

South Adams County Fire Protection District
Adams County, Colorado

FINANCIAL STATEMENTS

With Independent Auditor's Report

December 31, 2021

South Adams County Fire Protection District

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INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the financial statements of the governmental activities and each major fund of South Adams County Fire Protection District (the District) as of and for the year ended December 31, 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2021, and the respective changes in financial position thereof, and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 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 Responsibility 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 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 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 there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risk 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 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.

We are required to communicate to 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages IV through VII and pension information on pages 31 through 35 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 placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information as identified in the table of contents is presented for purposes of additional analysis and legal compliance and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Fiscal Focus Partners, LLC

Greenwood Village, Colorado
July 5, 2022

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

Introduction

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

Overview of the Financial Statements of the District

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

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position*, prepared using the full accrual basis of accounting, provides information on all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, the comparison of changes in net position may provide a useful method of evaluating whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flow in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are governmental funds.

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

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

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

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

The District adopts an annual appropriated budget for all funds. The general fund and a budgetary comparison statement has been provided to demonstrate compliance with the budget on page 6. The capital fund budgetary comparison is on page 36 as Supplementary Information. The impact fee fund budgetary comparison is on page 37 as Supplementary Information.

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

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 7-30 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, the report also presents required supplementary information concerning the District's pension benefits to its employees. Required supplementary information can be found starting on page 31 of this report.

Government-wide Financial Analysis

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by approximately \$41.8 million at the close of 2021.

	<u>2021</u>	<u>2020</u>
Assets:		
Current assets	\$ 37,751,693	\$ 37,384,312
Noncurrent assets	2,065,039	426,603
Capital assets, net	<u>36,691,345</u>	<u>25,291,670</u>
Total assets	<u>76,508,077</u>	<u>63,102,585</u>
Deferred outflows of resources	<u>4,548,449</u>	<u>3,325,369</u>
Liabilities:		
Current liabilities	979,875	1,591,613
Noncurrent liabilities	<u>13,642,324</u>	<u>8,139,788</u>
Total liabilities	<u>14,622,199</u>	<u>9,731,401</u>
Deferred inflows of resources	<u>24,606,802</u>	<u>20,769,366</u>
Net position:		
Net investment in capital assets	25,020,605	19,442,899
Restricted	619,200	608,600
Unrestricted	<u>16,187,720</u>	<u>15,875,688</u>
Total net position	<u>\$ 41,827,525</u>	<u>\$ 35,927,187</u>

The District's net position is comprised primarily of its \$25,020,605 (60%) investment in capital assets which include land, buildings, trucks, and equipment, less any related outstanding debt that was used to acquire those assets. The District uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. The second largest component of net

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

position is unrestricted funds of \$16,187,720 (39%) which may be used to meet the District's ongoing obligations. Unrestricted funds increased \$312,032 in 2021 primarily because revenues of the District exceeded expenses.

At the end of the current fiscal year, the District is able to report positive balances in all three categories of net position. The same situation held true for the prior year. Overall, the District's net position increased \$5,900,338.

At December 31, 2021, the District's cash and investments totaled \$15,045,908 which is approximately 20% of total assets. This represents a decrease of \$2,879,821 from the prior year and results mainly from expenditures related to several capital projects.

Net capital assets for 2021 were \$36,691,345 or 48% of total assets. This was an increase of \$11,399,675 from the prior year and is primarily the result of construction in progress and the purchase of equipment.

Current liabilities decreased in 2021 due to the timing of cash flows.

