

NORTH ROUTT FIRE PROTECTION DISTRICT

Financial Statements

December 31, 2020

NORTH ROUTH FIRE PROTECTION DISTRICT

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Independent Auditor's Report

The Board of Directors
North Routt Fire Protection District
Routt County, Colorado

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards. 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 opinions.

Opinions

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

Report on Summarized Comparative Financial Information

We have previously audited the District's December 31, 2019 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated September 11, 2020. In our opinion, the summarized comparative financial information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis on pages 3-6 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 the 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 U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The General Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual on page 30 and the defined benefit pension plan schedules on pages 31-34 as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by U.S. generally accepted accounting principles. This required supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Debt Service Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual on page 35 is presented for purpose of additional analysis and is not a required part of the basic financial statements. This supplementary 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 the basic financial statement themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, this supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Catterson + Company, P.C.

Steamboat Springs, Colorado
June 21, 2021

**North Routt Fire Protection District
Management Discussion and Analysis
For the Audited Financial Statements
December 31, 2020**

Overview of the District

The North Routt Fire Protection District was established to provide quality fire response, rescue, and emergency medical services to residents and visitors within the District's area. Its services include but are not limited to:

- Providing trained firefighters to preserve and protect life, personal property, and wildland areas when presented with fires caused by nature or human.
- 1) Responding to mutual aid requests by other governmental agencies and special districts, including but not limited to local State Parks, Routt County Search and Rescue, and other fire departments within the county and state.
 - 2) Advising residents and visitors on the safe and proper methods of managing campfires/bonfires, slash pile burns, and agricultural burns.
 - 3) Providing trained rescuers and emergency medical technicians (EMTs) to aid, treat, and provide hospital transport for all people harmed as the result of accidents or medical conditions.
 - 4) Completing commercial building inspections for county food and liquor licensing.
 - 5) Promoting safety within the District through in-school programs and public classes and seminars.
 - 6) Overseeing the Community Wildfire Protection Plan for the District through coordination with State Parks, National Forest Service, and Routt County Emergency Management.

The District is governed under Colorado statute by an independently elected Board of Directors. The Fire Department is managed by a Fire Chief hired by the District Board who is responsible for the administration of all fire, rescue, medical services, and ancillary programs. The Fire Chief, in concert with the Board Treasurer, prepares and administers the budget that is adopted by the Board annually in accordance with Colorado statutory budget requirements.

Overview of Financial Statements

The North Routt Fire Protection District is in good financial condition as evidenced by the accompanying audited financial statements. Current debt can be met by current assets.

**North Rount Fire Protection District
Management's Discussion and Analysis (cont.)
Condensed Key Financial Information**

	<u>2020</u>	<u>2019</u>
Current Assets	\$ 1,029,817	\$ 1,037,176
Capital Assets	\$ 1,080,788	\$ 1,128,651
Net Pension Assets	\$ 6,946	\$ -
Total Assets	<u>\$ 2,117,551</u>	<u>\$ 2,165,827</u>
Deferred Inflows of Resources	<u>\$ 83,623</u>	<u>\$ 118,430</u>
Current Liabilities	\$ 39,515	\$ 24,289
Noncurrent Liabilities	\$ 548,785	\$ 713,988
Total Liabilities	<u>\$ 588,300</u>	<u>\$ 738,277</u>
Deferred Inflows of Resources	<u>\$ 509,134</u>	<u>\$ 497,534</u>
Net Position:		
Net Investment in Capital Assets	\$ 637,123	\$ 557,135
Restricted	\$ 60,327	\$ 112,972
Unrestricted	\$ 406,290	\$ 378,339
Total Net Position	<u>\$ 1,103,740</u>	<u>\$ 1,048,446</u>
Program Revenue:		
Charges for Services	\$ 25,891	\$ 21,638
Operating Grants and Contributions	\$ 43,077	\$ 54,250
Total Program Revenue	<u>\$ 68,968</u>	<u>\$ 75,888</u>
General Revenue:		
Taxes	\$ 481,153	\$ 439,214
Other	\$ 15,666	\$ 8,216
Total General Revenue	<u>\$ 496,819</u>	<u>\$ 447,430</u>
Expenses:		
Public Safety	\$ 337,916	\$ 271,454
Interest	\$ 14,990	\$ 20,158
Depreciation	\$ 109,547	\$ 109,969
Pension	\$ 40,540	\$ 40,269
Bond issue costs	\$ 7,500	\$ -
Total Expenses	<u>\$ 510,493</u>	<u>\$ 441,850</u>
Change in Net Position	\$ 55,294	\$ 81,468
Beginning Net Position	<u>\$ 1,048,446</u>	<u>\$ 966,978</u>
Ending Net Position	<u>\$ 1,103,740</u>	<u>\$ 1,048,446</u>

2020 Budgetary Highlights

The District's primary revenue source is from taxes levied against property included within the North Routt Fire Protection boundaries. Property and specific ownership taxes received in 2020, net of tax collection fees totaled \$380,450 for general operating purposes and \$100,703 for Debt Service/repayment of General Obligation bonds for capital construction.

The district's asset values decreased by \$48,276 from December 31, 2019. This decrease was primarily due to a decrease in asset values.

The district's net position increased \$55,294 from the 2019 figures because of the newer equipment/retirement of outdated apparatus and the GASB reporting requiring inclusion of projected figures of the state-wide plans administered by FPPA, as well as interest increase on savings accounts. Overall, the district improved its financial position as evidenced by the increase in the net position. The district has \$60,327 of its funds restricted for emergencies and debt service.

General Operating Fund

The primary categories of expenditures in the General Fund include personnel, fire suppression and medical supplies, training and wellness benefits aimed toward the volunteers, general operating or administrative expenses.

Overall, expenditures in the General Fund were on track with what was budgeted and varied very little. The budget allowed for 2 paid part time staff but we were only able to fill one position.

Donations were \$27,700 over the budgeted amount (\$15,500) for 2020 due to several unallocated donations to the departments general fund.

Property tax values were projected to increase slightly for 2020 vs 2019; the District's revenue collection experienced a very slight decrease in 2020 due to an decrease in new construction and interest on unpaid taxes from past years.

The District is in a good position to absorb a possible slight decline or flat recovery in revenues as evidenced by its strong current asset position.

Capital Assets Activity

In 2020 the Board approved funding for making improvements to the upstairs area of Station 2 to accommodate up to 6 personnel to stay overnight as call volume dictates. The Board approved transferring \$95,000 from savings towards this project. The project should be completed in the spring of 2021.

