

South Adams County Fire Protection District
Adams County, Colorado

FINANCIAL STATEMENTS

With Independent Auditor's Report

December 31, 2020

South Adams County Fire Protection District

TABLE OF CONTENTS

December 31, 2020

Independent auditor’s report I

Management’s Discussion and Analysis III

Basic financial statements:

Government-wide financial statements:

 Statement of net position 1

 Statement of activities 2

Fund financial statements:

 Balance sheet – governmental funds 3

 Statement of revenues, expenditures, and changes in fund balances –
 governmental funds 4

 Reconciliation of the statement of revenues, expenditures, and changes in
 fund balances of governmental funds to the statement of activities 5

 Statement of revenues, expenditures and changes in fund balances –
 budget and actual – general fund 6

Notes to financial statements 7

Required Supplementary Information:

 Schedule of the District’s Proportionate Share of the Net Pension Liability/
 (Asset) State Fire and Police Pension Plan (FPPA) – Statewide Defined Plan 30

 Schedule of the District Contributions State Fire and Police Pension
 Plan (FPPA) – Statewide Defined Plan 30

 Schedule of Changes in Net Pension Liability/(Asset) and Related Ratios
 State Fire and Police Pension Plan (FPPA) – Volunteer Pension Plan 31

 Schedule of Employer Contributions State Fire and Police Pension
 Plan (FPPA) – Volunteer Pension Plan 32

 Schedule of Changes in Net Pension Liability/(Asset) and Related Ratios
 State Fire and Police Pension Plan (FPPA) – Old Hire Pension Plan 33

 Schedule of Employer Contributions State Fire and Police Pension
 Plan (FPPA) – Old Hire Pension Plan 34

Supplementary information:

 Schedule of revenues, expenditures, and changes in fund balances –
 budget and actual – capital fund 35

 Schedule of revenues, expenditures, and changes in fund balances –
 budget and actual – impact fee fund 36

INDEPENDENT AUDITOR'S REPORT

Board of Directors
South Adams County Fire Protection District
Adams County, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of South Adams County 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.

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 and each major fund of the South Adams County Fire Protection District, as of December 31, 2020, and the respective changes in financial position, and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages III through VI and pension liability information on pages 30 through 34 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and legal compliance and is not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Fiscal Focus Partners, LLC

Greenwood Village, Colorado
July 11, 2021

South Adams County Fire Protection District Management's Discussion and Analysis

Introduction

The South Adams County Fire Protection District (the District) management's discussion and analysis is intended to provide the reader and user of our financial statements with (a) an understanding of the financial issues of the District; (b) an overview of the District's financial activities; (c) an explanation of the changes in the District's financial position; (d) an explanatory analysis of the variations of the annual, approved budgets, and, (e) an assessment of any future financial or operating issues of the District.

Overview of the Financial Statements of the District

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

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*, prepared using the full accrual basis of accounting, provides information on all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, the comparison of changes in net position may provide a useful method of evaluating 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 related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flow in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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 governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are governmental funds.

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 assessing 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 the *governmental funds* and *governmental activities*.

The District maintains three funds, the general fund, capital fund, and impact fee fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures, and changes in fund balance.

The District adopts an annual appropriated budget for all funds. The general fund and a budgetary comparison statement has been provided to demonstrate compliance with the budget on page 6. The

South Adams County Fire Protection District Management's Discussion and Analysis

capital fund budgetary comparison is on page 35 as Supplementary Information. The impact fee fund budgetary comparison is on page 36 as Supplementary Information.

The government-wide and governmental fund financial statements can be found on pages 1-5 of this report.

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire 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 7-29 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, the report also presents required supplementary information concerning the District's pension benefits to its employees. Required supplementary information can be found starting on page 30 of this report.

Government – wide Financial Analysis

Statement of Net Position

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 approximately \$35.9 million at the close of 2020.

	<u>2020</u>	<u>2019</u>
Assets:		
Current assets	\$ 37,384,312	\$ 32,698,666
Noncurrent assets	426,603	-
Capital assets, net	<u>25,291,670</u>	<u>24,086,909</u>
Total assets	<u>63,102,585</u>	<u>56,785,575</u>
Deferred outflows of resources	<u>3,325,369</u>	<u>3,613,235</u>
Liabilities:		
Current liabilities	1,591,613	275,128
Noncurrent liabilities	<u>8,139,788</u>	<u>8,719,123</u>
Total liabilities	<u>9,731,401</u>	<u>8,994,251</u>
Deferred inflows of resources	<u>20,769,366</u>	<u>19,496,307</u>
Net -position:		
Net investment in capital assets	19,442,899	18,155,299
Restricted	608,600	-
Unrestricted	<u>15,875,688</u>	<u>13,752,953</u>
Total net position	<u>\$ 35,927,187</u>	<u>\$ 31,908,252</u>

The District's net position is comprised primarily of its \$19,442,899 (54%) investment in capital assets which include land, buildings, trucks, and equipment, less any related outstanding debt that was used to acquire those assets. The District uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. The second largest component of net position is unrestricted funds of \$15,875,688 (44%) which may be used to meet the District's ongoing obligations. Unrestricted funds increased \$2,122,735 in 2020 primarily because revenues of the District exceeded expenses.

South Adams County Fire Protection District Management's Discussion and Analysis

At the end of the current fiscal year, the District is able to report positive balances in all three categories of net position. The same situation held true for the prior year. Overall, the District's net position increased \$4,018,935.

At December 31, 2020, the District's cash and investments totaled \$17,925,729 which is approximately 28% of total assets. This represents an increase of \$4,011,148 from the prior year and results mainly from revenues in excess of expenditures.

Net capital assets for 2020 were \$25,291,670 or 40% of total assets. This was an increase of \$1,204,761 from the prior year and is primarily the result of construction in progress and the purchase of equipment.

Current liabilities increased in 2020 due to the timing of cash flows.

Statement of Activities

	<u>2020</u>	<u>2019</u>
Revenues:		
Program revenues:		
Charges for service	\$ 288,828	\$ 227,604
Grants	522,465	20,000
General revenues:		
Property taxes	18,392,398	15,623,692
Specific ownership	1,376,962	1,239,072
Impact fees	638,256	619,634
Other	226,516	421,261
Total revenues	<u>21,445,425</u>	<u>18,151,263</u>
Expenditures:		
Public safety – fire protection	17,452,490	13,053,465
Total expenditures	<u>17,452,490</u>	<u>13,053,465</u>
Gain (Loss) on sale of assets	<u>26,000</u>	<u>(134,254)</u>
Change in net position	4,018,935	4,963,544
Net position beginning of year	31,908,252	26,944,708
Net position end of year	<u>\$ 35,927,187</u>	<u>\$ 31,908,252</u>

Governmental activities increased the District's net position by \$4,018,935 for 2020 which is a substantial increase from the prior year. The increase is mainly attributable to an increase in revenues, most of which is attributable to the increase in property tax revenues.

Financial Analysis of Governmental Funds

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

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the District itself, or a group or individual delegating authority to assign resources for use for particular purposes by the District's Board of Directors.

South Adams County Fire Protection District Management's Discussion and Analysis

At December 31, 2020, the District's governmental funds balance was \$16,862,482, an increase of \$3,086,422 from the prior year. The increase is the result of increases in revenues. Approximately 76% of this amount constitutes an amount assigned for future capital expenditures and restricted in compliance with the TABOR emergency reserve requirement. 2% of this amount is not spendable in inventory and prepaids. The remaining 22% is unassigned and available for future expenditures.

General Fund Budgetary Highlights

General Fund revenue exceeded budget by \$254,578, approximately 1.3%. The primary contributing factors to this variance was a greater than expected collection of specific ownership taxes and fire protection revenues.

