

RIO BLANCO FIRE PROTECTION DISTRICT

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FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S REPORT

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DECEMBER 31, 2020

FINANCIAL STATEMENTS – 2020

RIO BLANCO FIRE PROTECTION DISTRICT

2020 BOARD OF DIRECTORS

Mr. Steve Allen, Chairman

Mr. Ty Gates, Vice Chair

Mr. Todd Morris, Secretary/Treasurer

Ms. Laura Smith

Mr. David Murray

ADMINISTRATIVE STAFF

Ms. Patti Merriam, Office Administrator

Mr. Luke Pelloni, Chief

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To the Board of Directors
Rio Blanco Fire Protection District

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Rio Blanco Fire Protection District, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, business-type activities, each major fund, and the aggregate remaining fund information of the Rio Blanco Fire Protection District, as of December 31, 2020, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule – General Fund, schedule of contributions – Volunteer Firefighters' Pension Plan, Schedule of changes in net pension liability (asset) and related ratios – Volunteer Firefighters' Pension Plan, schedule of the District's proportionate share of the net pension liability – Statewide FPPA Pension Plan, schedule of the District's contributions – Statewide FPPA Pension Plan, schedule of the District's proportionate share of the Net Pension Liability, Schedule of the District's contributions – PERA Pension Plan, Schedule of the District's proportionate share of the Net OPEB Liability, and schedule of the District's contributions – PERA OPEB Plan information on pages 3-6 and 55-66 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Rio Blanco Fire Protection District's basic financial statements. The budgetary comparison schedule – Meeker Ambulance Services and schedule of General Fund operating expenditures are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison schedule – Meeker Ambulance Services and schedule of General Fund operating expenditures have not been subjected to auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

ColoGA Services, PC

Rangely, Colorado
June 23, 2021

MANAGEMENT DISCUSSION AND ANALYSIS

The discussion and analysis of the Rio Blanco Fire Protection District's (the "District") financial performance provides readers with an overall review of the financial activities of the District for the year ended December 31, 2020. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

- The District's assets and deferred outflows exceeded liabilities and deferred inflows by \$15,246,748 at December 31, 2020.
- Total District's cash and investments increased by \$197,734 or 2 percent from 2019.
- The December 31, 2020 General fund balance is \$325,166 more than the previous year. The total fund balance is 1,852 percent of 2020 General Fund operating expenditures.

USING THIS ANNUAL REPORT

This Annual report consists of a series of financial statements and notes to those statements. These statements are prepared and organized so the reader can understand the District as a financial whole or as an entire operating entity. The statements then proceed to provide an increasingly detailed look at the District's specific financial conditions.

The Statement of Net Position and Statement of Activities provides information about the activities of the whole District, presenting both an aggregate view of the District's finances and a long-term view of those assets. The Statement of Activities shows a net (expense) revenue and changes to net position related to each department of the District. Fund financial statements tell how services were financed in the short-term as well as what dollars remain for future spending.

OVERVIEW OF THE DISTRICT'S FINANCIAL STATEMENTS

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances. The Statement of Net Position and Statement of Activities include all assets and liabilities using the accrual basis of accounting similar to the accounting method used by the private sector. The basis for this accounting takes into account all of the year's revenues and expenses regardless of when the cash was received or paid.

These two statements report the District's net position and the changes in those positions. This change in position is important because it tells the reader whether, for the District as a whole, the financial position of the District has improved or diminished. However, in evaluating the overall position of the District, non-financial information such as changes in the District's tax base and the condition of District capital assets will also need to be evaluated.

In the Statement of Net Position and Statement of Activities, the District's activities are reported as Governmental or Business-type Activities.

Fund Financial Statements

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Proprietary Funds. Proprietary funds are reported in the fund financial statements and generally report services for which customers are charged a fee. The District uses an enterprise fund which essentially encompasses the same functions reported as business-type activities in the government-wide statements. Services are provided to a customer external to the District organization which is the ambulance service.

Proprietary fund statements provide both long-term and short-term financial information consistent with the focus provided by the government-wide financial statements but with more detail for the major enterprise fund.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23 through 56 of this report.

Budgetary Comparisons. The District adopts an annual appropriated budget for the General Fund and Meeker Ambulance Service Fund. A budgetary comparison statement has been provided for the General Fund on pages 55 through 56 and for the Meeker Ambulance Service Fund on pages 69 through 70 of this report.

Other Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents a schedule of general fund operating expenditures for additional analysis of the District. This statement can be found on page 71 of this report.

REPORTING THE DISTRICT AS A WHOLE

Net Position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position.

The following table provides a summary of the District's net position for 2019 and 2020.

	Governmental Activities		Business-type Activities		Total	
	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>
Assets						
Current and other assets	\$10,299,799	\$10,999,470	\$ 713,218	\$ 767,052	\$11,013,017	\$11,766,522
Capital assets	4,118,369	4,282,385	501,787	428,986	4,620,156	4,711,371
Total assets	<u>14,418,168</u>	<u>15,281,855</u>	<u>1,215,005</u>	<u>1,196,038</u>	<u>15,633,173</u>	<u>16,477,893</u>
Deferred Outflows	<u>925,260</u>	<u>717,663</u>	-	-	<u>925,260</u>	<u>717,663</u>
Liabilities						
Current and other liabilities	252,685	166,934	27,377	7,885	280,062	174,819
Noncurrent liabilities	312,733	225,870	-	-	312,733	225,870
Total Liabilities	<u>565,418</u>	<u>392,804</u>	<u>27,377</u>	<u>7,885</u>	<u>592,795</u>	<u>400,689</u>
Deferred Inflows	<u>1,334,974</u>	<u>1,548,119</u>	-	-	<u>1,334,974</u>	<u>1,548,119</u>
Net Position						
Net investment in capital assets	4,118,369	4,282,385	501,787	428,986	4,620,156	4,711,371
Restricted	45,207	39,346	-	-	45,207	39,346
Unrestricted	9,279,460	9,736,864	685,841	759,167	9,965,301	10,496,031
Total net position	<u>\$13,443,036</u>	<u>\$14,058,595</u>	<u>\$1,187,628</u>	<u>\$1,188,153</u>	<u>\$14,630,664</u>	<u>\$15,246,748</u>

A significant portion of the District's position represents unrestricted net position of \$10,496,031 which may be used to meet the ongoing obligations to patrons and creditors.

Another significant portion of the District's net position reflects its net investment in capital assets. These assets include land, buildings, and equipment. These capital assets are used to provide services to patrons; consequently, they are not available for future spending.

An additional \$39,346 of the District's net position represents resources that are subject to external restrictions on how they may be used. This is the TABOR emergency reserve.

The following table indicates the changes in net position.

	Governmental Activities		Business-type Activities		Total	
	2019	2020	2019	2020	2019	2020
Revenues:						
Program revenues:						
Charges for services	\$ 21,284	\$ 9,600	\$ 123,335	\$ 174,587	\$ 144,619	\$ 184,187
Operating grants and contributions	3,500	5,050	-	-	3,500	5,050
Capital grants and contributions	189,564	54,883	83,018	-	272,582	54,883
General revenues:						
General property taxes	1,142,293	1,100,259	-	-	1,142,293	1,100,259
Specific ownership tax	47,149	40,231	-	-	47,149	40,231
Investment earnings	89,548	91,026	-	-	89,548	91,026
Other	12,716	10,469	1,053	23,458	13,769	33,927
Total revenues	<u>1,506,054</u>	<u>1,311,518</u>	<u>207,406</u>	<u>198,045</u>	<u>1,713,460</u>	<u>1,509,563</u>
Expenses:						
Administration	355,632	375,973	-	-	355,632	375,973
Public safety	73,335	219,986	-	-	73,335	219,986
Ambulance services	-	-	280,547	297,520	280,547	297,520
Total expenses	<u>428,967</u>	<u>595,959</u>	<u>280,547</u>	<u>297,520</u>	<u>709,514</u>	<u>893,479</u>
Transfer in (out)	<u>(500,000)</u>	<u>(100,000)</u>	<u>500,000</u>	<u>100,000</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	<u>\$ 577,087</u>	<u>\$ 615,559</u>	<u>\$ 426,859</u>	<u>\$ 525</u>	<u>\$1,003,946</u>	<u>\$ 616,084</u>

Governmental Activities. Governmental activities increased the District's net position by \$615,559 in 2020. Key elements of this increase are as follows:

Capital grants were \$54,883.

Business-type Activities. Business-type activities increased the District's net position by \$525 in 2020. Key elements of this increase are as follows:

Transfer in from the General Fund of \$100,000.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental Fund. Information about the District's governmental fund begins on page 15. This fund is accounted for using the modified accrual basis of accounting.

