

RYE FIRE PROTECTION DISTRICT
RYE, COLORADO
AUDITED FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2020

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Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Board of Directors
Rye Fire Protection District
Rye, Colorado

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6, the budgetary comparison information on pages 30 through 32, the schedule of the District's proportionate share of the net pension liability on page 34 and the schedule of the District's contributions on page 35 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.

McKerson, Goddick, Pashner & Vilechik, PC

July 21, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

RYE FIRE PROTECTION DISTRICT
Management's Discussion and Analysis
December 31, 2020

As management of Rye Fire Protection District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2020. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole.

Financial Highlights

- The assets of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$1,229,502 (net position). The composition of net position for the most recent fiscal year was comprised of the carrying amount of capital assets of \$805,603 (net investment in capital assets), donor restrictions to acquire specific equipment of \$6,346, donor restrictions for Hatchett Ranch capital improvements and other expansion related costs of \$26,765, restricted for TABOR of \$37,000, and unrestricted net position of \$332,667.
- The District's total net position increased by \$386,174 during the year ended December 31, 2020.
- As of the close of the current fiscal year, the District's governmental fund (general fund) reported an ending fund balance of \$215,498, which is a decrease of \$100,615 for the year ended December 31, 2020.
- At the end of the current fiscal year, unassigned fund balance of the general fund is \$0.
- During the current fiscal year, the District's total debt was reduced by \$57,134. No new debt obligations were incurred.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements, which comprise three components: 1) government wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

The basic financial statements present two different views of the District's financial information using government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other required supplemental information that will enhance the reader's understanding of the financial condition of the District.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the District's assets, deferred outflows of resources and liabilities and deferred inflows of resources. The difference between assets, deferred outflows of resources (if any), liabilities and deferred inflows of resources are reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused employee compensated absences).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes. The governmental activities of the District primarily include community safety services (e.g., general administration, fire suppression, fire and accident prevention, search and rescue, and the provision of emergency medical services). The District has no business-type activities. The government-wide financial statements can be found on pages 7-8 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local government agencies, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, such as state statutes. The general fund is used to account for all of the District's activities.

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 the District's near-term financing requirements. Governmental funds are reported using an accounting method called modified accrual accounting which has a current financial resources measurements focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps the reader determine if there are adequate financial resources available to finance the District's programs.

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 District'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, which is a part of the fund financial statements, to facilitate this comparison between governmental funds and governmental activities.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for this fund to demonstrate compliance with the budget.

The basic general fund financial statements can be found on pages 9-12 of this report.

Notes to the basic 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 13-29 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,229,502 at the close of the most recent fiscal year.

The District's net investment in capital assets (e.g. building improvements, fire apparatus, radio equipment, ambulances and equipment) was \$805,603. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Investment in capital assets is reported net of related debt, however, it should be noted that the resources needed to repay related debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities unless they are sold. As of December 31, 2020, the District did not have any debt.

The following table reflects the condensed Statement of Net Position at December 31:

	Governmental Activities	
	2020	2019
Current and other assets	\$ 1,409,526	\$ 1,277,483
Capital assets	805,603	493,548
Net pension asset	21,121	-
Total assets	2,236,250	1,771,031
Deferred outflows of resources	142,012	168,172
Current and other liabilities	256,861	163,377
Long-term liabilities	39,474	86,155
Net pension liability	-	38,861
Total liabilities	296,335	288,393
Deferred inflows of resources	852,425	807,482
Net Position		
Net investment in capital assets	805,603	436,414
Restricted	91,232	58,111
Unrestricted	332,667	348,803
Total net assets	\$ 1,229,502	\$ 843,328

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer’s Bill of Rights (TABOR) includes certain requirements regarding the establishment of “emergency reserves.” Under these provisions, the emergency reserve can be used for “declared emergencies only,” as that term is defined in the amendment. This reserve totaled \$37,000 and \$25,000 as of December 31, 2020 and 2019, respectively.

The Statement of Activities presents information showing how the District’s net position changed during the most recent fiscal year. Revenues and expenses in this statement are recorded when earned or when a liability is incurred.

The following table reflects the condensed Statement of Activities for the years ended December 31:

	Governmental Activities	
	2020	2019
Revenues:		
Program Revenues:		
Charges for services	\$ 357,729	\$ 283,304
Operating grants and contributions	985	600
Capital grants and contributions	350,000	32,342
General Revenues:		
Property taxes	787,732	709,487
Specific ownership taxes	70,807	77,601
Unrestricted investment earnings	376	45
Other	6,882	5,282
Total Revenues	<u>1,574,511</u>	<u>1,108,661</u>
Expenses:		
Community safety services	1,129,104	980,398
General government	58,564	65,346
Interest on long-term debt	669	3,103
Total Expenses	<u>1,188,337</u>	<u>1,048,847</u>
Change in Net Position	386,174	59,814
Net position - Beginning	<u>843,328</u>	<u>783,514</u>
Net position - Ending	<u>\$ 1,229,502</u>	<u>\$ 843,328</u>

Financial Analysis of Rye Fire Protection District’s Fund

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District’s governmental fund is to provide information on current year revenues, expenditures, and balances of spendable resources. Such information is useful in assessing the District’s financing requirements. In particular, fund balance may serve as a useful measure of the District’s net resources available for spending at the end of the fiscal year.

The general fund is the only fund of the District. As of December 31, 2020, the District’s general fund reported an ending balance of \$215,498.