Statement of Activities

	<u>2021</u>	<u>2020</u>
Revenues:		
Program revenues:		
Charges for service	\$ 378,284	\$ 288,828
Grants	50,000	522,465
General revenues:		
Property taxes	18,454,055	18,392,398
Specific ownership	1,564,412	1,376,962
Impact fees	1,034,292	638,256
Other	242,458	226,516
Total revenues	<u>21,723,501</u>	<u>21,445,425</u>
Expenses:		
Public safety - fire protection	<u>15,823,163</u>	<u>17,452,490</u>
Total expenditures	15,823,163	17,452,490
Gain (Loss) on sale of assets	<u>-</u>	<u>26,000</u>
Change in net position	5,900,338	4,018,935
Net position beginning of year	35,927,187	31,908,252
Net position end of year	<u>\$ 41,827,525</u>	<u>\$ 35,927,187</u>

Governmental activities increased the District's net position by \$5,900,338 for 2021 which is a substantial increase from the prior year. The increase is mainly attributable to an increase in revenues, most of which is attributable to the increase in property tax revenues and impact fees.

Financial Analysis of Governmental Funds

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

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

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

At December 31, 2021, the District's governmental funds balance was \$14,754,942, a decrease of \$2,107,540 from the prior year. The decrease is the result of the use of funds for capital expenditures. Approximately 67% of this amount constitutes an amount assigned for future capital expenditures and restricted in compliance with the TABOR emergency reserve requirement. 3% of this amount is not spendable in inventory and prepaids. 4% of this amount is assigned to subsequent years expenditures. The remaining 26% is unassigned and available for future expenditures.

General Fund Budgetary Highlights

General Fund revenue exceeded budget by \$188,954, approximately .9%. The primary contributing factors to this variance was a greater than expected collection of specific ownership taxes and fire protection revenues.

General fund expenditures were \$1,166,882, or approximately 6.2% less than the budget mainly because of less than budgeted salaries expense and insurance cost.

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

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

Capital expenditures were less than the budget amount mainly because of Capital projects placed on hold.

See page 36 of this report for details of Capital Fund revenue and expenditures compared to budget.

Capital Asset and Debt Administration

Capital assets (net of accumulated depreciation) increased in 2021 by \$11,399,675 because of construction to improve capital assets as well as new capital purchases.

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

Requests for Information

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

BASIC FINANCIAL STATEMENTS

South Adams County Fire Protection District
STATEMENT OF NET POSITION
December 31, 2021

	Governmental Activities
ASSETS	
Cash and investments	\$ 14,426,708
Cash and investments - restricted	619,200
Accounts receivable	21,790
Receivable from county treasurer	229,293
Prepaid expenses	353,651
Inventory	61,202
Property taxes receivable	22,039,849
Capital assets, not being depreciated	7,690,106
Capital assets, being depreciated, net	29,001,239
Net pension asset - FPPA statewide defined benefit plan	2,065,039
Total assets	76,508,077
DEFERRED OUTFLOWS OF RESOURCES	
Pension related amounts - FPPA volunteer pension plan	115,126
Pension related amounts - FPPA statewide defined benefit plan	4,385,323
Pension related amounts - FPPA old hire pension plan	48,000
Total deferred outflows of resources	4,548,449
LIABILITIES	
Accounts payable	388,065
Retainage payable	162,769
Accrued liabilities	406,068
Accrued interest payable	22,973
Noncurrent liabilities	
Due within one year	1,307,422
Due in more than one year	10,463,624
Net pension liability - FPPA volunteer pension fund	1,318,286
Net pension liability - FPPA old hire pension plan	552,992
Total liabilities	14,622,199
DEFERRED INFLOWS OF RESOURCES	
Deferred property taxes	22,039,849
Pension related amounts - FPPA volunteer pension fund	420,501
Pension related amounts - FPPA statewide defined benefit plan	2,129,307
Pension related amounts - FPPA old hire pension plan	17,145
Total deferred inflows of resources	24,606,802
NET POSITION	
Net investment in capital assets	25,020,605
Restricted for:	
Emergencies	619,200
Unrestricted	16,187,720
Total net position	\$ 41,827,525