Debt Service

A Debt Service Fund was created for the purpose of recording of principal and interest payment on General Obligation Bonds issued in January 2002. A separate tax levy is certified annually for this long-term debt. In 2011, the G.O. Bond was refinanced, resulting in a future savings to taxpayers of \$89,923. On November 30, 2020, the District issued \$425,000 of General Obligation Refunding Bonds Series 2020 to refund \$480,000 of the General Obligation Bonds Series 2011. Through the refunding, the District reduced its debt service and had an economic gain of \$104,174 (the difference between the present value of the debt service payments on the refunded debt and the refunding debt). Conditions for defeasance have been met and assets were placed in escrow and the liability has been removed from the financial statements. The refunded bonds were paid from escrow on December 1, 2020.

Contact Information

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NORTH ROUTH FIRE PROTECTION DISTRICT
Statement of Net Position
December 31, 2020
(with summarized financial information as of December 31, 2019)

	2020 Governmental Activities	2019 Governmental Activities
	<u> </u>	<u> </u>
Assets:		
Cash and cash equivalents	\$ 563,206	\$ 559,999
Due from other governments	2,447	2,547
Accounts receivable, net	9,686	9,674
Property taxes receivable	454,478	464,956
Capital assets, net	1,080,788	1,128,651
Net pension asset:		
Cost-sharing defined benefit plan	6,946	-
	<u> </u>	<u> </u>
Total Assets	<u>2,117,551</u>	<u>2,165,827</u>
Deferred Outflows of Resources:		
Deferred outflows related to pensions	83,623	118,430
	<u> </u>	<u> </u>
Total Deferred Outflows of Resources	<u>83,623</u>	<u>118,430</u>
Liabilities:		
Accounts payable and accrued expenses	39,515	20,164
Accrued interest payable	-	4,125
Noncurrent liabilities:		
General obligation refunding bonds:		
Due within one year	70,000	70,000
Due in more than one year	355,000	480,000
Net pension liability:		
Volunteer firefighters defined benefit plan	123,785	151,367
Cost-sharing defined benefit plan	-	12,621
	<u> </u>	<u> </u>
Total Liabilities	<u>588,300</u>	<u>738,277</u>
Deferred Inflows of Resources:		
Deferred property tax revenues	454,478	464,956
Deferred bond refunding premium	18,665	21,516
Deferred inflows related to pensions	35,991	11,062
	<u> </u>	<u> </u>
Total Deferred Inflows of Resources	<u>509,134</u>	<u>497,534</u>
Net Position:		
Net investment in capital assets	637,123	557,135
Restricted for:		
Emergencies	12,672	11,054
Debt service	47,655	101,918
Unrestricted	406,290	378,339
	<u> </u>	<u> </u>
Total Net Position	<u>\$ 1,103,740</u>	<u>\$ 1,048,446</u>

See accompanying notes to the financial statements.

NORTH ROUNT FIRE PROTECTION DISTRICT
Statement of Activities
For the Year Ended December 31, 2020
(with summarized financial information for the year ended December 31, 2019)

Functions/Programs	2020				Net (Expense) Revenue and Change in Net Position	2019 Net (Expense) Revenue and Change in Net Position
	Expenses	Program Revenues				
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
Governmental Activities:						
Public safety:						
Personnel and volunteers	\$ 215,671	\$ -	\$ -	\$ -	\$ (215,671)	\$ (154,229)
Operations	78,763	25,891	43,077	-	(9,795)	3,049
Administration and general	43,482	-	-	-	(43,482)	(44,386)
Interest	14,990	-	-	-	(14,990)	(20,158)
Unallocated depreciation	109,547	-	-	-	(109,547)	(109,969)
Pension expense	40,540	-	-	-	(40,540)	(40,269)
Bond issue costs	7,500	-	-	-	(7,500)	-
Total Governmental Activities	<u>\$ 510,493</u>	<u>\$ 25,891</u>	<u>\$ 43,077</u>	<u>\$ -</u>	<u>(441,525)</u>	<u>(365,962)</u>
General Revenues:						
Taxes:						
Property					451,192	409,923
Specific ownership					29,961	29,291
Other					15,666	8,216
Total General Revenues					<u>496,819</u>	<u>447,430</u>
Change in Net Position					55,294	81,468
Net Position, Beginning of Year					<u>1,048,446</u>	<u>966,978</u>
Net Position, End of Year					<u>\$ 1,103,740</u>	<u>\$ 1,048,446</u>

See accompanying notes to the financial statements.

NORTH ROUTT FIRE PROTECTION DISTRICT
Governmental Funds
Balance Sheet
December 31, 2020
(with summarized financial information as of December 31, 2019)

	2020			2019
	General Fund	Debt Service Fund	Total Governmental Funds	Total Governmental Funds
Assets:				
Cash and cash equivalents	\$ 536,392	\$ 26,814	\$ 563,206	\$ 559,999
Due from other governments	1,935	512	2,447	2,547
Accounts receivable:				
Ambulance services, net	9,686	-	9,686	4,827
Fire protection services	-	-	-	4,847
Property taxes receivable	372,959	81,519	454,478	464,956
Due from other fund	-	20,329	20,329	16,332
Total Assets	\$ 920,972	\$ 129,174	\$ 1,050,146	\$ 1,053,508
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued expenses	\$ 39,515	\$ -	\$ 39,515	\$ 20,164
Due to other fund	20,329	-	20,329	16,332
Total Liabilities	59,844	-	59,844	36,496
Deferred Inflows of Resources:				
Deferred property tax revenue	372,959	81,519	454,478	464,956
Total Deferred Inflows of Resources	372,959	81,519	454,478	464,956
Fund Balances:				
Restricted for:				
Emergencies	12,672	-	12,672	11,054
Debt service	-	47,655	47,655	101,918
Assigned	59,996		59,996	121,680
Unassigned	415,501	-	415,501	317,404
Total Fund Balances	488,169	47,655	535,824	552,056
Total Liabilities, Deferred inflows of Resources and Fund Balances	\$ 920,972	\$ 129,174	\$ 1,050,146	\$ 1,053,508

See accompanying notes to the financial statements.