General fund expenditures were approximately \$1,389,782, or 8.3% less than the budget mainly because of less than budgeted radio maintenance and insurance cost.

See page 6 of this report for details of General Fund revenue and expenditures compared to budget.

Capital Fund revenue was greater than budgeted because of grant revenues not budgeted.

Capital expenditures were less than the budget amount mainly because most of the Capital projects were placed on hold due to the COVID-19 pandemic.

See page 35 of this report for details of Capital Fund revenue and expenditures compared to budget.

Capital Assets and Debt Administration

Capital assets (net of accumulated depreciation) increased in 2020 by \$1,204,761 because of construction to improve capital assets as well as new capital purchases.

Additional information on the District's capital assets can be found in Note 5 on page 14 of this report.

Requests for Information

This financial report is designed to provide a general overview of the finances for the District. Questions concerning any of the information in this report or requests for additional financial information should be addressed to: South Adams County Fire District No.4, 6050 Syracuse St, Commerce City, Colorado 80022.

BASIC FINANCIAL STATEMENTS

South Adams County Fire Protection District
STATEMENT OF NET POSITION
December 31, 2020

	Governmental Activities
ASSETS	
Cash and investments	\$ 17,317,129
Cash and investments - restricted	608,600
Accounts receivable	47,121
Receivable from county treasurer	224,710
Prepaid expenses	143,845
Inventory	102,796
Property taxes receivable	18,940,111
Capital assets, not being depreciated	2,460,437
Capital assets, being depreciated, net	22,831,233
Net pension asset - FPPA statewide defined benefit plan	426,603
Total assets	63,102,585
 DEFERRED OUTFLOWS OF RESOURCES	
Pension related amounts - FPPA volunteer pension plan	383,390
Pension related amounts - FPPA statewide defined benefit plan	2,864,938
Pension related amounts - FPPA old hire pension plan	77,041
Total deferred outflows of resources	3,325,369
 LIABILITIES	
Accounts payable	1,180,171
Retainage payable	41,465
Accrued liabilities	360,083
Accrued interest payable	9,894
Noncurrent liabilities	
Due within one year	838,971
Due in more than one year	5,060,740
Net pension liability - FPPA volunteer pension fund	1,651,105
Net pension liability - FPPA old hire pension plan	588,972
Total liabilities	9,731,401
 DEFERRED INFLOWS OF RESOURCES	
Deferred property taxes	18,940,111
Pension related amounts - FPPA volunteer pension fund	505,548
Pension related amounts - FPPA statewide defined benefit plan	1,291,562
Pension related amounts - FPPA old hire pension plan	32,145
Total deferred inflows of resources	20,769,366
 NET POSITION	
Net investment in capital assets	19,442,899
Restricted for:	
Emergencies	608,600
Unrestricted	15,875,688
Total net position	\$ 35,927,187

The accompanying Notes to Financial Statements are an integral part of these statements.

South Adams County Fire Protection District
STATEMENT OF ACTIVITIES
For the year ended December 31, 2020

	Program Revenues				
Functions/Programs:	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total
Primary government					
Fire protection and emergency services	\$ (17,297,389)	\$ 288,828	\$ -	\$ 522,465	\$ (16,486,096)
Interest on long-term debt	(155,101)	-	-	-	(155,101)
Total governmental activities	\$ (17,452,490)	\$ 288,828	\$ -	\$ 522,465	(16,641,197)
General Revenues:					
					18,392,398
					1,376,962
					638,256
					144,971
					81,545
					26,000
					20,660,132
					Change in net position
					4,018,935
					Net position - beginning
					31,908,252
					Net position - ending
					\$ 35,927,187

The accompanying Notes to Financial Statements are an integral part of these statements.

South Adams County Fire Protection District

**BALANCE SHEET
GOVERNMENTAL FUNDS**

December 31, 2020

	<u>General Fund</u>	<u>Capital Fund</u>	<u>Impact Fee Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and investments	\$ 17,317,129	\$ -	\$ -	\$ 17,317,129
Cash and investments - restricted	608,600	-	-	608,600
Accounts receivable	47,121	-	-	47,121
Receivable from county treasurer	224,710	-	-	224,710
Prepaid expenses	143,845	-	-	143,845
Inventory	102,796	-	-	102,796
Property taxes receivable	18,940,111	-	-	18,940,111
Due from other funds	-	11,186,780	924,289	12,111,069
Total assets	<u>37,384,312</u>	<u>11,186,780</u>	<u>924,289</u>	<u>49,495,381</u>
LIABILITIES				
Accounts payable	1,180,171	-	-	1,180,171
Retainage payable	-	41,465	-	41,465
Accrued liabilities	360,083	-	-	360,083
Due to other funds	12,111,069	-	-	12,111,069
Total liabilities	<u>13,651,323</u>	<u>41,465</u>	<u>-</u>	<u>13,692,788</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred property taxes	18,940,111	-	-	18,940,111
Total deferred inflows of resources	<u>18,940,111</u>	<u>-</u>	<u>-</u>	<u>18,940,111</u>
FUND BALANCES				
Nonspendable:				
Prepays	143,845	-	-	143,845
Inventory	102,796	-	-	102,796
Restricted for:				
Emergency reserves	608,600	-	-	608,600
Assigned for:				
Capital projects	-	11,145,315	924,289	12,069,604
Unassigned	3,937,637	-	-	3,937,637
Total fund balances	<u>4,792,878</u>	<u>11,145,315</u>	<u>924,289</u>	<u>16,862,482</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 37,384,312</u>	<u>\$ 11,186,780</u>	<u>\$ 924,289</u>	

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

Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds:

Capital assets, net	25,291,670
Net pension asset - FPPA statewide defined benefit plan	426,603

Deferred outflows and inflows of resources that represent acquisition or consumption of net position that applies to future periods and, therefore, are not reported in the funds:

Deferred outflows - FPPA volunteer pension plan	383,390
Deferred outflows - FPPA statewide defined benefit plan	2,864,938
Deferred outflows - FPPA old hire pension plan	77,041
Deferred inflows - FPPA volunteer pension plan	(505,548)
Deferred inflows - FPPA statewide defined benefit plan	(1,291,562)
Deferred inflows - FPPA old hire pension plan	(32,145)

Long-term liabilities, including loans payable and related accrued interest, are not due and payable in the current period and therefore are not reported in the funds:

Capital leases	(5,848,771)
Accrued interest	(9,894)
Compensated absences	(50,940)
Net pension liability - FPPA volunteer pension plan	(1,651,105)
Net pension liability - FPPA old hire pension plan	<u>(588,972)</u>

Net position of governmental activities \$ 35,927,187

The accompanying Notes to Financial Statements are an integral part of these statements.