As of December 31, 2020, the total fund balance of the District's governmental fund was \$8,021,073. Approximately 99 percent of this consists of unassigned fund balance, which is available as working capital and for current spending in accordance with the purposes of the District. The remainder of fund balance is reserved to indicate that it is not available for new spending because it is committed for the following purposes: (1) a state-Constitution mandated emergency reserve (\$39,346). The District had Governmental revenues and other financing sources of \$1,311,518 and expenditures and other financing uses of \$986,352.

Proprietary Fund. Information about the District's proprietary fund begins on page 19. This fund is accounted for using the accrual basis of accounting.

As of December 31, 2020, the total net position of the District's proprietary fund was \$1,188,153. Approximately 64 percent of this consists of unrestricted net position, which is available as working capital and for current spending in accordance with the purposes of the District. The remainder of net position is restricted to indicate that it is not available for new spending because it is committed for the following purposes: (1) net investment in capital assets (\$428,986). The District had Proprietary operating revenues of \$174,587, miscellaneous income of \$23,458, transfer in of \$100,000, and expenses of \$297,520.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's budget is prepared according to Colorado statutes.

2020 General Fund Budget

	<u>Original Budget</u>	<u>Amend- ments</u>	<u>Final Budget</u>	<u>Actual</u>
Beginning Fund Balance	\$ 7,513,318	\$ -	\$ 7,513,318	\$ 7,695,907
Revenue and other financing sources	1,191,645	-	1,191,645	1,311,518
Expenditures and other financing uses	<u>(3,335,680)</u>	-	<u>(3,335,680)</u>	<u>(986,352)</u>
Ending Fund Balance	<u>\$ 5,369,283</u>	<u>\$ -</u>	<u>\$ 5,369,283</u>	<u>\$ 8,021,073</u>

Actual revenue and other financing sources were \$119,873 more than budgeted revenue and other financing sources. Interest income was more than budgeted by \$80,826 and grants income was more than budgeted by \$49,883 and were the main contributors for the difference.

Actual expenditures and other financing uses were \$2,349,328 less than budgeted expenditures and other financing uses. Capital outlay was less than budgeted by \$1,896,794 and was the main contributor for the difference.

CAPITAL ASSET ADMINISTRATION

Capital Assets. The District's net investment in capital assets for its governmental and business-type activities as of December 31, 2020 totaled \$4,282,385 and \$428,986 (net of accumulated depreciation), respectively. This investment includes all land, buildings, and equipment.

Major capital asset events during the current fiscal year included an expenditure of \$80,583 for a rescue truck, \$17,514 for Velocity coat/pant sets, and \$301,178 for Phase II of the building remodel.

The District uses the straight-line depreciation method under GASB 34 for its capital assets, except for land which is not depreciated.

ECONOMIC FACTORS AND OTHER MATTERS

Other Matters. The following factors are expected to have a significant effect on the District's financial position and results of operations and were taken into account in developing the 2021 budget:

- Reduction in property tax revenues.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided or for additional financial information should be addressed to the District, P.O. Box 737, Meeker, Colorado, 81641.

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FINANCIAL STATEMENTS

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RIO BLANCO FIRE PROTECTION DISTRICT

STATEMENT OF NET POSITION
December 31, 2020

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash and cash equivalents	\$ 8,680,720	\$ -	\$ 8,680,720
Accounts receivable, net of estimated uncollectible of \$189,157	-	97,548	97,548
Property taxes receivable	1,027,718	-	1,027,718
Other receivables	14,642	-	14,642
Due (to) from other funds	(669,504)	669,504	-
Due from volunteer pension	122,803	-	122,803
Restricted cash	39,346	-	39,346
Noncurrent assets			
Capital assets, nondepreciable	196,927	-	196,927
Capital assets, net	4,085,458	428,986	4,514,444
Net pension asset - volunteer fire	1,783,745	-	1,783,745
TOTAL ASSETS	15,281,855	1,196,038	16,477,893
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	105,208	-	105,208
Deferred outflows related to OPEB	8,589	-	8,589
Deferred outflows related to volunteer fire pension	603,866	-	603,866
TOTAL DEFERRED OUTFLOWS OF RESOURCES	717,663	-	717,663
LIABILITIES			
Accounts payable	137,130	7,885	145,015
Accrued liabilities	29,804	-	29,804
Noncurrent liabilities			
Net pension liability - PERA	202,111	-	202,111
Net OPEB Liability	23,759	-	23,759
TOTAL LIABILITIES	392,804	7,885	400,689
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue - property taxes	1,027,718	-	1,027,718
Deferred inflows related to pension	79,876	-	79,876
Deferred inflows related to OPEB	4,400	-	4,400
Deferred inflows related to volunteer fire pension	436,125	-	436,125
TOTAL DEFERRED INFLOWS OF RESOURCES	1,548,119	-	1,548,119
NET POSITION			
Net investment in capital assets	4,282,385	428,986	4,711,371
Restricted for TABOR emergencies	39,346	-	39,346
Unrestricted	9,736,864	759,167	10,496,031
TOTAL NET POSITION	\$ 14,058,595	\$ 1,188,153	\$ 15,246,748

The accompanying "Notes to Financial Statements" are an integral part of this statement.

RIO BLANCO FIRE PROTECTION DISTRICT

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2020

		Program Revenues	
	Expenses	Charges for Services	Operating Grants and Contributions
FUNCTIONS/PROGRAMS			
Primary government			
Governmental activities			
Administration	\$ 375,973	\$ -	\$ 5,050
Public safety	219,986	9,600	-
TOTAL GOVERNMENTAL ACTIVITIES	595,959	9,600	5,050
Business-type activities			
Ambulance services	297,520	174,587	-
TOTAL BUSINESS-TYPE ACTIVITIES	297,520	174,587	-
TOTAL PRIMARY GOVERNMENT	\$ 893,479	\$ 184,187	\$ 5,050

General revenues:

Taxes:

Property taxes

Specific ownership tax

Other taxes

Unrestricted investment earnings

Miscellaneous

Transfer in (out)

Total general revenues

Change in net position

Net position - beginning

Net position - ending

<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Primary Government</u>		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ -	\$ (370,923)	\$ -	\$ (370,923)
54,883	(155,503)	-	(155,503)
<u>54,883</u>	<u>(526,426)</u>	<u>-</u>	<u>(526,426)</u>
-	-	(122,933)	(122,933)
-	-	(122,933)	(122,933)
<u>\$ 54,883</u>	<u>(526,426)</u>	<u>(122,933)</u>	<u>(649,359)</u>
	1,100,259	-	1,100,259
	40,231	-	40,231
	(4,100)	-	(4,100)
	91,026	-	91,026
	14,569	23,458	38,027
	(100,000)	100,000	-
	<u>1,141,985</u>	<u>123,458</u>	<u>1,265,443</u>
	615,559	525	616,084
	<u>13,443,036</u>	<u>1,187,628</u>	<u>14,630,664</u>
	<u>\$ 14,058,595</u>	<u>\$ 1,188,153</u>	<u>\$ 15,246,748</u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

RIO BLANCO FIRE PROTECTION DISTRICT

BALANCE SHEET
GOVERNMENTAL FUND
December 31, 2020

	<u>General</u>
ASSETS	
Cash and cash equivalents	\$ 8,680,720
Property taxes receivable	1,027,718
Other receivables	14,642
Restricted cash	39,346
Due from volunteer pension	122,803
TOTAL ASSETS	\$ 9,885,229
LIABILITIES, DEFERRED INFLOWS, AND FUND EQUITY	
LIABILITIES	
Accounts payable	\$ 137,130
Accrued liabilities	29,804
Due to other funds	669,504
TOTAL LIABILITIES	836,438
DEFERRED INFLOWS	
Unearned revenue - property taxes	1,027,718
TOTAL DEFERRED INFLOWS	1,027,718
FUND EQUITY	
Fund Balance	
Restricted for:	
TABOR emergencies	39,346
Unassigned	7,981,727
TOTAL FUND EQUITY	8,021,073
TOTAL LIABILITIES AND FUND EQUITY	\$ 9,885,229

The accompanying "Notes to Financial Statements" are an integral part of this statement.

RIO BLANCO FIRE PROTECTION DISTRICT

RECONCILIATION OF BALANCE SHEET TO THE STATEMENT OF NET POSITION
December 31, 2020

Balance sheet - total fund balances		\$ 8,021,073
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and therefore are not reported in the funds.		4,282,385
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Long-term assets and liabilities, including net pension assets and liabilities, are not due, payable, or receivable in the current period and, therefore, are not reported in the funds.

Net pension asset	1,783,745	
Net pension liability	(202,111)	
Net OPEB liability	<u>(23,759)</u>	
Net asset (liability)		1,557,875

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows of resources related to pensions	709,074	
Deferred outflows of resources related to OPEB	8,589	
Deferred inflows of resources related to pensions	(516,001)	
Deferred inflows of resources related to OPEB	<u>(4,400)</u>	
Net deferred outflows (inflows)		<u>197,262</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 14,058,595</u>
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The accompanying "Notes to Financial Statements" are an integral part of this statement.

