Windsor Severance Fire Protection District

Weld and Larimer Counties, Colorado

Annual Financial Report and
Independent Auditor's Report

December 31, 2020

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Independent Auditor's Report

To the Board of Directors
Windsor Severance Fire Protection District

Opinions

We have audited the accompanying financial statements of the governmental activities, and the major funds of Windsor Severance 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.

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

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Windsor Severance Fire Protection District's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, disclosures in the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Windsor Severance Fire Protection District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Windsor Severance Fire Protection District's ability to continue as a going concern for a reasonable period of time.

Emphasis of a Matter

As discussed in Note 5 to the financial statements, beginning capital asset balances have been restated. As a result of this restatement, the net position as of January 1, 2020 has been restated. Our opinion in not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule for the General Fund, and pension related schedules, 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 Supplementary Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Windsor Severance Fire Protection District's financial statements as a whole. The other supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements.

The other supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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.

Haynie & Company

Littleton, Colorado
July 8, 2021

WINDSOR-SEVERANCE FIRE PROTECTION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Background Information

The District was created in 1950 by several citizens concerned about fire protection for their homes and businesses. The predominant fund approach for the District was comprised of three basic funds, the General, Capital, and Debt Service Funds.

In November 1997, the District Board of Directors asked the taxpayers to remove the TABOR limits that were imposed on the District in 1992. In 2019 the voters were asked to approve a total mill levy increase of 1.556 over the next 7 years: 2020 - 0.556 Mills, 2023 - 0.500 Mills, 2026 - 0.500 Mills. The final mill levy for the District was set at 7.750 mills for 2019 to be collected during the years 2020 through 2022.

Financial Highlights

- The total assets and deferred outflows of the Windsor-Severance Fire Protection District were $36,572,914 at the close of the fiscal year. The total assets and deferred outflows exceeded liabilities and deferred inflows by $23,213,789. Of this amount $12,241,092 represents the balance of the unrestricted net position.

- The District realized a $3,154,382 increase in fund balances during the fiscal year. The increase consists of excess revenues over expenditures of $3,154,382. The revenue increase was driven by assessed value growth in Weld County for property and oil & gas values.

- At the end of the current fiscal year, unassigned fund balance for the general fund was $5,961,523. The change in fund balance for the general fund was an increase of $3,346,080 for the year.

- Cash and investments increased by $864,894.

- The long-term liabilities decreased by a net amount of $355,104. This decrease is due to scheduled payments on long-term debt.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the basic financial statements of the District. These basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The *Government-wide financial statements* present the financial picture of the District from the economic measurement resources focus using the accrual basis of accounting. These statements include all assets of the District (including capital assets) as well as all liabilities (including long-term debt). They are intended to provide a broad overview in a manner similar to a private sector business.

The *Statement of Net Position* presents information of all the assets and deferred outflows and liabilities and deferred inflows of the District, with the difference between the two being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Activities* presents information showing how the net position of the District 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 in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused 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.

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

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

The District maintains three (3) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the capital projects fund, and the debt service fund, which are all considered to be major funds. The District adopts an annual budget to comply with all terms, limitations and exemptions, including, but not limited to, reserve transfers and expenditure exemptions, under Article X, Section 20 of the Colorado Constitution ("TABOR") and other laws or obligations which are applicable to or binding upon the District. Budgetary comparison statements have been provided for this fund to demonstrate compliance with the budget and can be found on pages 30, 35, and 36 of this report. The basic governmental fund financial statements can be found on pages 3-5 of this report.

Notes to the Financial Statements

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the Government-wide and Governmental fund financial statements.

Other Information

In addition, information on the District's participation in defined benefit retirement plans can be found on pages 19-28 of this report.

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Windsor-Severance Fire Protection District, assets and deferred outflows exceeded liabilities and deferred inflows by $23,213,789 at the close of the most recent fiscal year. The largest portions of the District's net position are its net investment in capital assets (46%) and unrestricted (53%).

Net investment in capital assets consist of capital assets (e.g., land, construction in progress, buildings, machinery, vehicles, and equipment); less any related debt still outstanding used to acquire those assets. The District uses these capital assets to provide services to citizens, consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The unrestricted portion of net assets consist of unrestricted liquid assets for which the board of directors has the authority to alter this designation of funds.

The following table contains a comparative analysis between the current and prior fiscal year for the government-wide statements.

	Governmental Activities 2020	Governmental Activities 2019	Increase / Decrease
Assets			
Cash and Investments	$ 11,092,435	$ 10,227,541	$ 864,894
Other assets	12,188,084	11,771,639	416,445
Capital assets, net	11,252,039	9,392,255	1,859,784
Net Pension Asset	246,805	-	246,805
Total assets	34,779,363	31,391,435	3,387,928
Deferred outflows of resources	1,793,551	1,816,095	(22,544)
Liabilities			
Current liabilities	361,929	788,099	(426,170)
Long-term liabilities	1,963,271	2,318,375	(355,104)
Total liabilities	2,325,200	3,106,474	(781,274)
Deferred Inflows of resources	11,033,925	11,739,677	(705,752)
Net position			
Net investment in capital assets	10,579,776	7,073,284	3,506,492
Restricted	392,921	304,078	88,843
Unrestricted	12,241,092	10,984,017	1,257,075
Total net position at December 31,	$ 23,213,789	$ 18,361,379	$ 4,852,410

During 2020, current assets increased primarily because of an increase in cash and cash equivalents and property taxes receivable of $1,281,339 from prior year. The District experienced assessed value growth in Weld County for property and oil & gas values. Other assets increased due to an increase in accounts receivable which was also a result of the bankruptcy of a large oil and gas company, the back taxes were paid in full in early 2021.

There was an increase in capital assets which was mainly due to investment in building a new ladder truck during 2020. The construction of the ladder truck was still in progress as of December 31, 2020.

