

**STRATMOOR HILLS FIRE
PROTECTION DISTRICT**

FINANCIAL STATEMENTS
With Independent Auditors' Report

Year Ended December 31, 2020

**STRATMOOR HILLS FIRE PROTECTION DISTRICT
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DECEMBER 31, 2020**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Stratmoor Hills Fire Protection District

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 Stratmoor Hills Fire Protection District, as of December 31, 2020, and the respective changes in financial position

thereof 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 and required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Stratmoor Hills Fire Protection District's financial statements as a whole. The supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Hoelting & Company, Inc.

Colorado Springs, Colorado
March 4, 2021

STRATMOOR HILLS FIRE PROTECTION DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Stratmoor Hills Fire Protection District's (the District) financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2020. The Management's Discussion and Analysis (MD&A) includes currently known information that management is aware of at the date of the auditor's report. Please read it in conjunction with the District's financial statements that follow this section.

FINANCIAL POSITION AND RESULTS FROM OPERATIONS

- The District's overall financial position improved during the year ending December 31, 2020. Net Position increased by \$75,344 or 7.4%.
- Capital assets net of depreciation at year-end were \$710,403, which is a 2.5% decrease from 2019; capital outlays amounted to \$86,173, \$63,452 of which was for new equipment.
- At the end of current year, the general fund reported an ending fund balance of \$543,314. Approximately 81.7% of this amount (\$443,617) is available for spending at the District's discretion (*unassigned fund balance*).
- At the end of the current year, unrestricted fund balance (the total *nonspendable*, and *unassigned* components of *fund balance*) of the general fund was \$514,514, or approximately 53.3% of total general fund expenditures.

USING THIS ANNUAL REPORT

This annual report includes a series of financial statements that consist of the MD&A, fund specific basic financial statements, notes to the financial statements and supplemental information. The basic financial statements consist of the Statement of Net Position, the Statement of Activities, the Balance Sheet, the Reconciliation of the Balance Sheet to the Statement of Net Position, the Statement of Revenues, Expenditures and Changes in Fund Balance, and the Reconciliation of the Statement of Revenues, Expenditures and Change in Fund Balance to the Statement of Activities. The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as applied to units of local government and promulgated by the Governmental Accounting Standards Board (GASB).

MD&A - This statement provides an objective and easily readable analysis of the District's financial activities based on currently known facts, decisions, and conditions. The MD&A provides the District's financial managers with the opportunity to present both short and long-term analyses of the organization's activities.

Statement of Net Position - This statement reports all financial and capital resources (assets) and obligations (liabilities). The difference between assets and liabilities is net position. The statement also provides the basis for evaluating the capital structure and assessing liquidity and financial flexibility.

Statement of Activities - All revenues and expenses are accounted for in this statement. This statement measures the results from operations and can be used to determine whether the District's revenues are adequate to recover expenses.

Balance Sheet – Reports the assets, liabilities, and fund balance of the entity as of a specific date.

Reconciliation of the Balance Sheet to the Statements of Net Position – Reconciles the total fund balance from the Balance Sheet to the total net position from the Statement of Net Position. Differences occur primarily due to the way capital assets and long-term liabilities are reported on the respective statements.

Statement of Revenues, Expenditures, and Change in Fund Balance – Presents the revenues, expenditures, and the resulting increase or decrease in fund balance for a specific period of time.

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities – Reconciles the net change in fund balances from the Statement of Revenues, Expenditures and Changes in Fund Net Position to the change in net Position from the Statement of Activities. Differences occur primarily due to the way certain expenditures and expenses are reported on the respective statements.

The financial statements also include **Notes to the Financial Statements and Supplemental Information** that explains specific information found in the financial statements and other required information.

CONDENSED FINANCIAL STATEMENTS

Condensed Statement of Net Position as of December 31, 2020 and 2019

	2020	2019	Variance	Percent Variance
Assets				
Current and Other Assets	\$ 1,387,870	\$ 1,279,211	\$ 108,659	8.5
Capital Assets, Net of Depreciation	710,403	728,349	(17,946)	(2.5)
Total Assets	<u>2,098,273</u>	<u>2,007,560</u>	<u>90,713</u>	<u>4.5</u>
Deferred Outflows of Resources				
Deferred Pension Outflows	178,032	201,686	(23,654)	(11.7)
Liabilities				
Current and Other Liabilities	39,149	29,670	9,479	31.9
Long-term liabilities	301,019	383,092	(82,073)	(21.4)
Total Liabilities	<u>340,168</u>	<u>412,762</u>	<u>(72,594)</u>	<u>(17.6)</u>
Deferred Inflows of Resources				
Deferred Pension Inflows	50,434	531	49,903	9,397.9
Unavailable Property Tax Revenue	791,432	777,026	14,406	1.9
Total Deferred Inflows of Resource:	841,866	777,557	64,309	8.3
Net Position				
Net Investment in Capital Assets	430,350	419,413	10,937	2.6
Restricted for TABOR	28,800	26,500	2,300	8.7
Unrestricted	635,121	573,014	62,107	10.8
Total Net Position	<u>\$ 1,094,271</u>	<u>\$ 1,018,927</u>	<u>\$ 75,344</u>	<u>7.4</u>