RIO BLANCO FIRE PROTECTION DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND

For the Year Ended December 31, 2020

REVENUES		
Taxes		\$ 1,136,390
Grants		54,883
Interest		91,026
Other		<u>29,219</u>
TOTAL REVENUES		<u>1,311,518</u>
EXPENDITURES		
Administration		174,572
Public safety		258,574
Capital outlay		<u>453,206</u>
TOTAL EXPENDITURES		<u>886,352</u>
EXCESS OF REVENUES OVER (UNDER) OPERATING EXPENDITURES		<u>425,166</u>
OTHER FINANCING SOURCES (USES)		
Transfer in (out)		(100,000)
TOTAL OTHER FINANCING SOURCES (USES)		<u>(100,000)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)		325,166
FUND BALANCE, BEGINNING OF YEAR		<u>7,695,907</u>
FUND BALANCE, END OF YEAR		<u>\$ 8,021,073</u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

RIO BLANCO FIRE PROTECTION DISTRICT

**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2020**

Net change in fund balances - total governmental funds	\$ 325,166
Amounts reported for governmental activities in the statement of net activities are different because:	
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. This is the amount by which capital outlay (\$453,206) exceed depreciation (\$289,190) in the current period.	164,016
Governmental funds report District pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension (expense) income.	126,912
Governmental funds recognize District OPEB contributions as expenditures at the time of payment whereas the Statement of Activities factors in items related to OPEB on a full accrual perspective.	<u>(535)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 615,559</u></u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

RIO BLANCO FIRE PROTECTION DISTRICT

STATEMENT OF NET POSITION
 PROPRIETARY FUND
 December 31, 2020

	Enterprise Fund <u>Meeker Ambulance Service</u>
ASSETS	
Accounts receivable, net of estimated uncollectible of \$189,157	\$ 97,548
Due from other funds	669,504
Property, plant and equipment, net	<u>428,986</u>
TOTAL ASSETS	<u><u>1,196,038</u></u>
LIABILITIES	
Accounts payable	<u>7,885</u>
TOTAL LIABILITIES	<u><u>7,885</u></u>
NET POSITION	
Net investment in capital assets	428,986
Unrestricted	<u>759,167</u>
TOTAL NET POSITION	<u><u>\$ 1,188,153</u></u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

RIO BLANCO FIRE PROTECTION DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUND

For the Year Ended December 31, 2020

	Enterprise Fund <u>Meeker Ambulance Service</u>
OPERATING REVENUES	
User charges	<u>\$ 174,587</u>
TOTAL OPERATING REVENUES	<u>174,587</u>
OPERATING EXPENSES	
Bookkeeping	19,412
Billing fees	5,707
Director fees	52,289
Driver fees	45,735
Gas and oil	2,852
Repairs and maintenance	39,931
Training	4,854
Depreciation	90,376
Other expense	<u>36,364</u>
TOTAL OPERATING EXPENSES	<u>297,520</u>
OPERATING INCOME (LOSS)	<u>(122,933)</u>
OTHER FINANCING SOURCES (USES)	
Miscellaneous income	23,458
Transfer in	<u>100,000</u>
TOTAL OTHER FINANCING SOURCES	<u>123,458</u>
CHANGE IN NET POSITION	525
NET POSITION, BEGINNING OF YEAR	<u>1,187,628</u>
NET POSITION, END OF YEAR	<u>\$ 1,188,153</u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

RIO BLANCO FIRE PROTECTION DISTRICT

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND
 For the Year Ended December 31, 2020

	Enterprise Fund <u>Meeker Ambulance Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 113,799
Cash payments for goods and services	<u>(219,682)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>(105,883)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Miscellaneous income	23,458
Operating transfer	<u>100,000</u>
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	<u>123,458</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of Equipment	<u>(17,575)</u>
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(17,575)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
None	<u>-</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	-
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>-</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ -</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income/Change plan net position	\$ (122,933)
Adjustments to reconcile operating income (loss) to Net cash provided (used) by operating activities:	
Depreciation	90,376
Changes in assets and liabilities:	
Decrease (increase) in accounts receivable	(60,788)
Decrease (increase) in due from other funds	6,952
Increase (decrease) in accounts payable	<u>(19,490)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ (105,883)</u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

RIO BLANCO FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Rio Blanco Fire Protection District, (the District), conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies consistently used in the preparation of the financial statements.

A. Financial Reporting Entity

The District is governed by an elected five member Board of Directors. No additional separate government units, agencies, or nonprofit corporations are included in the financial statements of the District as component units. Component units are legally separate entities for which the District is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the organization's governing body and either (1) the District's ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on the District.

The District provides protection of life and property from fire, including fire prevention and fire code enforcement, and emergency medical assistance to the Town of Meeker, Colorado and surrounding areas.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of Net Position and the statement of changes in Net Position) report information on all of the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately for business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct 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.

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

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

RIO BLANCO FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

The District reports the following major governmental fund:

General Fund

The General Fund is the District's general operating fund and is used to account for all financial transactions except those required to be accounted for in another fund. The major revenue sources are local property taxes and charges for services. Expenditures include all costs associated with the daily operations of the District.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Meeker Ambulance Service enterprise funds of the District are charges to clients for services. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District reports the following major proprietary funds:

Meeker Ambulance Service

The Meeker Ambulance Service is used to account for operation and capital needs of ambulance services for the Town of Meeker, Colorado and the surrounding area.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities, subject to this same limitation. The District has elected not to follow subsequent private-sector guidance.

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

D. Budgets and Budgetary Accounting

The District's trustees follow these procedures in establishing the budgetary data reflected in the financial statements:

Prior to October 15, the administrator submits to the District's trustees a proposed operating budget for the year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.

Public hearings are conducted to obtain the taxpayers' comments.

Prior to December 15, the budget is legally enacted through passage of a resolution. Formal budgetary integration is employed as a management control device during the year.

Budgets are adopted for the General, Enterprise and Trust Funds. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP), except for the Enterprise Fund. The budgets of the Enterprise Fund are based on cash receipts and cash disbursements rather than a revenues and expenditures measurement required by GAAP.

Appropriations lapse at the end of each calendar year.

The District's directors may authorize supplemental appropriations during the year. No supplemental appropriations were made during the year ended December 31, 2020.

RIO BLANCO FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

E. Property Taxes

Property taxes are levied on December 22 of each year and attach as an enforceable lien on property as of January 1. Taxes are due as of January 1 of the following year and are payable in full by June 15, if paid in installments, or April 30 with a single payment. Taxes are delinquent as of June 16. If the taxes are not paid within subsequent statutory periods, the property will be sold at public auction.

The County bills and collects the property taxes and remits collections to the District on a monthly basis. No provision has been made for uncollected taxes, in that the District's experience indicates that all material amounts will be collected and paid to the District.

F. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$500 and an estimated life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

	<u>Governmental</u>	<u>Meeker Ambulance Service</u>
Ambulances		7 years
Equipment	5-10 years	5-10 years
Building and improvements	10-40 years	
Fire trucks	5-10 years	

G. Encumbrances

The District does not use encumbrance accounts. Accordingly, no encumbrances have been recorded in the financial statements.

H. Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

I. Use of Estimates

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

J. Prepaid Items

Payments made to vendors for services representing costs applicable to future accounting periods are recorded as prepaid items.

RIO BLANCO FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

- A. There are certain differences between the governmental fund balance sheet and the government-wide statement of Net Position. A reconciliation of the differences can be found on page 6 of the financial statements.
- B. There are certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities. A reconciliation of the differences can be found on page 18 of the financial statements.

NOTE 3 - CASH AND INVESTMENTS

The District's bank accounts and certificates of deposit at year-end were entirely covered by federal depository insurance or by collateral held by the Authority's custodial banks under provisions of the Colorado Public Deposit Protection Act.

The Colorado Public Deposit Protection Act requires financial institutions to pledge collateral having a market value of at least 102% of the aggregate public deposits not insured by federal depository insurance. Eligible collateral included municipal bonds, U.S. government securities, mortgage, and deeds of trust.

State statutes authorized the District to invest in obligation of the U.S. Treasury and U.S. agencies, obligations of the State of Colorado or of any county, school, authority, and certain towns and cities therein, notes or bonds secured by insured mortgages or trust deeds, obligations of national mortgage associations, and certain repurchase agreements.

The District's investment policy is not more restrictive than State statutes. The District's investments are concentrated in local government investment pools, U.S. government and agency securities, and bank CDs.

Colorado Revised Statutes limit investment maturities to five years or less from the date of purchase. This limit on investment maturities is a means of limiting exposure to fair value arising from increasing interest rates.

