

FRANKTOWN FIRE PROTECTION DISTRICT

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2021

**FRANKTOWN FIRE PROTECTION DISTRICT
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YEAR ENDED DECEMBER 31, 2021**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Franktown Fire Protection District
Franktown, Colorado

Opinions

I have audited the accompanying financial statements of the governmental activities and the major fund of (the) Franktown Fire Protection 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 my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the District, as of December 31, 2021, 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.

Basis for Opinions

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the District, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

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 for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my opinions. 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, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgement 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 including examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of the 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 my judgement, 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.

I am 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 I identified during the audit.

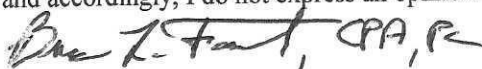
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule, and GASB required pension schedules be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 the placing the basic financial statements in an appropriate operational, economic, or historical context.

I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Franktown Fire Protection District has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. My opinion on the basic financial statements is not affected by the missing information.

The statistical information has not been subjected to the auditing procedures applied to the basic financial statements, and accordingly, I do not express an opinion or provide any assurance on it.



Bruce L. Fosdick, CPA, PC
Castle Rock, Colorado
June 30, 2022

BASIC FINANCIAL STATEMENTS

**FRANKTOWN FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2021**

	<u>Governmental Activities</u>
ASSETS	
Cash and Investments	\$ 5,026,749
Property Taxes Receivable	3,238,646
EMS, Net Receivable	80,123
Due from Other Government	19,599
Prepaid Expenses	29,317
Capital Assets, Not Being Depreciated	62,233
Capital Assets, Net of Accumulated Depreciation	5,232,394
Net Pension Asset	<u>3,553,267</u>
Total Assets	17,242,328
 DEFERRED OUTFLOWS OF RESOURCES	
Related to Pension	<u>807,335</u>
Total Deferred Outflows of Resources	807,335
 LIABILITIES	
Accounts Payable	100,583
Accrued Wages and Liabilities	11,152
Compensated Absences	<u>5,258</u>
Total Liabilities	116,993
 DEFERRED INFLOWS OF RESOURCES	
Deferred Property Tax Revenue	3,238,646
Related to Pension	<u>768,717</u>
Total Deferred Inflows of Resources	4,007,363
 NET POSITION	
Investment in Capital Assets	5,294,627
Restricted For:	
Emergencies	107,181
Pension Asset	3,553,267
Unrestricted	<u>4,970,232</u>
Total Net Position	<u>\$ 13,925,307</u>

See accompanying Notes to Basic Financial Statements.

**FRANKTOWN FIRE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues Capital Grants and Contributions</u>	<u>Net Revenues (Expenses) and Change in Net Position</u>
				<u>Governmental Activities</u>
FUNCTIONS/PROGRAMS				
Primary Government:				
Governmental Activities:				
General Administrative	\$ 514,852	\$ 34,723	\$ -	\$ (480,129)
Fire and Emergency Medical Services	<u>2,772,658</u>	<u>342,214</u>	<u>-</u>	<u>(2,430,444)</u>
Total Governmental Activities	<u>\$ 3,287,510</u>	<u>\$ 376,937</u>	<u>\$ -</u>	(2,910,573)
GENERAL REVENUES				
				2,879,917
				277,587
				3,228
				3,000
				<u>40,973</u>
				<u>3,204,705</u>
CHANGE IN NET POSITION				
				294,132
				<u>13,631,175</u>
NET POSITION - END OF YEAR				
				<u>\$ 13,925,307</u>

See accompanying Notes to Basic Financial Statements.

**FRANKTOWN FIRE PROTECTION DISTRICT
BALANCE SHEET - GOVERNMENTAL FUND
DECEMBER 31, 2021**

	<u>Governmental Fund</u>
ASSETS	
Cash and Investments	\$ 5,026,749
Property Taxes Receivable	3,238,646
EMS, Net Receivable	80,123
Due from other Government	19,598
Prepaid Expenses	<u>29,317</u>
Total Assets	<u>\$ 8,394,433</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, FUND BALANCES	
LIABILITIES	
Accounts Payable	\$ 100,583
Accrued Wages and Payroll Liabilities	<u>11,152</u>
Total Liabilities	111,735
 DEFERRED INFLOWS OR RESOURCES	
Deferred Property Taxes Revenue	3,238,646
Deferred EMS Billing Revenue	<u>69,755</u>
Total Deferred Inflows of Resources	3,308,401
 FUND BALANCES	
Nonspendable	29,317
Restricted for Emergencies	107,181
Assigned for Subsequent Year's Expenditures	3,256
Unassigned	<u>4,834,543</u>
Total Fund Balances	<u>4,974,297</u>
 Total Liabilities, Deferred Inflows of Resources, and Fund Balances	 <u>\$ 8,394,433</u>

See accompanying Notes to Basic Financial Statements.