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

South Adams County Fire Protection District

STATEMENT OF ACTIVITIES

For the year ended December 31, 2021

	Program Revenues				Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Functions/Programs:					
Primary government					
Fire protection and emergency services	\$ (15,544,671)	\$ 378,284	\$ -	\$ 50,000	\$ (15,116,387)
Interest on long-term debt	(278,492)	-	-	-	(278,492)
Total governmental activities	\$ (15,823,163)	\$ 378,284	\$ -	\$ 50,000	(15,394,879)
		General Revenues:			
					18,454,055
					1,564,412
					1,034,292
					38,754
					203,704
					21,295,217
					5,900,338
					35,927,187
					\$ 41,827,525

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

South Adams County Fire Protection District

**BALANCE SHEET
GOVERNMENTAL FUNDS**

December 31, 2021

	<u>General Fund</u>	<u>Capital Fund</u>	<u>Impact Fee Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and investments	\$ 14,426,708	\$ -	\$ -	\$ 14,426,708
Cash and investments - restricted	619,200	-	-	619,200
Accounts receivable	21,790	-	-	21,790
Receivable from county treasurer	229,293	-	-	229,293
Prepaid expenses	353,651	-	-	353,651
Inventory	61,202	-	-	61,202
Property taxes receivable	22,039,849	-	-	22,039,849
Due from other funds	-	8,219,632	1,323,581	9,543,213
Total assets	<u>37,751,693</u>	<u>8,219,632</u>	<u>1,323,581</u>	<u>47,294,906</u>
LIABILITIES				
Accounts payable	388,065	-	-	388,065
Retainage payable	-	162,769	-	162,769
Accrued liabilities	406,068	-	-	406,068
Due to other funds	9,543,213	-	-	9,543,213
Total liabilities	<u>10,337,346</u>	<u>162,769</u>	<u>-</u>	<u>10,500,115</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred property taxes	22,039,849	-	-	22,039,849
Total deferred inflows of resources	<u>22,039,849</u>	<u>-</u>	<u>-</u>	<u>22,039,849</u>
FUND BALANCES				
Nonspendable:				
Prepays	353,651	-	-	353,651
Inventory	61,202	-	-	61,202
Restricted for:				
Emergency reserves	619,200	-	-	619,200
Assigned for:				
Capital projects	-	8,056,863	1,323,581	9,380,444
Subsequent year expenditures	603,411	-	-	603,411
Unassigned	3,737,034	-	-	3,737,034
Total fund balances	<u>5,374,498</u>	<u>8,056,863</u>	<u>1,323,581</u>	<u>14,754,942</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 37,751,693</u>	<u>\$ 8,219,632</u>	<u>\$ 1,323,581</u>	

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

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

Capital assets, net	36,691,345
Net pension asset - FPPA statewide defined benefit plan	2,065,039

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

Deferred outflows - FPPA volunteer pension plan	115,126
Deferred outflows - FPPA statewide defined benefit plan	4,385,323
Deferred outflows - FPPA old hire pension plan	48,000
Deferred inflows - FPPA volunteer pension plan	(420,501)
Deferred inflows - FPPA statewide defined benefit plan	(2,129,307)
Deferred inflows - FPPA old hire pension plan	(17,145)

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

Capital leases	(11,670,740)
Accrued interest	(22,973)
Compensated absences	(100,306)
Net pension liability - FPPA volunteer pension plan	(1,318,286)
Net pension liability - FPPA old hire pension plan	<u>(552,992)</u>

Net position of governmental activities \$ 41,827,525

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

South Adams County Fire Protection District
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Funds
For the year ended December 31, 2021