Condensed Statement of Activities for the Year Ended December 31, 2020 and 2019

	2020	2019	Variance	Percent Variance
Program Revenues:				
Charges for Services	\$ 80,835	\$ 92,795	\$ (11,960)	(12.9)
Operation Grant and Contributions	52,593	959	51,634	5384.2
General Revenues:				
Taxes	851,408	762,477	88,931	11.7
Other Revenue	39,939	84,972	(45,033)	(53.0)
Total Revenues	1,024,775	941,203	83,572	8.9
Expenses:				
General and Administrative	(231,127)	(240,115)	8,988	(3.7)
Fire and Emergency Medical Services	(706,272)	(659,200)	(47,072)	7.1
Interest	(12,032)	(13,308)	1,276	(9.6)
Total Expenses	(949,431)	(912,623)	(36,808)	4.0
Change in Net Position	75,344	28,580	46,764	163.6
Net Position - Beginning	1,018,927	990,347	28,580	2.9
Net Position - End of Period	\$ 1,094,271	\$1,018,927	\$ 75,344	7.4

FINANCIAL ANALYSIS OF THE GENERAL FUND

The District is a political subdivision of the State of Colorado. It uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds – The focus of 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, unreserved fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

The District uses one governmental fund—the **general fund**—to account for its operations. At the end of the current fiscal year, unassigned fund balance of the general fund was \$443,617 while total fund balance reached \$543,314.

During the current fiscal year, the fund balance of the District’s general fund increased \$58,737. The increase was mainly due to increased tax collections and donations.

BUDGETARY HIGHLIGHTS

While the Fire District continues to work hard at managing the revenue we receive effectively and efficiently we continue to train, purchase supplies, and respond to our residents. 2020 was a very hard year for everyone and the Fire District was no exception. We were blessed with donated items due to COVID19 for cleaning, personal protection gear and we continue to use those donated items here at the station and on all of our calls. Staff has reworked the budget to reflect a breakdown of all line items to better understand where we are spending money the most, so we can continue planning for future wants and needs.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. The District’s investment in capital assets as of December 31, 2020, amounts to \$710,403 (net of accumulated depreciation). This investment in capital assets includes buildings, vehicles, and equipment. The total decrease in capital assets for the current year was approximately 2.5%.

<u>Capital Assets</u>	2020	2019	Variance	Percent Variance
Buildings	\$ 526,394	\$ 503,673	\$ 22,721	4.5
Vehicles	835,419	835,419	-	-
Equipment	916,830	870,757	46,073	5.3
Accumulated Provision for Depreciation	(1,568,240)	(1,481,500)	(86,740)	5.9
Total Net Capital Assets	\$ 710,403	\$ 728,349	\$ (17,946)	(2.5)

Major capital asset events during the current year included the following:

- Building of a carport at a cost of \$10,293.
- Purchase of new firefighter suits at a cost of \$24,175.

Long-term Debt. At the end of the current year, the District had total debt outstanding of \$280,053.

Long-term Debt

	2020	2019	Variance	Percent Variance
Capital leases	\$ 280,053	\$ 308,936	\$ (28,883)	100.0

FINANCIAL HIGHLIGHTS AND OUTLOOK

- ***Budgetary Highlights*** –Staff continues to apply for Grants and will continue to search for more to help with the cost of new equipment. Staff is slowly replacing old, outdated equipment with newer more functional equipment that will cost less to maintain in the future – saving the Fire District money in the long run. The Fire District has started Wildland Deployments again, which will increase the revenue and the extra money from that revenue will help replace the District’s older brush truck.
- ***Economic and Environmental Factors*** – The planned development that brought in Sam’s and Wal-Mart continue to increase the department’s revenue and will continue in the coming years. With this addition, the demand for our services will increase. The department continues to bring on more volunteers and that has an associated cost of bunker gear, training, and equipment.

CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT

This financial report is designed to provide our customers, creditors and other financial users with a general overview of the District’s finances. If you have questions about this report or need additional financial information, please contact the Dottie Barrett at 719.576.1200 or 2160 B Street, Colorado Springs, CO 80906.