NORTH ROUTT FIRE PROTECTION DISTRICT
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
December 31, 2020

Governmental funds total fund balance	\$	535,824
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore are not reported in governmental funds.		1,080,788
Long-term liabilities within governmental activities are not due and payable in the current period and therefore, are not reported in governmental funds:		
Bonds payable		(425,000)
Unamortized deferred bond refunding premium		(18,665)
Net pension asset and net pension liability are not financial resources and, therefore are not reported as assets and liabilities in the governmental funds:		
Net pension asset		6,946
Net pension liability		(123,785)
Deferred outflows related to pensions		83,623
Deferred inflows related to pensions		(35,991)
		(35,991)
Governmental activities net position	\$	1,103,740

See accompanying notes to the financial statements.

NORTH ROUTT FIRE PROTECTION DISTRICT
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2020
(with summarized financial information for the year ended December 31, 2019)

	2020			2019
	General Fund	Debt Service Fund	Total Governmental Funds	Total Governmental Funds
Revenues:				
Taxes:				
Property	\$ 356,753	\$ 94,439	\$ 451,192	\$ 409,923
Specific ownership	23,697	6,264	29,961	29,291
Charges for services:				
Ambulance services, net	24,691	-	24,691	17,681
Fire protection services	1,200	-	1,200	3,957
Grants	377	-	377	-
Donations	42,700	-	42,700	54,250
Other	15,666	-	15,666	8,216
Total Revenues	465,084	100,703	565,787	523,318
Expenditures:				
Public safety:				
Personnel and volunteers	243,624	-	243,624	178,830
Operations	78,763	-	78,763	72,839
Administration and general	42,982	500	43,482	44,386
Capital outlay	61,684	-	61,684	61,770
Debt service:				
Principal	-	70,000	70,000	65,000
Interest	-	21,966	21,966	23,757
Bond issue costs	-	7,500	7,500	-
Total Expenditures	427,053	99,966	527,019	446,582
Excess (Deficiency) of Revenues Over Expenditures	38,031	737	38,768	76,736
Other Financing Sources (Uses):				
Refunding bonds issued	-	425,000	425,000	-
Payment to refunded bond escrow agent	-	(480,000)	(480,000)	-
Total Other Financing Sources (Uses)	-	(55,000)	(55,000)	-
Change in Fund Balance	38,031	(54,263)	(16,232)	76,736
Fund Balance, Beginning of Year	450,138	101,918	552,056	475,320
Fund Balance, End of Year	<u>\$ 488,169</u>	<u>\$ 47,655</u>	<u>\$ 535,824</u>	<u>\$ 552,056</u>

See accompanying notes to the financial statements.

NORTH ROUTT FIRE PROTECTION DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2020

Changes in fund balances - governmental funds	\$	38,768
<p style="margin-left: 20px;">Amounts reported for governmental activities in the statement of activities are different because:</p>		
Governmental funds report capital outlays as expenditures; however, they are capitalized and depreciated in the statement of activities.		(47,863)
Repayment of principal on noncurrent liabilities is reported as an expenditure in the governmental funds but reduces noncurrent liabilities in the statement of net position.		70,000
Interest payable on debt is not recorded in the governmental funds but rather recognized as an expenditure when due.		4,125
The deferred bond refunding premium is not reported in the governmental funds but is amortized as a component of interest expense in the statement of activities.		2,851
In the governmental funds, expenditures for the defined benefit pension plans are measured by the amount of the financial resources used, whereas in the statement of activities, they are measured as the liability is accrued according to actuarial estimates. This is the amount the net pension asset and liability and the related deferred inflows and outflows changed in the current year.		<u>(12,587)</u>
Change in net position of governmental activities	\$	<u><u>55,294</u></u>

See accompanying notes to the financial statements.

NORTH ROUTT FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2020
(with summarized financial information as of December 31, 2019 and for the year then ended)

Note 1: Summary of Significant Accounting Policies

The North Routt Fire Protection District (the District) was organized in Routt County, Colorado as a local government entity under Colorado Revised Statutes (CRS) to provide fire protection and ambulance services to northern Routt County, Colorado.

The District's financial statements are prepared in accordance with U.S. generally accepted accounting principles (US GAAP). The Governmental Accounting Standards Board (GASB) is the standard-setting body for the establishment of US GAAP in governmental entities. The following summary of the more significant accounting policies of the District is presented to assist the reader in interpreting these financial statements and should be viewed as an integral part of this report.

Reporting Entity

The reporting entity consists of (a) the primary government, i.e., the District, and (b) organizations for which the District is financially accountable. The District has one component unit for which it is financially accountable. The North Routt Fire Station Building Condominiums Owners Association (the Association) is a Colorado not-for-profit common interest realty association established in June 2003 under the Colorado Common Interest Ownership Act. The District owns 83.21% of the allocated interest percentage of the Association. However, the Association has no material net assets as of December 31, 2020 or material revenues and expenses for the year then ended. Therefore, the Association has been excluded from the District's financial statements.

The District has included its share of the fire station building as a capital asset in the statement of net position.

Measurement Focus and Basis of Accounting

The government-wide financial statements use a flow of economic resources measurement focus to determine net income and financial position. The accounting principles used are similar to those applicable to businesses in the private sector and maintained on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Governmental fund financial statements use a current financial resources measurement focus and are maintained on the modified accrual basis of accounting. Revenues are recognized when they become susceptible to accrual; that is, when they become both measurable and available to finance expenditures of the current period. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. The District considers revenues collected within 60 days after year end to be available and thus recognizes them as revenues in the current year.

Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Financial Statement Presentation

Government-Wide Financial Statements

The statement of net position and the statement of activities report information about the nonfiduciary activities of the District. The District's primary activities are categorized as governmental activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are clearly identified with a specific program. Program revenues include (a) charges for services, and (b) grants and contributions that are restricted for the operating or capital requirements of a specific program. All taxes and other revenues not meeting the criteria for classification as program revenues are reported as general revenues.

NORTH ROUNT FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2020
(with summarized financial information as of December 31, 2019 and for the year then ended)

Note 1: Summary of Significant Accounting Policies (continued)

Financial Statement Presentation (continued)

Fund Financial Statements

The fund financial statements report information about the District's funds.

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 District, except those required to be accounted for in another fund.

The *Debt Service Fund* is used to account for a mill levy restricted to making principal and interest payments on the District's general obligation refunding bonds.