	General Fund	Capital Fund	Impact Fee Fund	Total Governmental Funds
REVENUES				
General property taxes	\$ 18,454,055	\$ -	\$ -	\$ 18,454,055
Specific ownership taxes	1,564,412	-	-	1,564,412
Investment earnings	38,754	-	-	38,754
Fire protection	231,886	-	-	231,886
Ambulance lease and service	146,398	-	-	146,398
Grant revenue	-	50,000	-	50,000
Impact fees	-	-	1,034,292	1,034,292
Other	203,704	-	-	203,704
Total revenues	<u>20,639,209</u>	<u>50,000</u>	<u>1,034,292</u>	<u>21,723,501</u>
EXPENDITURES				
Salaries and benefits	12,254,886	-	-	12,254,886
General expenses	1,745,170	-	-	1,745,170
Fire prevention	37,733	-	-	37,733
Contribution - volunteer pension	120,000	-	-	120,000
Contribution - old hire pension	51,500	-	-	51,500
Radio maintenance	35,812	-	-	35,812
Vehicle maintenance	384,561	-	-	384,561
Equipment maintenance	24,925	-	-	24,925
Equipment and supplies	383,669	-	-	383,669
Building maintenance	418,240	-	-	418,240
Insurance	390,959	-	-	390,959
Training	266,690	-	-	266,690
Capital outlay	-	13,230,950	-	13,230,950
Debt issuance expense	-	42,502	-	42,502
Debt Service				
Principal	1,178,031	-	-	1,178,031
Interest	265,413	-	-	265,413
Total expenditures	<u>17,557,589</u>	<u>13,273,452</u>	<u>-</u>	<u>30,831,041</u>
Excess of revenues over (under) expenditures	3,081,620	(13,223,452)	1,034,292	(9,107,540)
OTHER FINANCING SOURCES (USES)				
Proceeds from financing	-	7,000,000	-	7,000,000
Transfers from (to) other funds	(2,500,000)	3,135,000	(635,000)	-
Total other financing sources (uses)	<u>(2,500,000)</u>	<u>10,135,000</u>	<u>(635,000)</u>	<u>7,000,000</u>
Net change in fund balance	581,620	(3,088,452)	399,292	(2,107,540)
FUND BALANCES - Beginning of year	<u>4,792,878</u>	<u>11,145,315</u>	<u>924,289</u>	<u>16,862,482</u>
FUND BALANCES - End of year	<u>\$ 5,374,498</u>	<u>\$ 8,056,863</u>	<u>\$ 1,323,581</u>	<u>\$ 14,754,942</u>

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

South Adams County Fire Protection District
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the year ended December 31, 2021

Net change in fund balance - total governmental funds	\$ (2,107,540)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Governmental funds report capital outlay as expenditures. In the statement of activities, capital outlay is not reported as expenditures; such costs are allocated over their estimated useful lives and reported as depreciation expense.</p>	
Capital outlay	12,815,291
Depreciation	(1,415,616)
<p>The issuance of long-term debt (e.g. bonds, note payable) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.</p>	
New capital leases	(7,000,000)
Capital lease principal payments	1,178,031
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the government funds.</p>	
Change in pension related items	2,492,617
Interest expense - change in accrued interest	(13,078)
Compensated absences - change in liability	(49,367)
Change in net position of governmental activities	\$ 5,900,338

