

Craig Rural Fire Protection District

FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS

December 31, 2021

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REPORT OF INDEPENDENT CERTIFIED
PUBLIC ACCOUNTANTS

Board of Directors
Craig Rural Fire Protection District

Opinion

We have audited the financial statements of governmental activities and the governmental funds of the Craig Rural Fire Protection District (the "District"), as of and for the year ended December 31, 2021 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 previously referred to, present fairly, in all material respects, the respective financial position of the governmental activities and the governmental funds of the Craig Rural Fire Protection District, as of December 31, 2021, the respective changes in financial position thereof, and the budgetary comparison for the General Fund and HazMat Response Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("US GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 the District's ability to continue as a going concern within one year after the date that the financial statements are issued or 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 US GAAS 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, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

Auditor's Responsibilities of Management for the Financial Statements - continued

In performing an audit in accordance with US GAAS, 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 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 District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Supplementary Information

Our audit was conducted with the purpose of forming an opinion on the basic financial statements of the Craig Rural Fire Protection District taken as a whole. The supplementary information on page 29 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to our auditing procedures applied in the audit of the financial statements, 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 supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Required Supplementary Information

The Board of Directors has elected to omit the Management's Discussion and Analysis that governmental accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this omitted information.

Other Matters - continued

Required Supplementary Information - continued

Accounting principles generally accepted in the United States of America require that the schedule of changes in net pension liability and related ratios on pages 31 and 32 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, which 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 this required supplementary information in accordance with US GAAS, which consist 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 this information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Marc, James and Associates, PC

Highlands Ranch, Colorado
May 19, 2022

BASIC FINANCIAL STATEMENTS

Craig Rural Fire Protection District

GOVERNMENTAL FUNDS BALANCE SHEET/STATEMENT OF NET POSITION

December 31, 2021

	Governmental Funds			Adjustments	Statement of Net Position
	General Fund	Haz Mat Response Fund	Total		
ASSETS					
Cash and cash equivalents	\$ 2,151,695	\$ 37,563	\$ 2,189,258	\$ -	\$ 2,189,258
Property taxes receivable	1,041,265	-	1,041,265	-	1,041,265
Capital assets, net of accumulated depreciation of \$3,089,261	-	-	-	5,498,039	5,498,039
Net pension asset	-	-	-	647,641	647,641
Total assets	3,192,960	37,563	3,230,523	6,145,680	9,376,203
DEFERED OUTFLOWS					
Volunteer firefighters' pension plan	-	-	-	66,751	66,751
Total assets and deferred outflows of resources	\$ 3,192,960	\$ 37,563	\$ 3,230,523	6,212,431	9,442,954
LIABILITIES					
Accounts payable	\$ 43,799	\$ -	\$ 43,799	-	43,799
Accrued liabilities	4,922	48	4,970	-	4,970
Total liabilities	48,721	48	48,769	-	48,769
DEFERRED INFLOWS OF RESOURCES					
Property taxes	1,041,265	-	1,041,265	-	1,041,265
Volunteer firefighters' pension plan	-	-	-	382,687	382,687
Total deferred inflows of resources	1,041,265	-	1,041,265	382,687	1,423,952
FUND BALANCE/NET POSITION					
FUND BALANCE					
Restricted	18,900	-	18,900	(18,900)	-
Committed	-	37,515	37,515	(37,515)	-
Unassigned	2,084,074	-	2,084,074	(2,084,074)	-
Total fund balance	2,102,974	37,515	2,140,489	(2,140,489)	-
Total liabilities, deferred inflows of resources and fund balance	\$ 3,192,960	\$ 37,563	\$ 3,230,523		
NET POSITION					
Investment in capital assets					5,498,039
Net pension asset					647,641
Restricted					18,900
Unrestricted					1,805,653
Total net position					\$ 7,970,233

Craig Rural Fire Protection District

STATEMENT OF GOVERNMENTAL FUNDS REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCE/STATEMENT OF ACTIVITIES

For the Year ended December 31, 2021

	Governmental Funds			Adjustments	Statement of Activities
	General Fund	Haz Mat Response Fund	Total		
Expenditures/Expenses					
Public safety					
Administration	\$ 219,922	\$ 50	\$ 219,972	\$ -	\$ 219,972
Firefighting/HazMat	86,848	337	87,185	-	87,185
Training	14,276	-	14,276	-	14,276
Fuel	5,599	-	5,599	-	5,599
Equipment repairs	54,033	-	54,033	-	54,033
Durable equipment	37,612	-	37,612	-	37,612
Stations, buildings and grounds	40,402	-	40,402	-	40,402
Pension	100,000	-	100,000	(271,379)	(171,379)
Depreciation	-	-	-	297,007	297,007
Capital expenditures					
Equipment	341,426	38,620	380,046	(380,046)	-
Stations, buildings and grounds	15,012	-	15,012	(15,012)	-
Total expenditures/expenses	915,130	39,007	954,137	(369,430)	584,707
Charges for services					
Response fees	-	1,822	1,822	-	1,822
Inspections and other	540	-	540	-	540
Total charges for services	540	1,822	2,362	-	2,362
Net expenditures/expenses	914,590	37,185	951,775	(369,430)	582,345
General revenue					
Property taxes	1,039,923	-	1,039,923	-	1,039,923
Specific ownership taxes	99,123	-	99,123	-	99,123
Intergovernmental	-	5,000	5,000	-	5,000
Investment income	1,010	-	1,010	-	1,010
Miscellaneous	9,154	-	9,154	(60,575)	(51,421)
Total general revenues	1,149,210	5,000	1,154,210	(60,575)	1,093,635
Change in fund balance/net position	234,620	(32,185)	202,435	308,855	511,290
Fund balance/net position					
Beginning of the year	1,868,354	69,700	1,938,054	5,520,889	7,458,943
End of the year	\$ 2,102,974	\$ 37,515	\$ 2,140,489	\$ 5,829,744	\$ 7,970,233

