
Investment Rate of Return	7.50%
Retirement Age	50% per year of eligibility until 100% at age 65.



**FRANKTOWN FIRE PROTECTION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 7 VOLUNTEERS' PENSION FUND (CONTINUED)**

**Net Pension Liability (Continued)**

For the purpose of this valuation, the long-term 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%.

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). Being that the plan's fiduciary net position is projected to be sufficient to pay benefits, the long-term expected rate of return of 7.00% was used as the discount rate.

**Changes in the Net Pension Liability**

	Increase (Decrease)		
	Total Pension Liability (Asset)	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at December 31, 2019	\$ 929,964	\$ 3,547,313	\$(2,617,349)
Changes for the Year:			
Service Cost	8,360	-	8,360
Interest	63,362	-	63,362
Changes in Assumptions:			
Contributions – Employer	-	36,000	(36,000)
State of Colorado Supplemental Discretionary Payment	-	32,400	(32,400)
Net Investment Income	-	507,510	(507,510)
Benefit Payments, Including Refunds of Employee Contributions	(58,800)	(58,800)	-
Administrative Expenses	-	(9,876)	9,876
Net Changes	12,922	507,234	(494,312)
Balance at December 31, 2020	<u>\$ 942,886</u>	<u>\$ 4,054,547</u>	<u>\$(3,111,661)</u>

*Sensitivity of the net pension liability to the changes in the discount rate.*

**FRANKTOWN FIRE PROTECTION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 7 VOLUNTEERS' PENSION FUND (CONTINUED)**

**Changes in the Net Pension Liability (Continued)**

The following table presents the net pension liability of the District, calculated using the discount rate of 7.0% as well as what the District's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.0%) or one percentage point higher (8.0%) than the current rate.

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
District's Net Pension Liability (Asset)	\$ (3,008,614)	\$ (3,111,661)	\$(3,197,698)

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

For the year ended December 31, 2020, the District recognized pension income of \$164,734 for the Volunteer Pension Plan. At December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 1,651	\$ -
Changes of Assumptions	2,267	-
Difference Between Expected and Actual Earnings on Pension Plan Investments	171,178	295,986
District Contributions Subsequent to the Measurement Date	36,000	-
Total	\$ 211,096	\$ 295,986

\$36,000 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a decrease in the pension liability in the year ended December 31, 2021. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31,	Amounts
2021	\$ (27,003)
2022	(43,177)
2023	1,130
2024	(51,840)
Total	\$ (120,890)

*Pension Plan Fiduciary Net Position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued FPPA financial report.

**FRANKTOWN FIRE PROTECTION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 8 STATE FIRE AND POLICE PENSION PLAN**

**Plan Descriptions and Provisions**

The District contributes to the Statewide Defined Benefit Plan, a cost-sharing multiple-employer defined benefit pension plan administered by the Colorado Fire and Police Pension Association (FPPA). The Statewide Defined Benefit Plan (SWDB) provides retirement benefits for members and beneficiaries. Death and disability coverage is provided for members hired prior to January 1, 1997 through the Statewide Death and Disability Plan, which is also administered by the FPPA. This is a noncontributory plan. All full-time, paid firefighters of the District are members of the Statewide Defined Benefit Plan and the Statewide Death and Disability Plan. Local revenue sources are responsible for funding of the Death and Disability benefits for firefighters hired on or after January 1, 1997.

Colorado statutes assign the authority to establish benefit provisions to the state legislature. FPPA issues a publicly available annual financial report that includes financial statements and required supplementary information for both the Statewide Defined Benefit Plan and the Statewide Death and Disability Plan. FPPA issues a publicly available comprehensive annual financial report that can be obtained on FPPA's website at <http://www.fppaco.org>.

**Description of Benefits**

A member is eligible for a normal retirement pension once the member has completed 25 years of credited service and has attained the age of 55. 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 (Rule of 80).

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 10 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 or the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W).

A member is eligible for an early retirement at age 50 with at least five years of credited service or after 30 years of 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 10 years, plus 2.5% for each year of service thereafter.