South Adams County Fire Protection District
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Funds
For the year ended December 31, 2020

	General Fund	Capital Fund	Impact Fee Fund	Total Governmental Funds
REVENUES				
General property taxes	\$ 18,392,398	\$ -	\$ -	\$ 18,392,398
Specific ownership taxes	1,376,962	-	-	1,376,962
Investment earnings	144,971	-	-	144,971
Fire protection	174,138	-	-	174,138
Ambulance lease and service	114,690	-	-	114,690
Grant revenue	-	522,465	-	522,465
Impact fees	-	-	638,256	638,256
Other	81,545	-	-	81,545
Total revenues	20,284,704	522,465	638,256	21,445,425
EXPENDITURES				
Salaries and benefits	11,007,644	-	-	11,007,644
General expenses	1,811,883	-	-	1,811,883
Fire prevention	35,432	-	-	35,432
Contribution - volunteer pension	115,126	-	-	115,126
Contribution - old hire pension	48,000	-	-	48,000
Radio maintenance	43,786	-	-	43,786
Vehicle maintenance	225,089	-	-	225,089
Equipment maintenance	38,196	-	-	38,196
Equipment and supplies	296,246	-	-	296,246
Building maintenance	284,961	-	-	284,961
Insurance	378,377	-	-	378,377
Training	228,329	-	-	228,329
Capital outlay	-	3,633,364	-	3,633,364
Debt Service				
Principal	769,118	-	-	769,118
Interest	155,732	-	-	155,732
Total expenditures	15,437,919	3,633,364	-	19,071,283
Excess of revenues over (under) expenditures	4,846,785	(3,110,899)	638,256	2,374,142
OTHER FINANCING SOURCES (USES)				
Proceeds from financing	-	686,280	-	686,280
Sale of assets	-	26,000	-	26,000
Transfers from (to) other funds	(4,257,029)	4,657,029	(400,000)	-
Total other financing sources (uses)	(4,257,029)	5,369,309	(400,000)	712,280
Net change in fund balance	589,756	2,258,410	238,256	3,086,422
FUND BALANCES - Beginning of year	4,203,122	8,886,905	686,033	13,776,060
FUND BALANCES - End of year	\$ 4,792,878	\$ 11,145,315	\$ 924,289	\$ 16,862,482

The accompanying Notes to Financial Statements are an integral part of these statements.

South Adams County Fire Protection District
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the year ended December 31, 2020

Net change in fund balance - total governmental funds	\$ 3,086,422
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Governmental funds report capital outlay as expenditures. In the statement of activities, capital outlay is not reported as expenditures; such costs are allocated over their estimated useful lives and reported as depreciation expense.</p>	
Capital outlay	2,492,573
Depreciation	(1,260,959)
Net value of disposed capital assets	(26,853)
<p>The issuance of long-term debt (e.g. bonds, note payable) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.</p>	
New capital leases	(686,280)
Capital lease principal payments	769,118
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the government funds.</p>	
Change in pension related items	(321,395)
Interest expense - change in accrued interest	631
Compensated absences - change in liability	(34,322)
Change in net position of governmental activities	\$ 4,018,935

The accompanying Notes to Financial Statements are an integral part of these statements.

South Adams County Fire Protection District
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
General Fund

For the year ended December 31, 2020

	Original and Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
REVENUES			
General property taxes	\$ 18,351,186	\$ 18,392,398	\$ 41,212
Specific ownership taxes	1,307,000	1,376,962	69,962
Investment earnings	164,000	144,971	(19,029)
Fire protection	76,100	174,138	98,038
Ambulance lease and service	96,600	114,690	18,090
Other	35,240	81,545	46,305
Total revenues	<u>20,030,126</u>	<u>20,284,704</u>	<u>254,578</u>
EXPENDITURES			
Salaries and benefits	11,228,660	11,007,644	221,016
General expenses	1,410,005	1,811,883	(401,878)
Fire prevention	-	35,432	(35,432)
Contribution - volunteer pension	79,494	115,126	(35,632)
Contribution - old hire pension	51,500	48,000	3,500
Radio maintenance	668,715	43,786	624,929
Vehicle maintenance	332,000	225,089	106,911
Equipment maintenance	93,950	38,196	55,754
Equipment and supplies	455,000	296,246	158,754
Building maintenance	323,600	284,961	38,639
Insurance	662,500	378,377	284,123
Training	260,100	228,329	31,771
Debt service:			
Principal	783,668	769,118	14,550
Interest	478,509	155,732	322,777
Total expenditures	<u>16,827,701</u>	<u>15,437,919</u>	<u>1,389,782</u>
EXCESS OF REVENUE OVER EXPENDITURES (UNDER) EXPENDITURES	3,202,425	4,846,785	1,644,360
OTHER FINANCING SOURCES			
Transfers to other funds	(2,867,247)	(4,257,029)	(1,389,782)
Total other financing sources	<u>(2,867,247)</u>	<u>(4,257,029)</u>	<u>(1,389,782)</u>
EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	335,178	589,756	254,578
FUND BALANCES - Beginning of year	<u>3,839,000</u>	<u>4,203,122</u>	<u>364,122</u>
FUND BALANCES - End of year	<u>\$ 4,174,178</u>	<u>\$ 4,792,878</u>	<u>\$ 618,700</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

South Adams County Fire Protection District

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

Note 1 – Reporting entity

The South Adams County Fire Protection District (District) is a quasi-municipal corporation and political sub-division of the State of Colorado, and was organized in 1952 pursuant to the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District provides fire protection and emergency services to the citizens and their property within its jurisdiction.

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

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

Note 2 – Summary of significant accounting policies

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

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and inter-governmental revenues.

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

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment is 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 as general revenues.

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

Measurement focus, basis of accounting and financial statement presentation

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

South Adams County Fire Protection District

NOTES TO FINANCIAL STATEMENTS

(continued)

December 31, 2020

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.

Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Property taxes and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures, other than interest on long-term obligations, generally are recorded when a liability is incurred or the long-term obligation is paid.

The District reports the following major governmental funds:

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

The capital fund is used to account for financial resources to be used for the acquisition and construction of capital equipment and facilities. In the current fiscal year, this fund was also used to account for the acquisition of personal protective equipment and supplies due to the COVID 19 pandemic.

The impact fee fund is used to account for impact fees charged on new development within the District and use of those funds for related capital projects.

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

Budgets

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

Pooled cash and investments

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

South Adams County Fire Protection District

**NOTES TO FINANCIAL STATEMENTS
(continued)
December 31, 2020**

Interfund balances

The District reports interfund balances that are representative of lending/borrowing arrangements between funds in the fund financial statements as due to/from other funds. The interfund balances have been eliminated in the government-wide statements.

Property taxes

Property taxes are levied based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November and December. The County Treasurer remits the taxes collected monthly to the District.

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

Inventories

Inventories are valued at cost using the first-in, first-out method. Inventories in the General Fund consist of expendable supplies held for consumption, medical supplies, vehicle parts and uniforms. The cost is recorded as expenditures at the time individual inventory items are consumed.

Capital assets

Capital assets, which include property, equipment and infrastructure assets, are reported in the applicable governmental activities column of the government-wide financial statements. Capital assets are defined by the District as those assets with a cost of \$5,000 or greater and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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

Buildings and Improvements	10 - 50 years
Vehicles	15 - 25 years
Equipment	5 - 25 years

Compensated absences

District employees are permitted to accumulate earned but unused vacation pay benefits. The maximum vacation leave hours that an employee may accumulate or receive upon separation of service is limited by District policy. All vacation pay is accrued when incurred in the government-wide financial statements. A

South Adams County Fire Protection District

NOTES TO FINANCIAL STATEMENTS

(continued)

December 31, 2020

liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The District's General Fund is used to liquidate compensated absences of the governmental activities.

Deferred outflows and inflows of resources

In addition to assets and liabilities, the Statement of Net Position will sometimes report separate sections for deferred outflows and deferred inflows of resources. A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period, and a deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. Both deferred outflows and inflows are reported in the Statement of Net Position, but are not recognized in the financial statements as revenues and expenses until the period(s) to which they relate.

The District has certain items that relate to its pension plans that qualify for reporting as deferred outflows of resources and deferred inflows of resources. Deferred inflows of resources also consist of deferred property tax revenue. The deferred property tax revenue is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires that District management make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosures of contingent assets, deferred outflows of resources, liabilities and deferred inflows of resources at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Fund balances

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

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

Restricted fund balance – The portion of fund balance constrained to being used for a specific purpose by external parties (such as grantors or bondholders), constitutional provisions or enabling legislation.