Governmental Activities

Governmental activities net position increased by $4,781,858. Key elements of this increase are reported below:

	Governmental Activities 2020	Governmental Activities 2019	Increase/ Decrease
Revenues			
Program revenues:			
Charges for services:	$ 709,987	$ 480,460	$ 229,527
Operating grants and contributions	210,961	358,532	(147,571)
General revenues:			-
Property taxes	12,112,471	8,763,104	3,349,367
Investment Earnings	179,213	20,456	158,757
Other	123,797	367,343	(243,546)
Total revenues	13,336,429	9,989,895	$ 3,346,534
Expenses			
Fire protection and emergency services	$ 8,515,157	7,243,139	$ 1,272,018
Interest on long-term debt	39,414	72,085	(32,671)
Total expenses	8,554,571	7,315,224	$ 1,239,347
Increase in net position	$ 4,781,858	$ 2,674,671	$ 2,107,187
Beginning Net Position (as restated-2020)	18,431,931	15,686,708	2,745,223
Ending Net Position	$ 23,213,789	$ 18,361,379	$ 4,852,410

Overall revenues increased by $3,346,534 while expenses increased by $1,239,347. Most of the revenue increase was property tax revenue. Assessed value increased $335,295,750 or 36.36%.

Expenses increased from prior year due to personnel expenses. During 2020, the District gave all eligible employees a 2.00% cost of living increase.

Financial Analysis of the 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, the unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of fiscal year.

At the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of $12,750,280, an increase of $3,154,382 in comparison with the prior year's balance. The key factor that lead to this increase was an increase in assessed value for the district which resulted in an increase for property tax revenues.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, spendable fund balance of the general fund was $5,961,523. As a measure of the general fund's liquidity, it may be useful to compare spendable fund balance to total fund expenditures. Spendable fund balance represents 80.40% of total current year general fund expenditures of $7,539,703.

Budgetary Highlights

During 2020, total revenues in the General Fund were $294,837 more than final budgeted revenues while total expenditures were $1,024,567 under budgeted expenditures and transfers prior to depreciation expense and GASB 68 adjustments. The positive revenue variance resulted primarily from wildland revenues that were greater than budget due to a more active wildland season compared to 2019. The expenditure variance was primarily due to personnel expense and training expenses.

Capital Asset and Debt Administration

Capital assets – The District's investment in capital assets as of December 31, 2020, totals $11,252,039 (net of accumulated depreciation and net of related debt). This investment in capital assets includes construction in progress, land, improvements other than buildings, buildings and improvements, vehicles, furniture, and equipment.

Outlays for capital assets during 2020 were $2,264,274 which consisted primarily of fire and EMS vehicles and equipment.

Fund balance in the Capital Project fund decreased $163,645 for the year ended December 31, 2020. This decrease was due to capital purchases.

Additional information on the District's capital assets can be found in Note 4 to the financial statements on page 17.

Long-term liabilities –

During 2020, the District did not issue any new debt. Colorado Revised Statute 32-1-1101(6) states that a fire district shall have a limit of bonded indebtedness determined by a specific formula. The District's outstanding debt is below this limit.

The fund balance in the Debt Service Fund decreased $28,053 for the year ended December 31, 2020. This decrease was due to expenditures in excess of revenues for payment of principal and interest on bond obligations.

The District had long-term compensated absences payable of $324,855 at year-end.

Additional information on the District's long-term liabilities can be found in Note 5 to the financial statements on pages 18.

Economic Factors and Next Year's Budgets and Rates

The District's mil levy is 8.0610 for FY 2021 which is a slight decrease from prior year. The decrease is due to the bond rate decreasing from 0.3110 to 0.3080. The bond tax rate is to fulfill debt service obligations and does not affect the operational budget of the district. The district expects a net assessed value increase in Larimer County and a decrease in Weld County. Weld County assessed value is expected to decrease due to oil & gas values.

Oil & gas assessed values are extremely volatile in Weld County which are dependent on the oil market and other outside resources. When a decrease in oil & gas assessed values is expected by Weld County, the District is notified which allows the District to properly prepare for such events. In 2020, the District experienced a significant increase in tax revenue which resulted in building a stable unrestricted fund balance. As a result, the District does not foresee this decrease effecting it financially or operationally.

Requests for Information

This financial report is designed to provide the District's citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Windsor Severance Fire Protection District at 100 N. 7th Street, Windsor, Colorado 80550.

Basic Financial Statements

Windsor Severance Fire Protection District
Statement of Net Position
December 31, 2020

	Governmental Activities
Assets	
Cash and investments	$ 11,092,435
Accounts receivable	1,958,076
Property taxes receivable	10,170,527
Prepaid items	59,481
Net pension asset - related to SWDB pension	246,805
Capital assets, not depreciated	3,377,189
Capital assets, depreciated, net of accumulated depreciation	7,874,850
Total assets	34,779,363
Deferred Outflows of Resources	
Related to volunteer pension	203,561
Related to SWDB pension	1,589,990
Total deferred outflows of resources	1,793,551
Liabilities	
Accounts payable	$ 199,781
Accrued salaries and benefits	159,931
Accrued interest	2,217
Compensated absences	324,855
Long term debt	
Due in one year	350,000
Due in more than one year	322,263
Net pension liability - volunteer pension	966,153
Total liabilities	2,325,200
Deferred inflows of resources	
Deferred revenues - property taxes	10,170,527
Related to volunteer pension	226,677
Related to SWDB pension	636,721
Total deferred inflows of resources	11,033,925
Net Position	
Net investment in capital assets	10,579,776
Restricted for emergencies	388,896
Restricted for debt service	4,025
Unrestricted	12,241,092
Total net position	$ 23,213,789

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

Windsor Severance Fire Protection District

Statement of Activities

For the Year Ended December 31, 2020

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
Functions/Program Activities	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental activities				
General Government	$ 8,515,157	$ 709,987	$ 210,961	$ (7,594,209)
Interest on long-term debt	39,414	-	-	(39,414)
Total governmental activities	$ 8,554,571	$ 709,987	$ 210,961	$ (7,633,623)
General revenues				
Property taxes				12,112,471
Interest				179,213
Other				123,797
				12,415,481
Change in net position				4,781,858
Net position - beginning of year (as restated)				18,431,931
Net position - end of year				$ 23,213,789