Summary of cash and investments is as follows:

Cash and cash equivalents	
Cash deposits in bank	\$ 8,716,857
Cash with county	<u>3,209</u>
Total cash and investments	<u>\$ 8,720,066</u>

NOTE 4 - PROPERTY TAXES

Revenue Recognized in 2020

Local property taxes levied in 2019 and collected in 2020 are recognized as revenue in these financial statements as shown below:

	<u>Assessed Valuation</u>	<u>Mill Levy</u>	<u>Amount of Taxes</u>		<u>Percent Collected</u>
			<u>Levied</u>	<u>Collected</u>	
General Fund	\$584,494,160	1.948	\$1,138,595	\$1,100,259	96.63%
Volunteer Pension	\$584,494,160	0.375	\$ 219,185	\$ 211,760	96.61%

RIO BLANCO FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 4 - PROPERTY TAXES, Continued

Property Taxes Receivable and Deferred Revenue

Local property taxes levied in 2020 but not collectible until 2021 are shown as property taxes receivable and unearned revenue on the balance sheet in the amount of the assessed taxes less estimated uncollectible amounts.

	<u>Assessed Valuation</u>	<u>Mill Levy</u>	<u>Estimated Percent Collectible</u>	<u>Taxes Receivable</u>	<u>Unearned Revenue</u>
General Fund	\$527,575,940	1.948	100.0%	\$1,027,718	\$1,027,718
Volunteer Pension	\$527,575,940	0.375	100.0%	\$ 197,841	\$ 197,841

NOTE 5 - CAPITAL ASSETS

A. Governmental Activities

A summary of changes in capital assets during the year ended December 31, 2020 is as follows:

	<u>Balance 1/1/2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2020</u>
Capital assets not being depreciated:				
Land	\$ 116,344	\$ -	\$ -	\$ 116,344
Construction in progress	953,319	80,583	(953,319)	80,583
Total assets not being depreciated	<u>1,069,663</u>	<u>80,583</u>	<u>(953,319)</u>	<u>196,927</u>
Capital assets being depreciated:				
Building and improvements	3,189,035	1,254,497	-	4,443,532
Equipment	2,650,103	69,736	-	2,719,839
Radio equipment	214,016	1,709	-	215,725
Total assets being depreciated	<u>6,053,154</u>	<u>1,325,942</u>	<u>-</u>	<u>7,379,096</u>
Less accumulated depreciation:				
Building and improvements	(767,266)	(169,426)	-	(936,692)
Equipment	(2,053,381)	(106,171)	-	(2,159,552)
Radio equipment	(183,801)	(13,593)	-	(197,394)
Total accumulated depreciation	<u>(3,004,448)</u>	<u>(289,190)</u>	<u>-</u>	<u>(3,293,638)</u>
Total assets being depreciated, net	<u>3,048,706</u>	<u>1,036,752</u>	<u>-</u>	<u>4,085,458</u>
Governmental activities capital assets, net	<u>\$ 4,118,369</u>	<u>\$ 1,117,335</u>	<u>\$ (953,319)</u>	<u>\$ 4,282,385</u>

Depreciation expense was charged to function/programs of the primary government as follows:

Governmental activities:	
Administration	\$ 201,401
Public safety	<u>87,789</u>
Total depreciation expense - governmental activities	<u>\$ 289,190</u>

RIO BLANCO FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 5 – CAPITAL ASSETS, Continued

B. Business-type Activities

	<u>Balance 1/1/2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2020</u>
Capital assets not being depreciated:				
None	\$ -	\$ -	\$ -	\$ -
Capital assets being depreciated:				
Ambulances	828,264	-	-	828,264
Equipment	<u>609,084</u>	<u>17,575</u>	-	<u>626,659</u>
Total assets being depreciated	<u>1,437,348</u>	<u>17,575</u>	-	<u>1,454,923</u>
Less accumulated depreciation:				
Ambulances	(476,654)	(51,505)	-	(528,159)
Equipment	<u>(458,907)</u>	<u>(38,871)</u>	-	<u>(497,778)</u>
Total accumulated depreciation	<u>(935,561)</u>	<u>(90,376)</u>	-	<u>(1,025,937)</u>
Total assets being depreciated, net	<u>501,787</u>	<u>(72,801)</u>	-	<u>428,986</u>
Business-type activities capital assets, net	<u>\$ 501,787</u>	<u>\$ (72,801)</u>	<u>\$ -</u>	<u>\$ 428,986</u>

Depreciation expense was charged to function/programs of the primary government as follows:

 Business-type activities:

 Meeker Ambulance Service/Total depreciation expense – business-type activities \$ 90,376

NOTE 6 – VOLUNTEER FIREFIGHTERS PENSION PLAN

Summary of Significant Accounting Policies

Pensions. The District has established the Volunteer Firefighters’ Pension Plan (Volunteer Plan) an agent multiple-employer defined benefit pension fund administered by the Colorado Fire and Police Pension Association (FPPA). The net pensions liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position plan have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

Plan Description. Any firefighter who has both attained the age of fifty and completed twenty years of active services shall be eligible for a monthly pension. Additionally, any firefighter that has reached the age of fifty with at least ten years of service will receive a pension benefit that is prorated for year of creditable volunteer service between 10 and 20 years. A firefighter who is disabled in the line of duty whose disability is of such character and magnitude as to deprive the firefighter of earning capacity and extends beyond one year, shall be compensated in an amount determined by the Pension Board. The Volunteer Plan also provides for a lump-sum burial benefit upon the death of an active or retired firefighter. Spouses of deceased firefighters may receive benefits as authorized by State statute. FPPA issues an annual, publicly-available financial report that includes the assets of the Volunteer Plan. That report may be obtained at www.FPPAco.org/annual_reports.htm.

RIO BLANCO FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 6 – VOLUNTEER FIREFIGHTERS PENSION PLAN, Continued

General Information about the Pension Plan, continued

Funding Policy. An actuary is used to determine the annual required contribution (ARC) necessary to maintain the actuarial soundness of the Volunteer Plan. Colorado law requires the State to make an annual contribution to the Volunteer Plan. Because the District’s monthly benefit amount is over \$300, the State’s annual contribution is calculated as the highest State contribution made between 1998 and 2001. The District may make additional contributions to support the plan.

The actuarial study as of January 1, 2019, indicated that the current levels of contributions to the fund are adequate to support an actuarially sound basis for the prospective benefits for the present Volunteer Plan.

Membership. Below is a table of the members as of January 1, 2019:

Number of	
- Retirees and Beneficiaries	36
- Inactive, Nonretired Members	1
- Active Members	26
- Total	63

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

At December 31, 2020, the District reported an asset of \$1,783,745. The net pension asset was measured as of December 31, 2019, and was determined by an actuarial valuation as of January 1, 2019. Standard update procedures were used to roll forward the total pension asset to December 31, 2020.

For the year ended December 31, 2020, the District recognized pension income of \$143,039. 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	15,914	-
Change in assumptions	62,232	-
Net difference between projected and actual earnings on pension plan investments	248,063	436,125
Contribution subsequent to the measurement date	277,657	N/A
Total	603,866	436,125

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

Year ended December 31:	
2021	300,332
2022	(57,444)
2023	1,176
2024	(76,323)

RIO BLANCO FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 6 – VOLUNTEER FIREFIGHTERS PENSION PLAN, Continued

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

Actuarial Assumptions, Method, 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 market
Inflation:	2.50%
Salary Increases:	N/A
Investment Rate of Return:	7.00%
Retirement Age:	50% per year of eligibility until 100% at age 65
Mortality:	Pre-retirement: RP-2014 Mortality Table for Blue Collar Employees, projected with Scale BB, 55% multiplier for off-duty mortality. Post-retirement: For ages less and 55, RP-2014 Mortality Table 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 Disabled: RP-2014 Disabled Mortality Table. All tables projected with Scale AA.

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

Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Nominal Rate of Return
Global Equity	38.0%	7.00%
Equity Long/Short	8.0%	6.00%
Private Markets	25.0%	9.20%
Fixed Income	15.0%	5.20%
Absolute Return	8.0%	5.50%
Managed Futures	4.0%	5.00%
Cash	2.0%	2.52%
Total	100.00%	

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

RIO BLANCO FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 6 – VOLUNTEER FIREFIGHTERS PENSION PLAN, Continued

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

Sensitivity of the District's Net Pension Asset to Changes in the Discount Rate. The following presents the net pension asset calculation using the discount rate of 7.00 percent as well as what the net position asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
Net Pension Asset	1,346,290	1,783,745	2,150,082

FPPA System Description. The FPPA administers an agent multiple-employer Public Employee Retirement System (PERS). The PERS represents the assets of numerous separate plans that have been pooled for investment purposes. The pension plans have elected to affiliate with FPPA for plan administration and investment only.

FPPA issues a publicly available comprehensive annual financial report that can be obtained at www.fppaco.org.