Fund Balance Presentation

Fund balances of the governmental fund are classified as follows:

- Non-spendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- Restricted – includes amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation, or because of constraints that are externally imposed by creditors, grantors, contributors or the laws or regulations of other governments.
- Committed – includes amounts that can be spent only for specific purposes pursuant to constraints imposed by formal action of the District. Such formal action may be in form of an ordinance or resolution and may only be modified or rescinded by a subsequent formal action.
- Assigned – includes amounts that are intended by the District to be used for specific purposes, but are neither restricted nor committed. Assignments may be made only by the Board of Directors.
- Unassigned – represents the residual positive balance within the General Fund, which has not been restricted, committed or assigned.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

Cash

The District's cash balances consist of cash on hand and demand deposits.

Accounts Receivable

The District's accounts receivable consists of charges for fire protection services and ambulance services. The District estimates an allowance for uncollectible accounts for ambulance services based on review of collection percentage trends and insurance coverage of the transported persons.

The District's net accounts receivable from ambulance services as of December 31, 2020 and 2019 was as follows:

	2020	2019
Accounts receivable from ambulance services	\$ 21,586	\$ 12,127
Allowance for uncollectible accounts	(11,900)	(7,300)
	\$ 9,686	\$ 4,827

NORTH ROUNT FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2020
(with summarized financial information as of December 31, 2019 and for the year then ended)

Note 1: Summary of Significant Accounting Policies (continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

Capital Assets

Capital assets include land, buildings, vehicles and equipment. Capital assets are defined by the District as assets with an initial individual cost of \$3,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost. Donated capital assets are recorded at acquisition value. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

	Years
Buildings and improvements	20-40
Equipment	10
Vehicles	5-10

Deferred Gain on Refunding of Debt

The District's deferred gain on refunding of debt is the difference between the reacquisition price and the net carrying amount of the defeased debt and is reported as a deferred inflow of resources and recognized as a component of interest expense over the remaining life of the new debt.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until that time. The District's deferred outflows of resources relate to the recording of the net pension liabilities.

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The District's deferred inflows of resources consist of unavailable revenues from property taxes and the recording of the net pension liabilities.

Property Taxes

Property taxes are levied on December 15 of each year and attach as an enforceable lien on property on January 1. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The Routt County Treasurer's office collects property taxes and remits collections to the District on a monthly basis. In accordance with US GAAP, the assessed but uncollected property taxes have been recorded as receivable and as deferred inflow of resources as property taxes are assessed in one year as a lien on the property but not collected by the District until the subsequent year.

Pension Plans

For purposes of measuring the net pension liability, net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Fire & Police Statewide Defined Benefit Plan (SWDB) and Volunteer Firefighters Defined Benefit Plan and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Fire & Police Pension Association of Colorado (FPPA). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NORTH ROUTH FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2020
(with summarized financial information as of December 31, 2019 and for the year then ended)

Note 1: Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires the District's management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources, the disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Comparative Financial Statements

The financial statements include certain prior-year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with US GAAP. Accordingly, such information should be read in conjunction with the District's audited financial statements for the year ended December 31, 2019, from which the summarized information was derived.

Note 2: Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with US GAAP for all governmental funds.

The District conforms to the following procedures, in compliance with CRS, Title 29, Article 1, in establishing the budgetary data reflected in the financial statements:

- Prior to October 15, the Treasurer submits to the Board of Directors a proposed operating budget for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted by the Board of Directors to obtain taxpayer comments.
- Prior to December 31, the budget is adopted by formal resolution.
- Expenditures may not legally exceed appropriations at the fund level. Revisions that alter the total expenditures must be approved by the Board of Directors.
- All appropriations lapse at the end of each fiscal year.

The District did not adopt any supplemental appropriations for the year ended December 31, 2020.

Compliance

General Fund expenditures exceeded appropriations by \$12,198 during the year ended December 31, 2020. The excess expenditures were for capital improvements to one of the District's fire stations and funded from available General Fund balance.

Debt Service Fund expenditures exceeded appropriations by \$7,966 during the year ended December 31, 2020. The excess expenditures were primarily for bond issuance costs and funded from available Debt Service Fund balance.

NORTH ROUNT FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2020
(with summarized financial information as of December 31, 2019 and for the year then ended)

Note 2: Stewardship, Compliance and Accountability (continued)

TABOR Amendment

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

Future 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 revenue increases with certain exceptions. Revenue in excess of the fiscal year spending limit must be refunded unless the voters approve retention of such revenue.

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

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 has reserved \$12,672 of the December 31, 2020 fund balance in the General Fund for this purpose.

The District's voters passed a ballot question in 1998 that permanently lifted TABOR restrictions on the amount of revenue that the District can collect and retain. In 2018, the District's voters passed a ballot question that allows the District to adjust the mill levy annually by an amount sufficient to offset changes in revenue due to the Gallagher Amendment without holding a special election.

The District's management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions may require judicial interpretation.

Note 3: Detailed Notes on the Funds

Deposits

The carrying amount of the District's deposits as of December 31, 2020 and 2019 was \$563,207 and \$559,999, respectively, and bank balances were \$575,640 and \$524,491, respectively. Of the bank balances, \$575,640 and \$250,000 as of December 31, 2020 and 2019, respectively, was covered by federal deposit insurance and \$0 and \$274,491, respectively, was uninsured but collateralized in accordance with provisions of the Colorado Public Deposit Protection Act (PDPA).

The 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. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The collateral 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 equal or exceed 102% of the aggregate uninsured deposits.

NORTH ROUNT FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2020
(with summarized financial information as of December 31, 2019 and for the year then ended)

Note 3: Detailed Notes on the Funds (continued)

Capital Assets

Capital asset activity for the year ended December 31, 2020 is summarized below:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental activities:				
Land	\$ 9,490	\$ -	\$ -	\$ 9,490
Other capital assets:				
Buildings	1,084,023	61,684	-	1,145,707
Vehicles	1,250,235	-	(9,005)	1,241,230
Equipment	307,288	-	-	307,288
Total other capital assets at cost	<u>2,641,546</u>	<u>61,684</u>	<u>(9,005)</u>	<u>2,694,225</u>
Less accumulated depreciation for:				
Buildings	(460,291)	(28,690)	-	(488,981)
Vehicles	(830,673)	(65,112)	9,005	(886,780)
Equipment	<u>(231,421)</u>	<u>(15,745)</u>	<u>-</u>	<u>(247,166)</u>
Total accumulated depreciation	<u>(1,522,385)</u>	<u>(109,547)</u>	<u>9,005</u>	<u>(1,622,927)</u>
Other capital assets, net	<u>1,119,161</u>	<u>(47,863)</u>	<u>-</u>	<u>1,071,298</u>
Governmental activities capital assets, net	<u>\$ 1,128,651</u>	<u>\$ (47,863)</u>	<u>\$ -</u>	<u>\$ 1,080,788</u>

Long-Term Liabilities

The District has the following long-term debt outstanding as of December 31, 2020:

General Obligation Refunding Bonds Series 2020

On November 30, 2020, the District issued \$425,000 of General Obligation Refunding Bonds Series 2020 to refund \$480,000 of the General Obligation Bonds Series 2011. Through the refunding, the District reduced its debt service and had an economic gain of \$104,174 (the difference between the present value of the debt service payments on the refunded debt and the refunding debt). Conditions for defeasance have been met and assets were placed in escrow and the liability has been removed from the financial statements. The refunded bonds were paid from escrow on December 1, 2020.

