



**GREEN MOUNTAIN FALLS FIRE PROTECTION DISTRICT, INC.**

**Financial Statements**

**And**

**Supplemental Information**

**For the Year Ended December 31, 2020**

**And**

**Independent Auditors' Report**

# GREEN MOUNTAIN FALLS FIRE PROTECTION DISTRICT, INC.

## TABLE OF CONTENTS

---

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

## **INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying financial statements of the governmental activities and major fund of Green Mountain Falls Fire Protection District, Inc. (the District) as of and for the year ended December 31, 2020 and the related notes to financial statements which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### **Auditors' Responsibility**

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

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

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

## **Opinion**

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

## **Other Matters**

### *Required Supplemental Information*

Accounting principles generally accepted in the United States of America also require that the Schedule of Changes in Net Pension Liability/(Asset) – FPPA – Volunteer Firefighters’ Pension Plan on Page 20, and the Schedule of District Contributions – FPPA – Volunteer Firefighters’ Pension Plan on Page 21 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

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

*Stockman Kast Ryan + Co. LLP*

July 17, 2021

## GREEN MOUNTAIN FALLS FIRE PROTECTION DISTRICT, INC.

### STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES DECEMBER 31, 2020

---

#### ASSETS

Cash and cash equivalents	\$ 837,598
Property taxes receivable	421,744
Grant receivable	170,372
Accounts receivable	14,056
Capital assets not being depreciated	3,854,039
Capital assets being depreciated, net	<u>127,857</u>
Total assets	<u>5,425,666</u>

#### DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows related to pension	<u>15,630</u>
--------------------------------------	---------------

#### LIABILITIES

Accounts payable and accrued expenses	12,480
Net pension liability	134,912
Bond payable - due in more than one year	<u>3,323,685</u>
Total liabilities	<u>3,471,077</u>

#### DEFERRED INFLOWS OF RESOURCES

Deferred property tax revenue	421,744
Deferred inflows related to pension	<u>30,472</u>
Total deferred inflows of resources	<u>452,216</u>

#### NET POSITION

Net investment in capital assets	688,149
Restricted for emergency reserve	71,803
Unrestricted	<u>758,051</u>
Total net position	<u>\$ 1,518,003</u>

See notes to financial statements.

---

**GREEN MOUNTAIN FALLS FIRE PROTECTION DISTRICT, INC.**

**STATEMENT OF ACTIVITIES – GOVERNMENTAL ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Capital Grants and Contributions	
Public safety - Fire/EMS	\$ 203,553	\$ -	\$ 648,116	\$ 444,563
Interest on long-term debt	118,423			(118,423)
	<u>\$ 321,976</u>	<u>\$ -</u>	<u>\$ 648,116</u>	<u>326,140</u>
General revenues:				
Property taxes				449,510
Other				27,121
Total general revenues				<u>476,631</u>
Change in net position				802,771
Net position - Beginning of year				<u>715,232</u>
Net position - End of year				<u>\$ 1,518,003</u>

See notes to financial statements.

**GREEN MOUNTAIN FALLS FIRE PROTECTION DISTRICT, INC.**

**BALANCE SHEET – GOVERNMENTAL FUND  
DECEMBER 31, 2020**

---

**ASSETS**

Current assets	
Cash and cash equivalents	\$ 837,598
Property taxes receivable	421,744
Grant receivable	170,372
Accounts receivable	<u>14,056</u>

**TOTAL ASSETS** \$ 1,443,770

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES**

Current liabilities	
Accounts payable and expenses	\$ <u>12,480</u>

**DEFERRED INFLOWS OF RESOURCES**

Deferred property taxes 421,744

**FUND BALANCES**

Fund balances	
Restricted for emergencies - TABOR	71,803
Unassigned	<u>937,743</u>

Total fund balances 1,009,546

**TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES  
AND FUND BALANCES**

\$ 1,443,770

See notes to financial statements.

---

## GREEN MOUNTAIN FALLS FIRE PROTECTION DISTRICT, INC.

### RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION DECEMBER 31, 2020

---

Total governmental fund balance \$ 1,009,546

Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund financial statements. However, in the Statement of Net Position the cost of these items are capitalized and expensed over their estimated lives through annual depreciation expense.