NOTE 7 - BUDGETARY - GAAP REPORTING RECONCILIATION

The accompanying schedule presents comparisons of the legally adopted budget with actual data on a budgetary basis for the Enterprise Funds. Because accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with GAAP, a reconciliation of resultant basis, timing, perspective and entity differences in excess (deficiency) of revenues over expenditures for the year ended December 31, 2020, is presented below:

Net change in Net Position (NON-GAAP Basis)	<u>Enterprise</u> \$ 73,326
Plus:	
Capital Outlay	17,575
Less:	
Depreciation	<u>(90,376)</u>
Net change in net position (GAAP Basis)	<u>\$ 525</u>

NOTE 8 - INTERFUND TRANSACTIONS

Interfund receivable and payable balances at December 31, 2020, are as follows:

	<u>Interfund</u> <u>Receivable</u>	<u>Interfund</u> <u>Payable</u>
General Fund	\$ 122,803	\$ 669,504
Meeker Ambulance		
Service - Proprietary Fund	669,504	-
Volunteer Pension	<u>-</u>	<u>122,803</u>
	<u>\$ 792,307</u>	<u>\$ 792,307</u>

An interfund transfer from the General fund of \$100,000 to the Meeker Ambulance Service - Proprietary Fund was made in 2020 to help with operating costs.

RIO BLANCO FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS December 31, 2020

NOTE 9 - DEFINED BENEFIT PENSION PLAN - PERA

Summary of Significant Accounting Policies

Pensions. The Rio Blanco Fire Protection District participates in the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The net pensions liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the LGDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years.* The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to certain benefit provisions. Some, but not all, of these changes were in effect as of December 31, 2020.

General Information about the Pension Plan

Plan description. Eligible employees of the Rio Blanco Fire Protection District are provided with pensions through the Local Government Division Trust Fund (LGDTF)—a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided as of December 31, 2019. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

The lifetime retirement benefit for all eligible retiring employees under the PERA Benefit Structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit
- The value of the retiring employee's member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

The lifetime retirement benefit for all eligible retiring employees under the Denver Public Schools (DPS) Benefit Structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit
- \$15 times the first 10 years of service credit plus \$20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

In all cases the service retirement benefit is limited to 100 percent of highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

RIO BLANCO FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 9 - DEFINED BENEFIT PENSION PLAN - PERA, Continued

General Information about the Pension Plan, continued

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50 percent or 100 percent on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

As of December 31, 2019, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S., once certain criteria are met. Pursuant to SB 18-200, the annual increase for 2019 is 0.00 percent for all benefit recipients. Thereafter, benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007, and all benefit recipients of the DPS benefit structure will receive an annual increase of 1.25 percent unless adjusted by the automatic adjustment provision (AAP) pursuant to C.R.S. § 24-51-413. Benefit recipients under the PERA benefit structure who began eligible employment on or after January 1, 2007 will receive the lesser of an annual increase of 1.25 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the LGDTF. The AAP may raise or lower the aforementioned annual increase by up to 0.25 percent based on the parameters specified in C.R.S. § 24-51-413.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the retirement benefit formula shown above considering a minimum 20 years of service credit, if deemed disabled.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

Contributions provisions as of December 31, 2020. Eligible employees and Rio Blanco Fire Protection District are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, et seq. and § 24-51-413. Employee contribution rates for the period of January 1, 2020 through December 31, 2020 are summarized in the table below:

	January 1, 2020 Through June 30, 2020	July 1, 2020 Through December 31, 2020
Employee contribution (all employees except State Troopers)	8.00%	8.50%
State Troopers Only	10.00%	10.50%

Contribution rates for the LGDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

RIO BLANCO FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 9 - DEFINED BENEFIT PENSION PLAN - PERA, Continued

General Information about the Pension Plan, continued

The employer contribution requirements for all employees are summarized in the table below:

	January 1, 2019 Through June 30, 2020	July 1, 2020 Through December 31, 2020
Employer contribution rate	10.00%	10.50%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02)%	(1.02)%
Amount apportioned to the LGDTF	8.98%	9.48%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	2.20%	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	1.50%	1.50%
Total employer contribution rate to the LGDTF	12.68%	13.18%

Contribution Rates for the LGDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

The employer contribution requirements for State Troopers are summarized in the table below:

	January 1, 2019 Through December 31, 2019	January 1, 2020 Through June 30, 2020	July 1, 2020 Through December 31, 2020
Employer contribution rate	N/A	12.00%	12.50%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	N/A	(1.02)%	(1.02)%
Amount apportioned to the LGDTF	N/A	10.98%	11.48%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	N/A	2.20%	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	N/A	1.50%	1.50%
Total employer contribution rate to the LGDTF	N/A	14.68%	15.18%

Contribution rates for the LGDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the Rio Blanco Fire Protection District is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from Rio Blanco Fire Protection District were \$27,943 for the year ended December 31, 2020.

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

At December 31, 2020, the Rio Blanco Fire Protection District reported a liability of \$202,111 for its proportionate share of the net pension liability. The net pension liability for the LGDTF was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll forward the total pension liability to December 31, 2019. The Rio Blanco Fire Protection District proportion of the net pension liability was based on Rio Blanco Fire Protection District contributions to the LGDTF for the calendar year 2019 relative to the total contributions of participating employers to the LGDTF.

RIO BLANCO FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 9 - DEFINED BENEFIT PENSION PLAN - PERA, Continued

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

At December 31, 2019, the Rio Blanco Fire Protection District proportion was 0.027634 percent, which was an increase of 0.005366 percent from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the Rio Blanco Fire Protection District recognized pension expense of \$16,347. At December 31, 2020, the Rio Blanco Fire Protection 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	13,226	-
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	-	82,686
Changes in proportion and differences between contributions recognized and proportionate share of contributions	51,205	(2,810)
Contributions subsequent to the measurement date	27,943	N/A
Total	92,374	79,876

\$27,943 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending 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	33,995
2022	(17,712)
2023	(3,516)
2024	(28,212)
2025	-
Thereafter	-

RIO BLANCO FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 9 - DEFINED BENEFIT PENSION PLAN - PERA, Continued

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

Actuarial assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 - 10.45 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07; and DPS benefit structure (automatic)	1.25 percent compounded annually
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

Healthy mortality assumptions for active members reflect the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriated margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Post-retirement non-disabled mortality assumptions reflect the RP-2014 Health Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates of ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was changed to reflect 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2018, valuation were based on the results of the 2016 experience analysis for the period January 1, 2012 through December 31, 2015, as well as the October 28, 2016, actuarial assumption workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

Several factors were considered in evaluating the long-term rate of return assumptions for the LGDTF, including long-term historical data, estimates inherent in current market data, and long-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were 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 then adding expected inflation.

RIO BLANCO FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 9 - DEFINED BENEFIT PENSION PLAN - PERA, Continued

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

As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity - Large Cap	21.20%	4.30%
U.S. Equity - Small Cap	7.42%	4.80%
Non U.S. Equity - Developed	18.55%	5.20%
Non U.S. Equity - Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non US Fixed Income - Developed	1.84%	0.60%
Emerging Market Bonds	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25 percent.

Discount rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above in addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50 percent.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the additional 0.50 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the additional 0.50 percent, resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

RIO BLANCO FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 9 - DEFINED BENEFIT PENSION PLAN - PERA, Continued

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

- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriated. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- The projected benefit payments reflect the lowered annual increase cap, from 1.50 percent to 1.25 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the LGDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the Municipal Bond Index Rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

Sensitivity of the Rio Blanco Fire Protection District proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	371,263	202,111	59,856

Pension plan fiduciary net position. Detailed information about the LGDTF's fiduciary net position is available in PERA's CAFR which can be obtained at www.copera.org/investments/pera-financial-reports.

NOTE 10 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

Summary of Significant Accounting Policies

OPEB. Rio Blanco Fire Protection District participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado (PERA). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 10 – DEFINED BENEFIT OTHER POST EMPLOYMENT (OPEB) PLAN, Continued**General Information about the OPEB Plan**

Plan description. Eligible employees of the Rio Blanco Fire Protection District are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided. The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

Enrollment in the PERACare is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

PERA Benefit Structure

The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

RIO BLANCO FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS December 31, 2020

NOTE 10 – DEFINED BENEFIT OTHER POST EMPLOYMENT (OPEB) PLAN, Continued

General Information about the OPEB Plan, continued

DPS Benefit Structure

The maximum service-based premium subsidy is \$230 per month for retirees who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for retirees who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum subsidy, in each case, is for retirees with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The retiree pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For retirees who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, the HCTF or the DPS HCTF pays an alternate service-based premium subsidy. Each individual retiree meeting these conditions receives the maximum \$230 per month subsidy reduced appropriately for service less than 20 years, as described above. Retirees who do not have Medicare Part A pay the difference between the total premium and the monthly subsidy.

Contributions. Pursuant to Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02 percent of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Rio Blanco Fire Protection District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from Rio Blanco Fire Protection District were \$2,187 for the year ended December 31, 2020.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At December 31, 2020, the Rio Blanco Fire Protection District reported a liability of \$23,759 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2019. The Rio Blanco Fire Protection District proportion of the net OPEB liability was based on Rio Blanco Fire Protection District contributions to the HCTF for the calendar year 2019 relative to the total contributions of participating employers to the HCTF.