Craig Rural Fire Protection District

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE
IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND

For the Year ended December 31, 2021

	Original and Final Budget	Actual	Variance
Revenues			
Property taxes	\$ 1,038,348	\$ 1,039,923	\$ 1,575
Specific ownership taxes	60,000	99,123	39,123
Response and other fees	400	540	140
Interest income	800	1,010	210
Grants and donations	3,000	-	(3,000)
Miscellaneous	500	9,154	8,654
	<u>1,103,048</u>	<u>1,149,750</u>	<u>46,702</u>
Total revenues			
Expenditures			
Public safety			
Administration	226,624	219,922	6,702
Firefighting/HazMat	110,265	86,848	23,417
Training	31,800	14,276	17,524
Fuel	7,140	5,599	1,541
Equipment repairs	53,650	54,033	(383)
Durable equipment	63,548	37,612	25,936
Stations, buildings and grounds	36,100	40,402	(4,302)
Pension contribution	100,000	100,000	-
Capital outlay			
Equipment	21,500	15,012	6,488
Stations, buildings and grounds	335,000	341,426	(6,426)
	<u>985,627</u>	<u>915,130</u>	<u>70,497</u>
Total expenditures			
CHANGE IN FUND BALANCE	<u>\$ 117,421</u>	234,620	<u>\$ 117,199</u>
FUND BALANCE - beginning of the year		<u>1,868,354</u>	
FUND BALANCE - end of the year		<u>\$ 2,102,974</u>	

Craig Rural Fire Protection District

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE
IN FUND BALANCE
BUDGET AND ACTUAL - HAZMAT RESPONSE FUND

For the Year ended December 31, 2021

	<u>Original Budget</u>	<u>Amended and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues				
Response fees	\$ -	\$ -	\$ 1,822	\$ 1,822
Intergovernmental	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Total revenues	5,000	5,000	6,822	1,822
Expenditures				
Public safety				
Administration	2,600	2,600	50	2,550
HazMat	4,150	4,150	337	3,813
Training	2,757	2,757	-	2,757
Durable equipment	500	500	-	500
Capital expenditures				
Equipment	<u>20,000</u>	<u>29,000</u>	<u>38,620</u>	<u>(9,620)</u>
Total expenditures	<u>30,007</u>	<u>39,007</u>	<u>39,007</u>	<u>-</u>
CHANGE IN FUND BALANCE	<u>\$ (25,007)</u>	<u>\$ (34,007)</u>	(32,185)	<u>\$ 1,822</u>
FUND BALANCE - beginning of the year			<u>69,700</u>	
FUND BALANCE - end of the year			<u><u>\$ 37,515</u></u>	

Craig Rural Fire Protection District

STATEMENT OF PLAN NET POSITION -
VOLUNTEER FIREFIGHTERS' PENSION FUND

December 31, 2021

ASSETS

Cash and cash equivalents	\$ 91,480
Investments, at market value	<u>4,643,100</u>
Total assets	<u>\$ 4,734,580</u>

PLAN NET POSITION

Restricted for pension benefits	<u>\$ 4,734,580</u>
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Craig Rural Fire Protection District
STATEMENT OF ACTIVITIES -
VOLUNTEER FIREFIGHTERS' PENSION FUND

For the Year ended December 31, 2021

Additions	
District contribution	\$ 100,000
State of Colorado contribution	60,000
Net investment income	<u>421,730</u>
Total additions	581,730
Deductions	
Administrative expenses	3,247
Pension benefits payments	<u>244,290</u>
Total deductions	<u>247,537</u>
CHANGE IN PLAN NET POSITION	334,193
PLAN NET POSITION - beginning of the year	<u>4,400,387</u>
PLAN NET POSITION - end of the year	<u>\$ 4,734,580</u>

Craig Rural Fire Protection District

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Craig Rural Fire Protection District (the “District”) conform to the accounting principles generally accepted in the United States of America (“US GAAP”) as applicable to governmental entities. The following is a summary of the more significant policies consistently applied in the preparation of the basic financial statements of the District.