BASIC FINANCIAL STATEMENTS

STRATMOOR HILLS FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2020

ASSETS

Cash and cash equivalents	\$	493,817
Cash with County Treasurer		6,814
Property tax receivable		791,432
Prepaid expenses		70,897
Capital assets being depreciated, net		710,403
Net pension asset		24,910
		2,098,273
Total Assets		2,098,273

DEFERRED OUTFLOWS OF RESOURCES

Deferred pension outflows		178,032
		178,032

LIABILITIES

Accounts payable		10,257
Payroll taxes payable		1,238
Accrued salaries payable		16,719
Accrued interest payable		10,935
Long-term liabilities:		
Compensated absences		20,966
Due within one year		30,114
Due in more than one year		249,939
		340,168
Total Liabilities		340,168

DEFERRED INFLOWS OF RESOURCES

Deferred pension inflows		50,434
Unavailable property tax revenue		791,432
		841,866
Total Deferred Inflows of Resources		841,866

NET POSITION

Net investment in capital assets		430,350
Restricted for TABOR		28,800
Unrestricted		635,121
		1,094,271
Total Net Position	\$	1,094,271

The accompanying notes are an integral part of these financial statements.

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General and administrative	\$ 231,127	\$ -	\$ -	\$ -	\$ (231,127)
Fire and emergency medical services	706,272	80,835	52,593	-	(572,844)
Interest	12,032	-	-	-	(12,032)
	<u>\$ 949,431</u>	<u>\$ 80,835</u>	<u>\$ 52,593</u>	<u>\$ -</u>	<u>(816,003)</u>
General revenues:					
Taxes					851,408
Investment earnings					3,037
Gain on asset disposal					15,274
Other revenues					21,628
Total general revenues					<u>891,347</u>
Change in net position					75,344
Net position - beginning					<u>1,018,927</u>
Net position - ending					<u>\$ 1,094,271</u>

The accompanying notes are an integral part of these financial statements.

**STRATMOOR HILLS FIRE PROTECTION DISTRICT
BALANCE SHEET
DECEMBER 31, 2020**

ASSETS

Cash and cash equivalents	\$	493,817
Cash with County Treasurer		6,814
Property tax receivable		791,432
Prepaid expenses		70,897
		70,897
 Total Assets	 \$	 1,362,960
		1,362,960

LIABILITIES

Accounts payable	\$	10,257
Payroll taxes payable		1,238
Accrued salaries payable		16,719
		16,719
 Total Liabilities		 28,214
		28,214

DEFERRED INFLOWS OF RESOURCES

Unavailable property tax revenue		791,432
		791,432

FUND BALANCE

Nonspendable		70,897
Restricted for TABOR		28,800
Unassigned		443,617
		443,617
 Total Fund Balance		 543,314
		543,314

Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$	1,362,960
		1,362,960

The accompanying notes are an integral part of these financial statements.

**STRATMOOR HILLS FIRE PROTECTION DISTRICT
RECONCILIATION OF THE BALANCE SHEET TO THE
STATEMENT OF NET POSITION
DECEMBER 31, 2020**

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

Total fund balance - governmental funds	\$ 543,314
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Capital assets used in governmental activities are not financial resources, and therefore are not reported in the governmental funds.

Capital assets	2,278,643
Accumulated depreciation	(1,568,240)

The net pension asset is not available in the current period and, therefore, is not reported as an asset in the funds.	24,910
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Accrued interest is not due and payable in the current period, and therefore is not reported as a liability in the funds.	(10,935)
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Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in the governmental funds.

Compensated absences	\$ (20,966)		
Lease payable	(280,053)		
Pension outflows	178,032		
Pension inflows	(50,434)		(173,421)

Total net position - governmental activities	<u><u>\$ 1,094,271</u></u>
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The accompanying notes are an integral part of these financial statements.

STRATMOOR HILLS FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2020

REVENUES

Taxes	\$ 851,408
Fees	80,835
Grants and donations	52,593
Interest income	3,037
Miscellaneous income	<u>21,628</u>
 Total revenues	 <u>1,009,501</u>

EXPENDITURES

General and administrative	230,660
Fire and emergency medical services	607,164
Capital outlays	86,172
Debt service	<u>42,042</u>
 Total expenditures	 <u>966,038</u>

Excess (deficiency) of revenues over expenditures	<u>43,463</u>
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OTHER FINANCING SOURCES

Insurance recoveries	<u>15,274</u>
 Total other financing sources	 <u>15,274</u>

Net change in fund balance	58,737
 Fund balance - beginning	 <u>484,577</u>
 Fund balance - ending	 <u><u>\$ 543,314</u></u>

The accompanying notes are an integral part of these financial statements.

**STRATMOOR HILLS FIRE PROTECTION DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

Net change in fund balances - governmental funds	\$	58,737
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Depreciation		(104,119)
Capital outlays		86,173

Governmental funds measure compensated absences by the amount of financial resources used, whereas these expenses are reported in the Statement of Activities based on the amounts earned during the year.

3,517

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This amount represents the change to interest reported in the statement of activities.

1,127

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt.

Lease payment (principal)		28,883
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Some pension expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

1,026

Change in net position of governmental activities

\$ 75,344

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Stratmoor Hills Fire Protection District (the District) was organized under the laws of the State of Colorado to operate and maintain a special district for the purpose of providing fire protection and emergency medical services for the residents of the Stratmoor Hills subdivision located adjacent to the City of Colorado Springs, Colorado.