At December 31, 2019, the Rio Blanco Fire Protection District proportion was 0.002 percent, which was an increase of 0.000 from its proportion measured as of December 31, 2018.

RIO BLANCO FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 10 – DEFINED BENEFIT OTHER POST EMPLOYMENT (OPEB) PLAN, Continued

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB, continued

For the year ended December 31, 2020, the Rio Blanco Fire Protection District recognized OPEB expense of \$535. At December 31, 2020, the Rio Blanco Fire Protection District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	79	3,992
Changes of assumptions or other inputs	197	-
Net difference between projected and actual earnings on OPEB plan investments	-	397
Changes in proportion and differences between contributions recognized and proportionate share of contributions	6,126	11
Contributions subsequent to the measurement date	2,187	N/A
Total	8,589	4,400

\$2,187 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31:	
2021	390
2022	390
2023	505
2024	601
2025	107
Thereafter	9

RIO BLANCO FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 10 – DEFINED BENEFIT OTHER POST EMPLOYMENT (OPEB) PLAN, Continued

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB, continued

Actuarial assumptions. The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 percent in aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	5.60 percent in 2019, gradually decreasing to 4.50 percent on 2029
Medicare Part A premiums	3.50 percent in 2019, gradually increasing to 4.50 percent in 2029
DPS benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation and on the pattern of sharing of costs between employers of each fund to that point.

The actuarial assumptions used in the December 31, 2018, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016 Board meeting. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA’s actuary, as discussed below.

In determining the additional liability for PERACare enrollees who are age sixty-five or older and who are not eligible for premium-free Medicare Part A, the following monthly costs/premiums are assumed for 2019 for the PERA Benefit Structure:

Medicare Plan	Cost for Members Without Medicare Part A	Premiums for Members Without Medicare Part A
Medicare Advantage Self-Insured Prescription	\$601	\$240
Kaiser Permanente Medicare Advantage HMO	605	237

The 2019 Medicare Part A premium is \$437 per month.

RIO BLANCO FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 10 – DEFINED BENEFIT OTHER POST EMPLOYMENT (OPEB) PLAN, Continued

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB, continued

In determining the additional liability for PERACare enrollees in the PERA Benefit Structure who are age sixty-five or older who are not eligible for premium-free Medicare Part A, the following chart details the initial expected value of Medicare Part A benefits, age adjusted to age 65 for the year following the valuation date:

Medicare Plan	Cost for Members Without Medicare Part A
Medicare Advantage Self-Insured Prescription	\$562
Kaiser Permanente Medicare Advantage HMO	571

All costs are subject to the health care cost trend rates, as discussed below.

Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A.

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2018, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The PERA benefit structure health care cost trend rates that were used to measure the total OPEB liability are summarized in the table below:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2019	5.60%	3.50%
2020	8.60%	3.50%
2021	7.30%	3.50%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	3.75%
2025	5.30%	4.00%
2026	5.10%	4.00%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

Mortality assumptions for the determination of the total pension liability for each of the Division Trust Funds as shown below are applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

RIO BLANCO FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 10 – DEFINED BENEFIT OTHER POST EMPLOYMENT (OPEB) PLAN, Continued

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB, continued

Healthy, post-retirement mortality assumptions for the State and Local Government Divisions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

Post-retirement non-disabled mortality assumptions for the School and Judicial Divisions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The following economic and demographic assumptions were specifically developed for, and used in, the measurement of the obligations for the HCTF:

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2019 plan year.
- The morbidity assumptions were updated to reflect the assumed standard aging factors.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

Several factors were considered in evaluating the long-term rate of return assumption for the HCTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were 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 then adding expected inflation.

RIO BLANCO FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 10 – DEFINED BENEFIT OTHER POST EMPLOYMENT (OPEB) PLAN, Continued

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB, continued

As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income – Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25 percent.

Sensitivity of the Rio Blanco Fire Protection District proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	4.60%	5.60%	6.60%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	23,194	23,759	24,410

Discount rate. The discount rate used to measure the total OPEB liability was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2019, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50 percent.

RIO BLANCO FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS December 31, 2020

NOTE 10 – DEFINED BENEFIT OTHER POST EMPLOYMENT (OPEB) PLAN, Continued

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB, continued

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the projection test indicates the HCTF's fiduciary net position was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

Sensitivity of Rio Blanco Fire Protection District proportionate share of the net OPEB liability to changes in the discount rate. The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	26,864	23,759	21,103

OPEB plan fiduciary net position. Detailed information about the HCTF's fiduciary net position is available in PERA's comprehensive annual financial report which can be obtained at www.copera.org/investments/pera-financial-reports.

NOTE 11 – DEFINED BENEFIT PLAN - FPPA

Summary of Significant Accounting Policies

Pensions. The District contributes to the Statewide Defined Benefit Pension Plan (SWDB Plan), a cost-sharing multiple-employer defined benefit pension plan, which is administered by the Colorado Fire and Police Pension Association (FPPA). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the SWDB Plan have been determined using the economic resources measurement focus and the accrual basis of accounting. Assets of the SWDB Plan are commingled for investment purposes in the Fire and Police Member's Benefit Fund.

General Information about the Pension Plan

Plan Description. The SWDB Plan provides retirement benefits for members and beneficiaries according to plan provisions as enacted and governed by FPPA's Pension Fund Board of Trustees. Colorado Revised Statutes (CRS), as amended, establishes basic benefit provisions under the SWDB Plan. FPPA issues an annual, publicly-available financial report that includes the assets of the SWDB Plan. The report may be obtained on FPPA's website at www.fppaco.org.

RIO BLANCO FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 11 – DEFINED BENEFIT PLAN – FPPA, Continued

General Information about the Pension Plan, continued

Benefits Provided. A member is eligible for a normal retirement pension once the member has completed twenty-five years of credited service and has attained the age of 55. Effective January 1, 2021, a member may also qualify for a normal retirement pension if the member's combined years of services and age equals at least 80, with minimum age of 50 (Rule of 80).

The annual normal retirement benefit is 2 percent of the average of the member's highest three years' pensionable earnings for each year of credited service up to ten years, plus 2.5 percent 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 Plan. Benefit adjustments paid to retired members are evaluated annually 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 percent or the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W).

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 credit 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 percent 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 Plan and remain eligible for a retirement pension at age 55 equal to 2 percent of the member's average highest three years' pensionable earnings for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter.

Contributions. Through December 31, 2020, the contribution rates for the SWDB Plan are set by state statutes. Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or election of the membership. Effective January 1, 2021, contribution rates for employers and members may be increased equally by the FPPA Board of Directors upon approval through an election by both the employers and members.

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

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 percent and 23.0 percent of pensionable earnings in 2019 and 2020, respectively. It is a local decision as to whether the member or employer pays the additional 4 percent contribution. The member and employer contribution rates will increase through 2030 as described above for the non-reentering departments. Effective January 1, 2021, reentry departments may submit a resolution to the FPPA Board of Directors to reduce the additional 4 percent contribution, to reflect the actual cost of reentry by department, to the plan for entry 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 percent and 4 percent, respectively, of pensionable earnings for a total contribution rate of 9.25 percent in 2019 and 9.50 percent in 2020. Per the 2014 member election, members of the affiliate social security group will have their required contribution rate increase 0.25 percent annually beginning in 2015 through 2022 to a total of 6 percent of pensionable earnings. Employer contributions are 4 percent in 2019 and 2020. Employer contributions will increase 0.25 percent annually beginning 2021 through 2030 to a total of 6.5 percent of pensionable earnings.

RIO BLANCO FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 11 – DEFINED BENEFIT PENSION PLAN – FPPA, Continued

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

At December 31, 2020, the District reported a liability of \$0 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2019, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2019. Standard update procedures were used to roll forward the total pension asset to December 31, 2020. The District's proportion of the net pension asset was based on the District's contributions to the SWDB Plan for the calendar year 2019 relative to the total contributions of participating employers to the SWDB Plan.

At December 31, 2019, the District's proportion was 0.000000 percent, which was a decrease of 0.007343 percent from its proportion measurement as of December 31, 2018.