**FRANKTOWN FIRE PROTECTION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 8 STATE FIRE AND POLICE PENSION 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. Contribution rates for the SWDB plan are set by state statute. Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or election of the membership. Effective January 1, 2021, contribution rates for employers and members may be increased equally by the FPPA Board of Directors upon approval through an election by both the employers and members.

Members of the SWDB plan and their employers are contributing at the rate of 11% and 8%, respectively, of base salary for a total contribution rate of 19% in 2020. In 2014, the members elected to increase the member contribution rate to the SWDB plan beginning in 2015. Member contribution rates will increase 0.5% annually through 2022 to a total of 12% of pensionable earnings. Employer contributions will increase 0.5% annually beginning in 2021 through 2030 to a total of 13% of pensionable earnings. Contributions to the SWDB plan from the District were \$106,112 for the year ended December 31, 2020.

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

At December 31, 2020, the District reported an asset of \$98,855 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 that date. The District's proportion of the net pension asset was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities. At December 31, 2019, the District's proportion was 0.1748%, which was a decrease of 0.0024% from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the District recognized pension income of \$14,436. At December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 334,544	\$ 1,935
Changes of Assumptions or Other Inputs	187,705	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	155,403
Changes in Proportion and Differences Between Contributions Recognized and Proportionate Share of Contributions	60,015	1,158
Contributions Subsequent to the Measurement Date	106,112	-
Total	<u>\$ 688,376</u>	<u>\$ 158,496</u>

**FRANKTOWN FIRE PROTECTION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 8 STATE FIRE AND POLICE PENSION PLAN (CONTINUED)**

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

\$106,112 in total reported as deferred outflows of resources related to pension resulting from District contributions subsequent to measurement date will be recognized as an addition to 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:

<u>Year Ended December 31</u>	<u>Amounts</u>
2021	\$ 42,471
2022	29,013
2023	79,569
2024	13,994
2025	80,361
Thereafter	178,360
Total	<u>\$ 423,768</u>

**Actuarial Assumptions**

The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>Total Pension Liability</u>	<u>Actuarial Determined Contributions</u>
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 of Return*	7.0%	7.0%
Projected Salary Increases*	4.25 - 11.25%	4.25 - 11.25%
Cost of Living Adjustments (COLA)	0.0%	0.0%
*Includes Inflation at	2.5%	2.5%

For determining the total pension liability and actuarially determined contributions, the post-retirement mortality tables for non-disabled retirees uses the 2006 central rates from the RP-2014 Annuitant Mortality Tables projected to 2018 using the MP-2017 projection scales, and the projected prospectively using the ultimate rates of the scale for all years. The preretirement 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.

**FRANKTOWN FIRE PROTECTION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 8 STATE FIRE AND POLICE PENSION PLAN (CONTINUED)**

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

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 (assumed at 2.5%). 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 Real Rate of Return</u>
Global Equity	38.0%	7.00%
Equity Long/Short	8.0%	6.00%
Illiquid Alternatives	25.0%	9.20%
Fixed Income	15.0%	5.20%
Absolute Return	8.0%	5.50%
Managed Futures	4.0%	5.00%
Cash	2.0%	2.52%
Totals	<u>100.0%</u>	

**Discount Rate**

The discount rate used to measure the total pension liability was 7%. 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 FPPA 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.

**FRANKTOWN FIRE PROTECTION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 8 STATE FIRE AND POLICE PENSION 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 District's proportionate share of the net pension liability (asset) calculated using the discount rate of 7%, as well as what the District's 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%) or 1-percentage-point higher (8%) than the current rate:

	1% Decrease 6.00%	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 599,380	\$ (98,855)	\$ (677,948)

**Pension Plan Fiduciary Net Position**

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

**Changes Between the Measurement Date of the Net Pension Asset and December 31, 2020**

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 to the SWBD Plan.

**Deferred Compensation Plan**

The District has a deferred compensation plan created in accordance with Internal Revenue Code Section 457. This plan is administered by ICMA (International City Managers Association). Participation in the plan is optional for all employees. The plan allows the employees to defer a portion of their salary until future years. For the years ended December 31, 2020 and December 31, 2019, the District contributed \$29,440 and \$25,630, respectively.