General Fund Budgetary Highlights

Generally, budget amendments fall into one of two categories: 1) amendments made to adjust the estimates that are used to prepare the original budget resolution once exact information is available; 2) increase in appropriations that become necessary to maintain services. For the year ended December 31, 2020, no amendments to the original budget were necessary.

Capital Assets and Debt Administration

Capital assets. The District's capital assets for its governmental activities as of December 31, 2020 and 2019 totals \$805,603 and \$493,548, respectively (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment and vehicles.

Rye Fire Protection District (Net of depreciation)

	Governmental Activities	
	2020	2019
Land	\$ 6,630	\$ 6,630
Buildings and improvements	47,385	52,675
Equipment	686,205	360,212
Vehicles	65,383	74,031
Total	\$ 805,603	\$ 493,548

Additional information on the District's capital assets can be found in Note E on page 20 of this report.

Long-term debt. Additional information on the District's long-term debt can be found in Note F on page 21 of this report.

Final Comments

The District continues to strive to achieve its mission of providing affordable, efficient, and reliable community safety services.

Requests for Information

This financial report is designed to provide a general overview of Rye Fire Protection District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Fire Chief, Rye Fire Protection District, PO Box 19190, Colorado City, CO 81019.

BASIC FINANCIAL STATEMENTS

RYE FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2020

ASSETS

Cash and equivalents	\$ 149,911
Investments	254,576
Receivables, net	969,988
Inventory	18,868
Prepaid expenses	16,183
Net pension asset	21,121
Capital assets	
Non-depreciable capital assets	6,630
Depreciable capital assets, net	798,973
Total capital assets, net	<u>805,603</u>
Total assets	<u>2,236,250</u>

DEFERRED OUTFLOWS OF RESOURCES - PENSION RELATED	142,012
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LIABILITIES

Accounts payable and accrued expenses	256,861
Long-term liabilities	
Due within one year	
Compensated absences	18,028
Due in more than one year	
Compensated absences	21,446
Total liabilities	<u>296,335</u>

DEFERRED INFLOWS OF RESOURCES

Property taxes	811,078
Pension related	41,347
Total deferred inflows of resources	<u>852,425</u>

NET POSITION

Net investment in capital assets	805,603
Restricted for:	
Capital projects	33,111
TABOR	37,000
Pension	21,121
Unrestricted	332,667
Total net position	<u>\$ 1,229,502</u>

The accompanying notes are an integral part of this statement.

**RYE FIRE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Governmental Activities</u>
Primary government					
Governmental activities:					
General government	\$ 58,564	\$ -	\$ -	\$ -	\$ (58,564)
Public safety	1,129,104	357,729	985	350,000	(420,390)
Interest on long-term debt	669	-	-	-	(669)
Total	<u>1,188,337</u>	<u>357,729</u>	<u>985</u>	<u>350,000</u>	<u>(479,623)</u>

General revenues:

Taxes:	
Property taxes, levied for general purposes	783,124
Penalty and interest	4,608
Specific ownership tax	70,807
Unrestricted investment earnings	376
Miscellaneous	6,882
Total general revenues	<u>865,797</u>
Change in net position	386,174
Net position, January 1	843,328
Net position, December 31	<u><u>\$ 1,229,502</u></u>

The accompanying notes are an integral part of this statement.

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

	General Fund	Total Governmental Fund
ASSETS		
Cash and cash equivalents	\$ 149,911	\$ 149,911
Investments	254,576	254,576
Receivables, net	969,988	969,988
Inventory	18,868	18,868
Prepaid items	16,183	16,183
Total assets	1,409,526	1,409,526
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities:		
Accounts payable	29,613	29,613
Payroll taxes payable	2,372	2,372
Accrued wages and benefits	224,876	224,876
Total liabilities	256,861	256,861
Deferred inflows of resources:		
Property taxes	811,078	811,078
Deferred revenue	126,089	126,089
Total deferred inflows of resources	937,167	937,167
Fund balances:		
Nonspendable	35,051	35,051
Restricted	70,111	70,111
Assigned	110,336	110,336
Unassigned	-	-
Total fund balances	215,498	215,498
Total liabilities, deferred inflows of resources and fund balances	\$ 1,409,526	\$ 1,409,526

The accompanying notes are an integral part of this statement.

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

Total fund balance, governmental funds \$ 215,498

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the fund financial statement, but are reported as governmental activities in the Statement of Net Position.

	The cost of capital assets is	2,226,333	
	Accumulated depreciation is	<u>(1,420,730)</u>	805,603

Recognition and measurement of the net pension asset, together with pension-related deferred outflows of resources and deferred inflows of resources in financial statements prepared using the economic resources measurement focus and the accrual basis of accounting are not financial resources and, therefore, are not reported in the governmental fund

	Net pension asset	21,121	
	Deferred outflows of resources	142,012	
	Deferred inflows of resources	<u>(41,347)</u>	121,786

Certain revenue was earned and accrued in the Statement of Net Position but not recognized in the governmental fund. 126,089

Long-term liabilities, including compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the fund financial statement, but are included in governmental activities. Long-term liabilities at year end consist of:

	Compensated absences	<u>(39,474)</u>	(39,474)
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Total Net Position - Governmental Activities	<u><u>\$ 1,229,502</u></u>
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The accompanying notes are an integral part of this statement.