Cost of capital assets	4,860,226
Less: accumulated depreciation	<u>(878,330)</u>
	<u>3,981,896</u>

Liabilities, including bonds and net pension liabilities are not due in the current period and therefore are not reported in the governmental funds.

Bonds payable - due in more than one year	(3,323,685)
Net pension liability - FPPA Statewide Defined Benefit Plan	<u>(134,912)</u>
	<u>(3,458,597)</u>

Pension-related deferred inflows and outflows or resources are not financial resources or uses and, therefore, are not reported in the Balance Sheet - Governmental Funds.

Deferred inflows related to pension	15,630
Deferred outflows related to pension	<u>(30,472)</u>
	<u>(14,842)</u>

Net position - Governmental activities \$ 1,518,003

---

See notes to financial statements.

## GREEN MOUNTAIN FALLS FIRE PROTECTION DISTRICT, INC.

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUND FOR THE YEAR ENDED DECEMBER 31, 2020

---

REVENUES	
Property tax receipts	\$ 449,510
Grant revenue	648,116
Other revenue	<u>27,121</u>
Total	<u>1,124,747</u>
EXPENDITURES	
Capital improvements	2,717,398
Debt service - bond repayment	127,090
Debt service - interest expense	118,423
Firefighting salaries and benefits	83,196
Equipment repairs and maintenance	25,509
Pension state match	22,265
Insurance	15,862
Training	8,590
Building and grounds	8,066
Medical services	4,809
Communication services	3,578
Miscellaneous	<u>33,860</u>
Total	<u>3,168,646</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(2,043,899)
OTHER FINANCING SOURCES	
Bond proceeds	<u>2,419,247</u>
CHANGE IN FUND BALANCE	375,348
FUND BALANCE, Beginning of year	<u>634,198</u>
FUND BALANCE, End of year	<u>\$ 1,009,546</u>

See notes to financial statements.

---

## GREEN MOUNTAIN FALLS FIRE PROTECTION DISTRICT, INC.

### RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2020

---

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

Net change in fund balance - total governmental fund	\$ 375,348
Governmental funds report capital outlays as expenditures. However in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation and amortization	(29,108)
Capital outlay	<u>2,717,398</u>
	<u>2,688,290</u>
Long-term debt (e.g. bonds, capital leases, compensated absences) provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financials resources of the governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of differences in the treatment of long-term debt and related items.	
Bond proceeds	(2,419,247)
Bond repayment	<u>127,090</u>
	<u>(2,292,157)</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Pension expense	<u>31,290</u>
Change in net position - Governmental activities	<u>\$ 802,771</u>

See notes to financial statements.

---

**GREEN MOUNTAIN FALLS FIRE PROTECTION DISTRICT, INC.**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUND –  
 COMPARED TO BUDGET  
 FOR THE YEAR ENDED DECEMBER 31, 2020**

	Budget	Actual	Favorable (Unfavorable) Variance
<b>REVENUES OVER EXPENSES – NON-GAAP</b>			
Property tax receipts	\$ 243,082	\$ 449,510	\$ 206,428
Grant revenue		648,116	648,116
Other revenue	<u>1,033</u>	<u>27,121</u>	<u>26,088</u>
Total	<u>244,115</u>	<u>1,124,747</u>	<u>880,632</u>
<b>OPERATING EXPENSES</b>			
Capital improvements	22,109	2,717,398	(2,695,289)
Debt service - bond repayment		127,090	(127,090)
Debt service - interest expense		118,423	(118,423)
Firefighting salaries and benefits	98,539	83,196	15,343
Equipment repairs and maintenance	17,488	25,509	(8,021)
Pension state match	24,411	22,265	2,146
Insurance	25,353	15,862	9,491
Training	2,337	8,590	(6,253)
Building and grounds	16,430	8,066	8,364
Medical services	1,252	4,809	(3,557)
Communication services	12,445	3,578	8,867
Miscellaneous	<u>23,040</u>	<u>33,860</u>	<u>(10,820)</u>
Total operating expenses	<u>243,404</u>	<u>3,168,646</u>	<u>(2,925,242)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>711</u>	<u>(2,043,899)</u>	<u>(2,044,610)</u>
<b>OTHER FINANCING SOURCES</b>			
Bond proceeds		<u>2,419,247</u>	<u>2,419,247</u>
CHANGE IN FUND BALANCE	<u>\$ 711</u>	<u>\$ 375,348</u>	<u>\$ 374,637</u>

See notes to financial statements.