Committed fund balance – The portion of fund balance constrained for specific purposes according to limitations imposed by the District's highest level of decision making authority, the Board of Directors, prior to the end of the current fiscal year. The constraint may be removed or changed only through formal action of the Board of Directors.

Assigned fund balance – The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of

South Adams County Fire Protection District

NOTES TO FINANCIAL STATEMENTS (continued) December 31, 2020

Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

Unassigned fund balance – The residual portion of fund balance that does not meet any of the above criteria.

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

Fire Protection Postemployment Benefits Plan

The Governmental Accounting Standards Board (GASB) released Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions that was effective for the District for fiscal year ending December 31, 2018. This statement details the reporting requirements for employers regarding other post-employment benefit (OPEB) plans.

FPPA administers the Statewide Death & Disability Plan discussed in Note 8, which qualifies as a cost sharing multiple-employer defined benefit OPEB plan under the standard. This plan covers substantially all active full-time (and some part-time) employees of fire and police departments in Colorado. As it pertains to the requirements in Statement No. 75 regarding the FPPA Statewide Death & Disability Plan and the District, FPPA concluded that because all contributions to the plan are considered member contributions (and not employer), the employers' proportionate share of any Net OPEB liability (asset) is \$-0-.

Note 3 – Cash and investments

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

Statement of net position:

Cash and investments	\$	17,317,129
Cash and investments - restricted		608,600
Total cash and investments	\$	<u>17,925,729</u>

Cash and investments as of December 31, 2020 consist of the following:

Cash on hand	\$	249
Deposits with financial institutions		458,726
Investments		17,466,754
Total cash and investments	\$	<u>17,925,729</u>

Deposits with financial institutions

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. As of December 31, 2020, the federal insurance limit was \$250,000. The eligible collateral is determined by the PDPA. The PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group

South Adams County Fire Protection District

NOTES TO FINANCIAL STATEMENTS

(continued)

December 31, 2020

is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of to the aggregate uninsured deposits.

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

At December 31, 2020, the District's cash deposits had bank balances of \$461,349 and carrying balances of \$458,726.

Custodial credit risk - deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has adopted a deposit policy, which follows state statutes, for custodial credit risk. As of December 31, 2020, the District's bank balances and carrying balances were insured or collateralized as follows:

Bank balances:		
Federally insured	\$	250,000
Collateralized		211,349
Total bank balances	\$	<u>461,349</u>
Carrying balances:		
Federally insured	\$	250,000
Collateralized		208,726
Total carrying balances	\$	<u>458,726</u>

Investments

The District has not adopted a formal investment policy but follows state statutes regarding investments.

The District primarily limits its investments to money market funds, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk disclosure requirements or subject to custodial credit risk for investments that are in the possession of another party.

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

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

- Obligations of the United States, certain U.S. government agency securities and securities of the World Bank
- General obligation and revenue bonds of U.S. local government entities
- Certain certificates of participation
- Certain securities lending agreements
- Bankers' acceptances of certain banks
- Commercial paper

South Adams County Fire Protection District

**NOTES TO FINANCIAL STATEMENTS
(continued)
December 31, 2020**

- Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

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

Investment	Maturity	Amount
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted Average Under 60 Days	\$ 17,466,754

COLOTRUST

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

Cash and investments - restricted

Article X, Section 20 of the Constitution of the State of Colorado requires the District to establish emergency reserves. At December 31, 2020, \$608,600 of Governmental Funds cash and investments were restricted in compliance with this requirement.

Note 4 – Interfund receivables, payables and transfers

Interfund receivable and payable balances arise due to short-term cash flow needs. The following schedule summarizes the District's interfund balances as of December 31, 2020:

	Receivables	Payables	Net
Capital Fund	\$ 11,186,780	\$ -	\$ 11,186,780
Impact Fee Fund	924,289	-	924,289
General Fund	-	12,111,069	(12,111,069)

South Adams County Fire Protection District

NOTES TO FINANCIAL STATEMENTS (continued) December 31, 2020

The transfer from the General Fund to the Capital Fund is to cover capital expenditures. The transfer from the Impact Fee Fund to the Capital Fund is for impact fees collected and used to fund capital expenditures.

The following schedule summarizes the District's transfers for the year ended December 31, 2020:

	Transfer In Capital Fund
Transfers Out:	
General Fund	\$ 4,257,029
Impact Fee Fund	400,000
Total	\$ 4,657,029

Note 5 – Capital assets

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

	Balance at December 31, 2019	Increases	Decreases	Balance at December 31, 2020
Capital assets, not being depreciated				
Land	\$ 478,247	\$ -	\$ -	\$ 478,247
Construction in progress	52,407	1,929,783	-	1,982,190
Total capital assets, not being depreciated	530,654	1,929,783	-	2,460,437
Capital assets, being depreciated				
Buildings and improvements	19,893,855	61,868	-	19,955,723
Vehicles and accessories	8,027,170	151,035	(38,060)	8,140,145
Equipment	2,825,433	349,887	-	3,175,320
Total capital assets, being depreciated	30,746,458	562,790	(38,060)	31,271,188
Less accumulated depreciation for				
Buildings and improvements	3,323,669	648,023	-	3,971,692
Vehicles and accessories	2,633,898	355,232	(11,207)	2,977,923
Equipment	1,232,636	257,704	-	1,490,340
Total accumulated depreciation	7,190,203	1,260,959	(11,207)	8,439,955
Total capital assets being depreciated, net	23,556,255	(698,169)	(26,853)	22,831,233
Capital assets, net	\$ 24,086,909	\$ 1,231,614	\$ (26,853)	\$ 25,291,670

Depreciation expense of \$1,260,959 for 2020 was charged to the fire protection and emergency services function of the District on the statement of activities.

South Adams County Fire Protection District

**NOTES TO FINANCIAL STATEMENTS
(continued)
December 31, 2020**

Note 6 – Long-term obligations

The following is an analysis of the changes in the District's long-term obligations for the year ended December 31, 2020:

	Balance at December 31, 2019	Additions	Retirements	Balance at December 31, 2020	Due Within One Year
Direct Placement Borrowings:					
Capital lease -					
fire engines (6/16)	\$ 748,000	\$ -	\$ (181,000)	\$ 567,000	\$ 185,000
Capital lease - HQ (6/16)	4,732,000	-	(383,000)	4,349,000	392,000
Capital lease -					
fire engine (12/16)	451,609	-	(108,453)	343,156	111,367
Capital lease - SCBA (12/19)	-	559,520	(72,924)	486,596	75,144
Capital lease - turnout					
gear (12/19)	-	126,760	(23,741)	103,019	24,520
Other:					
Compensated absences	16,618	34,322	-	50,940	50,940
Total long-term obligations	<u>\$ 5,948,227</u>	<u>\$ 720,602</u>	<u>\$ (769,118)</u>	<u>\$ 5,899,711</u>	<u>\$ 838,971</u>

On June 29, 2016, the District entered into a capital lease obligation with BOK Financial for the construction costs of a new headquarters building totaling \$5,830,000. The agreement calls for semi-annual payments of interest and annual payments of principal commencing December 1, 2016 through December 1, 2030. Interest accrues at a rate of 2.30%. The District has committed to various covenants that must be maintained to avoid events of default. The more significant covenants are for the District to pay any base rentals or additional rentals in accordance with the lease terms and the appropriation of funds to make all rental payments in accordance with the lease terms. In the event of default, the lessor has the right to recalculate the interest portion of the base rentals at the default rate and lease or sub-lease the property.

On June 29, 2016, the District entered into a capital lease obligation with BOK Financial for the purchase of two new fire engines totaling \$1,359,000. The agreement calls for semi-annual payments of principal and interest commencing December 1, 2016 through December 1, 2023. Interest accrues at a rate of 1.93%.