**NOTE 9 RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to volunteers; or acts of God. The District maintains commercial insurance coverage for all risks of loss. The District did not have any claim settlements in excess of coverage for each of the past three years.

**FRANKTOWN FIRE PROTECTION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 10 TAX, SPENDING, AND DEBT LIMITATIONS**

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

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

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 interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

One election issue was put to the voters in November of 1997, under the TABOR amendment and passed;

Shall Franktown Fire Protection District taxes be increased \$116,000 annually in 1998 and by whatever additional amounts are raised thereafter from an increase in the District's property tax levy of 2 mills; and commencing January 1, 1997, and continuing thereafter, shall the District be authorized to collect, retain and spend for fire protection, ambulance and emergency medical services such tax revenue and all other revenues and other funds received from any source, as a voter-approved revenue change, offset and exception to the limits which would otherwise apply under Article X, Section 20 of the Colorado Constitution, Section 29-1-301, C.R.S., or any other law?

Another election issue was put to the voters in May 2004 under the TABOR amendment and passed;

Shall Franktown Fire Protection District taxes be increased \$424,025 annually in the first full fiscal year, or by such amount as may be raised by the imposition of an additional ad valorem property tax rate of 3.882 mills, commencing January 1, 2005, and continuing thereafter to provide fire, rescue, emergency medical and ambulance services, resulting in a total District mill levy rate, exclusive of refunds, abatements, or debt service, not to exceed 13.000 mills; and shall the District be authorized to collect, retain and spend all tax revenue collected from such total property tax rate, and all other revenue received from any source, commencing January 1, 2015, and continuing thereafter, as a voter – approved revenue change, offset and exception to the limits which would otherwise apply under TABOR (Article X, Section 20 of the Colorado Constitution) or any other law and as a permanent waiver of the 5.5% limitation under Section 29-1-301, C.R.S.

**FRANKTOWN FIRE PROTECTION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 10 TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)**

The following election issue put to the voters in November 2020 under the TABOR amendment was passed;

Shall Franktown Fire Protection District be authorized to adjust up or down its operating mill levy beginning in collection year 2021 and annually thereafter to offset any revenue losses from refunds, abatements and changes to the percentage of actual valuation used to determine assessed valuation to offset revenues that would otherwise be lost due to the "Gallagher Amendment" to the Colorado Constitution, or any other changes to the methods of calculating the assessed valuation, so that to the extent possible the actual tax revenue collected is the same as if such changes had not occurred?

**NOTE 11 COMMITMENTS AND CONTINGENCIES**

**Construction Commitments**

As of December 31, 2020, the District had unexpended construction related contract commitments of approximately \$112,889.

**REQUIRED SUPPLEMENTARY INFORMATION**

**FRANKTOWN FIRE PROTECTION DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL – GENERAL FUND  
YEAR ENDED DECEMBER 31, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property Taxes	\$ 2,856,755	\$ 2,856,755	\$ 2,848,806	\$ (7,949)
Specific Ownership Taxes	215,000	215,000	246,408	31,408
Charges for Services	150,000	150,000	255,111	105,111
Grants	75,000	75,000	-	(75,000)
State Matching VPF	31,860	31,860	-	(31,860)
Rental Income	30,000	30,000	30,024	24
Net Investment Income	75,000	75,000	49,557	(25,443)
Donations	-	-	274,316	274,316
Other Revenue	20,000	20,000	25,990	5,990
Total Revenues	<u>3,453,615</u>	<u>3,453,615</u>	<u>3,730,212</u>	<u>276,597</u>
<b>EXPENDITURES</b>				
General Government:				
General Administrative	338,000	338,000	331,381	6,619
Fire and Emergency Medical Services	2,569,910	2,767,170	2,343,398	423,772
Capital Outlay	<u>2,037,500</u>	<u>2,537,500</u>	<u>2,527,754</u>	<u>9,746</u>
Total Expenditures	<u>4,945,410</u>	<u>5,642,670</u>	<u>5,202,533</u>	<u>440,137</u>
<b>EXCESS REVENUE OVER (UNDER) EXPENDITURES</b>	(1,491,795)	(2,189,055)	(1,472,321)	716,734
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Capital Assets	-	-	22,500	22,500
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>22,500</u>	<u>22,500</u>
<b>NET CHANGE IN FUND BALANCE</b>	(1,491,795)	(2,189,055)	(1,449,821)	739,234
Fund Balance - Beginning of Year	<u>5,730,362</u>	<u>5,980,741</u>	<u>5,980,741</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u><u>\$ 4,238,567</u></u>	<u><u>\$ 3,791,686</u></u>	<u><u>\$ 4,530,920</u></u>	<u><u>\$ 739,234</u></u>