RYE FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	General Fund	Total Governmental Fund
REVENUES		
Property taxes	\$ 783,124	\$ 783,124
Penalty and interest	4,608	4,608
Specific ownership tax	70,807	70,807
Charges for services	231,640	231,640
Investment earnings	376	376
Contributions	350,985	350,985
Other revenues	6,882	6,882
Total revenues	1,448,422	1,448,422
EXPENDITURES		
Current:		
General government	58,564	58,564
Public safety	1,002,187	1,002,187
Capital outlay	430,427	430,427
Debt service:		
Principal	57,134	57,134
Interest and other charges	725	725
Total expenditures	1,549,037	1,549,037
Excess of expenditures over revenues	(100,615)	(100,615)
Net change in fund balances	(100,615)	(100,615)
Fund balance, January 1	316,113	316,113
Fund balance, December 31	\$ 215,498	\$ 215,498

The accompanying notes are an integral part of this statement.

RYE FIRE PROTECTION DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

Net change in fund balances - total governmental fund: \$ (100,615)

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

The governmental fund reports outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities annually reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. This is the amount by which depreciation exceeds capital outlay expense in the current period.

Depreciation expense	(118,372)	
Capital outlay	<u>430,427</u>	312,055

Recognition and measurement of the changes in the net pension asset, together with the changes in the pension-related deferred outflows of resources and deferred inflows of resources in financial statements prepared using the economic resources measurement focus and the accrued basis of accounting are not financial resources and, therefore, are not reported in governmental funds as such. Rather, pension expenditures are reported in the governmental funds when paid.

Pension expense	(18,860)	
Pension expenditures	<u>20,824</u>	1,964

Governmental funds recognize revenue when measurable and available. In contrast, certain revenues are reported in the Statement of Activities when earned. These revenues were generally charges for services.

126,089

In the Statement of Activities, certain operating expenses such as compensated absences are measured by the amounts earned during the year. In the governmental fund, however, expenditures for these items are measured by the amounts actually paid. This year, compensated absences earned (\$42,482) exceeded amounts paid (\$31,973).

(10,509)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to the governmental fund, while the repayment of the principal on long-term debt consumes current financial resources of the governmental fund. Neither transaction, however, has any effect on net position. Interest is recognized as an expenditure in the governmental fund when it is due. In the Statement of Activities, interest expense is recognized as time passes, regardless of when it is due. The net effect of these differences in the treatment of leases and other obligations is as follows:

Principal payments on capital leases	57,134	
Interest expense on capital leases	<u>56</u>	57,190

Change in net position of governmental activities

\$ 386,174

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of Rye Fire Protection District (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

Financial Reporting Entity

Rye Fire Protection District (the District) is organized under the laws of the State of Colorado. It operates under the jurisdiction of a local Board of Directors whose members are elected by the voters of the District. The District provides fire protection, ambulance and other public safety services to the public. As required by generally accepted accounting principles, these financial statements present the Rye Fire Protection District (the primary government). No additional separate governmental units, agencies or nonprofit corporations are included in the financial statements of the District since none were determined to fall within the oversight responsibility based upon the application of the following criteria: financial accountability, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

Government-Wide Financial Statements

The basic financial statements include both government-wide (based on the District as a whole) and fund financial statements. The government-wide financial statements, which include a statement of net position and a statement of activities, report information on all the activities of the District.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a given functional category or activity is offset by program revenues. Direct expenses are those that are clearly identifiable with a function or activity. 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 activity; (2) grants and contributions that are restricted to meeting the operating requirements of a particular function or activity; and (3) grants and contributions that are restricted to meeting the capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported instead as general revenues. The net cost by function is normally covered by general revenues such as property taxes, specific ownership taxes or other unrestricted revenues.

The government-wide focus is more on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the major individual fund of the governmental categories. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The government-wide financial statements are presented 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 and special assessments are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue when all eligibility requirements are 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 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 available if collected within 60 days of the end of the fiscal year. Expenditures generally are recorded when a liability is incurred as is the case with accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when the liability has matured and payment is due. General capital asset acquisitions are reported as expenditures in governmental funds, while issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, specific ownership taxes, grant and entitlement revenues, interest, and charges for services, are considered revenues susceptible to accrual. Contributions and miscellaneous revenue are recorded as revenues when received in cash because they are not generally measurable until that time. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the individual programs are used as guidance and, as such, entitlements and shared revenues are recorded at the time of receipt or earlier if the accrual criteria are met.

Governmental Fund Financial Statements

Governmental fund financial statements include a balance sheet and a statement of revenues, expenditures and changes in fund balances for the major governmental fund. An accompanying schedule is presented to reconcile and explain the differences in fund balance as presented in these statements to the net position presented in the government-wide financial statements. The District's only fund is the general fund, which is always presented as a major fund.

Use of Estimates

The preparation of the 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 at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reported period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash equivalents are short-term liquid investments that have maturities of three months or less when purchased.

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced to estimated net realizable value by the establishment of an allowance for uncollectible amounts.

Investments

The District's policy is to state investments in their financial statements at fair value. Unrealized gain or loss, if applicable, resulting from the change in the fair value of investments is recognized in the government-wide statement of activities and the statement of revenues, expenditures and changes in fund balances.

Inventories and Prepaid Items

Inventories are recorded at the lower of cost (first-in, first-out basis) or market and consist of expendable medical supplies.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Capital Assets

Land is recorded at cost and is not depreciated. Purchased or constructed capital assets are recorded at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation.