On December 23, 2016, the District entered into a capital lease obligation with PNC Equipment Finance, LLC for the purchase of a new fire engine totaling \$760,238. The agreement calls for annual principal and interest payments of \$120,586 commencing December 23, 2017 through December 23, 2023. Interest accrues at a rate of 2.687%.

On December 20, 2019 the District entered into a capital lease obligation with Community First National Bank for the purchase of SCBA equipment totaling \$559,520. The agreement calls for annual principal and interest payments of \$89,956 commencing December 20, 2020 through December 20, 2026. Interest accrues at a rate of 3.044%.

On December 20, 2019, the District entered into a capital lease obligation with Community First National Bank for the purchase of turnout gear totaling \$126,760. The agreement calls for annual principal and

South Adams County Fire Protection District

NOTES TO FINANCIAL STATEMENTS (continued) December 31, 2020

interest payments of \$27,903 commencing December 20, 2020 through December 20, 2024. Interest accrues at a rate of 3.284%.

The District has committed to various covenants for the lease of the fire engines, SCBA equipment and turnout gear that must be maintained to avoid events of default. The more significant covenants are the timely rent payment in accordance with the lease terms and the appropriation of funds to make all rent payments required pursuant to the lease. In the event of a default, the lessor has the option to take any action pursuant to the lease agreement or to take legal action to require the District to cure such default, including requiring the District to pay all amounts then currently due or the return of the related vehicles/equipment.

As of December 31, 2020, assets under capital leases totaled \$7,871,714 and accumulated depreciation on those assets totaled \$1,115,641.

The District's long-term capital lease obligations will mature as follows:

Year Ending December 31,	Principal	Interest	Total
2021	\$ 788,031	\$ 137,497	\$ 925,528
2022	807,115	118,806	925,921
2023	826,376	99,655	926,031
2024	528,233	80,984	609,217
2025	513,718	67,957	581,675
2026-2030	2,385,298	163,634	2,548,932
	<u>\$ 5,848,771</u>	<u>\$ 668,533</u>	<u>\$ 6,517,304</u>

Debt authorization

At December 31, 2020, the District had no authorized but unissued debt.

Note 7 – Net position

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

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of capital leases that are attributable to the acquisition, construction, or improvement of those assets.

As of December 31, 2020, the District had net investment in capital assets of \$19,442,899.

Restricted net position is restricted for use either externally imposed by creditors, grantors, contributors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. As of December 31, 2020 the District has restricted net position of \$608,600.

The District had unrestricted net position of \$15,875,688 as of December 31, 2020.

South Adams County Fire Protection District

NOTES TO FINANCIAL STATEMENTS

(continued)

December 31, 2020

Note 8 – Employee Retirement Plan

State Fire and Police Pension Plan (FPPA)

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

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

Description of Benefits

A member is eligible for a normal retirement pension once the member has completed 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' base salary 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 Social Security will receive half the benefit when compared to the Statewide Defined Benefit Plan. Benefits paid to retired members are evaluated and may be re-determined every October 1. The amount of any increase is based on the Board's discretion and can range from 0 to the higher of 3 percent or the Consumer Price Index or the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W).

A member is eligible for an early retirement at age 50 with at least five years of credited service or after 30 years of service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, an employee may elect to have member contributions, along with 5 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' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter.

Contributions

The Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. Contribution rates for the SWDB plan are set by state statute. Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or election of the membership. Effective January 1, 2021, contribution rates for employers and members may

South Adams County Fire Protection District

**NOTES TO FINANCIAL STATEMENTS
(continued)
December 31, 2020**

be increased equally by the FPPA Board of Directors upon approval through an election by both the employers and members.

Members of the SWDB plan and their employers are contributing at the rate of 11 percent and 8 percent, respectively, of base salary for a total contribution rate of 19 percent in 2020. In 2014, the members elected to increase the member contribution rate to the SWDB plan beginning in 2015. Member contribution rates will increase 0.5 percent annually through 2022 to a total of 12 percent of pensionable earnings. Employer contributions will increase 0.5 percent annually beginning in 2021 through 2030 to a total of 13 percent of pensionable earnings. Contributions to the SWDB plan from the District were \$611,204 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 District reported an asset of \$426,603 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 that date. The District's proportion of the net pension asset was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities. At December 31, 2019, the District's proportion was 0.754 percent, which was an increase of 0.09 percent from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the District recognized pension expense of (\$259,172). 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	\$ 1,443,705	\$ 8,351
Changes of Assumptions or other Inputs	810,029	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	670,631
Changes in Proportion and Differences between Contributions Recognized and Proportionate Share of Contributions	-	612,580
Contributions Subsequent to Measurement Date	611,204	-
	<hr/>	<hr/>
Total	\$ 2,864,938	\$ 1,291,562

\$611,204 in total reported as deferred outflows of resources related to pension resulting from District contributions subsequent to measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

South Adams County Fire Protection District

NOTES TO FINANCIAL STATEMENTS (continued) December 31, 2020

Year Ended December 31,	Amount
2021	\$ 57,988
2022	(90)
2023	218,080
2024	(64,903)
2025	226,718
Thereafter	524,379
Total	\$ 962,172

Actuarial Assumptions

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

	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%	7.0%
Projected Salary Increases*	4.25 - 11.25%	4.25 - 11.25%
Cost of Living Adjustments (COLA)	0.0%	0.0%

*Includes Inflation at 2.5%

For determining the total pension asset and actuarially determined contributions, the post-retirement mortality tables for non-disabled retirees uses the 2006 central rates from the RP-2014 Annuitant Mortality Tables projected to 2018 using the MP-2017 projection scales, and 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 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 the 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:

South Adams County Fire Protection District

**NOTES TO FINANCIAL STATEMENTS
(continued)
December 31, 2020**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	38.00%	7.00%
Equity Long/Short	8.00	6.00
Illiquid Alternatives	25.00	9.20
Fixed Income	15.00	5.20
Absolute Return	8.00	5.50
Managed Futures	4.00	5.00
Cash	2.00	2.52
Total	<u>100.00</u>	

Discount Rate

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 FPPA Board's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the SWDB plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the District's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00 percent, as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Proportionate Share of the Net Pension Liability (Asset)	\$ 2,586,589	\$ (426,603)	\$ (2,925,648)

Pension Plan Fiduciary Net Position

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

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

House Bill 20-1044 was signed into law on April 1, 2020. Included in the bill is a provision to increase the benefits of the members of the Statewide Defined Benefit Plan through a Rule of 80 provision effective January 1, 2021. This provision provides for a normal retirement as early as age 50 if the member's age combined with years of service totals at least 80. The impact of this change was not included in the Total Pension Liability or the Collective Pension Expense as of the December 31, 2019 measurement period. This will be reflected in the December 31, 2020 measurement period. The impact of the benefit adjustment is approximately \$53 million.

South Adams County Fire Protection District

NOTES TO FINANCIAL STATEMENTS

(continued)

December 31, 2020

Volunteer Pension Fund

Plan Descriptions and Provisions

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

Volunteers Covered by Benefit Terms

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

Retirees and beneficiaries	64
Inactive, non-retired members	9
Active members	4
Total	<u>77</u>

Benefits provided

The Plan provides retirement, survivor, death and funeral benefits. Retirement benefit for a member is \$1,050 a month for 20 or more years of service. Those members with a minimum of 10 years of service receive \$52.50 per month for every year of service. Survivor's death benefits range from \$525 monthly benefit payment to 50 percent of normal benefit depending on different variables. Funeral benefit to the family members is a one-time payment of \$2,100.

Funding policy

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

Contributions

For the year ended December 31, 2020, the District contributed \$78,340 to the plan.