For the year ended December 31, 2020, the District recognized pension income of \$220. 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	-	-
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	12,834	-
Contribution subsequent to the measurement date	-	-
Total	12,834	-

\$0 is reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year December 31, 2021. Other amounts report as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (income) as follows:

Year ended December 31:	
2021	998
2022	998
2023	998
2024	998
2025	998
Thereafter	7,844

RIO BLANCO FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 11 – DEFINED BENEFIT PENSION PLAN – FPPA, Continued

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

Actuarial Assumptions. The actuarial valuations for the SWDB Plan were used to determine the total net pension liability and actuarially determined contributions for the fiscal year ending December 31, 2019. The valuations used the following actuarial assumptions and other inputs:

	Total Pension Liability	Actuarial Determined Contributions
Actuarial Valuation Date	January 1, 2020	January 1, 2019
Actuarial Method	Entry Age Normal	Entry Age Normal
Amortization Method	N/A	Level % of Payroll, Open
Amortization Period	N/A	30 Years
Long-term Investment Rate of Return*	7.0%	7.5%
Projected Salary Increases	4.25% - 11.25%	4.25% - 11.25%
Cost of Living Adjustment (COLA)	0%	0%
*Includes Inflation at	2.5%	2.5%

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (assumed at 2.5 percent). Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	38.0%	7.00%
Equity Long/Short	8.0%	6.00%
Private Markets	25.0%	9.20%
Fixed Income	15.0%	5.20%
Absolute Return	8.0%	5.50%
Managed Futures	4.0%	5.00%
Cash	2.0%	2.52%
Total	100.00%	

RIO BLANCO FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 11 – DEFINED BENEFIT PENSION PLAN – FPPA, Continued

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

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

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

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

Sensitivity of the District's Net Pension Liability (Asset) to Changes in the Single Discount Rate. The following presents the net pension liability (asset), calculated using a Single Discount Rate of 7.00 percent, as well as what the plan's net pension liability (asset) would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
Proportionate share of the net pension liability (asset)	-	-	-

Pension Plan Fiduciary Net Position. Detailed information about the SWDB Plan's fiduciary net position is available in FPPA's comprehensive annual financial report which can be obtained at www.fppaco.org.

NOTE 12 - CONTINGENCIES

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, voter approval for an increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue in excess of the fiscal year spending limit must be refunded in the next fiscal year unless voters approve retention of such revenue. The amendment also requires that reserves be established for declared emergencies, with 3% of fiscal year spending required in 1995 and thereafter.

The District has no authorized but unissued debt subject to the amendment's limitation. Based on fiscal year spending for 2020, \$39,346 of the year-end fund balance in the General Fund has been reserved for emergencies.

During 1996 a majority of the District's electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and other revenue of the District without regard to any limitations under TABOR.

RIO BLANCO FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS December 31, 2020

NOTE 12 – CONTINGENCIES, Continued

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

NOTE 13 - RISK MANAGEMENT

The District is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. Commercial insurance coverage is purchased for claims arising from such matters. There have been no significant reductions in insurance coverage in the current year and settlement amounts, if any, have not exceeded this commercial coverage in any of the three preceding years.

NOTE 14 – COMMITTED FUND BALANCE

Beginning with the fiscal year 2011, the District implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions". This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a governments' fund balances more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provision or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

The board establishes (and modifies or rescinds) fund balance commitments as action items in board meetings. A fund balance commitment is further indicated in the budget document as a designation or commitment on the fund. Assigned fund balance is established by the board through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

Restricted funds are considered to be spent first, followed by assigned and unassigned, for an expenditure for which any could be used.

NOTE 15 – REPORTING FOR PENSIONS

Beginning in 2015, financial reporting information pertaining to the District's participation in Volunteer Firefighters' Pension Plan administered by Fire and Police Pension Association of Colorado (FPPA) and Public Employees' Retirement Association of Colorado (PERA) is prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition of Contributions Made Subsequent to the Measurement Date*.

RIO BLANCO FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 16 – SUBSEQUENT EVENTS

The District has evaluated subsequent events through June 23, 2021, the date at which the financial statements were available to be issued, and determined that no events have occurred that require disclosure.

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REQUIRED SUPPLEMENTARY INFORMATION

RIO BLANCO FIRE PROTECTION DISTRICT

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

For the Year Ended December 31, 2020

	Budget	
	Original	Final
REVENUES		
Taxes	\$ 1,164,345	\$ 1,164,345
Interest	10,200	10,200
Grants	5,000	5,000
Other	12,100	12,100
TOTAL REVENUES	1,191,645	1,191,645
EXPENDITURES		
Administration	280,280	280,280
Public safety	455,400	455,400
Capital outlay	2,350,000	2,350,000
TOTAL EXPENDITURES	3,085,680	3,085,680
REVENUES OVER (UNDER) OPERATING EXPENDITURES	(1,894,035)	(1,894,035)
OTHER FINANCING SOURCES (USES)		
Transfer in (out)	(250,000)	(250,000)
TOTAL OTHER FINANCING SOURCES (USES)	(250,000)	(250,000)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)	(2,144,035)	(2,144,035)
FUND BALANCE, BEGINNING OF YEAR	7,513,318	7,513,318
FUND BALANCE, END OF YEAR	\$ 5,369,283	\$ 5,369,283

<u>Actual Amounts</u>	<u>Variance from final budget</u>
\$ 1,136,390	\$ (27,955)
91,026	80,826
54,883	49,883
<u>29,219</u>	<u>17,119</u>
<u>1,311,518</u>	<u>119,873</u>
174,572	105,708
258,574	196,826
<u>453,206</u>	<u>1,896,794</u>
<u>886,352</u>	<u>2,199,328</u>
<u>425,166</u>	<u>2,319,201</u>
<u>(100,000)</u>	<u>150,000</u>
<u>(100,000)</u>	<u>150,000</u>
325,166	2,469,201
<u>7,695,907</u>	<u>182,589</u>
<u>\$ 8,021,073</u>	<u>\$ 2,651,790</u>

See the accompanying independent auditors' report

RIO BLANCO FIRE PROTECTION DISTRICT

SCHEDULE OF CONTRIBUTIONS
Volunteer Firefighters' Pension Plan
Last 10 Fiscal Years

<u>FY Ending December 31</u>	<u>Actuarially Determined Contributions</u>	<u>Actual Contribution*</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a % of Covered Payroll</u>
2013	\$ 39,809	\$ 519,761	\$ (479,952)	N/A	N/A
2014	39,809	415,381	(375,572)	N/A	N/A
2015	39,809	384,346	(344,537)	N/A	N/A
2016	-	424,270	(424,270)	N/A	N/A
2017	-	335,239	(335,239)	N/A	N/A
2018	-	328,317	(328,317)	N/A	N/A
2019	-	158,930	(158,930)	N/A	N/A
2020	-	277,657	(277,657)	N/A	N/A

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

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

See the accompanying independent auditors' report

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RIO BLANCO FIRE PROTECTION DISTRICT

SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
 Volunteer Firefighters' Pension Plan
 Last 10 Fiscal Years

Measurement period ending December 31,	2014	2015	2016
Total Pension Liability			
Service Cost	\$ 39,843	\$ 39,694	\$ 39,694
Interest on the Total Pension Liability	228,022	213,333	214,332
Benefit Changes	-	-	589,620
Difference between Expected and Actual Expenditures	(254,623)	-	32,307
Assumption Changes	-	-	105,410
Benefit Payments	(204,484)	(213,750)	(266,595)
Net Change in Total Pension Liability	(191,242)	39,277	714,768
Total Pension Liability - Beginning	3,121,131	2,929,889	2,969,166
Total Pension Liability - Ending (a)	<u>\$ 2,929,889</u>	<u>\$ 2,969,166</u>	<u>\$ 3,683,934</u>
Plan Fiduciary Net Position			
Employer Contributions	\$ 385,908	\$ 354,873	\$ 394,797
Pension Plan Net Investment Income	241,432	64,721	232,131
Benefit Payments	(204,484)	(213,750)	(266,595)
Pension Plan Administrative Expense	(5,930)	(8,254)	(6,990)
State of Colorado supplemental discretionary payment	29,473	29,473	29,473
Net Change in Plan Fiduciary Net Position	446,399	227,063	382,816
Plan Fiduciary Net Position - Beginning	3,384,843	3,831,242	4,058,305
Plan Fiduciary Net Position - Ending (b)	<u>\$ 3,831,242</u>	<u>\$ 4,058,305</u>	<u>\$ 4,441,121</u>
Net Pension Liability (Asset) - Ending (a)-(b)	(901,353)	(1,089,139)	(757,187)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	130.76%	136.68%	120.55%
Covered Employee Payroll	N/A	N/A	N/A
Net Pension Liability as a Percentage of Covered Employee Payroll	N/A	N/A	N/A

2017	2018	2019
\$ 41,480	\$ 41,480	\$ 41,970
268,000	270,867	270,934
-	-	-
-	44,978	-
-	175,876	-
(266,760)	(275,918)	(272,790)
42,720	257,283	40,114
3,683,934	3,726,654	3,983,937
<u>\$ 3,726,654</u>	<u>\$ 3,983,937</u>	<u>\$ 4,024,051</u>
\$ 305,766	\$ 298,844	\$ 158,930
662,147	712	740,920
(266,760)	(275,918)	(272,790)
(14,327)	(13,982)	(15,813)
29,473	29,473	-
716,299	39,129	611,247
4,441,121	5,157,420	5,196,549
<u>\$ 5,157,420</u>	<u>\$ 5,196,549</u>	<u>\$ 5,807,796</u>
(1,430,766)	(1,212,612)	(1,783,745)
138.39%	130.44%	144.33%
N/A	N/A	N/A
N/A	N/A	N/A

See the accompanying independent auditors' report

RIO BLANCO FIRE PROTECTION DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
STATEWIDE FPPA PENSION PLAN
Last 10 Fiscal Years

Year Ended*	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Actual Covered Payroll	Net Pension Liability (Asset) as a Percentage of Covered Payroll	Fiduciary Net Position as Percentage of Total Pension Liability/Asset
12/31/2014	0.000%	\$ -	\$ -	0%	105.8%
12/31/2015	0.000%	-	-	0%	106.8%
12/31/2016	0.000%	-	14,272	0%	100.1%
12/31/2017	0.015%	5,240	73,866	7%	98.2%
12/31/2018	0.013%	(18,167)	49,183	-37%	106.3%
12/31/2019	0.007%	9,284	-	N/A	95.2%
12/31/2020	0.000%	-	-	N/A	101.9%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

* The date provided in the schedule is based as of the measurement date of FPPA's net pension liability, which is as of the calendar year end that occurred before the District's fiscal year end.