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

Windsor Severance Fire Protection District
Governmental Funds Balance Sheet
December 31, 2020

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Assets				
Cash and investments	$ 4,752,055	$ 4,025	$ 6,336,355	$ 11,092,435
Property taxes receivable	10,170,527	-	-	10,170,527
Accounts receivable	1,958,076	-	-	1,958,076
Prepaid items	59,481	-	-	59,481
Total assets	$16,940,139	$ 4,025	6,336,355	$ 23,280,519
Liabilities, deferred inflows, and fund balance liabilities				
Accounts payable	199,781	-	-	199,781
Accrued expenses	159,931	-	-	159,931
Total liabilities	359,712	-	-	359,712
Deferred Inflows				
Deferred revenue - property tax	10,170,527	-	-	10,170,527
Total deferred inflows of resources	10,170,527	-	-	10,170,527
Fund Balances				
Nonspendable	59,481	-	-	59,481
Restricted for emergencies	388,896	-	-	388,896
Restricted for debt services	-	4,025	-	4,025
Committed for capital projects	-	-	6,336,355	6,336,355
Unassigned	5,961,523	-	-	5,961,523
Total fund balance	6,409,900	4,025	6,336,355	12,750,280
Total liabilities, deferred inflows and fund balances	$16,940,139	$ 4,025	$ 6,336,355	$ 23,280,519

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

Windsor Severance Fire Protection District
Reconciliation of the Governmental Fund Balance Sheet
With the Government-Wide Statement of Net Position
December 31, 2020

Fund Balances - Total Governmental Funds		$ 12,750,280
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the fund balance sheet. In the statement of net position, the cost of these assets are capitalized and expensed over their useful lives through annual depreciation.		
Governmental capital assets	15,530,982	
Less accumulated depreciation	(4,278,944)	11,252,039
Long-term liabilities such as bonds payable, accrued interest payable, and accrued compensated absences are not due and payable in the current period and are not reported as liabilities in the governmental fund financial statements.		
Accrued compensated absences		(324,855)
Accrued interest		(2,217)
Bonds payable, net of premium amortization		(672,263)
Net pension asset and liability amount and the related deferred inflows and deferred outflows of resources are not current financial resources or due and payable in the current period and therefore are not reported in the fund financial statements.		
Net pension asset		246,805
Net pension liability		(966,153)
Deferred outflows of resources related to pension		1,793,551
Deferred inflows of resources related to pension		(863,398)
Net position of governmental activities		$ 23,213,789

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

Windsor Severance Fire Protection District
Statement of Revenues, Expenditures, and Changes in Fund Balances
December 31, 2020

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Revenues				
Property taxes	$ 11,770,729	$ 341,742	$ -	$ 12,112,471
Charges for services	709,987	-	-	709,987
Grants	210,961	-	-	210,961
Investment earnings	179,167	46	-	179,213
Miscellaneous	131,145	-	-	131,145
Total Revenues	13,001,989	341,788	-	13,343,777
Expenditures				
Personnel expenses	6,136,460	-	-	6,136,460
Communications and information technology	147,315	-	-	147,315
Managerial expenses	698,137	4,846	-	702,983
Training	124,963	-	-	124,963
Building maintenance	171,687	-	-	171,687
Equipment maintenance	261,141	-	-	261,141
Capital outlay	-	-	2,264,274	2,264,274
Debt Service				
Principal	-	335,000	-	335,000
Interest	-	45,572	-	45,572
Total Expenditures	7,539,703	385,418	2,264,274	10,189,395
Excess of Revenues over Expenditures	5,462,286	(43,630)	(2,264,274)	3,154,382
Other financing sources and (uses)				
Transfer in	-	15,577	2,100,629	2,116,206
Transfer out	(2,116,206)	-	-	(2,116,206)
Total other financing sources (uses)	(2,116,206)	15,577	2,100,629	-
Net Change in fund balance	3,346,080	(28,053)	(163,645)	3,154,382
Fund balances:				
Beginning of the year	3,063,820	32,078	6,500,000	9,595,898
End of the year	$ 6,409,900	$ 4,025	$ 6,336,355	$ 12,750,280

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

Windsor Severance Fire Protection District
Reconciliation of the Statement of Revenues, Expenditures And Changes In Fund Balances of Governmental Activities To The Statement of Activities
December 31, 2020

Net change in fund Balances - total Governmental Funds	$ 3,154,382
Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	
Capital outlays	2,264,274
Depreciation expense	(467,694)
Net loss on disposal of capital assets	(7,348)
Change in accrued interest payable are reflected in expense on the statement of activities and not reflected as an expense on the statement of revenues, expenditures, and changes in fund balance.	3,668
Amortization of bond premium is an adjustment to interest expense on the government-wide statement of activities and is not shown on the governmental fund financial statements.	2,490
Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities on the statement of net position and does not affect the statement of activities.	335,000
Net pension expense relating to changes in account balances of the District's defined benefit retirement plans are recognized on the statement of activities and are not reflected as an expense on the statement of revenues, expenditures, and changes in fund balance.	(392,522)
Compensated absences in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Liability at December 31, 2020	(324,855)
Liability at December 31, 2019	214,463
Change in net position of governmental activities	$ 4,781,858

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

1. Definition of Reporting Entity

The Windsor Severance Fire Protection District was formed to provide fire protection and emergency medical services to the Windsor-Severance area within its boundaries. The District is governed by a five-member Board of Directors elected by the residents.

In accordance with governmental accounting standards, the Windsor Severance Fire Protection District has considered the possibility of inclusion of additional entities in its financial statements.

The definition of the reporting entity is based primarily on financial accountability. The District is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if District officials appoint a voting majority of the organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the District. The District may also be financially accountable for organizations that are fiscally dependent upon it.