Principal and interest on the General Obligation Refunding Bonds Series 2020 are payable in varying amounts, semi-annually at June 1 and December 1, at a net effective interest rate of 1.60% through maturity on December 1, 2026.

NORTH ROUNT FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2020
(with summarized financial information as of December 31, 2019 and for the year then ended)

Note 3: Detailed Notes on the Funds (continued)

Long-Term Liabilities (continued)

Long-term liability activity for the year ended December 31, 2020 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
General obligation refunding bonds, series 2011	\$ 550,000	\$ -	\$ (550,000)	\$ -	\$ -
General obligation refunding bonds, series 2020	-	425,000	-	425,000	70,000
	<u>\$ 550,000</u>	<u>\$ 425,000</u>	<u>\$ (550,000)</u>	<u>\$ 425,000</u>	<u>\$ 70,000</u>

Debt service requirements as of December 31, 2020 were as follows:

	Principal	Interest	Total
2021	\$ 70,000	\$ 6,800	\$ 76,800
2022	70,000	5,680	75,680
2023	70,000	4,560	74,560
2024	70,000	3,440	73,440
2025	70,000	2,320	72,320
2026	75,000	1,200	76,200
Total	<u>\$ 425,000</u>	<u>\$ 24,000</u>	<u>\$ 449,000</u>

Governmental Fund Balances

The District has restricted fund balance as of December 31, 2020 for the following:

- Emergency reserve required by TABOR
- Debt service funds for repayment of its General Obligation Refunding Bonds

The District's board of directors has assigned \$59,996 of its general fund balance as of December 31, 2020 to maintain a capital reserve.

When expenditures are incurred and both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first, then unrestricted resources in the order of committed, assigned, and then unassigned, as they are needed.

NORTH ROUNT FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2020
(with summarized financial information as of December 31, 2019 and for the year then ended)

Note 4: Pension Plans

Fire and Police Statewide Defined Benefit Plan

Plan Description

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

Employers once had the option to elect to withdraw from the SWDB, but a change in state statutes permitted no further withdrawals after January 1, 1988.

CRS Title 31, Article 31 grants the authority to establish and amend the benefit terms to the FPPA Board of Directors. The FPPA issues a publicly available financial report that can be obtained at www.fppaco.org.

Benefits Provided

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.

The annual normal retirement benefit is 2% of the average of the member's highest three years' base salary for each year of credited service up to ten years, plus 2.5% for each year of service thereafter. The benefit earned prior to January 1, 2007 for members of affiliated Social Security employers will be reduced by the amount of Social Security income payable to the member annually. Effective January 1, 2007, members currently covered under Statewide Defined Benefit Social Security Component will receive half the benefit when compared to the SWDB. Benefit adjustments 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 for Urban Wage Earners and Clerical Workers (CPI-W).

In addition, upon retirement a member may receive additional benefits credited to the member's "Separate Retirement Account" (SRA) each year after January 1, 1988. These are attributable to contributions in excess of the actuarially determined pension cost and the allocation of the net Fire & Police Members' Benefit Investment Fund earnings and losses thereon. Members do not vest in amounts credited to their SRA until retirement, and the Plan may use such stabilization reserve amounts to reduce pension cost in the event such cost exceeds contributions. It was previously mentioned that reentry members have a higher contribution rate. As a result, their SRA has two components; the standard SRA and the reentry SRA. The component of a member's SRA attributable to the higher contribution rate is considered the reentry SRA. The reentry SRA cannot be used to subsidize the costs for the non-reentry members. Effective July 1, 2014, the standard Separate Retirement Account contribution rate for members of the Fire & Police Statewide Defined Benefit Plan was set at 0%. The reentry Separate Retirement Account contribution rate was set at 3.6%.

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

NORTH ROUNT FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2020
(with summarized financial information as of December 31, 2019 and for the year then ended)

Note 4: Pension Plans (continued)

Fire and Police Statewide Defined Benefit Plan (continued)

A member may elect to participate in the deferred retirement option plan (DROP) after reaching eligibility for normal retirement, early retirement, or vested retirement and age 55. A member can continue to work while participating in the DROP, but must terminate employment within 5 years of entry into DROP. The member's percentage of retirement benefit is determined at the time of entry into the DROP. The monthly payments that begin at entry into the DROP are accumulated in a DROP account until the member terminates service, at which time the DROP accumulated benefits can be paid as periodic installments, a lump sum, or if desired, a member may elect to convert the DROP to a lifetime monthly benefit with survivor benefits. While participating in the DROP, the member continues to make pension contributions that are credited to the DROP. Effective January 1, 2003, the member shall self-direct the investments of their DROP funds. The DROP balance invested with the asset custodian at December 31, 2019 was \$125,223,290. This amount was not included in the SWDB Net Position.

Contributions

The SWDB 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 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.

In 2014, the members elected to increase the member contribution rate to the SWDB beginning in 2015. Member contribution rates will increase 0.5% annually through 2022 to a total of 12% of pensionable earnings. Employer contributions are 8% in 2019 and 2020. Employer contributions will increase 0.5% annually beginning in 2021 through 2030 to a total of 13% of pensionable earnings. In 2019, members of the SWDB plan and their employers are contributing at the rate of 10.5% and 8%, respectively, of pensionable earnings for a total contribution rate of 18.5%.