**FRANKTOWN FIRE PROTECTION DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2021**

Total Fund Balances - Governmental Fund	\$ 4,974,297
Amounts reported for governmental activities in the statement of activities are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds: Capital Assets, Net	5,294,627
Certain revenues not available to pay liabilities of the current period are deferred in the governmental funds: Emergency Medical Service Fees	69,755
Certain assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds: Net Pension Asset	3,553,267
Deferred outflows of resources used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds: Related to Pension	807,335
Deferred inflows of resources used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds: Related to Pension	(768,717)
Some liabilities, including leases payable, accrued interest payable and compensated absences, are not due and payable in the current period and, therefore, are not reported in the fund balance sheet: Compensated Absences	<u>(5,258)</u>
Net Position	<u>\$ 13,925,306</u>

See accompanying Notes to Basic Financial Statements.

**FRANKTOWN FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
YEAR ENDED DECEMBER 31, 2021**

	<u>Governmental Fund</u>
REVENUES	
Property Taxes	\$ 2,879,917
Specific Ownership Taxes	277,587
Charges for Services	336,275
Rental Income	34,723
Net Investment Income	3,228
Other Revenue	<u>40,973</u>
Total Revenues	3,572,703
EXPENDITURES	
General Government:	
General Administrative	364,497
Fire and Emergency Medical Services	2,490,997
Capital Outlay	<u>276,832</u>
Total Expenditures	<u>3,132,326</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	440,377
OTHER FINANCING SOURCES (USES)	
Sale of Capital Assets	<u>3,000</u>
Total Other Financing Sources (Uses)	<u>3,000</u>
NET CHANGE IN FUND BALANCE	443,377
Fund Balance - Beginning of Year	<u>4,530,920</u>
FUND BALANCE - END OF YEAR	<u>\$ 4,974,297</u>

See accompanying Notes to Basic Financial Statements.

**FRANKTOWN FIRE PROTECTION DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

Net Change in Fund Balances - Governmental Fund \$ 443,377

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

Governmental funds report capital outlays as expenditures. In the statement of activities, capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense, the allocation of the cost of any depreciable asset over the estimated useful life of the asset. Therefore, this is the amount of capital related activity in the current period.

Capital Outlay	276,832
Depreciation	(368,623)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.

Emergency Medical Services	5,939
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Some items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Pension Income	(63,146)
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated Absences	<u>(247)</u>
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Change in Net Position of Governmental Activities \$ 294,132

See accompanying Notes to Basic Financial Statements.

**FRANKTOWN FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 DEFINITION OF REPORTING ENTITY

Franktown Fire Protection District (the District) is a quasi-municipal corporation, governed pursuant to provisions of the Colorado Special District Act. The District was established to provide fire protection services and emergency medical services to Southeast Douglas County, Colorado.

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

The District is not financially accountable for any other organization. The District is not a component unit of any other primary governmental.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. Governmental activities are normally supported by taxes and emergency medical service revenue.

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

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment 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 customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**FRANKTOWN FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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. Revenue 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. The major sources of revenue susceptible to accrual are property taxes, specific ownership taxes, and emergency medical service fees. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures, other than interest on long-term obligations are recorded when the liability is incurred or the long-term obligation is due.

Grants and similar items are recognized as soon as all eligibility requirements imposed by the provider have been met. Depreciation is computed and recorded as an operating expense.

Expenditures for property and equipment are shown as increases in assets and payment of compensated absences are recorded as a reduction in liabilities. Employer and plan members contributions are recognized in the period that contributions are due.

The District reports the following major governmental fund:

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

Budgets

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

**FRANKTOWN FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year.

The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally, sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

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

Capital Assets

Capital assets, which include land, buildings and improvements, vehicles, fire trucks, equipment, and office furniture, are reported 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. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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

Buildings	10 to 40 years
Vehicles and Fire Trucks	5 to 10 years
Equipment	5 to 10 years
Office Furniture	7 years
Improvements	5 years

Compensated Absences

The District has a policy that allows employees to accumulate unused vacation, sick pay and compensatory time benefits up to certain maximum hours. Compensated absences are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The District's General Fund is used to liquidate compensated absences of the governmental activities.

**FRANKTOWN FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflow/Outflow of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. The separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources until that time. The District has four items that qualify for reporting in this category. Accordingly, the items related to pension are deferred and recognized as outflows of resources in the period that the amounts are incurred and consist of: 1) contributions subsequent to measurement date; 2) change in experience; 3) change in assumptions; and 4) change in proportionate share. (See Notes 6 and 7 for additional information.)

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflow of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources until that time. The District has five items that qualify for reporting in this category. Accordingly, these items are deferred and recognized as inflows of resources in the period that the amounts becomes available.