The accounting policies of the District conform to generally accepted accounting policies (GAAP) as applicable to governments. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the District are discussed below.

A. REPORTING ENTITY

The District is a special district governed by an elected five-member board. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. The District has no component units for which either discrete or blended presentation is required.

B. BASIS OF PRESENTATION—GOVERNMENT-WIDE 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 non-fiduciary activities of the government. Governmental activities are normally supported by taxes, intergovernmental revenues, and other nonexchange transactions. Eliminations have been made to minimize the double counting of internal activities.

C. BASIS OF PRESENTATION—FUND FINANCIAL STATEMENTS

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements.

The District reports the following major governmental fund:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government.

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

STRATMOOR HILLS FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)

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

The 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 period or soon enough thereafter to pay liabilities of the current fiscal period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, specific ownership taxes, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants recognize revenue when the qualifying expenditures have been incurred and all other grant requirements have been met, and the amount is received during the period or within the availability period of this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE

Cash and cash equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Prepaid expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures when consumed rather than when purchased.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND
NET POSITION/FUND BALANCE (CONTINUED)*

Capital Assets

Capital assets, which include buildings, vehicles and equipment, are reported in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are recorded at acquisition value. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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. Improvements are capitalized and are depreciated over the remaining useful lives of the related capital assets, as applicable.

Buildings, vehicles and equipment of the government are depreciated using the straight-line method over the following estimated useful lives:

Buildings	5 to 40 years
Vehicles	10 to 15 years
Equipment	5 to 15 years

When depreciable property is acquired, depreciation is included in expense for the year of acquisition for the number of months during the year the asset was in service. When depreciable property is retired or otherwise disposed of, depreciation is included in expense for the number of months in service during the year of retirement and the related costs and accumulated depreciation are removed from the accounts with any gain or loss reflected in the statement of activities.

Pensions

Stratmoor Hills Fire Protection District participates in the Statewide Defined Benefit Plan (SWDB), a cost-sharing multiple-employer defined benefit pension plan administered by the Fire & Police Pension Association of Colorado (FPPA). The net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the SWDB have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

STRATMOOR HILLS FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE (CONTINUED)

Deferred outflows/inflows of resources (continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental fund reports property taxes levied for the succeeding year as unavailable property tax revenue. The unavailable property tax revenues are recognized in the succeeding year as revenue when the lien attaches and the taxes become available.

Long-term liabilities

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net position. In the fund financial statements, the face amount of the debt issued is reported as other financing sources.

Net position flow assumption

The District may fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted—net position and unrestricted—net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted—net position to have been depleted before unrestricted—net position is applied.

Fund balance classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications available to be used in the governmental fund financial statements are as follows:

Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action that was used when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE (CONTINUED)

Assigned – This classification includes amounts that are constrained by the District’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Directors or through the Board of Directors delegating this responsibility to management through the budgetary process. This classification also includes the remaining positive fund balance for any governmental funds except for the General Fund.

Unassigned – This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The District would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

F. REVENUES AND EXPENDITURES/EXPENSES

Program revenues

Amounts reported as *program revenues* include 1) fees and 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. Revenues that are not classified as program revenues, including all taxes, are reported as general revenues.

Property taxes

Property taxes attach as an enforceable lien on real property and are levied as of January 1. The tax levy is payable in two installments due February 28 and June 15, or in one installment due April 30. El Paso County bills and collects property taxes for the District. The tax rate for the year ended December 31, 2020 was 13.251 mills. The District’s assessed valuation for 2020 was \$58,395,890.

Compensated absences

Employees earn vacation time in varying amounts based upon length of service. Employees are paid for unused vacation time upon termination.

All career personnel will accrue Paid Time Off (PTO). PTO is accrued based upon length of service. Upon termination, employees with accrued but unused PTO shall be paid at their current regular hourly rate for such PTO time.

STRATMOOR HILLS FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2—STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budget information

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to October 15, administrative personnel submit to the Board of Directors a proposed operating budget for the following fiscal year (calendar) beginning January 1. The operating budget includes proposed expenses and the means for financing them.
2. The proposed budget is advertised as available for inspection and comment by the electorate of the District.
3. Prior to December 15, the Board legally adopts the budget.
4. In December, the Board certifies the mill levy to El Paso County.
5. During the year, formal budgetary integration is employed as a management control device.
6. All appropriations lapse at year end.
7. Budgets are prepared on the same basis as that used for accounting purposes.

NOTE 3 - CASH AND INVESTMENTS

Cash deposits with financial institutions

Custodial credit risk—deposits. 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 regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

At December 31, 2020, the carrying amounts of the District's deposits were \$488,190 and the bank balances were \$560,683. Of the total bank balances, \$250,000 was covered by FDIC insurance and the remaining balance of \$310,683 falls under the provisions of the Colorado Public Deposit Protection Acts which are collateralized in single institution pools.