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

Buildings and improvements	40 years
Equipment	5-15 years
Vehicles	5-20 years

Vacation, Sick Leave and Other Compensated Absences

Full time employees earn compensated vacation time at rates ranging from 16 hours to 26 hours per month, depending on length of employment. The maximum number of vacation hours that can accrue ranges from 288 hours to 468 hours depending on length of employment. Compensated sick leave accrues immediately at a rate of 8 hours per month for all full-time employees regardless of length of employment. However, the maximum number of sick leave hours an employee can accrue is 864 hours.

Accumulated compensated absence benefits are payable only in conjunction with the employee's termination. Payments are made in a lump sum at termination.

The unpaid sick leave, vacation pay and related benefits at the end of the period will generally not be paid with expendable and available resources and, as such, the liability is generally not reflected in the governmental fund financial statements. The entire liability for compensated absences is reported in the government-wide financial statements.

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

At December 31, 2020, the District had the following obligation to eligible employees for accumulated benefits:

Current portion	\$ 18,028
Long-term portion	21,446
Total	\$ 39,474

Pensions

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the SWDB pension plan have been determined on the same basis as they are reported by FPPA. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fund Equity

Governmental funds report fund balance in classifications based primarily on the extent the District is bound to honor constraints on the specific purposes for which amounts in the fund can be spent. Fund balances of the District’s governmental fund consist of the following:

- Nonspendable – includes amounts that are (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash such as prepaid items and inventories.
- Restricted – includes amounts that are restricted for specific purposes stipulated by external resource providers constitutionally or through enabling legislation.
- Committed – includes amounts that can only be used for the specific purposes determined by the passage of a resolution of the Board of Directors of the District. Commitments may be modified or changed only by the Board of Directors approving a new resolution.
- Assigned – includes amounts intended to be used by the District for specific purposes that are neither restricted nor committed. As authorized by the Board of Directors, intent is expressed by the Fire Chief as to which the assigned amounts are to be used for specific purposes. Assigned amounts include appropriations of existing fund balance to eliminate a projected budgetary deficit in the subsequent year’s budget.
- Unassigned – includes amounts that do not meet any of the above criteria.

In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications, fund balance is reduced in the order of restricted, committed, assigned and unassigned.

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position

In the government-wide financial statements, net position is classified in the following categories:

- Net investment in capital assets – this classification consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction or improvement of the capital assets.
- Restricted net position – this classification consists of restrictions created by external creditors, grantors, contributors or laws or regulations of other governments, enabling legislation and constitutional provisions.
- Unrestricted net position – this classification represents the remainder of net position that does not meet the definition of “net investment in capital assets” or “restricted net position”.

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

Interest

Interest revenue on investments is recognized in the period it is earned subject to the measurable and available criteria for governmental funds.

Property Taxes

County Treasurers are responsible for assessing, collecting and distributing property taxes in accordance with enabling state legislation and represent ad valorem taxes levied by the District. Property taxes become a lien on the first day of the levy year and may be paid in two equal installments before the last day of February and the 15th day of June or in full before the last day of April.

Property taxes are recognized as revenue for the year levied because they are considered both measurable and available. Available means due or past due and receivable within the current period and collected no more than 60 days after December 31.

New Accounting Pronouncements

The GASB issued Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance in May 2020. The objective of GASB 95 is to postpone effective dates to provide temporary relief in light of the COVID-19 pandemic. The effective dates of certain provisions contained in the following pronouncements are postponed by one year: Statement No. 83, Certain Asset Retirement Obligations, Statement No. 84, Fiduciary Activities, Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements, Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period, Statement No. 90, Majority Equity Interests, Statement No. 91, Conduit Debt Obligations, Statement No. 92, Omnibus 2020 and Statement No. 93, Replacement of Interbank Offered Rates. The effective date of the following pronouncement is postponed by 18 months: Statement No. 87, Leases. GASB No. 83, 84, 88, 89 and 90 were effective for the current reporting period, but had no effect on the District’s financial reporting.

The District has elected to delay implementation of these standards as applicable to the District in accordance with Standard No. 95.

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

NOTE B – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Data

Formal budgetary accounting is employed as a management control tool for the general fund. Budgets are prepared on the modified accrual basis of accounting for the general fund. Annual operating budgets are adopted each fiscal year through passage of an annual budget resolution. The Board of the District may amend the original adopted budget during the year by passing a new resolution to reflect current needs, changing conditions, or revised estimates. The budgetary amounts reflect the original and most recent amended amounts, which were adopted in accordance with the appropriate provisions of state law. Encumbrance accounting is not employed as part of the budgetary process.

Tax, Revenue, Spending and Debt Limitations

In November, 1992, Colorado voters adopted Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer’s Bill of Rights (TABOR). TABOR imposes tax raising, revenue, spending and debt limitations on local government entities within the State of Colorado. These limitations became effective for the first fiscal year beginning after December 31, 1992. TABOR also includes certain requirements regarding the establishment of “emergency reserves.” Under these provisions, the emergency reserve can be used for “declared emergencies only,” as that term is defined in the amendment. This reserve totaled \$37,000 and \$25,000 as of December 31, 2020 and 2019, respectively.

The amendment is complex and subject to judicial interpretation; however, the District believes it is in compliance with the requirements of the amendment. The District has made certain interpretations of the amendment’s language in order to determine its compliance.