Property tax revenue is considered a deferred inflow of resources in the year the taxes are levied and measurable and are recognized as an inflow of resources in the period they are collected. EMS revenue is considered a deferred inflow of resources for amounts not collected within the period of availability or 60 days as determined by the District. A deferred inflow related to pension consists of three components: 1) change in investment earnings; 2) change in experience; and 3) change in proportionate share. (See Notes 6 and 7 for additional information.)

Equity

Net Position

For government-wide presentation purposes, when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, the unrestricted resources as they are needed.

Fund Balance

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

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

**FRANKTOWN FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity Continued

Fund Balance Continued

- *Restricted Fund Balance* - The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.
- *Committed Fund Balance* - The portion of fund balance that 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. The constraint may be removed or changed only through formal action of the Board of Directors.
- *Assigned Fund Balance* - The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.
- *Unassigned Fund Balance* - The residual portion of fund balance that does not meet any of the criteria described above.

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

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2021 are classified in the accompanying financial statements as follows:

Cash on Hand	\$	40,904
Deposits with Financial Institutions		292,577
Investments		<u>4,693,268</u>
Total Cash and Investments		<u>\$ 5,026,749</u>

Deposits with Financial Institutions

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized.

**FRANKTOWN FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Deposits with Financial Institutions (Continued)

The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

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

At December 31, 2021, the District's cash deposits had a carrying balance of \$292,577.

Investments

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments.

The District generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate and no foreign currency risk. Additionally, the District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

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

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

- Obligations of the United States, certain U.S. government agency securities and securities of the World Bank
- General obligation and revenue bonds of U.S. local government entities
- Certain certificates of participation
- Certain securities lending agreements
- Banker's acceptances of certain banks
- Commercial paper
- Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

**FRANKTOWN FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

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

Colorado Local Government Liquid Asset Trust (COLOTRUST)	Less than One Year	\$ 4,639,603
Colorado Surplus Asset Fund Trust (CSAFE)	Less than One Year	<u>\$ 53,665</u>
Total		<u>\$ 4,693,268</u>

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust(COLOTRUST) (The Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, Highest rated commercial paper and any security allowed under CRS 24 - 75 - 601. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAn by Standard & Poor's. COLOTRUST record its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. There are no unfunded commitments, the redemption frequency is daily and there is not redemption notice period.

CSAFE

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust is similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper. A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. CSAFE is rated AAAM by Standard & Poor's. CSAFE records its investments at amortized cost and the District records its investments in CSAFE using the amortized cost method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

**FRANKTOWN FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 PROPERTY AND EQUIPMENT

An analysis of the changes in capital assets for the year ended December 31, 2021 follows:

	Balance at December 31, <u>2020</u>	<u>Increases</u>	<u>Decreases</u>	Balance at December 31, <u>2021</u>
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 18,279	\$ -	\$ -	\$ 18,279
Construction in Progress	<u>1,121,537</u>	<u>43,954</u>	<u>1,121,537</u>	<u>43,954</u>
Total Capital Assets, Not Being Depreciated	1,139,816	43,954	1,121,537	62,233
Capital Assets, Being Depreciated				
Buildings	4,762,022	1,265,408	-	6,027,430
Furniture	43,708	-	2,120	41,588
Improvements	98,384	-	-	98,384
Equipment	881,152	72,509	76,541	877,121
Communications Equipment	154,874	-	501	154,373
Vehicles	2,814,463	16,500	98,560	273,403
	<hr/>	<hr/>	<hr/>	<hr/>
Total Capital Assets, Being Depreciated	<u>8,754,604</u>	<u>1,354,416</u>	<u>177,722</u>	<u>9,931,298</u>
Total	9,894,420	1,398,370	1,299,259	9,993,531
Less Accumulated Depreciation for:				
Buildings	1,795,908	148,115	-	1,944,023
Furniture	41,708	-	2,120	39,588
Improvements	51,668	1,240	-	52,908
Equipment	545,330	39,085	73,295	511,121
Communications Equipment	148,236	4,618	501	152,353
Vehicles	1,921,148	175,565	97,802	1,998,911
	<hr/>	<hr/>	<hr/>	<hr/>
Total Accumulated Depreciation	<u>4,503,999</u>	<u>368,623</u>	<u>173,717</u>	<u>4,698,904</u>
Total Capital Assets, Being Depreciated, Net	<u>4,250,605</u>	<u>985,793</u>	<u>4,005</u>	<u>5,232,394</u>
Capital Assets, Net	<u>\$ 5,390,421</u>	<u>\$ 1,029,744</u>	<u>\$ 1,125,542</u>	<u>\$ 5,294,627</u>

Construction in progress at December 31, 2020 represents costs related to the remodel of Station 183, which was completed in January 2021.

Construction in progress represents a 10% down payment on a fire truck to be delivered in 2023 - \$43,954.

Depreciation expense for the year ended December 31, 2021 was \$368,623, of which \$149,455 was allocated to general and administrative expenses and \$219,168 was allocated to fire and emergency medical services.