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

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Investments

The District is authorized by Colorado statutes to invest in the following:

- ◆ Obligations of the United States and certain U.S. government agencies' securities;
- ◆ Certain international agencies' securities;
- ◆ General obligation and revenue bonds of U.S. local government entities;
- ◆ Bankers' acceptances of certain banks;
- ◆ Certain commercial paper;
- ◆ Local government investment pools;
- ◆ Written repurchase agreements collateralized by certain authorized securities;
- ◆ Certain money market funds;
- ◆ Guaranteed investment contracts.

At December 31, 2020 the District's investment balances were as follows:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
COLOTRUST	Less than 60 days	\$ <u>5,477</u>

Credit Risk: State law and the District's investment policies limit investments as described above. As of December 31, 2020, the District's investments were rated AAAM by Standard & Poor's.

Colorado Surplus Asset Fund Trust (COLOTRUST) is an investment vehicle established for local government entities in Colorado to pool surplus funds for investment purposes by state statutes. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00. Designated custodial banks provide safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal functions of COLOTRUST. All securities owned by COLOTRUST are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by COLOTRUST. Investments of COLOTRUST consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury notes.

Reconciliation of cash deposits and investments to the statement of net position

Cash and cash equivalents:

Cash on hand	\$ 150
Deposits	488,190
COLOTRUST	<u>5,477</u>
	<u>\$ 493,817</u>

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

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets, being depreciated:				
Buildings	\$ 503,673	\$ 22,721	\$ -	\$ 526,394
Vehicles	835,419	-	-	835,419
Equipment	<u>870,757</u>	<u>63,452</u>	<u>(17,379)</u>	<u>916,830</u>
Total capital assets, being depreciated	2,209,849	86,173	(17,379)	2,278,643
Less accumulated depreciation	<u>(1,481,500)</u>	<u>(104,119)</u>	<u>17,379</u>	<u>(1,568,240)</u>
Total capital assets, net	<u>\$ 728,349</u>	<u>\$ (17,946)</u>	<u>\$ -</u>	<u>\$ 710,403</u>

Depreciation expense was charged to functions/programs of as follows:

General and administrative	\$ 1,722
Fire and emergency medical services	<u>102,397</u>
Total	<u>\$ 104,119</u>

NOTE 5 – LONG-TERM LIABILITIES

Capital lease – fire truck

The District entered into a lease-purchase agreement on August 1, 2018 to purchase a new fire truck. The lease qualifies as a capital lease. The lease agreement provides for a fixed interest rate of 4.26% and requires 10 annual payments of \$42,042 beginning February 1, 2019.

The assets acquired through capital leases are as follows:

Fire truck	\$ 343,500
Less: Accumulated depreciation	<u>(53,433)</u>
Total	<u>\$ 290,067</u>

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

NOTE 5 – LONG-TERM LIABILITIES (CONTINUED)

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2020, were as follows:

Year ended December 31:	
2021	\$ 42,042
2022	42,042
2023	42,042
2024	42,042
2025	42,042
Thereafter	<u>126,131</u>
Total minimum lease payments	336,341
Less: amount representing interest	<u>56,288</u>
Present value of minimum lease payments	<u>\$ 280,053</u>

Changes in long-term liabilities for the year ended December 31, 2020 were as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Capital leases	\$ <u>308,936</u>	\$ <u>-</u>	\$ <u>28,883</u>	\$ <u>280,053</u>	\$ <u>30,114</u>
Compensated Absences	\$ <u>24,483</u>	\$ <u>-</u>	\$ <u>3,517</u>	\$ <u>20,966</u>	\$ <u>-</u>

NOTE 6 – NET POSITION

Net position is reported in three separate categories – net investment in capital assets; net position-restricted; and net position-unrestricted.

Net investment in capital assets consists of capital assets net of accumulated depreciation and capital-related deferred outflows of resources; reduced by borrowings and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2020, net investment of capital assets was as follows:

Capital assets, net of depreciation	\$ 710,403
Less: capital lease obligations	<u>(280,053)</u>
Total	<u>\$ 430,350</u>

Net position-restriction is the difference between non-capital assets whose use is restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments; or imposed by law through constitutional provisions or enabling legislation, and related liabilities and deferred inflows of resources (excluding capital-related borrowings). The District has established an Emergency Reserve in the amount of \$28,800 for the year ended December 31, 2020, as per Article X, Section 20 of the Colorado Constitution. This Emergency Reserve balance represents at least 3% of the governmental fiscal year spending as required. Any portion of net position not already classified as either net investment in capital assets or net position-restricted, is automatically classified as net position-unrestricted.