**FRANKTOWN FIRE PROTECTION DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE  
NET PENSION LIABILITY (ASSET)  
FIRE AND POLICE PENSION ASSOCIATION STATEWIDE DEFINED BENEFIT PLAN  
LAST SIX FISCAL YEARS**

Fiscal Year	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015*</u>
Plan Measurement Date	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014
District's Proportion of the Net Pension Liability (Asset)	0.174790398%	0.177226186%	0.204657112%	0.211388617%	0.210598802%	0.213023568%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ (98,855)	\$ 224,063	\$ (294,432)	\$ 76,383	\$ (3,713)	\$ (240,413)
District's Covered Payroll	\$ 1,240,275	\$ 1,185,550	\$ 1,214,463	\$ 1,075,900	\$ 1,016,678	\$ 961,511
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(8.0%)	18.9%	(24.2%)	7.1%	(0.4%)	(25.0%)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	101.9%	95.2%	106.3%	98.2%	100.1%	106.8%

\* The amounts presented for each fiscal year were determined as of December 31 based on the measurement date of the Plan. Covered payroll is presented based on the fiscal year. Information earlier than 2015 was not available.

**FRANKTOWN FIRE PROTECTION DISTRICT  
SCHEDULE OF THE DISTRICT CONTRIBUTIONS  
FIRE AND POLICE PENSION ASSOCIATION STATEWIDE DEFINED BENEFIT PLAN  
LAST TEN FISCAL YEARS**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually Required Contribution	\$ 106,112	\$ 99,222	\$ 94,844	\$ 97,157	\$ 86,072	\$ 81,334	\$ 76,921	\$ 73,725	\$ 70,781	\$ 71,720
Contributions in Relation to the Contractually Required Contribution	<u>106,112</u>	<u>99,222</u>	<u>94,844</u>	<u>97,157</u>	<u>86,072</u>	<u>81,334</u>	<u>76,921</u>	<u>73,725</u>	<u>70,781</u>	<u>71,720</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 1,340,828	\$ 1,240,275	\$ 1,185,550	\$ 1,214,463	\$ 1,075,900	\$ 1,016,678	\$ 961,511	\$ 921,567	\$ 884,761	\$ 896,506
Contributions as a Percentage of Covered Payroll	7.91%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%

\*The amounts for each fiscal year were determined as of December 31.

**FRANKTOWN FIRE PROTECTION DISTRICT  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS  
FIRE AND POLICE PENSION ASSOCIATION VOLUNTEER PENSION FUND  
LAST FIVE FISCAL YEARS**