**FRANKTOWN FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 5 COMPENSATED ABSENCES

December 31, 2021, there was \$5,257 in unpaid vacation benefits. Compensated absences activity for the year ended December 31, 2021, was as follows:

	Balance at December 31, 2020	Additions	Reductions	Balance at December 31, 2021	Due Within One Year
Compensated Absences	\$ 5,565	\$ 68,698	\$ 69,005	\$ 5,258	\$ 5,258

NOTE 6 NET POSITION

The District has net position consisting of three components - investments in capital assets, restricted, and unrestricted.

Investment in capital assets consists of capital assets, net accumulated depreciation. The District uses these capital assets to provide services to citizens: consequently, these assets are not available for future spending. If there were any outstanding borrowings that were attributable to the acquisition, construction or improvement of those assets, this amount would be reduced by such borrowings.

Restricted net position includes assets that are restricted for use either externally imposed by creditors, grantors, contributions, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District was required to establish emergency reserves in the amount of \$107,181 as of December 31, 2021. In addition, the District had \$3,553,267 restricted for pension activity on the statement of net position for the Volunteer Pension Plan and the Defined Benefit Plan.

NOTE 7 VOLUNTEERS' PENSION FUND

Plan Descriptions and Provisions

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

Volunteers Covered by Benefit Terms

As of December 31, 2020 measurement date, the following employees were covered by the benefit terms:

Retirees and Beneficiaries	23
Inactive, Nonretired Members	1
Active Members	10
Total	34

**FRANKTOWN FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 7 VOLUNTEERS' PENSION FUND (CONTINUED)

Benefits Provided

The Plan provides retirement, survivor, death, and funeral benefits. Retirement benefit for a member is \$500 a month for 20 or more years of service. Those members with a minimum of 20 years of services receive \$12.50 per month for every year of service. Survivor's death benefits are \$-0- following death before being eligible for retirement and \$250 following death after normal retirement. Funeral benefit to the family members is a one-time payment of \$250.

Funding Policy

The contributions are not actuarially determined. An actuary is used to determine the adequacy of contributions. The Actuarial study as of January 1, 2021, indicated that the current level contributions to the fund are adequate to support, on an actuarially sound basis, the prospective benefits for the present plan.

Contributions

For the year ended December 31, 2021, the District contributed \$36,000 to the plan.

Net Pension Liability

The total pension liability is based on an actuarial valuation performed as of January 1, 2021 and a measurement date of December 31, 2020. This measurement date is within two years of the plan sponsor's fiscal year-end of December 31, 2021 and may be used for December 31, 2021 reporting purposes.

Actuarial assumptions. The total pension liability in the January 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open*
Remaining Amortization Period	20 years*
Asset Valuation Method	5-Year smoothed fair value
Inflation	2.50%
Salary Increases	N/A
Investment Rate of Return	7.00%
Retirement Age	50% per year of eligibility until 100% at age 65.

**FRANKTOWN FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 7 VOLUNTEERS' PENSION FUND (CONTINUED)

Net Pension Liability (Continued)

Mortality:

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

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

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

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

For the purpose of the valuation, the long-term expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 2.00% (based on 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%.

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). Being that the plan's fiduciary net position is projected to be sufficient to pay benefits, the long-term expected rate of return of 7.00% was used as the discount rate.

**FRANKTOWN FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 7 VOLUNTEERS' PENSION FUND (CONTINUED)

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (Asset)	Plan Fiduciary Net Pension	Net Pension Liability (Asset)
Balance at December 31, 2020	\$ 942,866	\$ 4,054,547	\$(3,111,661)
Changes for the Year:			
Service Cost	8,360	-	8,360
Interest	63,551	-	63,551
Changes in Assumptions:			
Contributions - Employer	-	36,000	(36,000)
State of Colorado Supplemental Discretionary Payment	-	-	-
Net Investment Income	-	529,945	(529,945)
Benefit Payments, Including Refunds of Employee Contributions	(79,000)	(79,000)	-
Administrative Expenses	-	(6,509)	(6,509)
Net Changes	<u>396,745</u>	<u>479,836</u>	<u>4,054,547</u>
Balance at December 31, 2021	<u>\$ 1,339,629</u>	<u>\$ 4,534,382</u>	<u>\$(3,194,753)</u>

Sensitivity of the net pension liability to the changes in the discount rate.

The following table presents the net pension liability of the District, calculated using the discount rate of 7.0% as well as what the District's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.0%) or one percentage point higher (8.0%) than the current rate.