1. Reporting Entity

The District was established in 1921 under State of Colorado statutes as a quasi-municipal corporation and is governed by a five-member Board of Directors pursuant to the provisions of the Colorado Special District Act. The District’s service area includes western Routt County, eastern Moffat County and the City of Craig, Colorado. The District provides firefighting and HazMat services to the residents and visitors of the District. As required by US GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local government entities. The District has no component units as defined by Governmental Accounting Standards Board (“GASB”), Statement No. 14, *The Reporting Entity* and GASB No. 39, *Determining Whether Certain Organizations are Component Units*.

2. Measurement Focus and Financial Reporting Framework

Government-Wide Financial Statements

The government-wide financial statements, the Statement of Net Position and the Statement of Activities, report information on the *governmental-type activities* of the District, which rely to a significant extent on property taxes, charges for services and grants for support. The Statement of Activities demonstrates the degree to which expenses of the *governmental-type activities* are supported by property taxes, charges for services and grants.

Governmental Fund Financial Statements

The governmental fund financial statements are prepared using the current financial 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 if the revenues are collectible within the current period or soon thereafter to pay liabilities of the current period. For that purpose, the District considers revenues to be available if they are expected to be collected within 60 days of the end of the current fiscal period.

Governmental Funds

For 2021, the District had two major Governmental Funds.

- The *General Fund*, is the general operating fund of the District which accounts for all of the financial resources of the District not accounted and reported in another fund,
- The *Special Revenue Fund* is used to account for proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The District accounts for the HazMat Response activities as a special revenue fund. The revenues associated with the operation of the HazMat Response include response fees and a contribution from the City of Craig.

Craig Rural Fire Protection District
NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

2. *Measurement Focus and Financial Reporting Framework*

Fiduciary Funds

Fiduciary funds account for the assets held by the District in a Trustee capacity or as an agent on behalf of others. The District has one Fiduciary Fund, the Volunteer Firefighters' Pension Plan.

- *Expendable Trust Fund* – These funds are accounted for using the flow of economic resources measurement focus and use the accrual basis of accounting. Expendable Trust Funds account for assets where both the principal and investment income may be spent.

3. *Cash and Cash Equivalents*

The District considers cash and cash equivalents to include cash on hand, demand deposits and money market accounts.

4. *Fair Value of Financial Instruments*

The District's financial instruments include cash and cash equivalents, accounts receivable, accounts payable, accrued liabilities, and deferred outflows and inflows of resources. The District estimates that the fair value of these financial instruments as of December 31, 2021 do not differ materially from the aggregate carrying values used in the accompanying financial statements. The carrying amount of these financial instruments approximates the fair value due to the short maturity of these financial instruments.

5. *Use of Estimates*

The preparation of financial statements in conformity with US GAAP involves the use of management's estimates that affect the reported amounts of assets and liabilities as of the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. These estimates are based upon management's best judgment, after considering past events and assumptions about future events. Actual results could differ from those estimates.

6. *Property Taxes Receivable*

Property taxes are levied on December 15 of each year, and attach as an enforceable lien on subject property as of January 1 of the following year. The property taxes are payable in full on April 30 or if paid in two installments, due on February 28 and June 15. Property taxes are considered to be delinquent as of August 1. Routt County and Moffat County bill and collect the property taxes on behalf of the District and remit the collections, less the Treasurer's fees, to the District on a monthly basis. As the property taxes result in an enforceable lien on the subject property, in the event the property taxes are not paid, the subject property will be sold at public auction to collect the delinquent property taxes. Accordingly, no provision is deemed necessary for uncollected property taxes.

As of December 31, the District has recorded the levied property taxes and the related deferred inflow of resources.

Craig Rural Fire Protection District

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued*

7. *Restricted Net Position*

The restriction of net position represents amounts that may not be appropriated or are legally segregated for a specific purpose.

8. *Capital Assets*

The District's capital assets which consist of land, buildings and improvements, trucks and other equipment, are reported in the government-wide financial statements. The District's capital assets are recorded at cost, if purchased or constructed. Donated capital assets are valued at the estimated fair value at the time of donation. The District has a capitalization policy of \$10,000. The District's Board of Directors has the option to capitalize certain items less than \$10,000 in certain circumstances. Depreciation is provided in amounts sufficient to relate the cost of depreciable capital assets to operations over the estimated useful lives of the assets. Depreciation is provided under the straight-line method, with estimated service lives of ten to seventy-five years.

The cost of normal maintenance and repairs that do not add to the value of, or materially extend the life of, the related capital asset, are charged to expense as incurred.

9. *Investments*

The investments of the Expendable Trust Fund ("Pension Plan") are reported at market value, determined as further described in NOTE C.

NOTE B – BUDGET INFORMATION

The District's annual budget is prepared on a Non-GAAP basis for the District's General Fund, Special Revenue Fund, and Fiduciary Fund. An annual appropriated budget is adopted for the Funds. All annual appropriations lapse at the end of the District's fiscal year.

The District conforms to the following procedures, in accordance with the State of Colorado revised Statutes, in the establishment of the budgetary information reflected in the accompanying financial statements.