2. Summary of Significant Accounting Policies

The accounting policies of the Windsor Severance Fire Protection District (the "District") conform to generally accepted accounting principles as applicable to governments.

The financial statements of the Windsor Severance Fire Protection District (District) have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting.

The District's basic financial statements include the accounts and funds of all District operations. The accounting policies of the District conform to accounting principles generally accepted in the United States of America. The following is a summary of such significant policies:

Principles Determining Scope of Reporting Entity

The financial statements of the District consist only of the funds and account groups of the District. The District has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled by or dependent on the District. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and election of the respective governing board.

2. Summary of Significant Accounting Policies (continued)

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. Generally, the effect of interfund activities have been removed from these statements. Governmental activities are generally supported by taxes, charges for services and intergovernmental revenues. There are no business-type activities in the District for the year ended December 31, 2020.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, fund equity, revenues and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary and fiduciary.

Measurement Focus and Basis of Accounting

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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Property taxes, specific ownership taxes, grants, 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. All other revenue items are considered to be measurable and available only when cash is received by the District. The major source of revenue susceptible to accrual is property tax and wildland revenue.

2. Summary of Significant Accounting Policies (continued)

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when the payment is due.

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

Because governmental fund statements are presented using a measurement focus and basis of accounting different from that used in the government-wide statements, a reconciliation is presented that briefly explains the adjustments necessary to reconcile to ending net position and the change in net position.

Major individual governmental funds were used by the District during 2020:

General Fund – This is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

Debt Service Fund – This fund accounts for the accumulation of resources for, and the payment of, governmental long-term debt principal, interest, and related costs.

Capital Projects Fund – This fund accounts for the accumulation of resources for, and the payment of, capital equipment and other firefighting activities provided by the District.

Basis of Accounting

The modified accrual basis of accounting is used for all governmental fund types. The following are modifications of the accrual basis method:

> Expenditures, other than accrued interest on general long-term debt, are recognized at the same time the liabilities are incurred. Interest on long-term debt is recorded only when due.
>
> Revenue is recorded when received in cash except for revenue that is not received but is measurable and available and therefore susceptible to accrual

Budgets and Budgetary Accounting

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

2. Summary of Significant Accounting Policies (continued)

- By October 15, the District staff submits to the Board of Directors a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.

- A public hearing is conducted by the District Board of Directors to obtain taxpayer comments.

- Prior to December 31, the budget is legally enacted through passage of a resolution. The resolutions can be adjusted by the Board for unforeseen circumstances. Equal line item adjustments must be approved by the Board.

- Any budget revisions that alter the total expenditures of any fund must be approved by the District Board of Directors through passage of a resolution.

- District Management is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the Board of Directors.

- The District legally adopts a budget for the General Fund on the modified accrual basis of accounting, which is a non US GAAP basis.

- Budgeted amounts in the financial statements are as originally or as amended by the Board of Directors. All appropriations lapse at year end.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits and participation in local government investment pools. All cash equivalents have an original maturity date of less than three months.

Investments

Investments are stated at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application.*

Receivables

In the government-wide financial statements, receivables are reported at their gross value and, when appropriate, are reduced by their estimated portion that is expected to be uncollectible. At December 31, 2020, management has determined no allowance for uncollectible receivables was necessary.

Property taxes levied as of December 31, 2020 are identified as property taxes receivable and deferred inflows of resources.

2. Summary of Significant Accounting Policies (continued)

Prepaid Items

Payments made to vendors for goods or services that will benefit periods beyond year-end are recorded as prepaid items or deposits in the government-wide and governmental fund financial statements and will be reported as expenditures in the following year. Because these assets do not represent current financial resources, they are included in the non-spendable fund balance.

Capital Assets

Capital assets, which include property and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market 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 assets' lives are not capitalized.

Property and equipment of the District is depreciated using the straight line method over the following estimated useful lives:

Building	50 years
Building Improvements	10-50 years
Machinery and Equipment	5-10 years
Vehicles	4-20 years

Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the governmental activities fund type statement of net position. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Compensated Absences

Employees of the District are allowed to accumulate unused vacation and sick time. Upon termination of employment with the District, an employee may be compensated for all accrued vacation time at the current rate of pay. Therefore, a liability is recorded in the government-wide financial statements.

2. Summary of Significant Accounting Policies (continued)

Interfund Transfers

Transactions between funds that would be treated as revenues, expenditures or expenses if they involved external organizations are accounted for as revenues, expenditures or expenses in the funds involved. All other legally authorized fund transfers are treated as operating transfers and are included in the results of operations of governmental and trust type funds.

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources at the District primarily relate to property taxes and pensions.

Net Position

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

Net Investment in Capital Assets includes the District's capital assets (net of accumulated depreciation) reduced by the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position includes external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. The District typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a future project.

Unrestricted Net Position – typically includes net assets which are not restricted for any project or other purpose. A deficit will require future funding. The Board has the authority to revisit or alter this designation.

2. Summary of Significant Accounting Policies (continued)

Fund Balance Classification

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. In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, fund balances of the governmental funds are classified as follows:

Nonspendable fund balance – This classification includes amounts that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact. The District classifies prepaid expenses as nonspendable as these items are not expected to be converted to cash within the next year.

Restricted fund balance - This classification of fund balance is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation. The District has classified emergency reserves as being restricted because their use is restricted by State Statute for declared emergencies. In addition, the District has classified the Debt Service Fund as restricted because its use is restricted for debt service payments.

Committed fund balance - This classification of fund balance can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, 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 (ordinance or resolution) that was employed 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. The District has committed the resources of the Capital Projects Fund to be set aside on an annual basis for future replacement of capital needs.

Assigned fund balance - This classification of fund balance 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 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 – 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.

2. Summary of Significant Accounting Policies (continued)

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.