STRATMOOR HILLS FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 7 - DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan description. Eligible employees of the Stratmoor Hills Fire Protection District are provided with pensions through the Statewide Defined Benefit Plan (SWDB) – a cost-sharing multiple-employer defined benefit pension plan covering substantially all full-time employees of participating fire or police departments in Colorado hired on or after April 8, 1978 (New Hires), provided that they are not already covered by a statutorily exempt plan. As of August 5, 2003, the Plan may include clerical and other personnel from fire districts whose services are auxiliary to fire protection. The Plan became effective January 1, 1980. The Plan assets are included in the Fire & Police Members' Benefit Investment Fund and the Fire & Police Members' Self-Directed Investment Fund (for Deferred Retirement Option Plan (DROP) assets and Separate Retirement Account assets from eligible retired members). Plan benefits are specified in Title 31, Article 30 of the Colorado Revised Statutes (C.R.S.). The Plan is administered by the Fire & Police Pension Association of Colorado (FPPA). FPPA issues a publicly available comprehensive annual financial report that can be obtained at <http://www.FPPAco.org>.

Benefits provided. The SWDB provides retirement benefits for members and beneficiaries. Death and disability coverage is provided for members through the Statewide Death and Disability Plan which is also administered by FPPA.

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

The annual normal retirement benefit is 2 percent of the average of the member's highest three years' pensionable earnings for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter. The benefit earned prior to January 1, 2007 for members of affiliated Social Security employers will be reduced by the amount of Social Security income payable to the member annually. Effective January 1, 2007, members covered under Statewide Defined Benefit Social Security Component will receive half the benefit when compared to the Statewide Defined Benefit Plan. Benefits adjustments paid to retired members are evaluated annually and may be re-determined every October 1. The amount of any increase is based on the Board's discretion and can range from 0 to the higher of 3 percent or the Consumer Price Index for Urban Wage Earners and clerical workers (CPI-W).

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

STRATMOOR HILLS FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 7 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

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

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

Employer contributions are recognized by the SWDB in the period in which the compensation becomes payable to the member and the Stratmoor Hills Fire Protection District is statutorily committed to pay the contributions to the SWDB. Employer contributions recognized by the SWDB from Stratmoor Hills Fire Protection District were \$27,550 for the year ended December 31, 2020.

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

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

NOTE 7 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	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%
*Includes Inflation at	2.5%	2.5%

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

At least every five years the FPPA's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2018 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the FPPA's actuaries, Gabriel, Roeder, Smith & Co., based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2019. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

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

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Global Equity	38%	7.00%
Equity Long/Short	8%	6.00%
Private Markets	25%	9.20%
Fixed Income	15%	5.20%
Absolute Return	8%	5.50%
Managed Futures	4%	5.00%
Cash	2%	2.52%
Total	100.0%	

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

NOTE 7 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

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

Sensitivity of the Stratmoor Hills Fire Protection District proportionate share of the net pension liability/(asset) to changes in the Discount Rate. The following presents the proportionate share of the net pension liability/(asset), calculated using the Discount Rate of 7.00 percent, as well as what the 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:

1% Decrease 6.00%	Single Discount Rate Assumption 7.00%	1% Increase 8.00%
\$ 151,036	\$ (24,910)	\$ (170,834)

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 www.fppaco.org.

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

At December 31, 2020, the Stratmoor Hills Fire Protection District reported a liability/(asset) of \$(24,910) for its proportionate share of the net pension liability/(asset). The net pension liability/(asset) was measured as of December 31, 2019, and the total pension liability/(asset) used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of January 1, 2019. The Stratmoor Hills Fire Protection District proportion of the net pension liability/(asset) was based on Stratmoor Hills Fire Protection District contributions to the SWDB for the calendar year 2019 relative to the total contributions of participating employers to the SWDB.

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

NOTE 7 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

At December 31, 2019, the Stratmoor Hills Fire Protection District's proportion was 0.044044853 percent, which was an increase of 0.0047547670 from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the Stratmoor Hills Fire Protection District recognized pension expense of \$(1,026). At December 31, 2020, the Stratmoor Hills Fire Protection District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 84,301	\$ 488
Changes in assumptions or other inputs	47,299	-
Net difference between projected and actual investment earnings	-	39,159
Changes in proportion and differences between contributions recognized and proportionate share of contributions	18,882	10,787
Contributions subsequent to the measurement date	27,550	N/A
Total	\$ 178,032	\$ 50,434

\$27,550 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2021	\$ 10,014
2022	6,622
2023	19,362
2024	2,838
2025	19,548
Thereafter	41,664

Subsequent Event. 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.

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

NOTE 8 – EMPLOYEE IRA

In 2000, the District set up a simple IRA for full-time employees not covered by the defined pension plan of the Colorado Fire and Police Pension Association. Employees contribute at least 3½% of compensation and the District contributes 3% of compensation. The employer’s contribution was \$1,908 for 2020.

NOTE 9 - RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District carries commercial insurance for these risks of loss, including worker’s compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage during the past three years.

NOTE 10 - AMENDMENT TO COLORADO CONSTITUTION

Colorado voters passed an amendment to the *State Constitution*, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments.