Prior to October 15, the District's Treasurer submits a proposed operating budget for the subsequent fiscal year to the District's Board of Directors. The Board of Directors may change the proposed budget prior to the publication of the notice of budget. Within ten days of the submission, a notice of the proposed budget is published. The operating budget includes proposed expenditures and the means of financing the expenditures.

Public hearings are held at the regular District Board of Director's meetings to obtain taxpayer input on the proposed operating budget.

On or before December 15, the operating budget is legally adopted through passage of a budget resolution. Upon adoption, the District's Treasurer is authorized to transfer the budgeted amounts within the function and objects of the Fund(s). The District's Board of Directors must approve revisions that change the total expenditures of the Fund(s). Appropriations are controlled and the budget can be only amended in accordance with the State of Colorado Revised Statutes that allows the District to amend the budget and adopt a supplemental appropriation, if funds for a specific purpose, other than ad valorem taxes, become available.

Craig Rural Fire Protection District

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE B – BUDGET INFORMATION – *continued*

The State of Colorado Statutes requires a balanced budget. For 2021 the District's budgeted revenues exceeded budgeted expenditures in the General Fund by \$117,421. The District's Board of Directors anticipates the use of the surplus to fund future capital asset expenditures.

For 2021, the District's Board of Directors amended the HazMat Response Fund budget and the budgeted expenditures exceeded budgeted revenues by \$34,007. The District's Board of Directors anticipated the use of prior years' surplus to fund the budgeted excess expenditures.

NOTE C – CASH AND INVESTMENTS

The Colorado Public Deposit Protection Act ("PDPA") requires that all units of local government deposit cash in eligible public depositories. State regulators determine the eligibility. Amounts on deposit in excess of the Federal Deposit Insurance Corporation ("FDIC") insurance levels must be collateralized. The eligible collateral is determined by the PDPA. The PDPA allows institutions to create a single collateral pool for all public funds. The pool is to be maintained by another institution, or held in trust for all uninsured public deposits. The market value of the collateral must be equal to 102% of the aggregate uninsured public deposits. The Colorado Division of Banking for banks and savings associations is required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

As of December 31, 2021, the District maintained deposits that were either insured by the FDIC or held in eligible depositories. The District also holds funds at an investment company in money market accounts and certificates of deposit. These funds are held in the District's name and are covered by the Securities Investor Protection Corporation ("SIPC") up to \$500,000 per customer.

In addition, State of Colorado Statute specifies investments that meet defined rating and risk criteria in which local governments may invest including; obligations of the United States and certain United States government agency securities; certain international agency securities; general obligation and revenue bonds of the United States, state and local government entities; banker's acceptances of certain banks; commercial paper; local government investment pools; written repurchase agreements collateralized by certain authorized securities; certain money market funds; and guaranteed investment contracts.

Throughout the year and at December 31, 2021, the District's cash on deposit and securities held with its investment company exceeded the \$500,000 per customer SIPC insurance limit. The District has not experienced any losses and believes it is not exposed to any significant credit risk on its cash on deposit and securities held.

Under Colorado statutes, the Volunteer Firefighters' Pension Plan (Expendable Trust Fund) Trustees have complete discretionary authority to invest and reinvest funds, subject to certain limitations. The District has adopted a formal investment policy.

Craig Rural Fire Protection District

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE C – CASH AND INVESTMENTS - *continued*

The District Volunteer Firefighters' Pension Fund investments are represented by specific identifiable securities that are held in trust by the District's investment advisory company in the District's name.

As of December 31, 2021, the Volunteer Firefighters' Pension Plan investments consisted of the following:

Investment Type	Cost	Fair Value
Asset and mortgage backed securities	\$ 43,287	\$ 44,510
Municipal bonds	346,508	362,373
Exchange traded funds	192,728	161,611
Mutual funds	<u>3,435,635</u>	<u>4,074,606</u>
	<u>\$ 4,018,158</u>	<u>\$ 4,643,100</u>

The District Volunteer Firefighters' Pension Fund investments categorize the fair value measurements within the fair value hierarchy established by US GAAP. The District Volunteer Firefighters' Pension Fund has the following recurring fair value measurements as of December 31, 2021:

	Investments as of December 31, 2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Debt securities				
Asset and mortgage backed securities	\$ 44,510	\$ -	\$ 44,510	\$ -
Municipal bonds	362,373	-	362,373	-
Equity securities				
Exchange traded funds	161,611	161,611	-	-
Mutual funds	<u>4,074,606</u>	<u>4,074,606</u>	<u>-</u>	<u>-</u>
Total investments – fair value	<u>\$ 4,643,100</u>	<u>\$ 4,236,217</u>	<u>\$ 406,883</u>	<u>\$ -</u>

Exchange traded funds and mutual funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. The debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based upon the securities' relationship to benchmark quoted prices.