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
District's Net Pension Liability (Asset)	\$ (3,049,433)	\$ (3,194,753)	\$ (3,316,085)

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

For the year ended December 31, 2021, the District recognized pension income of \$121,480 for the Volunteer Pension Plan. At December 31, 2021, 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	\$ 2,705	\$ -
Changes of Assumptions	-	-
Difference Between Expected and Actual Earnings on Pension Plan Investments	-	292,167
District Contributions Subsequent to the Measurement Date	36,000	-
Total	<u>\$ 38,705</u>	<u>\$ 292,167</u>

**FRANKTOWN FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 7 VOLUNTEERS' PENSION FUND (CONTINUED)

Changes in the Net Pension Liability (Continued)

\$36,000 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a decrease in the pension liability in the year ended December 31, 2022. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Amounts</u>
2022	\$ (90,437)
2023	(48,045)
2024	(101,410)
2025	(49,570)
Total	<u>\$ (289,462)</u>

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

NOTE 8 STATE AND FIRE POLICE PENSION PLAN

Plan Descriptions and Provisions

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

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

Description of Benefits

A member is eligible for a normal retirement pension once the member has completed 25 years of credited service and has attained the age of 55. Effective January 1, 2021, a member may also qualify for a normal retirement pension if the member's combined years of service and age equals at least 80, with a minimum age of 50 (Rule of 80).

The annual normal retirement benefit is 2% of the average of the member's highest three years' base salary for each year of credited service up to 10 years, plus 2.5% for each year of service thereafter. The benefit earned prior to January 1, 2007 for members if 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 of the benefit when compared to the Statewide Defined Benefit Plan. Benefits paid to retired members are evaluated and may be re-determined by October 1. The amount of any increase is based on the

**FRANKTOWN FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 8 STATE AND FIRE POLICE PENSION PLAN (CONTINUED)

Description of Benefits (Continued)

Board's discretion and can range from 0 to the higher of 3% or the Consumer Price Index or the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W).

A member is eligible for an early retirement at age 50 with at least five years of credited service or after 30 years of service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, an employee may elect to have member contributions, along with 5% as interest, returned as a lump-sum distribution. Alternatively, a member with at least five years of accredited service may leave contributions with the Plan and remain eligible for a retirement pension at age 55 equal to 2% of the member's average highest three years' base salary for each year of credited service up to 10 years, plus 2.5% for each year of service thereafter.

Contributions

The plan sets contribution rates at a level that enables all benefits to be full funded at the retirement date of all members. Contribution rates for the SWDB plan are set by state statute. Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or election of the membership. Effective January 1, 2021, contribution rates for employers and members may be increased equally by the FPPA Board of Directors upon approval through an election by both the employers and members.

Members of the SWDB plan and their employers are contributing at the rate of 11.5% and 8.5%, respectively, of base salary for a total contribution rate of 20% in 2021. In 2014, the members elected to increase the member contribution rate to the SWDB plan beginning 2015. Member contribution rates will increase 0.5% annually through 2022 to a total of 12% of pensionable earnings. Employer contributions will increase 0.5% annually beginning in 2021 through 2030 to a total of 13% of pensionable earnings. Contributions to SWDB plan from the District were \$129,163 for the year ended December 31, 2021.

Pension Liability (Asset), Pension Expense, and Deferred Outflows or Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2021, the District reported an asset of \$358,514 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2020, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The District's proportion of the net pension asset was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities. At December 31, 2020, the District's proportion was .1651%, which was a decrease of 0.0097% from its proportion measured as of December 31, 2019.

Pension Liability (Asset), Pension Expense, and Deferred Outflows or Resources and Deferred Inflows of Resources Related to Pensions (Continued)

For the year ended December 31, 2021, the District recognized pension income of \$151,018. At December 31, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**FRANKTOWN FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 8 STATE AND FIRE POLICE PENSION PLAN (CONTINUED)

Pension Liability (Asset), Pension Expense, and Deferred Outflows or Resources and Deferred Inflows of Resources Related to Pensions (Continued)

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 304,056	\$ 1,426
Changes of Assumptions or Other Inputs	152,482	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	368,246
Changes in Proportion and Differences Between Contributions Recognized and Proportionate Share of Contributions	76,980	932
Contributions Subsequent to the Measurement Date	<u>129,163</u>	<u>-</u>
Total	<u>\$ 662,811</u>	<u>\$ 370,604</u>

\$129,163 in total reported a deferred outflows of resources related to pension resulting from District contributions subsequent to measurement date will be recognized as an addition to the net pension asset in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31</u>	<u>Amounts</u>
2022	\$ (29,725)
2023	18,038
2024	(43,915)
2025	18,790
2026	76,203
Thereafter	<u>123,653</u>
Total	163,044

Actuarial Assumptions

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

	<u>Total Pension Liability</u>	<u>Actuarial Determined Contributions</u>
Actuarial Valuation Date	January 1, 2021	January 1, 2020
Actuarial Method	Entry Age Normal	Entry Age Normal
Amortization Method	N/A	Level % of Payroll, Open
Amortization Period	N/A	30 Years
Long-term Investment Rate of Return*	7.0%	7.0%
Projected Salary Increases*	4.25 - 11.25%	4.25 - 11.25%
Cost of Living Adjustments (COLA)	0.0%	0.0%
*Includes Inflation at	2.5%	2.5%