# GREEN MOUNTAIN FALLS FIRE PROTECTION DISTRICT, INC.

## NOTES TO FINANCIAL STATEMENTS

---

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

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

The District reports the following major governmental funds:

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

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

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

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

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

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

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

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

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

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

## **Fund Balances – Governmental Funds**

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

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

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

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

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

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

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

**Grant Receivable** — Grant receivable is stated at the unpaid balance. The District considers the grant receivable to be fully collectible as of December 31, 2020 and no allowance for doubtful accounts is considered necessary. Grant receivable consists entirely of a grant to be collected in less than one year.

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

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

## 2. DEPOSITS AND INVESTMENTS

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

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

At December 31, 2020, the carrying amount of the District's cash is \$837,598. The bank balances of these accounts are \$838,225. Of the bank balances \$250,000 was covered by federal depository insurance and \$588,225 is required by Colorado Statutes to be collateralized with securities held by the pledging financial institution.

## 3. CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2020 is as follows:

	Balance at January 1, 2020	Additions	Decreases	Balance at December 31, 2020
Capital assets not being depreciated				
Land	\$ 201,450			\$201,450
Building-Construction in progress	974,418	\$ 2,678,171		3,652,589
Total	<u>1,175,868</u>	<u>2,678,171</u>	\$ —	<u>3,854,039</u>
Capital assets being depreciated:				
Building	385,008			385,008
Vehicles	408,693			408,693
Equipment	173,259	39,227		212,486
Total	966,960	39,227		1,006,187
Total accumulated depreciation	(849,222)	(29,108)		(878,330)
Net	<u>117,738</u>	<u>10,119</u>		<u>127,857</u>
Capital assets, net	<u>\$ 1,293,606</u>	<u>\$ 2,688,290</u>	<u>\$ —</u>	<u>\$ 3,981,896</u>

**4. BOND PAYABLE**

The District entered into a Series 2017 general obligation note agreement with a financial institution on December 19, 2017 for the purpose of funding the construction of a new fire station in Green Mountain Falls, Colorado. Under the agreement, the District may borrow up to \$3,500,000 to finance the costs of constructing a new fire station. Management of the District currently expects the District will borrow \$3,200,000 under the agreement. The note is backed by the full faith and credit of the District. The note bears interest at 3.15% with interest-only payments due quarterly through January 2020 and principal and interest payments of \$61,382 due quarterly beginning March 19, 2020 through December 19, 2038.

Bond payable activity for the year ended December 31, 2020 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Bond payable	<u>\$1,031,528</u>	<u>\$2,419,247</u>	<u>\$ (127,090)</u>	<u>\$3,323,685</u>	<u>\$</u>

The following schedule sets forth estimated future principal and interest payments:

	Principal	Interest	Total
2021	\$ 142,533	\$ 102,995	\$ 245,528
2022	147,076	98,452	245,528
2023	151,764	93,764	245,528
2024	156,601	88,927	245,528
2025	161,593	83,935	245,528
2026 – 2030	888,585	339,055	1,227,640
2031 – 2035	1,039,519	188,121	1,227,640
2036 – 2038	<u>636,014</u>	<u>29,932</u>	<u>665,946</u>
Total	<u>\$3,323,685</u>	<u>\$1,025,181</u>	<u>\$4,348,866</u>

**5. RETIREMENT PLANS**

**Volunteer Firefighters’ Pension Plan**

**General Information about the Volunteer Firefighters’ Pension Plan**

*Plan description.* The District, on behalf of its volunteer firefighters, contributes to the Volunteer Firefighters’ Pension Plan (VFPP), a defined benefit pension plan which is affiliated with the FPPA. The net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the VFPP have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Assets of the plan are commingled for investment purposes in the Fire and Police Member’s Benefit Fund, an agent multiple-employer defined benefit pension plan administered by FPPA. The Volunteer Firefighters’ Pension Plan Board of Trustees is comprised of the five Directors of the District and two District volunteer, retired volunteer or active retiree

firefighters. The Colorado Revised Statutes (CRS), as amended, establishes basic benefit provisions under the plan. FPPA issues a publicly available comprehensive annual finance report that includes the assets of the volunteer plan. That report may be obtained at [www.fppaco.org](http://www.fppaco.org).