Craig Rural Fire Protection District

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE C – CASH AND INVESTMENTS - *continued*

As of December 31, 2021 the District had the following investments and maturities:

Investment Type	Market Value	Investment Maturities (in Years)			
		<1	1-5	6-10	>10
Asset and mortgage backed securities	\$ 44,510	\$ -	\$ -	\$ -	\$ 44,510
Municipal bonds	362,373	-	154,905	100,279	107,189
Exchange traded funds	161,611	-	-	-	161,611
Mutual funds	4,074,606	-	-	-	4,074,606
Total investments	\$ 4,643,100	\$ -	\$ 154,905	\$ 100,279	\$ 4,387,916

The exchange traded and mutual funds held by the District's Volunteer Firefighters' Pension Fund do not have a final maturity date and as such, have been included in the over 10 year category. The District at its option, may sell any investments prior to the final maturity date.

In accordance with Colorado Statutes, the District may invest in a variety of mortgage-backed securities, corporate bonds, United States and State government agency securities, and mutual funds. In addition, the District maintains a certain amount of funds in money markets. The investments in corporate bonds, United States government agency securities and state and local bonds are rated as to their credit risk by Standard & Poor's and by Moody Investor Service. As of December 31, 2021, those ratings were as follows:

	Standard & Poor's	Moody Investor Services
Municipal bonds	AA- to AA+	Aa1 to Aa3

As of December 31, 2021, the following investments exceeded 5% of the District's Volunteer Firefighters' Pension Plan fiduciary net position:

Investment	Cost	Fair Value
American Balanced Fund Class A	\$ 301,516	\$ 390,385
American Growth Fund	168,913	268,882
MFS Conservative Allocation Fund	396,763	502,125
MFS Moderate Allocation Fund	259,979	323,673
Cohen & Steers Pfd Security and Income	241,115	248,128

Craig Rural Fire Protection District

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE D – CAPITAL ASSETS

The changes in the District's capital assets for the year ended December 31, 2021 are as follows:

	Balance December 31, 2020	Additions	Disposals	Balance December 31, 2021
Capital assets				
Non-depreciable				
Land	\$ 174,463	\$ -	\$ -	\$ 174,463
Depreciable				
Buildings and improvements	3,832,050	15,012	-	3,847,062
Land improvements	29,259	-	-	29,259
Apparatus	3,670,406	-	-	3,670,406
Equipment	579,062	341,426	(259,931)	660,556
HazMat equipment	186,347	38,620	(16,100)	208,867
Total	8,471,587	395,058	(276,031)	8,590,614
Accumulated depreciation				
Buildings and improvements	(729,940)	(67,250)	-	(797,190)
Land improvements	(23,035)	(1,835)	-	(24,870)
Apparatus	(1,673,312)	(153,029)	-	(1,826,341)
Equipment	(445,666)	(56,806)	207,945	(294,527)
HazMat equipment	(139,073)	(18,087)	7,513	(149,647)
Total	(3,011,026)	(297,007)	215,458	(3,092,574)
Net capital assets	\$ 5,460,561	\$ 98,051	\$ (60,573)	\$ 5,498,039

Total depreciation expense for 2021 was \$297,007 of which \$9,426 was charged to the administrative function and \$287,581 was charged to the firefighting function.

Craig Rural Fire Protection District

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE E – FUND BALANCES/NET POSITION

Fund Balance

The District utilizes a fund balance presentation as required under GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Fund balances are categorized as non-spendable, restricted, committed, assigned or unassigned.

Non-spendable – represents amounts that cannot be spent because they are either in non-spendable form or legally required to remain intact,

Restricted – represents amounts with external constraints placed on the use of these resources or imposed by enabling legislation,

Committed – represents amounts that can only be used for specific purposes imposed by a formal action of the District’s highest level of decision-making authority, the District’s Board of Directors. Committed resources cannot be used for any other purpose unless the District’s Board of Directors removes or changes the specific use by the same type of action used to commit those amounts, either by resolution or by ordinance,

Assigned – represents amounts that the District intends to use for specific purposes as expressed by the District’s Board of Directors or an official delegated the authority to assign amounts,

Unassigned – represents the residual classification for the general fund or deficit balances in other funds, as applicable.

Amounts are considered to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available. Unrestricted amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of these unrestricted fund balances classifications could be used.

	General Fund	HazMat Response Fund	Total
Fund balances			
Restricted			
TABOR reserve	21,700	-	21,700
Committed			
HazMat	-	37,515	37,515
Unassigned	2,081,274	-	2,081,274
Total fund balances	\$ 2,102,974	\$ 37,515	\$ 2,140,489

Craig Rural Fire Protection District
NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE E – FUND BALANCES/NET POSITION - *continued*

Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District reports three categories of net position, as follows:

Net investment in capital assets – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows or resources related to those assets.

Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the District will use the most restrictive net position first.

NOTE F – VOLUNTEER FIREFIGHTERS’ PENSION PLAN

Description of the Plan and Benefits Provided

The District is trustee of a single employer defined benefit pension plan (the “Plan”) for all of the District's volunteer firefighters. The Plan is administered by a five-member Board of Trustees and is included as an Expendable Trust Fund in the District's financial statements. Firefighters who have attained both the age of 50 and completed 20 years of active service in any fire department in the State of Colorado are eligible for a monthly pension according to the Plan provisions as enacted and governed by the Pension Fund Board of Trustees.