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Revenue Recognition/Property Taxes

Property taxes attach an enforceable lien on property as of January 1. Taxes are levied in December, payable in the following year in full by April 30, or in two equal installments due on the last day of February and June 15. The county treasurer bills and collects property taxes for all taxing entities within the county. The District is permitted to levy taxes for general governmental services, bond retirement and pension payments for volunteer firefighters. The tax rate to finance these services for the year ended December 31, 2020 was 7.750 per $1,000 of assessed valuation for general operating expenses and 0.308 for the bond for a total of 8.058 mills. Tax revenues for the District are recognized as they become available and are collected the following month. Property tax receipts collected by the county treasurer each month are remitted to the District by the tenth day of the subsequent month. Property tax revenues are recognized in the government-wide financial statements in the year that the property taxes are used to fund the operations of the District.

In the fund financial statements, property taxes are recognized in the year for which levied provided they become available and measurable. Property tax revenues are considered available when they become due or past due and are received by the District within 60 days of the end of the fiscal year.

Pensions

The District contributes to the Statewide Defined Benefit Plan (“SWDB”). The plan is a cost-sharing multiple-employer defined benefit pension plan administered by the Fire and Police Pension Association of Colorado (“FPPA”). For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the SWDB plan and additions to/deductions from the SWDB plan fiduciary net position have been determined on the same basis as they are reported by the FPPA. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

2. Summary of Significant Accounting Policies (continued)

In addition, the District contributes to a defined benefit pension plan to provide retirement income for volunteer firefighters in recognition of their service to the District. This plan is an agent multiple-employer Public Employee Retirement System affiliated with the FPPA for the purpose of administering the plan and managing the funds of the plan for investment.

3. Deposits and Investments

A summary of deposits and investments as of December 31, 2020 follows:

Statement of net position:	
Total cash and cash equivalents—Governmental Funds	$ 11,092,435
Cash and cash equivalents as of December 31, 2020, consist of the following:	
Deposits with financial institutions	$ 281,850
Investments	10,810,585
Total cash and cash equivalents	$ 11,092,435

Custodial Credit Risk – Deposits
Colorado state statutes govern the entity's deposits of cash. For deposits in excess of federally insured limits, Colorado Revised Statutes (CRS) require the depository institution to maintain collateral on deposit with an official custodian (as authorized by the State Banking Board). The Colorado Public Deposit Protection Act (PDPA) requires state regulators to certify eligible depositories for public deposit. PDPA requires the eligible depositories with public deposits in excess of the amounts insured by the Federal Deposit Insurance Corporation (FDIC) to create a single institutional collateral pool of obligations of the State of Colorado or local Colorado governments and obligations secured by first lien mortgages on real property located in the State. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the assets in the pool must be at least 102% of the uninsured deposits.

As of December 31, 2020, the District had cash deposits with a bank balance and a carrying balance of $281,850. Of these balances, $250,000 was covered by federal depository insurance with the remaining balance covered by collateral held by authorized escrow agents in the financial institutions name (PDPA).

Interest Rate Risk
Colorado Revised Statutes limit investment maturities to five years or less from the date of purchase. This limit on investments is the means of limiting exposure to fair value losses arising from increasing interest rates. The District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing rates.

3. Deposits and Investments

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

- certificates of deposit with an original maturity in excess of three months
- obligations of the United States and certain U.S. government agency securities,
- certain international agency securities,
- general obligation and revenue bonds of U.S. local government entities,
- bankers' acceptances of certain banks,
- commercial paper,
- written repurchase agreements collateralized by certain authorized securities,
- certain money market funds,
- guaranteed investment contracts, and
- local government investment pools.

The investments of the District are authorized for all fund and fund types used by Colorado municipalities.

Local Government Investment Pools
The District had invested $10,810,585 in the Colorado Surplus Asset Fund Trust (CSAFE) an investment vehicle established for local government entities in Colorado pursuant to Title 24, Article 75, Part 7 of the Colorado Revised Statues, to pool surplus funds for investment purposes. The State Securities Commissioner administers and enforces the requirements of creating and operating the Pools. CSAFE is considered a qualifying external investment pool under GASB Statement 79. CSAFE operates similar to money market funds where each share is equal in value to $1.00. The fair value of the position in the pools is the same as the value of the pooled shares.

CSAFE is rated AAAm by Standard and Poor's. The designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities are owned by the pools and held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the pools. Investments of the pools comply with state statues, consisting of U.S. Treasury bills, notes and note strips, repurchase agreements, U.S. Instrumentalities, Commercial Paper, Bank Deposits and Money Market Funds. CSAFE does not have any limitations or restrictions on participant withdrawals. CSAFE records its investments as amortized cost and the District records its investments in CSAFE using the amortized cost method.

4. Capital Assets

The following table presents capital assets activity of the District for the year ended December 31, 2020:

	Restated Balance December 31, 2019	Transfers/ Additions	Transfers/ Retirements	Balance December 31, 2020
Capital assets, not being depreciated:				
Land	$ 942,382	$ 398,899	$ -	$ 1,341,281
Construction in progress	366,836	1,669,072	-	2,035,908
Total capital assets, not being depreciated	1,309,218	2,067,971	-	3,377,189
Capital assets, being depreciated:				
Buildings/improvements	6,917,661	59,041	-	6,976,702
Machinery & equipment	1,226,439	91,604	(111,424)	1,206,619
Vehicles	3,952,644	45,658	(27,830)	3,970,472
Total capital assets, being depreciated	12,096,744	196,303	(139,254)	12,153,793
Less accummulated depreciation for:				
Buildings/improvements	(1,483,786)	(144,572)	-	(1,628,358)
Machinery & equipment	(608,696)	(136,263)	104,076	(640,884)
Vehicles	(1,850,673)	(186,859)	27,830	(2,009,702)
Total accumulated depreciation	(3,943,155)	(467,694)	131,906	(4,278,944)
Total capital assets, being depreciated, net	8,153,589	(271,391)	(7,348)	7,874,850
Capital assets, net	$ 9,462,807	$ 1,796,580	$ (7,348)	$11,252,039

Beginning machinery and equipment balances were restated by $70,552 to capture capitalizing a purchase from 2019.

Depreciation expense was charged to Administration.