See the accompanying independent auditors' report

RIO BLANCO FIRE PROTECTION DISTRICT

**SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
STATEWIDE FPPA PENSION PLAN
Last 10 Fiscal Years**

<u>FY Ending December 31,</u>	<u>Statutorily Required Contributions</u>	<u>Actual Employer Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Actual Covered Payroll</u>	<u>Contributions as a % of Covered Payroll</u>
2013	\$ -	\$ -	\$ -	\$ -	0.00%
2014	-	-	-	-	0.00%
2015	-	-	-	-	0.00%
2016	1,142	1,142	-	14,272	8.00%
2017	5,909	5,909	-	73,866	8.00%
2018	3,935	3,935	-	49,183	8.00%
2019	-	-	-	-	N/A
2020	-	-	-	-	N/A

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

See the accompanying independent auditors' report

RIO BLANCO FIRE PROTECTION DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PERA PENSION PLAN
Last 10 Fiscal Years

Year Ended*	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Actual Covered Payroll	Net Pension Liability (Asset) as a Percentage of Covered Payroll	Fiduciary Net Position as Percentage of Total Pension Liability
12/31/2014	0.027%	\$ 221,032	\$ 159,122	139%	81.8%
12/31/2015	0.028%	248,860	176,119	141%	80.7%
12/31/2016	0.031%	342,179	122,873	278%	76.9%
12/31/2017	0.020%	273,679	116,560	235%	73.6%
12/31/2018	0.018%	204,529	146,144	140%	79.4%
12/31/2019	0.022%	279,955	190,331	147%	76.0%
12/31/2020	0.028%	202,111	214,389	94%	86.3%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

- * The data provided in the schedule is based as of the measurement date of PERA's net pension liability, which is as of the calendar year end that occurred before the District's fiscal year end.

See the accompanying independent auditors' report

RIO BLANCO FIRE PROTECTION DISTRICT

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
PERA PENSION PLAN
Last 10 Fiscal Years

<u>FY Ending December 31</u>	<u>Statutorily Required Contributions</u>	<u>Actual Employer Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Actual Covered Payroll</u>	<u>Contributions as a % of Covered Payroll</u>
2013	\$ 17,732	\$ 17,732	\$ -	\$139,841	12.68%
2014	20,177	20,177	-	159,122	12.68%
2015	22,332	22,332	-	176,119	12.68%
2016	15,580	15,580	-	122,873	12.68%
2017	14,780	14,780	-	116,560	12.68%
2018	18,531	18,531	-	146,144	12.68%
2019	24,185	24,185	-	190,736	12.68%
2020	27,943	27,943	-	214,389	13.03%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

See the accompanying independent auditors' report

RIO BLANCO FIRE PROTECTION DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
PERA OPEB PLAN
Last 10 Fiscal Years

Year Ended*	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB Liability (Asset)	Actual Covered Payroll	Net OPEB Liability (Asset) as a Percentage of Covered Payroll	Fiduciary Net Position as Percentage of Total OPEB Liability
12/31/2017	0.002%	\$ 20,171	\$ 116,560	17%	16.7%
12/31/2018	0.001%	18,560	146,144	13%	17.5%
12/31/2019	0.002%	23,494	190,736	12%	17.0%
12/31/2020	0.002%	23,759	214,389	11%	24.5%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

- * The data provided in the schedule is based as of the measurement date of PERA's net OPEB liability, which is as of the calendar year end that occurred before the District's fiscal year end.

See the accompanying independent auditors' report

RIO BLANCO FIRE PROTECTION DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
PERA OPEB PLAN
Last 10 Fiscal Years

FY Ending December 31	Statutorily Required Contributions	Actual Employer Contribution	Contribution Deficiency (Excess)	Actual Covered Payroll	Contributions as a % of Covered Payroll
2017	\$ 1,189	\$ 1,189	-	\$116,560	1.02%
2018	1,491	1,491	-	146,144	1.02%
2019	1,946	1,946	-	190,736	1.02%
2020	2,187	2,187	-	214,389	1.02%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

See the accompanying independent auditors' report

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SUPPLEMENTARY INFORMATION

RIO BLANCO FIRE PROTECTION DISTRICT

BUDGETARY COMPARISON SCHEDULE
 MEEKER AMBULANCE SERVICE
 For the Year Ended December 31, 2020

	Budget	
	Original	Final
REVENUES		
User charges	\$ 90,000	\$ 90,000
Transfer in	250,000	250,000
Miscellaneous income	100	100
TOTAL REVENUES	340,100	340,100
EXPENDITURES		
Bookkeeping	24,000	24,000
Billing fees	10,000	10,000
Director fees	75,000	75,000
Driver fees	50,000	50,000
Gas and oil	7,000	7,000
Repairs and maintenance	67,500	67,500
Training	35,000	35,000
Other expense	109,638	109,638
Capital outlay	70,000	70,000
TOTAL EXPENDITURES	448,138	448,138
NET CHANGE IN NET POSITION	(108,038)	(108,038)
NET POSITION, BEGINNING OF YEAR	1,128,447	1,128,447
NET POSITION, END OF YEAR	\$ 1,020,409	\$ 1,020,409

RECONCILIATION FROM BUDGET BASIS EXPENDITURES (NON-GAAP) TO GAAP

Add:

 Capital outlay

Subtract:

 Depreciation

NET POSITION, END OF YEAR GAAP BASIS (Page 20)

<u>Actual Amounts</u>	<u>Variance from final budget</u>
\$ 174,587	\$ 84,587
100,000	(150,000)
<u>23,458</u>	<u>23,358</u>
298,045	(42,055)
19,412	4,588
5,707	4,293
52,289	22,711
45,735	4,265
2,852	4,148
39,931	27,569
4,854	30,146
36,364	73,274
<u>17,575</u>	<u>52,425</u>
<u>224,719</u>	<u>223,419</u>
73,326	181,364
<u>1,187,628</u>	<u>59,181</u>
1,260,954	<u>\$ 240,545</u>
17,575	
<u>(90,376)</u>	
<u>\$ 1,188,153</u>	

RIO BLANCO FIRE PROTECTION DISTRICT

SCHEDULE OF GENERAL FUND OPERATING EXPENDITURES
For the Years Ended December 31, 2020 and 2019

	December 31, 2020		December 31, 2019	
	Amount	Percent	Amount	Percent
Accounting and auditing	\$ 5,268	2.7%	\$ 5,522	1.4%
Banquet	8,091	1.9%	11,397	3.0%
Election expense	399	0.1%	-	0.0%
Employee benefits	22,216	5.1%	19,986	5.2%
Fireworks display	8,000	1.8%	7,984	2.1%
Dispatching	36,000	8.3%	36,000	9.4%
Dues and other	12,730	2.9%	8,370	2.2%
Gas, oil, and lubrication	2,360	0.5%	2,339	0.6%
Insurance	26,810	6.2%	24,924	6.5%
Legal	12,060	2.8%	3,422	0.9%
Materials and supplies	25,031	5.8%	12,927	3.4%
Meals/Refreshments - Board	10,550	2.4%	7,149	1.9%
MVF&R Budget	130	0.0%	258	0.1%
Office supplies	6,482	1.5%	6,001	1.6%
Public relations	7,031	1.6%	10,044	2.6%
Repairs and maintenance	62,303	14.4%	30,401	7.9%
Salaries, office	14,506	3.3%	34,871	9.1%
Salaries, fire chief	55,185	12.7%	41,552	10.9%
Salaries, fire department	32,665	7.5%	33,730	8.8%
Training	3,478	0.8%	6,777	1.8%
Treasurer's fees	54,802	12.7%	57,031	14.9%
Utilities	21,455	5.0%	21,628	5.7%
Wildland fire	5,594	1.3%	196	0.1%
	<u>\$ 433,146</u>	<u>100.0%</u>	<u>\$ 382,509</u>	<u>100.0%</u>