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

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

For the year ended December 31, 2021

	Original and Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
REVENUES			
General property taxes	\$ 18,616,111	\$ 18,454,055	\$ (162,056)
Specific ownership taxes	1,487,000	1,564,412	77,412
Investment earnings	164,000	38,754	(125,246)
Fire protection	76,100	231,886	155,786
Ambulance lease and service	81,600	146,398	64,798
Other	25,444	203,704	178,260
Total revenues	<u>20,450,255</u>	<u>20,639,209</u>	<u>188,954</u>
EXPENDITURES			
Salaries and benefits	13,077,581	12,254,886	822,695
General expenses	1,261,342	1,151,208	110,134
Fire prevention	-	37,733	(37,733)
Contribution - volunteer pension	120,000	120,000	-
Contribution - old hire pension	51,500	51,500	-
Radio maintenance	666,000	629,774	36,226
Vehicle maintenance	315,000	384,561	(69,561)
Equipment maintenance	46,920	24,925	21,995
Equipment and supplies	498,500	383,669	114,831
Building maintenance	464,800	418,240	46,560
Insurance	686,000	390,959	295,041
Training	291,300	266,690	24,610
Debt service:			
Principal	985,032	1,178,031	(192,999)
Interest	260,496	265,413	(4,917)
Total expenditures	<u>18,724,471</u>	<u>17,557,589</u>	<u>1,166,882</u>
EXCESS OF REVENUE OVER EXPENDITURES (UNDER) EXPENDITURES	1,725,784	3,081,620	1,355,836
OTHER FINANCING SOURCES			
Transfers to other funds	(1,700,000)	(2,500,000)	(800,000)
Total other financing sources	<u>(1,700,000)</u>	<u>(2,500,000)</u>	<u>(800,000)</u>
EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	25,784	581,620	555,836
FUND BALANCES - Beginning of year	<u>3,814,773</u>	<u>4,792,878</u>	<u>978,105</u>
FUND BALANCES - End of year	<u>\$ 3,840,557</u>	<u>\$ 5,374,498</u>	<u>\$ 1,533,941</u>

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

South Adams County Fire Protection District

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

Note 1 – Reporting entity

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

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

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

Note 2 – Summary of significant accounting policies

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

Government-wide and fund financial statements

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

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

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

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

Measurement focus, basis of accounting and financial statement presentation

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

South Adams County Fire Protection District

NOTES TO FINANCIAL STATEMENTS

(continued)

December 31, 2021

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

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

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

The District reports the following major governmental funds:

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

The capital fund is used to account for financial resources to be used for the acquisition and construction of capital equipment and facilities.

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

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

Budgets

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

The District amended its annual budget for the year ended December 31, 2021.

Pooled cash and investments

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

South Adams County Fire Protection District

NOTES TO FINANCIAL STATEMENTS (continued) December 31, 2021

Interfund balances

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

Property taxes

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

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

Inventories

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

Capital assets

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

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

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

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

Compensated absences

District employees are permitted to accumulate earned but unused vacation pay benefits. The maximum vacation leave hours that an employee may accumulate or receive upon separation of service is limited by

South Adams County Fire Protection District

NOTES TO FINANCIAL STATEMENTS

(continued)

December 31, 2021

District policy. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The District's General Fund is used to liquidate compensated absences of the governmental activities.

Deferred outflows and inflows of resources

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

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

Use of estimates

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

Fund balances

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

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

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

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

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

South Adams County Fire Protection District

NOTES TO FINANCIAL STATEMENTS (continued) December 31, 2021

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

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

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

Fire Protection Postemployment Benefits Plan

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

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

Note 3 – Cash and investments

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

Statement of net position:

Cash and investments	\$	14,426,708
Cash and investments - restricted		619,200
Total cash and investments	\$	<u>15,045,908</u>

Cash and investments as of December 31, 2021 consist of the following:

Cash on hand	\$	249
Deposits with financial institutions		1,195,484
Investments		13,850,175
Total cash and investments	\$	<u>15,045,908</u>

Deposits with financial institutions

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. As of December 31, 2021, the federal insurance limit was \$250,000. The eligible collateral is determined by the PDPA. The PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group

South Adams County Fire Protection District

NOTES TO FINANCIAL STATEMENTS

(continued)

December 31, 2021

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

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

At December 31, 2021, the District's cash deposits had bank balances of \$1,191,604 and carrying balances of \$1,195,484.

Custodial credit risk - deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has adopted a deposit policy, which follows state statutes, for custodial credit risk. As of December 31, 2021, the District's bank balances and carrying balances were insured or collateralized as follows:

Bank balances:		
Federally insured	\$	250,000
Collateralized		941,604
Total bank balances	\$	<u>1,191,604</u>
Carrying balances:		
Federally insured	\$	250,000
Collateralized		945,484
Total carrying balances	\$	<u>1,195,484</u>

Investments

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

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

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

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

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

South Adams County Fire Protection District

NOTES TO FINANCIAL STATEMENTS (continued) December 31, 2021

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

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

Investment	Maturity	Amount
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted Average Under 60 Days	\$ 13,850,175

COLOTRUST

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

Cash and investments - restricted

Article X, Section 20 of the Constitution of the State of Colorado requires the District to establish emergency reserves. At December 31, 2021, \$619,200 of Governmental Funds cash and investments were restricted in compliance with this requirement.