Net Pension Liability

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

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

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open*
Remaining Amortization Period	20 years*

South Adams County Fire Protection District

NOTES TO FINANCIAL STATEMENTS (continued) December 31, 2020

Asset Valuation Method	5-Year smoothed fair value
Inflation	2.50%
Salary Increases	N/A
Investment Rate of Return	7.50%
Retirement Age	Earlier of age 50 and 20 years of service or age 60 and 10 years of service
Mortality	50% per year of eligibility until 100% at age 65

Mortality rates were based on the following:

- Pre-retirement: RP-2014 Mortality Tables for Blue Collar Employees, projected with Scale BB, 55% multiplier for off-duty mortality.
- Post-retirement: For ages less than 55, RP-2014 Mortality Tables for Blue Collar Employees. For ages 65 and older, RP-2014 Mortality Tables for Blue Collar Healthy Annuitants. For ages 55 through 64, a blend of the previous tables.

All tables were projected and based on Scale BB

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

The assumptions shown above pertain to the actuarial valuation as of January 1, 2017 and the associated Actuarially Determined Contribution for the year ending December 31, 2018. Following an experience study in 2018, the Board adopted a new assumption set for first use in the January 1, 2019 valuations. This new assumption set is used in determining Net Pension Liability as of December 31, 2018 and as of December 31, 2019. The primary changes, which can be observed in the January 1, 2019 valuation, as compared to the assumptions shown are as follows:

Investment Rate of Return 7%

Mortality:

Pre-retirement: 2006 central rates from the RP-2014 Employee Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years, 50% multiplier for off-duty mortality.

Post-retirement: 2006 central rates from the RP-2014 Annuitant Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years.

Disabled: 2006 central rates from the RP-2014 Disabled Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years.

For the purpose of this valuation, the long-term expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 2.75% (based on the weekly rate closest to but not later than the

South Adams County Fire Protection District

NOTES TO FINANCIAL STATEMENTS (continued) December 31, 2020

measurement date of the “state & local bonds” rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount rate is 7.00%.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic nominal rates of return for each major asset class included in the 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>
Cash	2.00%	2.25%
Fixed Income	15.00	5.20
Managed Futures	4.00	5.00
Absolute Return	8.00	5.50
Long Short	8.00	6.00
Global Equity	38.00	7.00
Private Markets	25.00	9.20
Total	<u>100.00</u>	

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at 12/31/2019	\$ 7,615,662	\$ 6,008,203	\$ 1,607,459
Changes for the year:			
Service cost	6,865	-	6,865
Interest	536,899	-	536,899
Changes in benefit terms	381,156	-	381,156
Employer contribution	-	78,340	(78,340)
State of Colorado supplemental discretionary payment	-	-	-
Net investment income	-	821,665	(821,665)
Benefit payments, including refunds	(671,771)	(671,771)	-
Administrative expenses	-	(18,731)	18,731
Net changes	253,149	209,503	43,646
Balance at 12/31/2020	\$ 7,868,811	\$ 6,217,706	\$ 1,651,105

Sensitivity of the net pension liability (asset) to the changes in the discount rate

The following table presents the net pension liability of the District, calculated using the discount rate of 7.00% as well as what the District’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate.

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
District’s Net Pension Liability	\$ 2,419,296	\$ 1,651,105	\$ 1,002,545

South Adams County Fire Protection District

**NOTES TO FINANCIAL STATEMENTS
(continued)
December 31, 2020**

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

For the year ended December 31, 2020, the district recognized pension expense of \$526,059 for the Volunteer Pension Plan. At December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	305,050	505,548
Contributions subsequent to measurement date	78,340	-
Total	\$ 383,390	\$ 505,548

\$78,340 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a decrease in the pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31,	Deferred Amounts
2021	\$ (47,964)
2022	(76,008)
2023	7,904
2024	(84,430)
2025	-
Thereafter	-
Total	\$ (200,498)

Pension plan fiduciary net position

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

Old Hire Pension Fund

Plan Description and Provisions

The District's paid employees, hired prior to associating with FPPA, participate in a contributing pension plan administered by the Board of Trustees. The plan is closed to new participants.

Members Covered by Benefit Terms

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

South Adams County Fire Protection District

NOTES TO FINANCIAL STATEMENTS (continued) December 31, 2020

Retirees and beneficiaries	2
Inactive, non-retired members	-
Active members	-
Total	2

Funding Policy

The contributions are not actuarially determined. An actuary is used to determine the adequacy of contributions. The Actuarial study as of January 1, 2020, indicated that the current level of contributions to the fund are adequate to support, on an actuarially sound basis, the prospective benefits for the present plan.

Contributions

For the year ended December 31, 2020 the District contributed \$50,000 to the plan.

Net Pension Liability

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

Actuarial Assumptions. The total pension liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurements:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open*
Remaining Amortization Period	20 years*
Asset Valuation Method	5-Year smoothed fair value
Inflation	2.50%
Salary Increases	N/A
Investment Rate of Return	7.50%
Mortality	50% per year of eligibility until 100% at age 65

Mortality rates were based on the following:

- Post-retirement: For ages less than 55, RP-2014 Mortality Tables for Blue Collar Employees. For ages 65 and older, RP-2014 Mortality Tables for Blue Collar Healthy Annuitants. For ages 55 through 64, a blend of the previous tables.
- Disabled (pre-1980): RP-2014 Disabled Generational Mortality Table generationally projected with Scale BB with a minimum 3% rate for males and 2% rate for females.

All tables were projected and based on Scale BB

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

South Adams County Fire Protection District

NOTES TO FINANCIAL STATEMENTS (continued) December 31, 2020

The assumptions shown above pertain to the actuarial valuation as of January 1, 2018 and the associated Actuarially Determined Contribution for the year ending December 31, 2019. Following an experience study in 2018 and asset allocation study in 2018-2019, the Board adopted a new assumption set for first use in the January 1, 2020 valuations. The primary changes, which can be observed in the January 1, 2020 valuation, as compared to the assumptions shown are as follows:

Investment Rate of Return 4.50%

Mortality: **Post-retirement:** 2006 central rates from the RP-2014 Annuitant Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years.

Disabled (pre-1980): Post-retirement rates set forward three years.

For the purpose of this valuation, the long-term expected rate of return on pension plan investments is 4.50%; the municipal bond rate is 2.75% (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount rate is 4.50%.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic nominal rates of return for each major asset class included in the 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>
Cash	10.00%	3.20%
Fixed Income	80.00	5.00
Managed Futures	-	4.70
Absolute Return	-	5.00
Long Short	-	6.50
Global Equity	10.00	7.70
Private Markets	-	9.50
Total	100.00	

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at 12/31/2019	\$ 877,576	\$ 537,311	\$ 340,265
Changes for the year:			
Service cost	-	-	-

South Adams County Fire Protection District

**NOTES TO FINANCIAL STATEMENTS
(continued)
December 31, 2020**

Interest	62,852	-	62,852
Difference between expected and actual experience	34,613	-	34,613
Changes in assumptions	261,642	-	261,642
Employer contribution	-	50,000	(50,000)
Net investment income	-	61,777	(61,777)
Benefit payments, including refunds	(80,543)	(80,543)	-
Administrative expenses	-	(1,377)	1,377
Net changes	<u>278,564</u>	<u>29,857</u>	<u>248,707</u>
Balance at 12/31/2020	<u>\$ 1,156,140</u>	<u>\$ 567,168</u>	<u>\$ 588,972</u>

Regarding the sensitivity of the net pension liability/(asset) to the changes in the Single Discount Rate, the following presents the plan's net pension liability/(asset), calculated using a Single Discount Rate of 4.50%, 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 <u>3.500%</u>	Current Discount Rate 4.50%	1% Increase <u>5.50%</u>
District's Net Pension Liability	\$ 711,313	\$ 588,972	\$ 485,163