5. Long-term Liabilities

Following is a summary of long-term debt transactions for the governmental activities for the year ended December 31, 2020:

	Balance at December 31, 2019	Additions	Payments	Balance at December 31, 2020	Due Within One Year
Series 2009 G.O Bonds	$ 1,000,000	$ -	$ 335,000	$ 665,000	$ 350,000
Series 2009 Bond Premium	9,753	-	2,490	7,263	-
Total	$ 1,009,753	-	$ 337,490	$ 672,263	$ 350,000

Series 2001 G.O. Bond

In May 2009, the District issued $4,190,000 of general obligation bonds for capital improvements. Bond principal payments are due annually on December 1, and interest is due semi-annually on June 1 and December1. Principal payments started at $100,000 beginning in 2009 and increase to $380,000 by 2023. Interest rates range from 2% to 4%.

Annual debt service requirements for the bonds at December 31, 2020 are as follows:

Year ended December 31,	Principal	Interest	Total
2021	$ 350,000	$ 43,800	$ 393,800
2022	315,000	29,800	344,800
Total	$ 665,000	$ 73,600	$ 738,600

Other long term liability activity for the year ended December 31, 2020, was as follows:

	Balance at December 31, 2019	Additions	Payments	Balance at December 31, 2020	Due Within One Year
Accrued Compensated Absences	$ 214,463	$ 110,392	$ -	$ 324,855	$ -
Total	$ 214,463	110,392	$ -	$ 324,855	$ -

6. Risk Management

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

The District carries commercial insurance for all risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage.

7. Defined Benefit Pension Plans

The District currently maintains two separate defined benefit pension plans. The plans cover paid participating firefighters hired prior to associating with Fire and Police Pension Association of Colorado including new hires, paid administrative personnel and all volunteer firefighters. The FPPA is responsible for the physical safekeeping and investing of such contributions as well as for making the appropriate and legally authorized payments of pension benefits and other expenses of the plan.

Volunteer Plan

Plan Description

The District has established the Volunteer Firefighters' Pension Plan (the "Plan"), an agent multiple-employer defined benefit pension plan administered by the Fire and Police Pension Association of Colorado ("FPPA"). As of December 31, 2020, the Plan has 39 retirees and beneficiaries, 7 inactive -nonretired members, and 2 active members. FPPA issues an annual, publicly available financial report that includes the assets of the Volunteer Plan. The report may be obtained on FPPA's website at www.fppaco.org.

The financial statements of this Plan are prepared using the accrual basis of accounting. Contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The Plan investments are presented at fair value except for short-term investments, which are recorded at cost, which approximates fair value.

At December 31, 2020, the District reported a net pension liability of $966,153 for this Plan.

The net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019. Standard update procedures were used to roll forward the total pension liability to December 31, 2020.

For the year ended December 31, 2020, the District recognized pension expense of $562,016.

7. Defined Benefit Pension Plans (continued)

Any firefighter who has both attained the age of 50 and completed 20 years of active service shall be eligible for a monthly pension. Pro rata pensions would apply to volunteers who reached 50 years of age and had between 10 and 20 years of service. A firefighter, who is disabled in the line of duty and whose disability is of such character and magnitude as to deprive the firefighter of earning capacity which extends beyond one year, shall be compensated in an amount determined by the Pension Board. The Plan also provides for a lump-sum burial benefit upon the death of an active or retired firefighter. Spouses of deceased firefighters may receive benefits as authorized by State statute.

Funding Policy

An actuary is used to determine the annual required contribution ("ARC") necessary to maintain the actuarial soundness of the Plan. Colorado law requires the State to make an annual contribution to the Plan. Because the District's monthly benefit amount is over $300, the State's annual contribution is calculated as the highest State contribution made between 1998 and 2001. The District makes an additional contribution to support the plan. The actuarial study as of January 1, 2019, indicated that the current levels of contributions to the fund are adequate to support on an actuarially sound basis the prospective benefits for the present Plan. District contributions to the Plan during the fiscal year ended December 31, 2020 totaled $66,249.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

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
Net difference between projected and actual earning on pension plan investments	$ 137,312	$ 226,677
District contributions subsequent to the measurement date	66,249	-
Total	$ 203,561	$ 226,677

$66,249 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.

7. Defined Benefit Pension Plans (continued)

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	$ (20,981)
2022	(33,039)
2023	3,203
2024	(38,548)
	$ (89,365)

Actuarial assumptions

The total pension liability and actuarially determined contributions as of the measurement date was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	Actuarially Determined Contributions
Actuarial Valuation Date	January 1, 2019
Actuarial Method	Entry Age Normal
Amortization Method	Level Dollar, Open
Amortization Period	20 years
Investment Rate of Return	7.50%
Asset Valuation Method	5-Year smoothed fair value
Retirement Age	50% per year of eligibility until 100% at age 65
Includes Inflation at	2.50%
Mortality	Pre-retirement: RP-2014 Mortality Tables for Blue Collar Employees, projected with Scale BB, 55% multiplier for off-duty mortality. Post-retirement: For ages less than 55, RP-2014 Mortality Tables for Blue Collar Employees. For ages 65 and older, RP-2014 Mortality Tables for Blue Collar Healthy Annuitants. For ages 55 through 64, a blend of the previous tables. All tables are projected with Scale BB.

*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, 2019 and the associated Actuarially Determined Contribution for the year ending December 31, 2019.

7. Defined Benefit Pension Plans (continued)

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 the Net Pension Liability as of December 31, 2018 and as of December 31, 2019.

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 the District contributions will continue to follow the current funding policy. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Had there been a point where assets were projected to be depleted, a municipal bond rate of 2.75% would have been used in the development of the blended GASB discount rate after that point. The 2.75% rate is based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from the Federal Reserve statistical release (H.15).

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

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

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

7. Defined Benefit Pension Plans (continued)

	Projected Net Pension Liability
1% Decrease to 2.18%	$ 1,344,775
Single Discount Rate	966,153
1% Increase to 4.18%	646,557

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

FPPA Statewide Defined Benefit Plan

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

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

Effective January 1, 2007, members currently covered under Social Security will receive half the benefit when compared to the SWDB 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.