NOTE C – CASH, CASH EQUIVALENTS AND INVESTMENTS

At December 31, 2020, cash, cash equivalents and investments are summarized as follows:

Demand deposits	\$	149,911
Investments – ColoTrust investment pools		<u>254,576</u>
		<u>\$ 404,487</u>

DEPOSITS

At December 31, 2020, the carrying amount of the District’s deposits was \$149,911 and the bank balance was \$154,225, which was entirely covered by federal depository insurance and insured in a bank qualified under the Public Deposit Protection Act. Colorado law requires that depository institutions must apply for and be designated as an eligible public depository before the institution can accept public fund monies. The depository institution must pledge eligible collateral as security for all public deposits held by that institution that are not insured by depository insurance. The fair value of the collateral that each institution pledges must equal at least 102% of the total uninsured deposits held by that institution. Generally, the eligible collateral in the collateral pools is held by the depository institution or its agent in the name of the depository institution.

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

NOTE C – CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

INVESTMENTS

The District is subject to the provisions of Colorado Revised Statutes 24-75-601, which is entitled “Concerning Investment in Securities by Public Entities”. This law, among other things, outlines the types of securities that public entities in Colorado may acquire and hold as investments. These include U.S. government and agency securities, certain bonds of political subdivisions, bankers’ acceptances, commercial paper, local government investment pools, repurchase agreements, money market funds, guaranteed insurance contracts and U.S. dollar-denominated corporate or bank debt. The statute also includes a provision limiting any investment to a five-year maturity unless the governing body authorizes a longer period.

At December 31, 2020, the District had the following investments and maturities:

	<u>Fair Value</u>	<u>Maturity (in years) Less Than One Year</u>
Investment Type:		
ColoTrust investment pool	\$ 254,576	\$ 254,576
Total investments	<u>\$ 254,576</u>	<u>\$ 254,576</u>

The District’s investments in ColoTrust accounts are reported at fair value, however, these investments are not subject to the fair value hierarchy.

Custodial credit risk – Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District’s investment policy does not limit the holding of securities by counterparties. As of December 31, 2020, the District’s investment in ColoTrust was rated AAAM by Standard and Poor’s.

Interest rate risk – The District’s policy of limiting investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates parallels Colorado statutes. Specifically, all securities are limited to a maximum maturity of five years from the date of purchase unless the Board of Directors authorizes a longer period.

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

NOTE D – RECEIVABLES

Receivables as of December 31, 2020 consist of the following:

	<u>Governmental Activities General Fund</u>
Receivables:	
Property taxes	\$ 812,732
Specific ownership taxes	5,431
Penalties and interest	588
State firefighting fees	126,089
Ambulance service fees	261,145
Less: allowance for uncollectible ambulance service fees	(235,997)
Net Receivables	\$ 969,988

NOTE E – CAPITAL ASSETS

The following is a summary of changes in capital assets:

	<u>Balance January 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31 2020</u>
Governmental Activities				
Capital assets, not being depreciated –				
Land	\$ 6,630	\$ -	\$ -	\$ 6,630
Capital assets not being depreciated	6,630	-	-	6,630
Capital assets, being depreciated –				
Buildings and improvements	180,982	-	-	180,982
Vehicles	299,901	6,750	-	306,651
Equipment	1,365,095	423,677	(56,702)	1,732,070
Capital assets being depreciated	1,845,978	430,427	(56,702)	2,219,703
Accumulated depreciation –				
Buildings and improvements	(128,307)	(5,290)	-	(133,597)
Vehicles	(225,870)	(15,398)	-	(241,268)
Equipment	(1,004,883)	(97,684)	56,702	(1,045,865)
Total accumulated depreciation	(1,359,060)	(118,372)	56,702	(1,420,730)
Capital assets being depreciated, net	486,918	312,055	-	798,973
Governmental activities capital assets, net	\$ 493,548	\$ 312,055	\$ -	\$ 805,603
Depreciation expense by function:				
General government	\$ -			
Public safety	118,372			
	\$ 118,372			

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

NOTE F – LONG-TERM DEBT

The following is a summary of changes in long-term liabilities reported in the government-wide financial statements for the year ended December 31, 2020:

	Balance January 1, <u>2020</u>	<u>Additions</u>	<u>Retirements</u>	Balance December 31, <u>2020</u>	Due Within <u>One Year</u>
<u>Governmental Activities:</u>					
Obligations under capital leases:					
2009 Capital Lease- Fire Engine	\$ 57,134	\$ -	\$ (57,134)	\$ -	\$ -
Compensated absences	<u>28,965</u>	<u>42,482</u>	<u>(31,973)</u>	<u>39,474</u>	<u>18,028</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 86,099</u>	<u>\$ 42,482</u>	<u>\$ (89,107)</u>	<u>\$ 39,474</u>	<u>\$ 18,028</u>

The following is a description of each individual issue for the governmental activities:

Obligations under capital lease

\$295,794 of obligation under capital lease dated December 2009 for the acquisition of new fire engine; interest rate of 5.3%; payable in annual installments, beginning in 2012, of \$38,867 including interest through December 2023; lease provides a prepayment clause which may be exercised anytime equal to 103.5% of the remaining unamortized balance of the capital lease; debt is serviced by the general fund; no lease principal payments were made in 2012, 2013 or 2014. This capital lease was paid off in 2020.