A summary of the Plan's status as of January 1, 2022, most recently completed actuarial valuation, and December 31, 2021, the Plan's current year end date (measurement and reporting date) is as follows:

Total pension liability			
Active members (29)	January 1, 2022	\$	2,696,903
Inactive, non-retired members (5)	January 1, 2022		348,568
Retirees and beneficiaries (22)	January 1, 2022		1,041,468
Total pension liability	January 1, 2022	\$	4,086,939
Total pension liability	December 31, 2021	\$	4,086,939
Plan net position	December 31, 2021		4,734,580
Net pension asset	December 31, 2021	\$	(647,641)
Plan net position as % of total pension liability			115.85%

Craig Rural Fire Protection District
NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE F – VOLUNTEER FIREFIGHTERS' PENSION PLAN - *continued*

Description of the Plan and Benefits Provided - continued

The Plan provides retirement benefits for Plan participants and beneficiaries according to the Plan provisions as enacted and governed by the Plan Board of Directors as follows:

Normal Retirement Benefit at Age 50 with 20 years of service (monthly)	\$	850
Vested Retirement Benefit with 10 to 20 years of service per year (monthly)		42
Disability Retirement Benefit (monthly)		
Long-term disability for line of duty injury, lifetime benefit		850
Survivor Benefits (monthly)		
Death after normal retirement		425
Death after normal retirement with extended service		21
Funeral Benefit, lump sum, one-time only		100

Net Pension Liability and Change in the Net Pension Liability

As defined within GASB 68, the Net Pension Liability ("NPL") is the difference between the Total Pension Liability ("TPL") and the Plan's Net Position. This is analogous to the Plan's accrued liability less the market value of the Plan's assets. The TPL is based upon the Plan's actuarial valuation performed as of January 1, 2021 and the measurement date of December 31, 2021.

The change in the Plan's NPA consists of the following:

Service costs	\$	41,493
Interest on the Total Pension Liability		258,714
Difference between expected and actual experience of the total pension liability		(48,994)
District contribution		(100,000)
State of Colorado supplemental discretionary contribution		(60,000)
Net plan investment income		(421,730)
Plan administrative expenses		<u>3,247</u>
Change in the Net Pension Asset		(327,270)
Net Pension Asset – Beginning of the Year		<u>(320,371)</u>
Net Pension Asset – End of the Year	\$	<u><u>(647,641)</u></u>

The Plan's Net Pension Asset was calculated using a Single Discount Rate of 6.50%. The Plan's Net Pension Asset using the 6.50% Single Discount Rate and Single Discount Rate of one percent lower or one percent higher is as follows:

1% Decrease 5.50%	Current 6.50%	1% Increase 7.50%
\$ <u>(127,340)</u>	\$ <u>(647,641)</u>	\$ <u>(1,074,887)</u>

Craig Rural Fire Protection District
NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE F – VOLUNTEER FIREFIGHTERS’ PENSION PLAN - *continued*

Basis for Determining the District and Actuarial Calculated Contributions

The District makes contributions based upon the District's established benefits, as previously presented and funding requirements based upon the actuarial study. Plan Participants do not make contributions. The State of Colorado also may make a supplementary discretionary contribution to the Plan in an amount established by statute.

The actuarial assumptions and methods related to the Plan as of January 1, 2020, are as follows:

Valuation date	January 1, 2020
Actuarial cost method	Entry age normal
Amortization method	Level dollar amount open
Remaining amortization period	20 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return (single discount rate)	6.5% per annum, net of investment expenses, compounded annually
Inflation	2.5%
Projected salary increases	N/A
Cost of living adjustments	None
Retirement age	Age 50 and 20 years of service. 50% probability for ages 50-64; 100% probability at age 65
Mortality	RP-2014 Mortality Tables for annuitants, adjusted back to 2006 with Scale MP-2014 and projected forward to 2018 with Scale MP-2017, fully generational using the ultimate rates from Scale MP-2017
Cost-of-Living Adjustment	None

The actuarially determined contribution rates are calculated as of December 31 of even numbered years and used for two fiscal years. For the year ended December 31, 2021, the actuarially determined and actual District, including the State of Colorado Supplemental Discretionary Payment of \$60,000, contributions was as follows:

Actuarially Determined Contribution	Actual District Contribution	Contribution Excess
\$ 40,328	\$ 160,000	\$ 119,672

Craig Rural Fire Protection District
NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE F – VOLUNTEER FIREFIGHTERS’ PENSION PLAN - *continued*

Deferred Outflows and Deferred Inflows of Resources

The deferred inflows and outflows of resources, as applicable, related to the Plan are amounts used under GASB 68 in developing the government-wide pension expense. The deferred inflows and outflows of resources arise from differences between the expected and actual experiences of the Plan and changes, as applicable, of Plan assumptions. The portions of these amounts which are not included in the current government-wide reported pension expense are reflected as deferred outflows of resources and consist of:

Deferred Outflows of Resources

Deferred outflow of resources to be recognized in future pension expense resulting from differences between projected and actual Plan investment income to be amortized under a 5 year period	\$	66,751
Total Deferred Outflows of Resources	\$	66,751

Deferred Inflows of Resources

Deferred inflow of resources to be recognized in future pension expense resulting from the difference between expected and actual experience associated with the TPL/NPA to be amortized over the remaining estimated service lives of the participants	\$	55,866
Deferred inflow of resources to be recognized in future pension expense resulting from the change in assumptions to be amortized over the remaining estimated service lives of the participants		8,251
Deferred inflows of resources to be recognized in future pension expense resulting from differences between projected and actual Plan investment income to be amortized under a 5 year period		318,570
Total Deferred Inflows of Resources		382,687
Net Deferred Outflows and Inflows of Resources	\$	(315,936)

The deferred outflows and inflows of resources by year to be recognized in the future pension expense as of December 31, 2021 are as follows:

<u>Year ended December 31,</u>		
2022	\$	(94,834)
2023		(131,817)
2024		(61,584)
2025		(27,701)
Total	\$	(315,936)

Craig Rural Fire Protection District

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE G – INTERGOVERNMENTAL AGREEMENT

The District, by virtue of an intergovernmental agreement (the “Agreement”) with Moffat County (the “County”) and the City of Craig, Colorado (the “City”), has been designated as the emergency response authority for the City and County and is thus responsible for emergency response to hazardous substance incidents. The District deploys its Hazardous Substance Response Team upon request, to the site of hazardous substance incidents within its designated area.

NOTE H – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, injuries to employees, and natural disasters. These risks are covered by commercial insurance purchased from independent insurance brokers. The District also carries commercial insurance for its employee health and accident insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years.

NOTE I – TAX, SPENDING AND DEBT LIMITATIONS

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

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.

In 1999, the electors of the District authorized the District to collect and spend all revenue received in 1999 and subsequent years, notwithstanding the limitations of TABOR, without increasing its mill levy above current levels without further voter approval.

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 calculation of the fiscal year spending limits will require judicial interpretation.

NOTE J - CONCENTRATION OF REVENUE

For 2021, property and specific ownership taxes accounted for 98% of the District's revenue of which a significant portion is attributed to the Craig Station (coal-powered electricity generating plant) located within the District.

Craig Rural Fire Protection District

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

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

The Governmental Funds Balance Sheet/Statement of Net Position includes an adjustments column which reconciles the differences between the government-wide and fund financial statements as follows:

Capital assets, net of accumulated depreciation, reflected in the Statement of Net Position are not financial resources in the governmental funds and accordingly are not reported in the governmental funds,	\$	5,498,039
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The net pension asset reflected in the Statement of Net Position is not an asset in the general fund and is not reflected in the general fund.		647,641
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Deferred outflows associated with the recording of the net pension liability in the Statement of Net Position are not resources in the general fund and are not reflected in the general fund.		66,751
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Deferred inflows associated with the recording of the net pension liability in the Statement of Net Position are not liabilities in the general fund and are not reflected in the general fund.		382,687
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The Statement of Governmental Funds Revenues, Expenditures and Change in Fund Balance/Statement of Net Activities includes an adjustment column which reconciles the differences between the government-wide and fund financial statements as follows:

Depreciation expense on capital assets is reported in the Statement of Activities. However, it does not use current financial resources, as such, depreciation expense is not recorded as an expenditure in the governmental funds,	\$	297,007
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The difference between the pension expense as reflected in the Statement of Activities as calculated under GASB 68 and the actual District pension contribution as reflected in the general fund,		271,379
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those capital assets is allocated over the estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current year.		395,058
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In 2021, the District disposed of capital assets and recognized a loss on the disposal as reflected in the Statement of Activities under miscellaneous revenue		60,575
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Craig Rural Fire Protection District

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE L – CORONAVIRUS PANDEMIC

In December 2019, an outbreak of a novel strain of coronavirus (“COVID-19”) originated in Wuhan, China and has since spread world-wide, including the United States. In March 2020, the World Health Organization characterized COVID-19 as a pandemic.

The spread of COVID-19 and its variants has altered the behavior of individuals and businesses in a manner that has had significant impacts on global, national, and local economies. Accordingly, state and local governments, including the State of Colorado, announced orders, recommendations and other measures intended to slow the spread of COVID-19, including the closing of businesses and “stay at home” orders. The COVID-19 measures are changing rapidly and in 2022, many restrictions are being relaxed or eliminated.

The District continues to monitor and assess the effects of the COVID-19 pandemic on the District; however, the ultimate impact of the COVID-19 outbreak or a similar health epidemic is highly uncertain and subject to change.

NOTE M– MANAGEMENT’S EVALUATION OF SUBSEQUENT EVENTS

The preparation of the District’s financial statements and accompanying footnotes in conformity with generally accepted accounting principles requires management of the District to evaluate transactions and events subsequent to the balance sheet date involving the District. Management has evaluated the subsequent transactions and events of the District through May 19, 2022 which is the date the financial statements and accompanying footnotes were available for issuance.