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

For the year ended December 31, 2020, the District recognized pension expense of \$324,528 for the Old Hire Pension Plan. At December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	27,041	32,145
Contributions subsequent to measurement date	50,000	-
Total	<u>\$ 77,041</u>	<u>\$ 32,145</u>

\$50,000 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a decrease in the pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31,	Deferred Amounts
2021	\$ (745)
2022	(3,422)
2023	3,593
2024	(4,530)
2025	-
Total	<u>\$ (5,104)</u>

South Adams County Fire Protection District

NOTES TO FINANCIAL STATEMENTS

(continued)

December 31, 2020

Pension plan fiduciary net position

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

Note 9 – Deferred compensation plan

Fire protection employees of the District who are members of the FPPA Statewide Defined Benefit Plan may voluntarily contribute to the FPPA 457 Deferred Compensation Plan (457 Plan), an Internal Revenue Code Section 457 defined contribution plan administered by the FPPA. 457 Plan participation is voluntary, and contributions to the 457 Plan are separate from contributions made to other FPPA plans. FPPA issues a publicly available annual financial report that includes financial statements and required supplementary information for the 457 Plan. The report may be obtained at www.ffpaco.org. During 2020, the District's fire protection employees contributed \$261,167 to the 457 Plan.

Note 10 - Agreements

The District entered into an Intergovernmental Agreement Regarding Exclusion and Inclusion of Real Property (IGA) on May 16, 2017 with Sable-Altura Fire Protection District (Sable-Altura). The IGA provides for certain real property to be excluded from Sable-Altura's service area and included into the District's service area. The District agrees to share a portion of its mill levy revenue on Sable-Altura's excluded property as follows:

- Years 1-3: Sable-Altura will receive 100% of the mill levy revenue received by the District
- Years 4-5: Sable-Altura will receive 80% of the mill levy revenue received by the District
- Years 6-7: Sable-Altura will receive 60% of the mill levy revenue received by the District
- Years 8-9: Sable-Altura will receive 40% of the mill levy revenue received by the District
- Year 10: Sable-Altura will receive 20% of the mill levy revenue received by the District

The IGA terminates at the end of the tenth year following the IGA date.

Note 11 – 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 or volunteers; and natural disasters. The District was a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2020. The Pool is an organization created by intergovernmental agreement to provide property, liability, public official's liability, and workers compensation coverage to its members. Settled claims have not exceeded coverage in any of the last three fiscal years.

The District pays annual premiums to the Pool for liability, property, public officials and workers compensation coverage. In the event the aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to members pursuant to a distribution formula.

South Adams County Fire Protection District

NOTES TO FINANCIAL STATEMENTS (continued) December 31, 2020

Note 12 – Tax, spending and debt limitation

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

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

On November 5, 2002, the District's voters authorized the District to retain all revenues from all sources including grants in the year 2002 and subsequent years, and spend the same as a voter-approved revenue change and an exception to limits which would otherwise apply for each of said years, including those contained in Article X, Section 20, of the Colorado Constitution and Section 29-1-301 of the Colorado Revised Statutes.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including interpretation of how to calculate Fiscal Year Spending limits, will require judicial interpretation.

On November 6, 2018, registered electors of the District approved a ballot issue allowing the District to increase or decrease its current and all future mill levies if there are changes in the method of calculating assessed valuation including, but not limited to, a change in the percentage of actual valuation used to determine residential assessed valuation due to Article X, Section 3 of the Colorado Constitution (commonly known as the Gallagher Amendment), so that, to the extent possible, the actual tax revenues generated by such mill levies are the same as the actual tax revenues that would have been generated had such changes not occurred.

Note 13 – Commitments

At December 31, 2020 the District has construction commitments of \$2,080,985 related to the maintenance facility expansion.

Note 14 – Subsequent Event

In March 2021, the District entered into an agreement related to the acquisition of certain property for a training facility. The purchase price related to the property acquisition totals \$7,000,000. In order to finance the property acquisition the District entered into a capital lease obligation with BOK Financial. The capital lease obligation calls for semi-annual interest payments and annual principal payments, ranging from \$517,917 to \$571,809 in total, beginning June 1, 2021 through December 1, 2035.

REQUIRED SUPPLEMENTARY INFORMATION

**SOUTH ADAMS COUNTY FIRE PROTECTION DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY/(ASSET)
STATE FIRE AND POLICE PENSION PLAN (FPPA) - STATEWIDE DEFINED BENEFIT PLAN**

Measurement Date	2020	2019	2018	2017	2016	2015
	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014
District's Proportion of the Net Pension Liability/(Asset)	0.7542982%	0.6424784%	0.5894256%	0.5433582%	0.3762745%	0.2859886%
District's Proportionate Share of the Net Pension Liability/(Asset)	\$ (426,603)	\$ 839,792	\$ (847,982)	\$ 196,336	\$ (6,633)	\$ (322,760)
District's Covered Payroll	\$ 5,939,425	\$ 4,449,513	\$ 4,360,663	\$ 3,592,436	\$ 2,674,100	\$ 1,843,863
District's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of Covered Payroll	-7.18%	18.87%	-19.45%	5.47%	-0.25%	-17.50%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/(Asset)	101.90%	95.20%	106.30%	98.21%	100.10%	106.80%

The amounts presented for each fiscal year were determined as of December 31 based on the measurement date of the Plan. Covered payroll is presented based on the fiscal year. Information earlier than 2014 was not available.

**SOUTH ADAMS COUNTY FIRE PROTECTION DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
STATE FIRE AND POLICE PENSION PLAN (FPPA) - STATEWIDE DEFINED BENEFIT PLAN**

	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 611,204	\$ 475,154	\$ 355,961	\$ 348,853	\$ 287,379	\$ 213,928	\$ 147,509
Contributions in Relation to the Contractually Required Contribution	\$ 611,204	\$ 475,154	\$ 355,961	\$ 348,853	\$ 287,379	\$ 213,928	\$ 147,509
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 7,640,044	\$ 5,939,425	\$ 4,449,513	\$ 4,360,663	\$ 3,592,436	\$ 2,674,100	\$ 1,843,863
Contributions as a Percentage of Covered Payroll	8%	8%	8%	8%	8%	8%	8%

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years information is available.

**SOUTH ADAMS COUNTY FIRE PROTECTION DISTRICT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
STATE FIRE AND POLICE PENSION PLAN (FPPA) - VOLUNTEER PENSION FUND**