**FRANKTOWN FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 8 STATE AND FIRE POLICE PENSION PLAN (CONTINUED)

Pension Liability (Asset), Pension Expense, and Deferred Outflows or Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Actuarial Assumptions Continued

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 accordances 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 mad by the FPPA's actuaries, Gabriel, Roeder, Smith & Co, based on their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2019. The actuarial assumptions impact actuarial factors of benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (assumed at 2.5%). Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	39.0%	8.23%
Equity Long/Short	8.0%	6.87%
Illiquid Alternatives	26.0%	10.63%
Fixed Income	10.0%	4.01%
Absolute Return	5.0%	5.25%
Managed Futures	10.0%	5.60%
Cash	2.0%	2.32%
Totals	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7%. 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 actuarially determined rates based on the FPPA Board's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the SWDB plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investment was applied to all periods of projected benefit payments to determine the total pension liability.

**FRANKTOWN FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 8 STATE AND FIRE POLICE PENSION PLAN (CONTINUED)

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

The following presents the District’s proportionate share of the net pension liability (asset) calculated using the discount rate of 7%, as well as what the District’s proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6%) or 1-percentage-point higher (8%) than the current rate:

	<u>1%</u> Decrease	Current Discount Rate	<u>1%</u> Increase
	<u>6.00%</u>	<u>(7.00%)</u>	<u>(8.00%)</u>
District’s Proportionate Share of the Net Pension Liability (Asset)	\$ 360,789	\$ (358,514)	\$ (954,187)

Pension Plan Fiduciary Net Pension

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

Changes Between the Measurement Date of the Net Pension Asset and December 31, 2021

During 2020, legislation was passed effective January 1, 2021 that amended the Statewide Defined Benefit Plan. The stabilization reserve accounts (SRA) of the Defined Benefit System became self-directed accounts with assets of \$123.6 million transferred to the FPPA Members’ Self-Directed Investment Fund after January 1, 2021 actuarial valuation date. This transfer does not impact the net pension asset of the plan as the transfer of assets will reduce both the total pension liability and the plan fiduciary net position.

Deferred Compensation Plan

The District has a deferred compensation plan created in accordance with Internal Revenue Code Section 457. This plan is administered by ICMA (International City Managers Association). Participation in the plan is optional for all employees. The plan allows the employee to defer a portion of their salary until future years. For the years ended December 31, 2020 and December 31, 2019, the District contributed \$29,440 and \$25,630, respectively.

NOTE 9 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, thefts of, damage to or destruction of assets; errors or omissions; injuries to volunteers; or acts of God. The District maintains commercial insurance coverage for all risks and loss. The District did not have any claim settlements in excess of coverage for each of the past three years.

**FRANKTOWN FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 10 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, revenue and debt limitations which apply to the state of Colorado and all local governments.

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

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

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

One election issue was put to the voters in November of 1997, under the TABOR amendment and passed;

Shall Franktown Fire Protection District taxes be increased \$116,000 annually in 1998 and by whatever additional amounts are raised thereafter from an increase in the District's property tax levy of 2 mills; and commencing January 1, 1997, and continuing thereafter, shall the District be authorized to collect, retain and spend for fire protection, ambulance and emergency medical services such tax revenue and all other revenues and other funds received from any source, as a voter-approved revenue change, offset and exception to the limits which would otherwise apply under Article X, Section 20 of the Colorado Constitution, Section 29-1-301, C.R.S., or any other law?

Another election issue was put to the voters in May 2004 under TABOR amendment and passed;

Shall Franktown Fire Protection District taxes be increased \$424,025 annually in the first full fiscal year, or by such amount as may be raised by the imposition of an additional ad valorem property tax rate of 3.882 mills, commencing January 1, 2005, and continuing thereafter to provide fire, rescue, emergency medical and ambulance services, resulting in a total District mill levy rate, exclusive of refunds, abatements, or debt service, not to exceed 13.000 mills; and shall the District be authorized to collect, retain and spend all tax revenue collected from such property tax rate, and all other revenue received from any source, commencing January 1, 2015, and continuing thereafter, as a voter - approved revenue change, offset and exception to the limited which would otherwise apply under TABOR (Article X, Section 20 of the Colorado Constitution) or any other law and as a permanent waiver of the 5.5% limitation under Section 29-1-301, C.R.S.

The following election issue put to the voters in November 2020 under the TABOR amendment was passed;

Shall Franktown Fire Protection District be authorized to adjust up or down its operating mill levy beginning in collection year 2021 and annually thereafter to offset any revenue losses from refunds, abatements and changes to the percentage of actual valuation used to determine assessed valuation to offset revenues that would otherwise be lost due to the "Gallagher Amendment" to the Colorado Constitution, or any other changes to the methods of calculating the assessed valuation, so that to the extent possible the actual tax revenue collected is the same as if such changes had not occurred?