Note 4 – Interfund receivables, payables and transfers

Interfund receivable and payable balances arise due to short-term cash flow needs. The following schedule summarizes the District's interfund balances as of December 31, 2021:

	Receivables	Payables	Net
Capital Fund	\$ 8,219,632	\$ -	\$ 8,219,632
Impact Fee Fund	1,323,581	-	1,323,581
General Fund	-	9,543,213	(9,543,213)

South Adams County Fire Protection District

NOTES TO FINANCIAL STATEMENTS (continued) December 31, 2021

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

The following schedule summarizes the District's transfers for the year ended December 31, 2021:

	Transfer In Capital Fund
Transfers Out:	
General Fund	\$ 2,500,000
Impact Fee Fund	635,000
Total	\$ 3,135,000

Note 5 – Capital assets

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

	Balance at December 31, 2020	Increases	Decreases	Balance at December 31, 2021
Capital assets, not being depreciated				
Land	\$ 478,247	\$ -	\$ -	\$ 478,247
Construction in progress	1,982,190	9,826,605	(4,596,936)	7,211,859
Total capital assets, not being depreciated	2,460,437	9,826,605	(4,596,936)	7,690,106
Capital assets, being depreciated				
Buildings and improvements	19,955,723	4,897,447	-	24,853,170
Vehicles and accessories	8,140,145	2,254,038	-	10,394,183
Equipment	3,175,320	434,137	-	3,609,457
Total capital assets, being depreciated	31,271,188	7,585,622	-	38,856,810
Less accumulated depreciation for				
Buildings and improvements	3,971,692	718,008	-	4,689,700
Vehicles and accessories	2,977,923	371,055	-	3,348,978
Equipment	1,490,340	326,553	-	1,816,893
Total accumulated depreciation	8,439,955	1,415,616	-	9,855,571
Total capital assets being depreciated, net	22,831,233	6,170,006	-	29,001,239
Capital assets, net	\$ 25,291,670	\$15,996,611	\$(4,596,936)	\$ 36,691,345

Depreciation expense of \$1,415,616 for 2021 was charged to the fire protection and emergency services function of the District on the statement of activities.

South Adams County Fire Protection District

NOTES TO FINANCIAL STATEMENTS (continued) December 31, 2021

Note 6 – Long-term obligations

The following is an analysis of the changes in the District's long-term obligations for the year ended December 31, 2021:

	Balance at December 31, 2020	Additions	Retirements	Balance at December 31, 2021	Due Within One Year
Direct Placement Borrowings:					
Capital lease -					
fire engines (6/16)	\$ 567,000	\$ -	\$ (185,000)	\$ 382,000	\$ 189,000
Capital lease - HQ (6/16)	4,349,000	-	(392,000)	3,957,000	401,000
Capital lease -					
fire engine (12/16)	343,156	-	(111,367)	231,789	114,359
Capital lease - SCBA (12/19)	486,596	-	(75,144)	411,452	77,431
Capital lease - turnout					
gear (12/19)	103,019	-	(24,520)	78,499	25,326
Capital lease - Training					
center (3/21)	-	7,000,000	(390,000)	6,610,000	400,000
Other:					
Compensated absences	50,940	49,366	-	100,306	100,306
Total long-term obligations	<u>\$ 5,899,711</u>	<u>\$ 7,049,366</u>	<u>\$ (1,178,031)</u>	<u>\$ 11,771,046</u>	<u>\$ 1,307,422</u>

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

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

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

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

South Adams County Fire Protection District

NOTES TO FINANCIAL STATEMENTS (continued) December 31, 2021

On December 20, 2019, the District entered into a capital lease obligation with Community First National Bank for the purchase of turnout gear totaling \$126,760. The agreement calls for annual principal and interest payments of \$27,903 commencing December 20, 2020 through December 20, 2024. Interest accrues at a rate of 3.284%.