	2019	2018	2017	2016	2015	2014
Total Pension Liability						
Service Cost	\$ 6,865	\$ 12,967	\$ 12,967	\$ 80,536	\$ 80,536	\$ 86,605
Interest	536,899	546,996	553,831	603,035	602,152	436,518
Changes in Benefit Terms	381,156	-	-	-	-	2,593,866
Differences Between Expected and Actual Experience	-	(181,986)	-	(865,756)	-	(251,821)
Changes of Assumptions	-	284,763	-	227,419	-	-
Benefit Payments, Including Refunds of Employee Contributions	(671,771)	(656,113)	(659,690)	(676,250)	(665,765)	(642,125)
Net Change in Total Pension Liability	253,149	6,627	(92,892)	(631,016)	16,923	2,223,043
Total Pension Liability - Beginning of Year	7,615,662	7,609,035	7,701,927	8,332,943	8,316,020	6,092,977
Total Pension Liability - End of Year	<u>\$ 7,868,811</u>	<u>\$ 7,615,662</u>	<u>\$ 7,609,035</u>	<u>\$ 7,701,927</u>	<u>\$ 8,332,943</u>	<u>\$ 8,316,020</u>
Plan Fiduciary Net Position						
Contributions - Employer	\$ 78,340	\$ 78,340	\$ 78,340	\$ 267,000	\$ 660,300	\$ 657,000
Net Investment Income	821,665	8,342	864,216	313,633	122,986	397,240
Benefit Payments, Including Refunds of Employee Contributions	(671,771)	(656,113)	(659,690)	(676,250)	(665,765)	(642,125)
Administrative Expenses	(18,731)	(17,423)	(16,409)	(9,769)	(11,640)	(9,446)
State of Colorado supplemental discretionary payment	-	70,506	70,506	70,506	70,506	70,506
Net Change in Plan Fiduciary Net Position	209,503	(516,348)	336,963	(34,880)	176,387	473,175
Plan Fiduciary Net Position - Beginning of Year	6,008,203	6,524,551	6,187,588	6,222,468	6,046,081	5,572,906
Plan Fiduciary Net Position - End of Year	<u>\$ 6,217,706</u>	<u>\$ 6,008,203</u>	<u>\$ 6,524,551</u>	<u>\$ 6,187,588</u>	<u>\$ 6,222,468</u>	<u>\$ 6,046,081</u>
Net Pension Liability - End of Year	<u>\$ 1,651,105</u>	<u>\$ 1,607,459</u>	<u>\$ 1,084,484</u>	<u>\$ 1,514,339</u>	<u>\$ 2,110,475</u>	<u>\$ 2,269,939</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.02%	78.89%	85.75%	80.34%	74.67%	72.70%
Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A
District's Net Pension Liability as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years information is available.

**SOUTH ADAMS COUNTY FIRE PROTECTION DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
STATE FIRE AND POLICE PENSION PLAN (FPPA) - VOLUNTEER PENSION FUND**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 125,749	\$ 125,749	\$ 125,749	\$ 267,024	\$ 267,024	\$ 162,943
Contributions in Relation to the Actuarially Determined Contribution	<u>78,340</u>	<u>148,846</u>	<u>148,846</u>	<u>148,846</u>	<u>337,506</u>	<u>730,806</u>
Contribution Deficiency (Excess)	<u>\$ 47,409</u>	<u>\$ (23,097)</u>	<u>\$ (23,097)</u>	<u>\$ 118,178</u>	<u>\$ (70,482)</u>	<u>\$ (567,863)</u>
Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years information is available.

**SOUTH ADAMS COUNTY FIRE PROTECTION DISTRICT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
STATE FIRE AND POLICE PENSION PLAN (FPPA) - OLD HIRE PENSION FUND**

	2019	2018	2017	2016	2015	2014
Total Pension Liability						
Service Cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	62,852	64,003	53,442	56,383	41,926	42,990
Changes in Benefit Terms	-	146,390	-	203,330	-	-
Differences Between Expected and Actual Experience	34,613	-	19,089	-	8,488	-
Changes of Assumptions	261,642	-	-	-	23,386	-
Benefit Payments, Including Refunds of Employee Contributions	(80,543)	(78,197)	(78,002)	(112,566)	(57,177)	(57,177)
Net Change in Total Pension Liability	278,564	132,196	(5,471)	147,147	16,623	(14,187)
Total Pension Liability - Beginning of Year	877,576	745,380	750,851	603,704	587,081	601,268
Total Pension Liability - End of Year	<u>\$ 1,156,140</u>	<u>\$ 877,576</u>	<u>\$ 745,380</u>	<u>\$ 750,851</u>	<u>\$ 603,704</u>	<u>\$ 587,081</u>
Plan Fiduciary Net Position						
Contributions - Employer	\$ 50,000	\$ 50,000	\$ 50,000	\$ 290,000	\$ 19,461	\$ 10,000
Net Investment Income	61,777	915	73,431	18,077	6,476	24,779
Benefit Payments, Including Refunds of Employee Contributions	(80,543)	(78,197)	(78,002)	(112,566)	(57,177)	(57,177)
Administrative Expenses	(1,377)	(5,786)	(877)	(3,782)	(862)	(4,651)
Net Change in Plan Fiduciary Net Position	29,857	(33,068)	44,552	191,729	(32,102)	(27,049)
Plan Fiduciary Net Position - Beginning of Year	537,311	570,379	525,827	334,098	366,200	393,249
Plan Fiduciary Net Position - End of Year	<u>\$ 567,168</u>	<u>\$ 537,311</u>	<u>\$ 570,379</u>	<u>\$ 525,827</u>	<u>\$ 334,098</u>	<u>\$ 366,200</u>
Net Pension Liability - End of Year	<u>\$ 588,972</u>	<u>\$ 340,265</u>	<u>\$ 175,001</u>	<u>\$ 225,024</u>	<u>\$ 269,606</u>	<u>\$ 220,881</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	49.06%	61.23%	76.52%	70.03%	55.34%	62.38%
Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A
District's Net Pension Liability as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years information is available.

**SOUTH ADAMS COUNTY FIRE PROTECTION DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
STATE FIRE AND POLICE PENSION PLAN (FPPA) - OLD HIRE PENSION FUND**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 39,206	\$ 48,096	\$ 48,096	\$ 48,096	\$ 19,461	\$ 19,461
Contributions in Relation to the Actuarially Determined Contribution	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>290,000</u>	<u>19,461</u>
Contribution Deficiency (Excess)	<u>\$ (10,794)</u>	<u>\$ (1,904)</u>	<u>\$ (1,904)</u>	<u>\$ (1,904)</u>	<u>\$ (270,539)</u>	<u>\$ -</u>
Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years information is available.

SUPPLEMENTARY INFORMATION

South Adams County Fire Protection District
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
Capital Fund

For the year ended December 31, 2020

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
REVENUES			
Grant revenue	\$ -	\$ 522,465	\$ 522,465
Total revenues	<u>-</u>	<u>522,465</u>	<u>522,465</u>
EXPENDITURES			
Capital Outlay	10,842,000	3,633,364	7,208,636
Total expenditures	<u>10,842,000</u>	<u>3,633,364</u>	<u>7,208,636</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(10,842,000)	(3,110,899)	7,731,101
Other financing sources (uses)			
Proceeds from financing	5,253,000	686,280	(4,566,720)
Sale of assets	-	26,000	26,000
Transfers from other funds	3,267,247	4,657,029	1,389,782
Total other financing sources (uses)	<u>8,520,247</u>	<u>5,369,309</u>	<u>(3,150,938)</u>
Change in fund balance	(2,321,753)	2,258,410	4,580,163
FUND BALANCES - Beginning of year	<u>7,481,798</u>	<u>8,886,905</u>	<u>1,405,107</u>
FUND BALANCES - End of year	<u>\$ 5,160,045</u>	<u>\$ 11,145,315</u>	<u>\$ 5,985,270</u>

South Adams County Fire Protection District
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
Impact Fee Fund

For the year ended December 31, 2020

	Original and Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
REVENUES			
Impact fees	\$ 325,000	\$ 638,256	\$ 313,256
Total revenues	<u>325,000</u>	<u>638,256</u>	<u>313,256</u>
EXPENDITURES			
Capital outlay	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	325,000	638,256	313,256
Other financing sources (uses)			
Transfers to other funds	(400,000)	(400,000)	-
Total other financing sources (uses)	<u>(400,000)</u>	<u>(400,000)</u>	<u>-</u>
Change in fund balance	(75,000)	238,256	313,256
FUND BALANCES - Beginning of year	<u>540,869</u>	<u>686,033</u>	<u>145,164</u>
FUND BALANCES - End of year	<u>\$ 465,869</u>	<u>\$ 924,289</u>	<u>\$ 458,420</u>