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

The Board of Trustees has adopted the following schedule of monthly benefits, which was in effect at December 31, 2019:

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

At December 31, 2019, there are 11 retired volunteers receiving benefits, 10 active volunteers and 0 inactive, nonretired volunteers.

*Contributions.* The District makes contributions based upon District established benefits; the needs and best interest of the District, the VFPP and the VFPP beneficiaries; and the funding that would be required in order to maintain the actuarial soundness of the plan, based upon a biennial actuarial study. VFPP members do not make contributions. The State of Colorado also contributes to the plan in an amount set by statute. The District contributed \$22,265 for the year ended December 31, 2019.

#### **Net Pension Liability**

*Actuarial assumptions.* The District's net pension liability was based on an actuarial valuation performed as of January 1, 2019 and a measurement date of December 31, 2019. The total pension liability for the December 31, 2019 measurement date was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar – open
Remining amortization period	20 years
Asset valuation method	5 – year smoothed fair value
Inflation	2.5%
Projected salary increases	N/A
Investment rate of return	7.5% per annum
Retirement age	50% per year of eligibility until 100% at age 65
Mortality	Pre-retirement mortality was based on the RP-2000 Combined Mortality Table with Blue Collar Adjustment and the mortality of disabled retirees was based on the RP-2000 Disabled Mortality Table. All tables projected with Scale BB.

*Single Discount Rate.* Projected benefit payments are discounted to their actuarial present values using a Single Discount Rate that reflects 1) a long-term expected rate of return on pension plan investments (to the extent that the plan’s fiduciary net position is projected to be sufficient to pay benefits) and 2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan’s projected fiduciary net position is not sufficient to pay benefits).

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

#### Changes in the Net Pension Liability

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

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (Asset) (a) – (b)</u>
Balances at December 31, 2018	\$ 427,426	\$ 263,684	\$ 163,742
Changes for the Year:			
Service cost	3,142		3,142
Interest on the total pension liability	28,801		28,801
Benefit payments	(35,655)	(35,655)	
State of Colorado contributions		20,558	(20,558)
Pension plan net investment income		36,661	(36,661)
State of Colorado supplemental discretionary payment		10,411	(10,411)
Administrative expense		(6,857)	6,857
Net changes	<u>(3,712)</u>	<u>25,118</u>	<u>(28,830)</u>
Balances at December 31, 2019	<u>\$ 423,714</u>	<u>\$ 288,802</u>	<u>\$ 134,912</u>

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

	<u>6.0%</u>	<u>7.0%</u>	<u>8.0%</u>
Proportionate share of the net pension (asset) liability	<u>\$ 178,241</u>	<u>\$ 134,912</u>	<u>\$ 98,343</u>

**Pension Expense (Income) 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 \$31,290.

At December 31, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience		\$ 23,406
Assumption changes	\$ 7,538	
Net difference between projected and actual investment earnings	<u>8,092</u>	<u>7,066</u>
Total	<u>\$ 15,630</u>	<u>\$ 30,472</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31	
2021	\$ (8,507)
2022	(5,797)
2023	287
2024	<u>(3,720)</u>
Total	<u>\$ (17,737)</u>

**6. RISK MANAGEMENT**

The District is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carries commercial insurance for these risks of loss. There were no claims resulting from these risks that exceeded commercial insurance coverage during 2020.

The District purchases medical malpractice insurance under a claims-made policy on a fixed premium basis. Further, the District is subject to the provisions of the Colorado Government Immunity Act which provides a limitation on the liability of the District. The District is not aware of any unasserted claims, unreported incidents or claims outstanding which are expected to exceed malpractice insurance coverage limits as of December 31, 2020.

## **7. TAX, SPENDING AND DEBT LIMITATIONS**

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

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

## **8. UNCERTANTIES**

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

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the District's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the District is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021.

## **9. SUBSEQUENT EVENT**

In May 2021, the District sold one of its fire stations for approximately \$246,000.