Contributions from members and employers of departments reentering the system are established by resolution and approved by the FPPA Board of Directors. The reentry group has a combined contribution rate of 22.5% and 23.0% of pensionable earnings in 2019 and 2020, respectively. It is a local decision as to whether the member or employer pays the additional 4% contribution. The member and employer contribution rates will increase through 2030 as described above for non-reentering departments. Effective January 1, 2021, reentry departments may submit a resolution to the FPPA Board of Directors to reduce the 4% contribution, to reflect the actual cost of reentry by department, to the plan for reentry contributions. Each reentry department is responsible to remit contributions to the plan in accordance with their most recent FPPA Board of Directors approved resolution.

The contribution rate for members and employers of affiliated social security employers is 5.25% and 4%, respectively, of pensionable earnings for a total contribution rate of 9.25% in 2019 and 9.50% in 2020. Per the 2014 member election, members of the affiliated social security group had their required member contribution rate increase 0.25% annually beginning in 2015 through 2022 to a total of 6% of pensionable earnings. Employer contributions will increase 0.25% annually beginning in 2021 through 2030 to a total of 6.5% of pensionable earnings.

Contributions to the Plan from the District were \$11,223 and \$7,871, respectively, for the years ended December 31, 2020 and 2019.

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

As of December 31, 2020 and 2019, the District reported a liability (asset) of (\$6,946) and \$12,621, respectively, for its proportionate share of the collective net pension liability (asset) of the Plan. The net pension liability (asset) was measured as of December 31, 2019 and 2018, respectively, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability (asset) was based on the District's contributions to the Plan for the years ended December 31, 2019 and 2018 relative to the total contributions of participating employers to the Plan. At December 31, 2019 and 2018, the District's proportion was 0.012279% and 0.009983%, respectively.

NORTH ROUNT FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2020
(with summarized financial information as of December 31, 2019 and for the year then ended)

Note 4: Pension Plans (continued)

Fire and Police Statewide Defined Benefit Plan (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

For the years ended December 31, 2020 and 2019, the District recognized pension expense of \$6,106 and \$1,911, respectively. At December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 23,502	\$ 136
Changes of assumptions or other inputs	13,186	-
Net difference between projected and actual investment earnings	-	10,917
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	1,000
Contributions subsequent to the measurement date	11,223	-
 Total	 \$ 47,911	 \$ 12,053

\$11,223 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,			
2020	\$	2,438	
2021		1,477	
2022		5,029	
2023		422	
2024		5,081	
Thereafter		10,188	
	\$	24,635	

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:

Investment rate of return	7.0%, compounded annually net of operating expenses, and including inflation
Projected salary increases	4.25% - 11.25%
Cost of Living Adjustment (COLA)	0.0%
Inflation	2.5%

NORTH ROUTH FIRE PROTECTION DISTRICT

Notes to Financial Statements

December 31, 2020

(with summarized financial information as of December 31, 2019 and for the year then ended)

Note 4: Pension Plans (continued)

Fire and Police Statewide Defined Benefit Plan (continued)

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 pre-retirement off-duty mortality tables are adjusted to 50% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00015.

At least every five years the FPPA's Board of Directors reviews its economic and demographic actuarial assumptions. At its July 2018 meeting, the FPPA's 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 weighting 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 SWDB's target asset allocation as of December 31, 2019 are summarized as follows:

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

Discount Rate

The discount rate used to measure the total pension liability was 7.0%. 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 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.

NORTH ROUNT FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2020
(with summarized financial information as of December 31, 2019 and for the year then ended)

Note 4: Pension Plans (continued)

Fire and Police Statewide Defined Benefit Plan (continued)

Sensitivity of the District's Proportionate Share of the Collective Net Pension Liability to Changes in the Discount Rate

The following represents the District's proportionate share of the collective net pension liability/(asset) calculated using the discount rate of 7.0%, 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 (6.0%) or 1-percentage point higher (8.0%) than the current rate:

	Sensitivity of the NPL/(NPA)		
Discount Rate:	6.00%	7.00%	8.00%
Proportionate share of the NPL/(NPA)	\$ 42,106	\$ (6,946)	\$ (47,626)

Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued FPPA financial report.

Volunteer Firefighters Pension Fund

Plan Description

FPPA administers an agent multiple-employer Public Retirement System (PERS). The PERS represents the assets of numerous separate plans that have been pooled for investment purposes. The pension plans have elected to affiliate with FPPA for plan administration and investment only. FPPA issues a publicly available comprehensive annual financial report that can be obtained at www.fppaco.org.

The District contributes, on behalf of its volunteers, to an agent multiple-employer defined benefit pension plan included in the PERS. Title 31, Article 30 of CRS, as amended, establishes basic benefit provisions under the plan. The Plan covers 26 members at the measurement date of December 31, 2019.

NORTH ROUNT FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2020
(with summarized financial information as of December 31, 2019 and for the year then ended)

Note 4: Pension Plans (continued)

Volunteer Firefighters Pension Fund (continued)

Benefits Provided

The following were the benefit provisions used to determine the total pension liability as of December 31, 2019 (measurement date of the plan):

1. Normal Retirement Benefit at Age 50 with 20 years of Service (monthly):	
a. Regular	\$300.00
b. Extended Service Amount Per Year of Service	\$10.00
2. Vested Retirement Benefit (monthly):	
a. With 10 to 20 Years of Service Amount Per Year of Service per Minimum Vesting Years	\$15.00
b. Minimum Vesting Years	10
3. Disability Retirement Benefit (monthly):	
a. Short Term Disability for line of duty injury Amount payable for not more than 1 year	\$150.00
b. Long Term Disability for line of duty injury Lifetime Benefit	\$150.00
4. Survivor Benefits (monthly):	
a. Following Death before Retirement Eligible; Due to death in line of duty as volunteer firefighter	\$0.00
b. Following Death after Normal Retirement	\$0.00
c. Following Death after Normal Retirement with Extended Service Amount Per Year of Service	\$0.00
d. Following Death after Vested Retirement with 10 to 20 Years of Service Amount Per Year of Service per Minimum Vesting Years	\$0.00
e. Following Death after Disability Retirement	\$0.00
f. Optional Survivor Benefit Following Death before or after Retirement Eligible; Due to death on or off duty as a volunteer firefighter (Purchase of Life Insurance Required)	\$0.00
5. Funeral Benefits (Required Benefit):	
a. Funeral Benefit Lump Sum, one time only	\$300.00

Contributions

Actuarially determined contribution rates are calculated as of January 1 of odd numbered years. The contribution rates have a one-year lag, so the actuarial valuation as of January 1, 2017, determines the contribution amounts for 2018 and 2019.