The financial statements of the plan are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The plan investments are presented at fair value except for short-term investments, which are recorded at cost, which approximates fair value.

7. Defined Benefit Pension Plans (continued)

Benefits Provided

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

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 SWDB. 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.

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.

7. Defined Benefit Pension Plans (continued)

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 in 2021 through 2030 to a total of 6.5 percent of pensionable earnings.

Contributions to the Plan from the District were $286,125 for the year ended December 31, 2020.

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

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 preretirement 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 and were used in the rollforward calculation of total pension liability as of December 31, 2019. Actuarial assumptions effective for actuarial valuations prior to January 1, 2019 were used in the determination of the actuarially determined contributions as of December 31, 2019. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

At December 31, 2020, the District reported a net pension asset of $246,805 for its proportionate share of the net pension asset. The net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The proportion of the net pension liability was based on a projection of the long-term share of contributions to the pension plan relative to the projected contributions, actuarially determined.

At December 31, 2019, the District's proportion was 0.4363 percent, which was an increase of 0.1058 from its proportion measured as of December 31, 2018.

7. Defined Benefit Pension Plans (continued)

For the year ended December 31, 2020, the District recognized pension expense of 182,880. 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
Differences between expected and actual experience	$ 835,234	$ 4,831
Changes of assumptions or other inputs	468,631	-
Net difference on pension plan investments between projected and actual earnings	-	387,984
District contributions subsequent to the measurement date	286,125	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	243,906
	$ 1,589,990	$ 636,721

The $286,125 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (income) as follows:

Year ended December 31,	Amortization
2021	$ 58,235
2022	24,634
2023	150,854
2024	(12,862)
2025	152,695
Thereafter	293,588
	$ 677,144

7. Defined Benefit Pension Plans (continued)

Actuarial assumptions

The total pension liability and actuarially determined contributions as of the measurement date was determined using the following actuarial assumptions, applied to all periods included in the measurement for the fiscal year ending December 31, 2019. The valuations used the following actuarial assumptions and other inputs:

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

Sensitivity

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

	Projected Net Pension (Asset) Liability
1% Decrease to 6%	$ 1,496,434
Single Discount Rate	(246,805)
1% Increase to 8%	(1,692,591)

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

7. Defined Benefit Pension Plans (continued)

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

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

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%; the municipal bond rate is 3.71% (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%.

8. Commitment and Contingencies

Claims and Judgments - The District participates in a number of federal, state, and local programs that are fully or partially funded by grants received from other governmental units. Expenses financed by grants are subject to audit by the appropriate grantor government. If expenses are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. The District believes that disallowed expenses, if any, would not have a material effect on the overall financial position of the District.

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 revenues.

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.

Spending excludes spending from certain revenue and financial sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves. The District considers $388,896 as designated for the TABOR's three percent Reserved for Emergency for 2020.

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 the interpretation of how to calculate Fiscal Year Spending limits and qualifications as an Enterprise will require judicial interpretation.

Windsor Severance Fire Protection District

Required Supplementary Information

Windsor Severance Fire Protection District

Statement of Revenues, Expenditures and Changes in Fund Balance—Actual and Budget Governmental Fund Type—General Fund December 31, 2020

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property tax	$ 11,836,187	$ 11,770,729	$ (65,458)
Grants and donations	160,965	210,961	49,996
Charges for services	35,000	19,444	(15,556)
Plan reviews and inspections	400,000	305,532	(94,468)
Investment earnings	120,000	179,167	59,167
Training	40,000	48,470	8,470
Wildland revenue	50,000	385,011	335,011
Museum	10,000	277	(9,723)
Other income	55,000	82,398	27,398
Total Revenues	12,707,152	13,001,989	294,837
Expenditures:			
Personnel expenses	6,412,831	6,136,460	276,371
Communications and information technology	170,360	147,315	23,045
Managerial expenses	597,682	698,137	(100,455)
Training	415,985	124,963	291,022
Building maintenance	180,361	171,687	8,674
Equipment maintenance	489,901	261,141	228,760
Contingency	413,356	-	413,356
Total Expenditures	8,680,476	7,539,703	1,140,773
Excess Revenue Over (Under) Expenditures	4,026,676	5,462,286	1,435,610
Other financing sources and (uses)			
Transfers in (out)	(2,000,000)	(2,116,206)	(116,206)
Total other financing sources and (uses)	(2,000,000)	(2,116,206)	(116,206)
Net Change in fund balance	2,026,676	3,346,080	1,319,404
Fund Balance—Beginning of year	2,443,408	3,063,820	620,412
Fund Balance—End of Year	$ 4,470,084	$ 6,409,900	$ 1,939,816

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

Windsor Severance Fire Protection District

Required Supplementary Information
Schedules of Employer Contributions
As of Measurement Period Ended

Statewide Defined Benefit Plan

Measurement Period Ended*	Statutorily Required Contributions	Actual Employer Contributions	Contribution Excess/(Deficiency)	Actual Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2019	$ 257,306	$ 257,306	$ -	$ 3,216,325	8.00%
12/31/2018	177,112	177,112	-	2,213,900	8.00%
12/31/2017	171,156	171,156	-	2,139,450	8.00%
12/31/2016	166,050	166,050	-	2,075,625	8.00%
12/31/2015	139,095	139,095	-	1,738,688	8.00%
12/31/2014	146,225	146,225	-	1,827,813	8.00%
12/31/2013	133,391	133,391	-	1,667,388	8.00%