The Amendment requires that Emergency Reserves be established. These reserves must be at least 3 percent of Fiscal Year Spending (excluding bonded debt service) in 2020. The entity is not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. At December 31, 2019, the District’s Reserve of \$28,800 was reported as restricted fund balance in the General Fund.

Fiscal year spending and revenue limits are determined based on the prior year’s spending adjusted for inflation and local growth. Revenue in excess of the limit must be refunded unless the voters approve retention of such revenue.

On November 2, 1993, the voters of Stratmoor Hills Fire Protection District approved that taxes be increased up to \$84,500 annually for the purpose of fire protection and emergency medical assistance by the imposition of an additional property tax not to exceed 4.000 mills commencing January 1, 1994 and thereafter.

On November 6, 2001, the voters of the District approved a mill levy increase of 1.5 mills commencing January 1, 2002 and thereafter. The voters also approved that Stratmoor Hills Fire Protection District shall be entitled to collect and spend the full revenues from such tax increases regardless of whether the annual revenues from such tax increases in any year after the first full year in which it is in effect exceed the estimated dollar amount stated above and without any other limitation or condition, and without limiting the collection or spending of any other revenues or funds by Stratmoor Hills Fire Protection District, under Article X, Section 20 of the Colorado Constitution or any other law.

On May 4, 2004, the voters of the District approved that taxes be increased by up to \$73,179 annually for the purposes of fire protection and emergency medical assistance by the imposition of an additional property tax not to exceed 2.00 mills commencing January 1, 2005 and thereafter.

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

NOTE 10 - AMENDMENT TO COLORADO CONSTITUTION (CONTINUED)

On November 8, 2016, the voters of the District approved that the \$16,400 of 2015 revenues in excess of Tabor limits did not have to be refunded. The voters also approved the District's right to collect, retain and spend the full amount of all taxes, grants, and other revenue collected from all sources beginning in 2016 including each subsequent year thereafter through 2019.

On November 5, 2019, the voters of the District authorized the District to collect, retain, and spend or reserve all revenues from all sources received in 2020 and each subsequent year thereafter, notwithstanding any state restriction on fiscal year spending, including, without limitation, the restrictions of Article X, Section 20, of the Colorado Constitution.

The Amendment is complex and subject to judicial interpretation. The entity believes it is in compliance with the requirements of the amendment. However, the entity has made certain interpretations in the amendment's language in order to determine its compliance.

REQUIRED SUPPLEMENTARY INFORMATION

STRATMOOR HILLS FIRE PROTECTION DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
DECEMBER 31, 2020

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's proportion of the net pension liability (asset)	0.044044853%	0.039290086%	0.048507975%	0.050336322%	0.059796095%	0.069825407%	0.064869745%
District's proportionate share of the net pension liability (asset)	\$ (24,910)	\$ 49,673	\$ (69,786)	\$ 18,188	\$ (1,054)	\$ (78,803)	\$ (58,006)
District's covered payroll	\$ 324,625	\$ 263,188	\$ 283,738	\$ 257,613	\$ 289,875	\$ 314,007	\$ 281,756
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-7.67%	18.87%	-24.60%	7.06%	-0.36%	-25.10%	-20.59%
Plan fiduciary net position as a percentage of the total pension liability	101.9%	95.2%	106.3%	98.2%	100.1%	106.8%	105.8%

* The amounts presented for each year were determined as of 12/31.

* Complete 10-year information to be presented in future years as it becomes available.

See the accompanying independent auditors' report.

STRATMOOR HILLS FIRE PROTECTION DISTRICT
SCHEDULE OF DISTRICT'S STATUTORY PAYROLL CONTRIBUTIONS AND COVERED PAYROLL
DECEMBER 31, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Statutorily required contribution	\$ 27,550	\$ 25,970	\$ 21,055	\$ 22,699	\$ 20,609	\$ 23,190	\$ 25,121	\$ 22,540
Contributions in relation to the statutorily required contribution	<u>(27,550)</u>	<u>(25,970)</u>	<u>(21,055)</u>	<u>(22,699)</u>	<u>(20,609)</u>	<u>(23,190)</u>	<u>(25,121)</u>	<u>(22,540)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 344,375	\$ 324,625	\$ 263,188	\$ 283,738	\$ 257,613	\$ 289,875	\$ 314,007	\$ 281,756
Contributions as a percentage of covered payroll	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%

* The amounts presented for each year were determined as of 12/31.

* Complete 10-year information to be presented in future years as it becomes available.

See the accompanying independent auditors' report.