	2019	2018	2017	2016	2015*
<b>Total Pension Liability</b>					
Service Cost	\$ 8,360	\$ 6,482	\$ 6,482	\$ 7,043	\$ 7,043
Interest	63,362	61,955	61,326	62,336	62,274
Changes in Benefit Terms	-	-	-	-	-
Differences Between Expected and Actual Experience	-	28,891	-	(45,178)	-
Changes of Assumptions	-	39,683	-	25,042	-
Benefit Payments, Including Refunds of Employee Contributions	(58,800)	(58,800)	(60,025)	(64,750)	(67,205)
Net Change in Total Pension Liability	12,922	78,211	7,783	(15,507)	2,112
Total Pension Liability - Beginning of Year	929,964	851,753	843,970	859,477	857,365
Total Pension Liability - End of Year	942,886	929,964	851,753	843,970	859,477
<b>Plan Fiduciary Net Position</b>					
Contributions - Employer	36,000	72,000	36,000	-	36,000
Net Investment Income	507,510	(254)	450,906	157,618	51,755
Benefit Payments, Including Refunds of Employee Contributions	(58,800)	(58,800)	(60,025)	(64,750)	(67,025)
Administrative Expenses	(9,876)	(7,529)	(7,303)	(4,937)	(5,379)
State of Colorado Supplemental Discretionary Payment	32,400	32,400	32,400	32,400	32,400
Net Change in Plan Fiduciary Net Position	507,234	37,817	451,978	120,331	47,751
Plan Fiduciary Net Position - Beginning of Year	3,547,313	3,509,496	3,057,518	2,937,187	2,889,436
Plan Fiduciary Net Position - End of Year	4,054,547	3,547,313	3,509,496	3,057,518	2,937,187
Net Pension Liability (Asset) - End of Year	<u>\$ (3,111,661)</u>	<u>\$ (2,617,349)</u>	<u>\$ (2,657,743)</u>	<u>\$ (2,213,548)</u>	<u>\$ (2,077,710)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	430.01%	381.45%	412.03%	362.28%	341.74%
Covered Payroll	N/A	N/A	N/A	N/A	N/A
District's Net Pension Liability as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A

\*Information prior to 2015 is unavailable.

**FRANKTOWN FIRE PROTECTION DISTRICT  
SCHEDULE OF PENSION CONTRIBUTIONS  
FIRE AND POLICE PENSION ASSOCIATION VOLUNTEER PENSION FUND  
LAST TEN FISCAL YEARS**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially Determined Contribution	\$ 36,000	\$ 36,000	\$ 36,000	\$ 36,000	\$ -	\$ 36,000	\$ 36,000	\$ 36,000	\$ 36,000	\$ 36,000
Contributions in Relation to the Actuarially Determined Contribution	36,000	36,000	36,000	36,000	-	36,000	36,000	36,000	36,000	36,000
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

**Notes to Schedule:**

Valuation Date:

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.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open*
Remaining Amortization Period	20 Years*
Asset Valuation Method	5-Year smoothed fair value
Inflation	3.0%
Salary Increases	N/A
Investment Rate of Return	7.50%
Retirement Age	50% Per Year of Eligibility until 100% at Age 65.
Mortality	Pre-Retirement: RP-2014 Mortality Tables for Blue Collar Employees, 55% multiplier for off-duty mortality. Post-retirement: For ages less than 55, RP-2014 Mortality Tables for Blue Collar Employees. For ages 65 and older, RP-2014 Mortality Tables for Blue Collar Healthy Annuitants. For ages 55 through 64, a blend of the previous tables. All tables were projected and based on Scale BB.

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

**STATISTICAL INFORMATION**

**FRANKTOWN FIRE PROTECTION DISTRICT  
SUMMARY OF ASSESSED VALUATION, MILL LEVY, AND  
PROPERTY TAXES COLLECTED (UNAUDITED)  
DECEMBER 31, 2020**

Year Ended December 31,	Valuation for Current Year Property Tax Levy*	Mills Levied	Total Property Taxes		Percent Collected to Levied
			Levied	Collected	
2016	\$ 174,942,340	13.020	\$ 2,277,749	\$ 2,278,207	100.02 %
2017	180,811,500	13.020	2,354,166	2,350,836	99.86
2018	190,301,980	13.026	2,478,874	2,448,973	98.79
2019	188,118,010	13.026	2,450,425	2,446,083	99.82
2020	217,889,860	13.111	2,856,754	2,848,806	99.72
Estimated for the Year Ending December 31, 2021	\$ 220,972,560	13.026	\$ 2,878,388		

**NOTE:**

Property taxes collected in any one year include collection of delinquent property taxes levied and/or abatements of valuations in prior years. Information received from the County Treasurer does not permit identification of specific year of assessment.

\* On October 14, 1999, the Division of Local Government reviewed the District's November 1997 election question and found the language of the ballot question sufficient to waive the 5.5% property tax revenue limitation.