\$ -

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

NOTE G – NET POSITION

Restricted net position represents net position whose uses are subject to constraints that are either (1) legally imposed by creditors (such as debt covenants), grantors, or laws or regulations of other governments, or (2) imposed by law through constitutional provisions or enabling legislation. Restricted net position at December 31, 2020 for governmental activities are as follows:

	Governmental Activities
Restricted for:	
Capital projects	\$ 6,346
Hatchett Ranch expansion related costs	26,765
Pension asset	21,121
TABOR	37,000
Total Restricted Net Position	\$ 91,232

Restricted for capital projects. This represents amounts received from donors with the restriction that the funds be used to acquire a wood chipper.

Hatchett Ranch Expansion. The residents of Hatchett Ranch agreed to a one-time inclusion fee that totaled \$65,330 to be included in the fire district. These funds are to be used for capital improvements and other expansion related costs related to this expansion.

NOTE H – FUND BALANCES

At December 31, 2020, fund balance for the governmental fund consists of the following:

	Governmental Activities	
	General Fund	Total Governmental Fund
Nonspendable fund balances:		
Inventory	\$ 18,868	\$ 18,868
Prepaid items	16,183	16,183
Total nonspendable fund balances	35,051	35,051
Restricted fund balances:		
Capital projects	6,346	6,346
Hatchett Ranch expansion	26,765	26,765
TABOR	37,000	37,000
Total restricted fund balances	70,111	70,111
Assigned fund balance:		
Capital projects	110,336	110,336
Total assigned fund balance	110,336	110,336
Unassigned fund balance:	-	-
Total fund balance	\$ 215,498	\$ 215,498

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

NOTE I – DEFINED BENEFIT PENSION PLAN

Statewide-Defined Benefit Plan

General Information about the Pension Plan

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

The Plan assets are included in the Fire & Police Members' Benefit Investment Fund and the Fire & Police Members' Self-Directed Investment Fund (for Deferred Retirement Option Plan (DROP) assets and Separate Retirement Account assets from eligible retired members).

The Plan is administered by the Fire & Police Pension Association of Colorado (FPPA). FPPA issues a publicly available comprehensive annual financial report that can be obtained on FPPA's website at <http://www.fppaco.org>.

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 service and age equals at least 80, with a 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 covered under Statewide Defined Benefit Social Security Component will receive half the benefit when compared to the Statewide Defined Benefit 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 credited service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, an employee may elect to have member contributions, along with 5 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 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.

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

NOTE I – DEFINED BENEFIT PENSION PLAN (Continued)

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

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 reentry contributions. Each reentry department is responsible to remit contributions to the plan in accordance with their most recent FPPA Board of Directors approved resolution.

The contribution rate for members and employers of affiliated social security employers is 5.25 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 had 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 will increase 0.25 percent annually beginning in 2021 through 2030 to a total of 6.5 percent of pensionable earnings.

Contributions to the pension plan from the District were \$20,824 for the year ended December 31, 2020.

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

At December 31, 2020, the Rye Fire Protection District reported an asset of (\$21,121) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2019, and the total pension liability (asset) used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020. The District's proportion of the net pension liability (asset) was based on the District's contributions to the SWDB for the calendar year 2019 relative to the total contributions of participating employers to the SWDB.

At December 31, 2019, the District's proportion was .037 percent, which was an increase of 0.006 percent from its proportion measured as of December 31, 2018.

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

NOTE I – DEFINED BENEFIT PENSION PLAN (Continued)

For the year ended December 31, 2020, the District recognized pension expense of \$14,866. At December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 414
Difference between projected and actual earnings on pension plan investments	-	33,203
Difference between actual and expected experience	71,479	-
Changes in assumptions	40,105	-
Changes in proportionate share	7,998	7,730
Differences between contributions recognized and proportionate share of contributions	1,606	-
Contributions subsequent to the measurement date	<u>20,824</u>	<u>-</u>
Total	<u>\$ 142,012</u>	<u>\$ 41,347</u>

\$20,824 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a (increase) reduction of the net pension (asset) liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended	
2021	\$ 7,658
2022	4,781
2023	15,583
2024	1,572
2025	15,701
Thereafter	<u>34,538</u>
	<u>\$ 79,833</u>

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

NOTE I – DEFINED BENEFIT PENSION PLAN (Continued)

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

	<u>Total Pension Liability</u>	<u>Actuarial Determined Contributions</u>
Actuarial Valuation Date	January 2, 2020	January 2, 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 *	7.00 percent	7.00 percent
Projected Salary Increases *	4.25 – 11.25 percent	4.25 – 11.25 percent
Cost of Living		
Adjustments (COLA)	0.00 percent	0.00 percent
* Includes inflation at	2.5 percent	2.5 percent

For determining the total pension liability and actuarially determined contributions, the post-retirement mortality tables for non-disabled retirees uses the 2006 central rates from the RP-2014 Annuitant Mortality Tables projected to 2018 using the MP-2017 projections 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 assumptions. The recommendations were made by the FPPA’s actuaries, Gabriel, Roeder, Smith & Co., based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2019. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

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

NOTE I – DEFINED BENEFIT PENSION PLAN (Continued)

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	38.0%	7.00%
Equity Long/Short	8.0%	6.00%
Private Markets	25.0%	9.20%
Fixed Income	15.0%	5.20%
Absolute Return	8.0%	5.50%
Managed Futures	4.0%	5.0%
Cash	2.0%	2.52%
Total	<u>100.00%</u>	

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 plan’s fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan’s projected fiduciary net position is not sufficient to pay benefits).