The contribution to the Plan from the District was \$16,730 each year for the years ended December 31, 2020 and 2019. Plan members do not make contributions.

Net Pension Liability, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

At December 31, 2020 and 2019, the District reported a net pension liability of \$123,785 and \$151,367, respectively. The net pension liability was measured as of December 31, 2019 and 2018, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

NORTH ROUNT FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2020
(with summarized financial information as of December 31, 2019 and for the year then ended)

Note 4: Pension Plans (continued)

Volunteer Firefighters Pension Fund (continued)

Net Pension Liability, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

For the years ended December 31, 2020 and 2019, the District recognized pension expense of \$34,434 and \$38,358, respectively. At December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 2,857	\$ -
Changes of assumptions or other inputs	1,652	-
Net difference between projected and actual investment earnings	14,473	23,938
Contribution subsequent to the measurement date	16,730	-
 Total	 \$ 35,712	 \$ 23,938

\$16,730 reported as deferred outflows of resources related to pensions resulting from the District's contribution subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	
2021	\$ 2,341
2022	(3,386)
2023	254
2024	(4,165)
	\$ (4,956)

Actuarial Assumptions

The following methods and assumptions were used to determine contribution rates to the Plan as of December 31, 2019:

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	2.50%
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, projected with Scale BB, 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 are projected with Scale BB.

NORTH ROUTH FIRE PROTECTION DISTRICT

Notes to Financial Statements

December 31, 2020

(with summarized financial information as of December 31, 2019 and for the year then ended)

Note 4: Pension Plans (continued)

Volunteer Firefighters Pension Fund (continued)

Actuarial Assumption Changes

The assumptions above pertain to the actuarial valuation as of January 1, 2017 and the associated Actuarially Determined Contribution for the year ending December 31, 2019. Following an experience study in 2018, the FPPA Board adopted a new assumption set for first use in the January 1, 2019 valuations. This new assumption set is used in determining the net pension liability as of December 31, 2018 and as of December 31, 2019.

The primary changes, which can be observed in the January 1, 2019 valuation, as compared to the assumptions shown above are as follows:

Investment Rate of Return	7.00%
Mortality	<p>Pre-retirement: 2006 central rates from the RP-2014 Employee Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years, 50% multiplier for off-duty mortality</p> <p>Post-retirement: 2006 central rates from the RP-2014 Annuitant Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years</p> <p>Disabled: 2006 central rates from the RP-2014 Disabled Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years</p>

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic nominal rates of return for each major asset class included in the Plan's target asset allocation as of December 31, 2019, are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Nominal Rate of Return
Cash	2.0%	2.52%
Fixed Income	15.0%	5.20%
Managed Futures	4.0%	5.00%
Absolute Return	8.0%	5.50%
Long Short	8.0%	6.00%
Global Equity	38.0%	7.00%
Private Markets	25.0%	9.20%
Total	100.0%	

NORTH ROUNT FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2020
(with summarized financial information as of December 31, 2019 and for the year then ended)

Note 4: Pension Plans (continued)

Volunteer Firefighters Pension Fund (continued)

Single Discount Rate

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

For the purpose of this valuation, the 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 and local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting single discount rate is 7.00%. December 31, 2119 is the end of the projection period for which projected benefit payments are fully funded.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following represents the net pension asset of the Plan calculated using the discount rate of 7.0%, as well as what the net pension asset 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:

	Sensitivity of the NPL/(NPA)		
Discount Rate:	6.00%	7.00%	8.00%
Proportionate share of the NPL	\$ 172,143	\$ 123,785	\$ 82,977

Note 5: Other Information

Agreement for Participation in Development of the North Rountt Fire Station

In December 2002, the District entered into an agreement with Routt County, Colorado (the County) whereby the County purchased one bay of the new fire station to store road maintenance vehicles.

In June 2003, the Association was established under the Colorado Common Interest Ownership Act. The County's allocated interest percentage for its portion of the building purchased is 16.79% and also represents the County's voting percentage in Association matters. In October 2003, the Association's Board of Directors approved the following common expenses to be shared proportionately by the District and the County: property insurance, trash and exterior building repairs and maintenance. Total Association common expenses during the year ended December 31, 2020 are not material to the District's financial statements.

Lease Agreement

The District leases the land under its new fire station from the State of Colorado, Department of Natural Resources, Division of Parks and Outdoor Recreation (DPOR). The lease is for an initial 25-year term expiring in May 2027 and shall automatically renew for an additional 25 years assuming the District's compliance with terms of the lease. The District's use of the land is limited to fire protection, emergency medical and rescue services and equipment storage and services for Routt County Road Department (see Agreement for Participation in Development of North Rountt Fire Station). The District is required to pay a \$100 fee quarterly for water and sewer services provided by DPOR.

NORTH ROUTH FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2020
(with summarized financial information as of December 31, 2019 and for the year then ended)

Note 5: Other Information (continued)

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees, and natural disasters. The District maintains commercial insurance for these risks of loss, including workers compensation. Settled claims have not exceeded coverage in the past three fiscal years.

Subsequent Events

The District has evaluated subsequent events through June 21, 2021, the date these financial statements were available to be issued.

NORTH ROUNT FIRE PROTECTION DISTRICT
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2020

	Original and Final Budget	Actual	Variance
Revenues:			
Taxes:			
Property, net of tax collection fees of \$11,035	\$ 365,344	\$ 356,753	\$ (8,591)
Specific ownership	-	23,697	23,697
Charges for services:			
Ambulance services, net of provision for uncollectible accounts of \$30,404	18,000	24,691	6,691
Fire protection services	7,500	1,200	(6,300)
Grants	2,500	377	(2,123)
Contributions	15,000	42,700	27,700
Other	5,700	15,666	9,966
Total Revenues	414,044	465,084	51,040
Expenditures:			
Personnel and volunteers:			
Wages and benefits	226,962	204,068	22,894
Contract labor	9,500	8,750	750
Volunteer benefits	23,500	14,076	9,424
Volunteer pension contribution	16,730	16,730	-
Operations:			
Equipment and supplies	14,000	22,518	(8,518)
Vehicle	30,000	27,440	2,560
Building maintenance and utilities	41,500	28,805	12,695
Administration and general:			
Insurance	33,513	25,917	7,596
Professional fees	8,900	9,675	(775)
Fundraising	3,750	-	3,750
Other	6,500	7,390	(890)
Capital outlay	-	61,684	(61,684)
Total Expenditures	414,855	427,053	(12,198)
Excess (Deficiency) of Revenues Over Expenditures	(811)	38,031	<u>\$ 38,842</u>
Fund Balance, Beginning of Year	450,138	450,138	
Fund Balance, End of Year	<u>\$ 449,327</u>	<u>\$ 488,169</u>	