SUPPLEMENTARY INFORMATION

Craig Rural Fire Protection District

VOLUNTEER FIREFIGHTERS' PENSION PLAN
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN PLAN NET
 POSITION - BUDGET AND ACTUAL

For the Year ended December 31, 2021

	Original and Final Budget	Actual	Variance
Revenues			
District contribution	\$ 100,000	\$ 100,000	\$ -
State of Colorado supplemental discretionary payment	60,000	60,000	-
Net investment income	<u>150,000</u>	<u>421,730</u>	<u>271,730</u>
Total revenues	310,000	581,730	271,730
Expenditures			
Pension benefit payments	263,160	244,290	18,870
Administrative expenses	<u>500</u>	<u>3,247</u>	<u>(2,747)</u>
Total expenditures	<u>263,660</u>	<u>247,537</u>	<u>16,123</u>
Change in plan net position	<u>\$ 46,340</u>	334,193	<u>\$ 287,853</u>
PLAN NET POSITION - beginning of the year		<u>4,400,387</u>	
PLAN NET POSITION - end of the year		<u>\$ 4,734,580</u>	

REQUIRED SUPPLEMENTARY INFORMATION

Craig Rural Fire Protection District

VOLUNTEER FIREFIGHTERS' PENSION PLAN
SCHEDULE OF CHANGE IN NET PENSION LIABILITY AND RELATED RATIOS

Measurement period ended December 31.	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Plan Liability								
Service cost	\$ 41,493	\$ 41,493	\$ 54,777	\$ 54,777	\$ 39,989	\$ 39,989	\$ 40,583	\$ 40,583
Interest on the total pension liability	258,714	255,617	260,331	256,896	239,144	236,831	226,002	224,395
Difference between expected and actual experience	(48,994)	-	(88,325)	-	101,127	-	140,010	-
Assumption changes	-	-	(33,865)	-	135,748	-	-	-
Benefit payments	(244,290)	(254,490)	(263,160)	(257,794)	(242,783)	(239,783)	(239,700)	(240,805)
Net change in total pension liability	6,923	42,620	(70,242)	53,879	273,225	37,037	166,895	24,173
Total pension plan liability - beginning	4,080,016	4,037,396	4,107,638	4,053,759	3,780,534	3,743,414	3,576,519	3,552,346
Total pension plan liability - ending	\$ 4,086,939	\$ 4,080,016	\$ 4,037,396	\$ 4,107,638	\$ 4,053,759	\$ 3,780,451	\$ 3,743,414	\$ 3,576,519
Pension Plan Fiduciary Net Position								
District contributions	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Pension plan net investment income	421,730	407,107	537,908	(86,645)	405,558	209,291	8,781	207,116
Benefit payments	(244,290)	(254,490)	(263,160)	(257,794)	(242,783)	(239,700)	(239,700)	(240,805)
Pension Plan administrative expenses	(3,247)	(8,898)	(615)	(7,481)	(213)	(5,700)	-	(5,700)
State of Colorado supplemental discretionary contribution	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Net change in Pension Plan fiduciary net position	334,193	303,719	434,133	(191,920)	322,562	123,891	(70,919)	120,611
Pension plan fiduciary net position - beginning	4,400,387	4,096,668	3,662,535	3,854,455	3,531,893	3,408,002	3,478,921	3,358,310
Pension plan fiduciary net position - ending	\$ 4,734,580	\$ 4,400,387	\$ 4,096,668	\$ 3,662,535	\$ 3,854,455	\$ 3,531,893	\$ 3,408,002	\$ 3,478,921
Net Pension (Liability) Asset	\$ 647,641	\$ 320,371	\$ 59,272	\$ (445,103)	\$ (199,304)	\$ (248,558)	\$ (335,412)	\$ (97,598)
Pension Plan Fiduciary Net Position as a % of Total Pension Plan Liability	115.85%	107.85%	101.47%	89.16%	95.08%	93.43%	91.04%	97.27%

Craig Rural Fire Protection District

VOLUNTEER FIREFIGHTERS' PENSION PLAN
SCHEDULE OF CHANGE IN NET PENSION LIABILITY AND RELATED RATIOS

Measurement period ended December 31.	2021	2020	2019	2018	2017	2016	2015	2014
Net Pension Plan Liability as % of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Schedule of Contributions								
Actuarially determined contribution	\$ 40,328	\$ 40,328	\$ 72,313	\$ 72,313	\$ 69,501	\$ 69,501	\$ 57,656	\$ 57,656
Actual contributions	<u>160,000</u>	<u>160,000</u>	<u>160,000</u>	<u>160,000</u>	<u>\$ 160,000</u>	<u>\$ 160,000</u>	<u>\$ 160,000</u>	<u>\$ 160,000</u>
Contribution deficiency (excess)	<u>\$ (119,672)</u>	<u>\$ (119,672)</u>	<u>\$ (87,687)</u>	<u>\$ (87,687)</u>	<u>\$ (90,499)</u>	<u>\$ (90,499)</u>	<u>\$ (102,344)</u>	<u>\$ (102,344)</u>