**FRANKTOWN FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 11 COMMITMENTS AND CONTINGENCIES

Construction Commitments

Purchase of fire apparatus. As of December 31, 2021, the District has committed to refurbishing a piece of fire equipment in the amount of \$439,540 of which \$43,954 has been prepaid.

REQUIRED SUPPLEMENTARY INFORMATION

**FRANKTOWN FIRE PROTECTION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED DECEMBER 31, 2021**

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Property Taxes	\$ 2,878,388	\$ 2,879,917	\$ 1,529
Specific Ownership Taxes	215,000	277,587	62,587
Charges for Services	210,000	336,275	126,275
Grants	75,000	-	(75,000)
Rental Income	32,000	34,723	2,723
Net Investment Income	25,000	3,228	(21,772)
Other Revenue	<u>20,000</u>	<u>40,973</u>	<u>20,973</u>
Total Revenues	3,455,388	3,572,703	117,315
EXPENDITURES			
General Government:			
General Administrative	339,783	364,407	(24,624)
Fire and Emergency Medical Services	2,724,717	2,490,997	233,720
Capital Outlay	<u>577,500</u>	<u>276,832</u>	<u>300,668</u>
Total Expenditures	<u>3,642,000</u>	<u>3,132,326</u>	<u>509,764</u>
EXCESS REVENUE OVER (UNDER) EXPENDITURES	(186,612)	440,377	626,989
OTHER FINANCING SOURCES (USES)			
Sale of Capital Assets	<u>-</u>	<u>3,000</u>	<u>3,000</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>3,000</u>	<u>3,000</u>
NET CHANGE IN FUND BALANCE	(186,612)	443,397	629,989
Fund Balance - Beginning of Year	<u>3,791,686</u>	<u>4,530,920</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 3,605,074</u>	<u>\$ 4,974,297</u>	<u>\$ 1,369,223</u>

FRANKTOWN FIRE PROTECTION DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY (ASSET)
FIRE AND POLICE PENSION ASSOCIATION STATEWIDE DEFINED BENEFIT PLAN
LAST SIX FISCAL YEARS

Fiscal Year	2021	2020	2019	2018	2017	2016*
Plan Measurement Date	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015
District's Proportion of the Net Pension Liability (Asset)	0.165137630%	0.174790398%	0.177226186%	0.204657112%	0.211388617%	0.210598802%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ (358,514)	\$ (98,855)	\$ 244,063	\$ (294,432)	\$ 76,383	\$ (3,713)
District's Covered Payroll	\$ 1,348,828	\$ 1,240,275	\$ 1,185,550	\$ 1,214,463	\$ 1,075,900	\$ 1,016,678
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(25.7%)	(8.0%)	18.9%	(24.2%)	7.1%	(0.4%)
Plan Fiduciary Net Pension as a Percentage of the Total Pension Liability	106.7%	101.9%	95.2%	106.3%	98.2%	100.1%

*The amounts presented for each fiscal year were determined as of December 31 based on the measurement date of the Plan. Covered payroll is presented based on the fiscal year. Information earlier than 2015 was not available.

FRANKTOWN FIRE PROTECTION DISTRICT
 SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
 FIRE AND POLICE PENSION ASSOCIATION STATEWIDE DEFINED BENEFIT PLAN
 LAST TEN FISCAL YEARS

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually Required Contribution	\$ 129,169	\$ 106,112	\$ 99,222	\$ 94,844	\$ 97,157	\$ 86,072	\$ 81,334	\$ 76,921	\$ 73,725	\$ 70,781
Contributions in Relation to the Contractually Required Contribution	<u>129,169</u>	<u>106,112</u>	<u>99,222</u>	<u>94,844</u>	<u>97,157</u>	<u>86,072</u>	<u>81,334</u>	<u>76,921</u>	<u>73,725</u>	<u>70,781</u>
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 1,523,036	\$ 1,340,828	\$ 1,240,275	\$ 1,185,550	\$ 1,214,463	\$ 1,075,900	\$ 1,016,678	\$ 961,511	\$ 921,567	\$ 884,761
Contributions as a Percentage of Covered Payroll	8.48%	7.91%	8.00%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%

*The amounts for each fiscal year were determined as of December 31.