NORTH ROUTH FIRE PROTECTION DISTRICT
Required Supplementary Information
Schedule of the District's Proportionate Share
of the Net Pension Liability (Asset)
FPPA Statewide Defined Benefit Pension Plan (SWDB)
Last 10 Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.0123%	0.0100%	0.0111%	0.0123%	0.0125%	0.0129%
District's proportionate share of the net pension liability (asset)	\$ (6,946)	\$ 12,621	\$ (15,966)	\$ 4,443	\$ (221)	\$ (14,557)
District's covered payroll	\$ 140,284	\$ 98,384	\$ 66,951	\$ 65,000	\$ 62,840	\$ 60,622
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-4.95%	12.83%	-23.85%	6.84%	-0.35%	-24.01%
Plan fiduciary net position as a percentage of the total pension liability	101.9%	95.2%	106.3%	98.2%	100.1%	106.8%

NORTH ROUNTT FIRE PROTECTION DISTRICT
Required Supplementary Information
Schedule of the District Contributions
FPPA Statewide Defined Benefit Pension Plan (SWDB)
Last 10 Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 11,223	\$ 7,871	\$ 5,356	\$ 5,200	\$ 5,027	\$ 4,850
Contributions in relation to the contractually required contribution	\$ (11,223)	\$ (7,871)	\$ (5,356)	\$ (5,200)	\$ (5,027)	\$ (4,850)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 140,284	\$ 98,384	\$ 66,951	\$ 65,000	\$ 62,840	\$ 60,622
Contributions as a percentage of covered payroll	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%

NORTH ROUTT FIRE PROTECTION DISTRICT
Required Supplementary Information
Schedule of Changes in Net Pension Liability
and Related Ratios Multiyear
FPPA Volunteer Firefighter Defined Benefit Pension Plan
Last 10 Years

Measurement period ending December 31,	2019	2018	2017	2016	2015	2014
Total Pension Liability						
Service Cost	\$ 8,405	\$ 5,272	\$ 5,272	\$ 7,493	\$ 7,493	\$ 9,585
Interest on the Total Pension Liability	31,134	29,213	28,863	26,466	25,867	27,410
Benefit Changes	-	-	-	-	-	-
Difference between Expected and Actual Experience	-	31,423	-	16,100	-	(33,619)
Assumption Changes	-	18,172	-	11,416	-	-
Benefit Payments	(31,260)	(29,460)	(29,460)	(27,435)	(23,389)	(22,465)
Net Change in Total Pension Liability	8,279	54,620	4,675	34,040	9,971	(19,089)
Total Pension Liability - Beginning	456,007	401,387	396,712	362,672	352,701	371,790
Total Pension Liability - Ending	\$ 464,286	\$ 456,007	\$ 401,387	\$ 396,712	\$ 362,672	\$ 352,701
Plan Fiduciary Net Position						
Employer Contributions	\$ 16,730	\$ 16,730	\$ 16,730	\$ 16,730	\$ 17,000	\$ 17,000
Net Investment Income	41,933	220	37,908	13,167	4,301	14,588
Benefit Payments	(31,260)	(29,460)	(29,460)	(27,435)	(23,389)	(22,465)
Pension Plan Administrative Expense	(6,599)	(5,378)	(4,773)	(672)	(1,489)	(724)
State of Colorado supplemental discretionary payment	15,057	15,057	15,057	15,300	15,300	15,300
Net Change in Plan Fiduciary Net Position	35,861	(2,831)	35,462	17,090	11,723	23,699
Plan Fiduciary Net Position - Beginning	304,640	307,471	272,009	254,919	243,196	219,497
Plan Fiduciary Net Position - Ending	\$ 340,501	\$ 304,640	\$ 307,471	\$ 272,009	\$ 254,919	\$ 243,196
Net Pension Liability	\$ 123,785	\$ 151,367	\$ 93,916	\$ 124,703	\$ 107,753	\$ 109,505
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	73.34%	66.81%	76.60%	68.57%	70.29%	68.95%
Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A
Net Pension Liability as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A

NORTH ROUNTT FIRE PROTECTION DISTRICT
Required Supplementary Information
Schedule of Contributions Multiyear
FPPA Volunteer Firefighter Defined Benefit Pension Plan
Last 10 Years

FY Ending December 31,	Actuarially Determined Contribution	Actual Contribution*	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2014	\$ 25,144	\$ 32,300	\$ (7,156)	N/A	N/A
2015	\$ 25,144	\$ 32,300	\$ (7,156)	N/A	N/A
2016	\$ 16,730	\$ 32,030	\$ (15,300)	N/A	N/A
2017	\$ 16,730	\$ 31,787	\$ (15,057)	N/A	N/A
2018	\$ 15,439	\$ 31,787	\$ (16,348)	N/A	N/A
2019	\$ 15,439	\$ 31,787	\$ (16,348)	N/A	N/A

* Includes both employer and State of Colorado Supplemental Discretionary Payment.

NORTH ROUNTT FIRE PROTECTION DISTRICT
Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2020

	Original and Final Budget	Actual	Variance
Revenues:			
Taxes:			
Property, net of tax collection fees of \$2,921	\$ 92,500	\$ 94,439	\$ 1,939
Specific ownership	-	6,264	6,264
Total Revenues	92,500	100,703	8,203
Expenditures:			
Professional fees	-	500	(500)
Debt service:			
Principal	70,000	70,000	-
Interest	22,000	21,966	34
Bond issuance costs	-	7,500	(7,500)
Total Expenditures	92,000	99,966	(7,966)
Excess (Deficiency) of Revenues Over Expenditures	500	737	237
Other Financing Sources (Uses):			
Refunding bonds issued	-	425,000	(425,000)
Payment to refunded bond escrow agent	-	(480,000)	480,000
Total Other Financing Sources (Uses)	-	(55,000)	55,000
Change in Fund Balance	500	(54,263)	<u>\$ 237</u>
Fund Balance, Beginning of Year	101,918	101,918	
Fund Balance, End of Year	<u>\$ 102,418</u>	<u>\$ 47,655</u>	