STRATMOOR HILLS FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
Taxes	\$ 862,026	\$ 862,026	\$ 851,408	\$ (10,618)
Fees	101,500	101,500	80,835	(20,665)
Grants	2,000	2,000	52,593	50,593
Interest income	13,000	13,000	3,037	(9,963)
Miscellaneous income	80,000	80,000	21,628	(58,372)
Total Revenues	<u>1,058,526</u>	<u>1,058,526</u>	<u>1,009,501</u>	<u>(49,025)</u>
EXPENDITURES				
General and administrative	198,575	198,575	230,660	(32,085)
Fire and emergency medical services	741,200	741,200	607,164	134,036
Capital outlays	75,751	75,751	86,172	(10,421)
Debt service	43,000	43,000	42,042	958
Total Expenditures	<u>1,058,526</u>	<u>1,058,526</u>	<u>966,038</u>	<u>92,488</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>43,463</u>	<u>43,463</u>
OTHER FINANCING SOURCES				
Insurance recoveries	<u>-</u>	<u>-</u>	<u>15,274</u>	<u>15,274</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>15,274</u>	<u>15,274</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>58,737</u>	<u>58,737</u>
Fund balance - beginning	<u>519,617</u>	<u>519,617</u>	<u>484,577</u>	<u>-</u>
Fund balance - ending	<u>\$ 519,617</u>	<u>\$ 519,617</u>	<u>\$ 543,314</u>	<u>\$ 23,697</u>

See the accompanying independent auditors' report.

SUPPLEMENTAL INFORMATION

STRATMOOR HILLS FIRE PROTECTION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2020

	Actual	Final Budget	Variance Favorable (Unfavorable)
REVENUES			
Taxes:			
General property tax	\$ 766,920	\$ 777,026	\$ (10,106)
Specific ownership tax	84,488	85,000	(512)
Total Taxes	<u>851,408</u>	<u>862,026</u>	<u>(10,618)</u>
Fees:			
Protection contract	64,063	65,000	(937)
Dispatch service income	3,139	24,000	(20,861)
Inspection fees	7,903	2,500	5,403
Medical billings	5,730	10,000	(4,270)
Total Fees	<u>80,835</u>	<u>101,500</u>	<u>(20,665)</u>
Grants	52,593	2,000	50,593
Interest income	3,037	13,000	(9,963)
Miscellaneous income	21,628	80,000	(58,372)
Insurance recoveries	15,274	-	15,274
Beginning fund balance	484,577	519,617	(35,040)
TOTAL REVENUES	<u>1,509,352</u>	<u>1,578,143</u>	<u>(68,791)</u>
EXPENDITURES			
General & Administrative:			
Audit	6,825	7,000	175
Dues and subscriptions	13,179	15,000	1,821
Election expense	3,823	2,500	(1,323)
Insurance	35,933	36,000	67
Legal	56	12,000	11,944
Meetings	-	7,600	7,600
Office supplies	2,042	3,500	1,458
Salaries	134,886	87,000	(47,886)
FPPA expense	8,417	-	(8,417)
Simple IRA	1,908	2,000	92
Recruiting exp	2,877	1,500	(1,377)
Telephone	4,382	6,000	1,618
Tax collection expense	11,539	13,000	1,461
Miscellaneous	4,449	5,025	576
Payroll expenses	344	450	106
Capital outlay	54,446	22,751	(31,695)
Total General & Administrative	<u>\$ 285,106</u>	<u>\$ 221,326</u>	<u>\$ (63,780)</u>

See the accompanying independent auditors' report.

STRATMOOR HILLS FIRE PROTECTION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2020

	Actual	Budget	Variance Favorable (Unfavorable)
EXPENDITURES (continued)			
Fire and emergency medical services			
Salaries	357,861	\$ 390,000	\$ 32,139
FICA expense	14,449	18,000	3,551
FPPA expense	23,955	34,000	10,045
Employee health insurance	51,674	65,000	13,326
Accident and sick insurance	4,627	5,000	373
Workers' compensation insurance	28,606	30,000	1,394
Unemployment insurance	1,454	1,800	346
Open house	-	5,000	5,000
Gas and oil	25,105	8,500	(16,605)
Investigations	400	400	-
Station supplies	4,947	7,000	2,053
EMS supplies	6,500	9,000	2,500
Fire prevention	1,164	3,000	1,836
Volunteer activities	8,613	23,000	14,387
Radio and pager fees	10,690	10,000	(690)
Vehicle maintenance	-	40,000	40,000
Equipment maintenance	10,194	16,000	5,806
Station maintenance	13,729	16,000	2,271
Small equipment	12,000	6,500	(5,500)
Training	3,768	12,500	8,732
Uniforms	12,697	17,000	4,303
Utilities	6,698	10,000	3,302
Vaccinations & Physicals	922	2,000	1,078
Firefighting & Wildland supplies	7,111	11,500	4,389
Capital outlay	31,726	53,000	21,274
Total fire and emergency medical	638,890	794,200	155,310
Debt service	42,042	43,000	958
TOTAL EXPENDITURES	966,038	1,058,526	92,488
EXCESS OF REVENUES OVER EXPENDITURES	543,314	\$ 519,617	\$ 23,697
Less:			
Beginning fund balance	(484,577)		
NET CHANGE IN FUND BALANCE	\$ 58,737		

See the accompanying independent auditors' report.