For the purpose of this valuation, the 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.

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

NOTE I – DEFINED BENEFIT PENSION PLAN (Continued)

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate. Regarding the sensitivity of the net pension liability/(asset) to changes in the Single Discount Rate, the following presents the plan’s 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 and one percent higher:

	1% Decrease <u>(6.00%)</u>	Single Discount Rate Assumption <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
Proportionate share of the net pension liability (asset)	\$ <u>128,063</u>	\$ <u>(21,121)</u>	\$ <u>(144,850)</u>

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

Payable to the pension plan

At December 31, 2020, the District reported a payable of \$1,406 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2020.

NOTE J – OTHER POST EMPLOYMENT BENEFITS

Fire and Police Statewide Death & Disability (New Hire) Plan

Plan Description - The Rye Fire Protection District contributes to the statewide, cost-sharing, multiple-employer death and disability plan administered by the Colorado Fire and Police Pension Association (FPPA). The statewide plan provides death and disability benefits for those new hires employed after January 1, 1997 and their beneficiaries. Title 31, Article 30 of the Colorado Revised Statutes (CRS), as amended, assigns the authority to establish benefit provisions to the state legislature. FPPA issues a publicly available financial report that includes the statewide death and disability plan. That report may be obtained by writing to FPPA of Colorado, 5290 DTC Parkway, Suite 100, Englewood, Colorado, 80111, or by calling FPPA at 303-770-3772 in the Denver metro area or 800-332-3772 from outside the metro area.

Funding Policy - Plan members and the District are required to contribute at a rate set by statute. Pursuant to statute, the FPPA Board of Directors may adjust the contribution rate every two years based on an annual actuarial valuation by no more than one-tenth of one percent. The 2020 contribution rate for new-hire fire members is 0.1% of covered salary and for the District the contribution rate is 2.7% of covered salary. The District has elected to absorb the member contribution of 0.1%. The District’s contributions to the statewide death and disability plan for the years ended December 31, 2020 and 2019 were \$7,289 and \$7,707, respectively, which were equal to their required contributions for each year.

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

NOTE K – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster. The District carries commercial insurance for such risks, including workers' compensation and accident insurance. Settled claims resulting from these risks did not exceed commercial insurance coverage for each of the last three years.

As a result of the continuing the COVID-19 pandemic, economic uncertainties have arisen which may negatively impact operations of the District, including receipt of property tax revenues and collections for ambulance services provided. While this situation is expected to be temporary, the related financial impact and duration cannot be reasonably estimated at this time.

NOTE L – SUBSEQUENT EVENTS

The District has evaluated its December 31, 2020 financial statements for subsequent events through the date the financial statements were issued.

REQUIRED SUPPLEMENTARY INFORMATION

**RYE FIRE PROTECTION DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Budgeted Amounts</u>		Actual	Variance with
	<u>Original</u>	<u>Final</u>	Amounts, Budgetary Basis	Final Budget - Positive (Negative)
REVENUES				
Property Tax - Pueblo	\$ 737,892	\$ 737,892	\$ 789,916	\$ 52,024
Property Tax - Huerfano	8,156	8,156	8,142	(14)
Property Tax - Custer	51,945	51,945	60,481	8,536
Interagency Fire Fighting	150,000	150,000	103,908	(46,092)
Emergency Medical Services	249,373	249,373	127,732	(121,641)
Donations	1,000	1,000	985	(15)
Other	5,500	5,500	6,882	1,382
Interest	45	45	376	331
Total Revenues	<u>1,203,911</u>	<u>1,203,911</u>	<u>1,098,422</u>	<u>(105,489)</u>
EXPENDITURES				
General Government				
Legal Expense	6,000	6,000	1,500	4,500
Other Administrative Expense	8,500	8,500	8,723	(223)
Administrative Supplies	6,000	6,000	1,997	4,003
Treasurer's Fee	10,000	10,000	13,920	(3,920)
Bad Debt Expense	-	-	645	(645)
Outside Service Fees	35,000	35,000	31,779	3,221
Total General Government	<u>65,500</u>	<u>65,500</u>	<u>58,564</u>	<u>6,936</u>
Public Safety				
EMS Billing Fee	23,000	23,000	12,243	10,757
Insurance - Worker's Comp	27,996	27,996	25,029	2,967
Insurance - Liab, Auto, & Prop	26,360	26,360	27,589	(1,229)
Career Firefighters	161,904	161,904	134,044	27,860
Command Staff	160,307	160,307	148,634	11,673
Part-time Firefighters	191,135	191,135	233,744	(42,609)
Interagency Staffing	135,000	135,000	75,631	59,369
Interagency Overtime Pay	-	-	112,278	(112,278)
Payroll Taxes - FICA	17,430	17,430	27,839	(10,409)
Payroll Taxes - Medicare	10,706	10,706	10,301	405
Payroll Taxes - SUTA	4,020	4,020	2,015	2,005
Employee Benefits - Health Ins	48,312	48,312	41,742	6,570
Employee Benefits - Retirement	31,000	31,000	27,485	3,515
Operational Supplies	23,000	23,000	9,991	13,009
Training - Tuition & Travel	2,500	2,500	660	1,840
Interagency Travel Reimbursement	-	-	16,798	(16,798)
Training - Supplies	2,500	2,500	896	1,604
Information/Prevention Expense	1,807	1,807	804	1,003
Communications - R&M	1,000	1,000	485	515
Communications - Supplies	1,173	1,173	-	1,173