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

Windsor Severance Fire Protection District

Required Supplementary Information

Schedule of Proportionate Share of the Net Pension Liability and Related Ratios

Statewide Defined Benefit Plan

Measurement Period Ended*	Proportion of the Net Pension Liability/Asset	Proportionate Share of the Net Pension Liability (Asset)	Actual Covered Payroll	Net Pension Liability (Asset) as a Percentage of Covered Payroll	Fiduciary Net Position as a Percentage of Total Pension Liability/Asset
12/31/2019	0.436%	$ (246,805)	$ 3,216,325	-7.67%	101.9%
12/31/2018	0.331%	417,847	2,213,900	18.87%	95.2%
12/31/2017	0.368%	(526,206)	2,139,450	-24.60%	106.3%
12/31/2016	0.406%	146,547	2,075,625	7.06%	98.2%
12/31/2015	0.359%	(6,323)	1,738,688	-0.36%	100.1%
12/31/2014	0.406%	(458,709)	1,827,813	-25.10%	106.8%
12/31/2013	0.384%	(343,269)	1,667,388	-20.59%	105.8%

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

* *The data provided in this schedule is based as of the measurement date of the District's net pension liability, which is as of the beginning of the year.*

Windsor Severance Fire Protection District

Required Supplementary Information
Schedules of Employer Contributions
As of Measurement Period Ended

Volunteer Plan

Measurement Period Ended*	Actuarially Required Contributions	Actual Employer Contributions *	Contribution Excess/(Deficiency)	Actual Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2019	$ 53,941	$ 66,249	$ 12,308	$ -	N/A**
12/31/2018	53,941	125,873	71,932	-	N/A**
12/31/2017	66,190	125,873	59,683	-	N/A**
12/31/2016	90,859	125,873	35,014	-	N/A**
12/31/2015	90,859	125,873	35,014	-	N/A**
12/31/2014	75,406	192,122	116,716	-	N/A**
12/31/2013	75,406	59,624	(15,782)	-	N/A**

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

* Includes both employer contribution and State of Colorado Discretionary Payment

** *Ratio not applicable (N/A) since payroll is zero due to the plan covering volunteers.*

Windsor Severance Fire Protection District
Required Supplementary Information
Volunteer Pension Fund
Schedule of Changes in Net Pension Liability/ (Asset) and Related Ratios
Last 10 Years

Measurement period ended December 31,	2019	2018	2017	2016	2015	2014
Total pension liability						
Service cost	$ 3,210	$ 4,922	$ 4,922	$ 31,525	$ 31,525	$ 33,305
Interest	260,866	238,009	240,858	224,526	224,809	222,586
Benefit Changes	456,794	-	-	213,881	-	-
Difference between expected and actual experience	-	20,111	-	(53,506)	-	17,546
Changes of assumptions	-	124,829	-	91,012	-	-
Benefit Payments	(292,845)	(288,132)	(279,550)	(273,801)	(246,898)	(239,079)
Net change in total pension liability	428,025	99,739	(33,770)	233,637	9,436	34,358
Total pension liability - Beginning	3,412,236	3,312,497	3,346,267	3,112,630	3,103,194	3,068,836
Total pension liability - Ending (a)	3,840,261	3,412,236	3,312,497	3,346,267	3,112,630	3,103,194
Plan fiduciary net position						
Employer contributions	66,249	66,249	66,249	66,249	132,498	-
Net investment income	376,066	2,845	377,237	137,346	49,940	178,326
Benefit payments	(292,845)	(288,132)	(279,550)	(273,801)	(246,898)	(239,079)
Administrative expense	(11,286)	(11,185)	(11,884)	(4,390)	(6,375)	(4,463)
State of Colorado supplemental discretionary paymen	-	59,624	59,624	59,624	59,624	59,624
Net change in plan fiduciary net position	138,184	(170,599)	211,676	(14,972)	(11,211)	(5,592)
Plan fiduciary net position - beginning	2,735,924	2,906,523	2,694,847	2,709,819	2,721,030	2,726,622
Plan fiduciary net position - end (b)	2,874,108	2,735,924	2,906,523	2,694,847	2,709,819	2,721,030
District's net pension liability - ending (a)-(b)	966,153	676,312	405,974	651,420	402,811	382,164
Plan fiduciary net position as a percentage of the total pension liability	74.84%	80.18%	87.74%	80.53%	87.06%	87.68%

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

Note 2: The data provided in this schedule is based as of the measurement date of the District's net pension liability.

Windsor Severance Fire Protection District

Other Supplementary Information

Windsor Severance Fire Protection District

Statement of Revenues, Expenditures and Changes in Fund Balance—Actual and Budget Governmental Fund Type—Capital Projects Fund December 31, 2020

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues	$ -	$ -	$ -
Total Revenues	-	-	-
Expenditures:			
Capital outlay	5,613,790	2,264,274	3,349,516
Total Expenditures	5,613,790	2,264,274	3,349,516
Excess Revenue Over (Under) Expenditures	(5,613,790)	(2,264,274)	3,349,516
Other financing sources and (uses)			
Transfers in (out)	2,000,000	2,100,629	(100,629)
Total other financing sources and (uses)	2,000,000	2,100,629	(100,629)
Net Change in fund balance	(3,613,790)	(163,645)	3,248,887
Fund Balance—Beginning of year	6,500,000	6,500,000	-
Fund Balance—End of Year	$ 2,886,210	$ 6,336,355	$ 3,450,145

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

Windsor Severance Fire Protection District

Statement of Revenues, Expenditures
and Changes in Fund Balance—Actual and Budget
Governmental Fund Type—Debt Service Fund
December 31, 2020

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	$ 476,846	$ 341,742	$ (135,104)
Investment earnings	2,500	46	(2,454)
Total Revenues	479,346	341,788	(137,558)
Expenditures:			
Administration	6,600	4,846	1,754
Principal	435,000	335,000	100,000
Interest	50,000	45,572	4,428
Total Expenditures	491,600	385,418	106,182
Net Change in fund balance	(12,254)	(43,630)	(31,376)
Other financing sources and (uses)			
Transfers in (out)	-	15,577	15,577
Total other financing sources and (uses)	-	15,577	15,577
Fund Balance—Beginning of year	33,317	32,078	(1,239)
Fund Balance—End of Year	$ 21,063	$ 4,025	$ (17,038)

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