**GREEN MOUNTAIN FALLS FIRE PROTECTION DISTRICT, INC.**

**SUPPLEMENTAL SCHEDULES**

# GREEN MOUNTAIN FALLS FIRE PROTECTION DISTRICT, INC.

## SCHEDULE OF CHANGES IN NET PENSION LIABILITY/(ASSET) FPPA – VOLUNTEER FIREFIGHTERS’ PENSION PLAN

FOR THE FIVE YEARS ENDED DECEMBER 31,

	2019	2018	2017	2016	2015
Total pension liability					
Service cost	\$ 3,142	\$ 3,409	\$ 3,409	\$ 4,863	\$ 4,863
Interest on the total pension liability	28,801	32,084	32,001	34,110	33,559
Change in benefit terms					
Difference between expected and actual experience		(31,862)		(47,538)	
Changes in assumptions or other inputs		15,837		13,532	
Benefit payments	(35,655)	(35,655)	(33,012)	(31,755)	(30,413)
Net change in total pension liability	(3,712)	(16,187)	2,398	(26,788)	8,009
Total pension liability - Beginning	427,426	443,613	441,215	468,003	459,994
Total pension liability - Ending (a)	<u>\$ 423,714</u>	<u>\$ 427,426</u>	<u>\$ 443,613</u>	<u>\$ 441,215</u>	<u>\$ 468,003</u>
Plan fiduciary net position					
Employer contributions	\$ 20,558	\$ 20,558	\$ 16,003	\$ 16,003	\$ 14,668
Pension plan net investment income	36,661	464	35,735	12,691	4,561
Benefit payments	(35,655)	(35,655)	(33,012)	(31,755)	(30,413)
Administrative expense	(6,857)	(4,948)	(4,961)	(657)	(2,986)
State of Colorado supplemental discretionary payment	10,411		10,424	10,108	10,121
Net change in plan fiduciary net position	25,118	(19,581)	24,189	6,390	(4,049)
Plan fiduciary net position - Beginning	263,684	283,265	259,076	252,686	256,735
Plan fiduciary net position - Ending (b)	<u>288,802</u>	<u>263,684</u>	<u>283,265</u>	<u>259,076</u>	<u>252,686</u>
Net pension liability/(asset) - Ending (a) - (b)	<u>\$ 134,912</u>	<u>\$ 163,742</u>	<u>\$ 160,348</u>	<u>\$ 182,139</u>	<u>\$ 215,317</u>
Plan fiduciary net position as a percentage of total pension liability	68.16%	61.69%	63.85%	58.72%	53.99%
Covered employee payroll	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered employee payroll	N/A	N/A	N/A	N/A	N/A

## GREEN MOUNTAIN FALLS FIRE PROTECTION DISTRICT, INC.

### SCHEDULE OF DISTRICT CONTRIBUTIONS FPPA – VOLUNTEER FIREFIGHTERS’ PENSION PLAN

FOR THE FIVE YEARS ENDED DECEMBER 31,

	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 20,558	\$ 20,558	\$ 24,194	\$ 24,194	\$ 24,427
Contributions in relation to the actuarially required contribution:					
District contribution	(20,558)	(20,558)	(16,003)	(16,003)	(14,668)
State of Colorado contribution	(10,411)	—	(10,424)	(10,108)	(10,121)
Net change in total pension liability	\$ (10,411)	\$ —	\$ (2,233)	\$ (1,917)	\$ (362)
Covered employee payroll	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered employee payroll	N/A	N/A	N/A	N/A	N/A

**Notes to Schedule:**

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar - open
Remaining amortization period	20 years
Asset valuation method	5 - year smoothed fair value
Inflation	2.5%
Projected salary increases	N/A
investment rate of return	7.0% per annum
Retirement age	50% per year of eligibility until 100% at age 65
Mortality	Pre-retirement mortality was based on the RP-2014 Combined Mortality Table with Blue Collar Adjustment, 55% multiplier for off-duty mortality, post retirement mortality was based on the RP-2014 Mortality Table, with Blue Collar Adjustment and the mortality of disabled retirees was based on the RP-2014 Disabled Mortality Table. All tables projected with Scale BB.