Continued

**RYE FIRE PROTECTION DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Budgeted Amounts</u>		Actual	Variance with
	<u>Original</u>	<u>Final</u>	Amounts, Budgetary Basis	Final Budget - Positive (Negative)
Continued				
Fleet - Fuel & Oil	28,000	28,000	20,809	7,191
Fleet - R&M	60,000	60,000	25,227	34,773
Buildings & Grounds	-	-	4,848	(4,848)
EMS - Physician Advisor	5,100	5,100	5,100	-
EMS - Medical Supplies	18,571	18,571	12,724	5,847
Utilities -Telephone	9,700	9,700	7,986	1,714
Utilities -LPG	8,700	8,700	7,045	1,655
Utilities -Electric	8,700	8,700	7,012	1,688
Utilities -Water	2,650	2,650	2,388	262
Utilities -Trash	840	840	840	-
Physical Plant Expenditures	12,000	12,000	-	12,000
Capital outlay	75,000	75,000	80,427	(5,427)
Total Public Safety	<u>1,098,411</u>	<u>1,098,411</u>	<u>1,082,614</u>	<u>15,797</u>
Debt Service:				
Capital Lease - Principal	40,000	40,000	57,134	(17,134)
Capital Lease - Interest	-	-	725	(725)
Total Debt Service	<u>40,000</u>	<u>40,000</u>	<u>57,859</u>	<u>(17,859)</u>
Total Expenditures	<u>1,203,911</u>	<u>1,203,911</u>	<u>1,199,037</u>	<u>4,874</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>(100,615)</u>	<u>\$ (100,615)</u>
Net change in fund balances			(100,615)	
Fund Balances, January 1			<u>316,113</u>	
Fund Balances, December 31			<u><u>\$ 215,498</u></u>	

**RYE FIRE PROTECTION DISTRICT
RECONCILIATION OF THE BUDGETARY BASIS OF ACCOUNTING
TO GAAP BASIS OF ACCOUNTING
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

BUDGETARY BASIS

Explanation of differences between budgetary revenues and other financing sources and GAAP revenues and other financing sources, together with budgetary expenditures and other financing uses and GAAP expenditures and other financing uses.

REVENUES AND OTHER FINANCING SOURCES

Actual amounts (budgetary basis) of revenues from the budgetary comparison schedule	\$ 1,098,422
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Differences - budget to GAAP	
Capital contribution - In kind donated equipment	<u>350,000</u>

GAAP BASIS REVENUES AND OTHER FINANCING SOURCES	<u><u>\$ 1,448,422</u></u>
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EXPENDITURES AND OTHER FINANCING USES

Actual amounts (budgetary basis) of expenditures and other financing uses from the budgetary comparison schedule	\$ 1,199,037
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Differences - budget to GAAP	
Capital outlay - In kind donated equipment	<u>350,000</u>

GAAP BASIS EXPENDITURES AND OTHER FINANCING USES	<u><u>\$ 1,549,037</u></u>
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RYE FIRE PROTECTION DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2020

BUDGETARY INFORMATION

The District adheres to the following procedures in establishing the budgetary data reflected in the budgetary comparison schedules.

On or before the first board meeting in October, the fire chief submits to the board of directors a proposed budget for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them. Public hearings are conducted by the board of directors to obtain taxpayer comments. The District adopts a budget for the general fund and the general fund uses the current financial resources measurement focus and the modified accrual basis of accounting in preparing the budget.

Expenditure estimates in the annual budgets are enacted into law by the passage of an appropriation resolution. The board of directors may amend the original adopted budget during the year by passing a new resolution to reflect current needs.

The legal level of budgetary control exists at the total fund level, which is to say total expenditures in the general fund cannot legally exceed appropriations.

RYE FIRE PROTECTION DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 NEW HIRE FIRE AND POLICE PENSION FUND
 FOR THE YEAR ENDED DECEMBER 31, 2020

	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability (asset)	0.03735%	0.03074%	0.04339%	0.04392%	0.03394%	0.03463%	0.03568%
District's proportionate share of the net pension liability (asset)	(21,121)	38,861	(62,429)	15,870	(598)	(39,085)	(31,908)
District's covered payroll	275,250	205,900	299,013	244,775	171,216	155,740	154,990
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-7.673%	18.874%	-20.878%	6.484%	-0.349%	-25.096%	-20.587%
Plan fiduciary net position as a percentage of the total pension liability	101.900%	95.200%	106.300%	98.210%	100.100%	106.800%	105.800%

Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

RYE FIRE PROTECTION DISTRICT
 SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
 NEW HIRE FIRE AND POLICE PENSION FUND
 FOR THE YEAR ENDED DECEMBER 31, 2020

	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 20,824	\$ 22,020	\$ 16,472	\$ 23,921	\$ 17,982	\$ 13,697	\$ 12,459	\$ 12,399
Contributions in relation to the contractually required contribution	<u>20,824</u>	<u>22,020</u>	<u>16,472</u>	<u>23,921</u>	<u>17,982</u>	<u>13,697</u>	<u>12,459</u>	<u>12,399</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered payroll	260,305	275,250	205,900	299,013	224,775	171,216	155,740	154,990
Contributions as a percentage of covered payroll	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%

Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.