FRANKTOWN FIRE PROTECTION DISTRICT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
FIRE AND POLICE PENSION ASSOCIATION VOLUNTEER PENSION FUND
LAST FIVE FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total Pension Liability					
Service Cost	\$ 8,360	\$ 8,360	\$ 6,482	\$ 6,482	\$ 7,043
Interest	63,551	63,362	61,955	61,326	62,336
Changes in Benefit Terms	399,417	-	-	-	-
Differences Between Expected and Actual Experience	5,015	-	28,891	-	(45,178)
Changes of Assumptions	-	-	39,683	-	25,042
Benefit Payments Including Refunds of Employee Contributions	<u>(79,600)</u>	<u>(58,800)</u>	<u>(58,800)</u>	<u>(60,025)</u>	<u>(64,750)</u>
Net Change in Total Pension Liability	396,743	12,922	78,211	7,783	(15,507)
Total Pension Liability - Beginning of Year	<u>942,886</u>	<u>929,964</u>	<u>851,753</u>	<u>843,970</u>	<u>859,477</u>
Total Pension Liability - End of Year	1,339,629	942,886	929,964	851,753	843,970
Plan Fiduciary Net Position					
Contributions - Employer	36,000	36,000	72,000	36,000	-
Net Investment Income	529,945	507,510	(254)	450,906	157,618
Benefit Payments, Including Refunds of Employee Contributions	<u>(79,600)</u>	<u>(58,800)</u>	<u>(58,800)</u>	<u>(60,025)</u>	<u>(64,750)</u>
Administrative Expenses	(6,509)	(9,876)	(7,529)	(7,303)	(4,937)
State of Colorado Supplemental Discretionary Payment	-	32,400	32,400	32,400	32,400
Net Change in Plan Fiduciary Net Position	479,836	507,234	37,817	451,978	120,331
Plan Fiduciary Net Position - Beginning of Year	<u>4,054,547</u>	<u>3,547,313</u>	<u>3,509,313</u>	<u>3,057,518</u>	<u>2,937,187</u>
Plan Fiduciary Net Position -End of Year	<u>4,534,382</u>	<u>4,054,547</u>	<u>3,547,313</u>	<u>3,509,496</u>	<u>3,057,518</u>
Net Pension Liability (Asset) - End of Year	<u><u>\$(3,194,753)</u></u>	<u><u>\$(3,111,661)</u></u>	<u><u>\$(2,617,349)</u></u>	<u><u>\$(2,657,743)</u></u>	<u><u>\$(2,213,548)</u></u>
Plan fiduciary Net Position as a Percentage of the Total Pension Liability	233.4%	430.01%	381.45%	412.03%	362.28%
Covered Payroll	N/A	N/A	N/A	N/A	N/A
District's Net Pension Liability as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A

**FRANKTOWN FIRE PROTECTION DISTRICT
SCHEDULE OF PENSION CONTRIBUTIONS
FIRE AND POLICE PENSION ASSOCIATION STATEWIDE DEFINED BENEFIT PLAN
LAST TEN FISCAL YEARS**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially Determined Contribution	\$ 36,000	\$ 36,000	\$ 36,000	\$ 36,000	\$ 36,000	\$ -	\$ 36,000	\$ 36,000	\$ 36,000	\$ 36,000
Contributions in Relation to the Actuarially Determined Contribution	36,000	36,000	36,000	36,000	36,000	-	36,000	36,000	36,000	36,000
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule:

Valuation Date:

Actuarially determined contribution rates are calculated as of January 1 of odd numbered years. The contribution rates have a one-year lag, so the actuarial valuation as of January 1, 2017 determines the contribution amounts for 2018 and 2019.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open
Remaining Amortization Period	20 years*
Asset Valuation Method	5-Year smoothed fair value
Inflation	3.0%
Salary Increases	N/A
Investment Rate of Return	7.50%
Retirement Age	50% Per Year of Eligibility until 100% at Age 65
Mortality	Pre-retirement: RP-2014 Mortality Tables for Blue Collar Employees, 55% multiplier for off-duty mortality. Post-retirement: For ages less than 55, RP-2014 Mortality Tables for Blue Collar Employees. For age 65 and older, RP-2014 Mortality Tables for Blue Collar Healthy Annuitants. For ages 55 through 64, a blend of the previous tables. All tables were projected and based on Scale BB.

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

STATISTICAL INFORMATION

**FRANKTOWN FIRE PROTECTION DISTRICT
SUMMARY OF ASSESSED VALUATION, MILL LEVY, AND
PROPERTY TAXES COLLECTED (UNAUDITED)
DECEMBER 31, 2021**

Year Ended December 31,	Valuation for Current Year Property Tax Levy*	Mills Levied	Total Property Taxes		Percent Collected to Levied
			Levied	Collected	
2016	\$ 174,942,340	13.020	\$ 2,277,749	\$ 2,278,207	100.02%
2017	180,811,500	13.020	2,354,166	2,350,836	99.86
2018	190,301,980	13.026	2,478,874	2,448,973	98.79
2019	188,118,010	13.026	2,450,425	2,446,083	99.82
2020	217,889,860	13.111	2,856,754	2,848,806	99.72
2021	220,972,560	13.026	2,878,388	2,879,917	100.05
Estimated for the Year Ending December 31, 2022	\$ 248,840,040	13.02	\$ 3,238,656		

NOTE:

Property taxes collected in any one year include collection of delinquent property taxes levied and/or abatements of valuations in prior years. Information received from the County Treasurer does not permit identification specific year of assessment.

* On October 14, 1999, the Division of Local Government reviewed the District's November 1997 election question and found the language of the ballot question sufficient to waive the 5.5% property tax revenue limitation.