On March 17, 2021, the District entered into a capital lease obligation with BOK Financial for the acquisition and improvement of a building for a new training facility totaling \$7,000,000. The agreement calls for semi-annual payments of interest and annual payments of principal commencing June 1, 2021 through December 1, 2035. Interest accrues at a rate of 2.60%. The District has committed to various covenants that must be maintained to avoid events of default. The more significant covenants are for the District to pay any base rentals or additional rentals in accordance with the lease terms and the appropriation of funds to make all rental payments in accordance with the lease terms. In the event of default, the lessor has the right to recalculate the interest portion of the base rentals at the default rate and lease or sub-lease the property.

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

As of December 31, 2021, assets under capital leases totaled \$14,871,714 and accumulated depreciation on those assets totaled \$1,437,954.

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

Year Ending December 31,	Principal	Interest	Total
2022	\$ 1,207,115	\$ 290,005	\$ 1,497,120
2023	1,236,376	260,494	1,496,870
2024	948,233	231,204	1,179,437
2025	943,718	207,299	1,151,017
2026	966,298	183,716	1,150,014
2027-2031	4,244,000	571,604	4,815,604
2032-2035	2,125,000	139,342	2,264,342
	<u>\$ 11,670,740</u>	<u>\$1,883,664</u>	<u>\$13,554,404</u>

Debt authorization

At December 31, 2021, the District had no authorized but unissued debt.

Note 7 – Net position

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

South Adams County Fire Protection District

NOTES TO FINANCIAL STATEMENTS

(continued)

December 31, 2021

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

As of December 31, 2021, the District had net investment in capital assets of \$25,020,605.

Restricted net position is restricted for use either externally imposed by creditors, grantors, contributors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. As of December 31, 2021 the District has restricted net position of \$619,200.

The District had unrestricted net position of \$16,187,720 as of December 31, 2021.

Note 8 – Employee Retirement Plan

State Fire and Police Pension Plan (FPPA)

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

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

Description of Benefits

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

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

A member is eligible for an early retirement at age 50 with at least five years of credited service or after 30 years of service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, an employee may elect to have member contributions, along with 5

South Adams County Fire Protection District

NOTES TO FINANCIAL STATEMENTS (continued) December 31, 2021

percent as interest, returned as a lump sum distribution. Alternatively, a member with at least five years of accredited service may leave contributions with the Plan and remain eligible for a retirement pension at age 55 equal to 2 percent of the member's average highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter.

Contributions

The Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. Contribution rates for the SWDB plan are set by state statute. Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or election of the membership. Effective January 1, 2021, contribution rates for employers and members may 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 percent and 8.5 percent, respectively, of base salary for a total contribution rate of 20 percent in 2021. In 2014, the members elected to increase the member contribution rate to the SWDB plan beginning in 2015. Member contribution rates will increase 0.5 percent annually through 2022 to a total of 12 percent of pensionable earnings. Employer contributions will increase 0.5 percent annually beginning in 2021 through 2030 to a total of 13 percent of pensionable earnings. Contributions to the SWDB plan from the District were \$769,315 for the year ended December 31, 2021.

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

At December 31, 2021, the District reported an asset of \$2,065,039 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2020, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. The District's proportion of the net pension asset was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities. At December 31, 2020, the District's proportion was 0.95119 percent, which was an increase of 0.19689 percent from its proportion measured as of December 31, 2019.

For the year ended December 31, 2021, the District recognized pension expense of (\$1,117,672). 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
Difference between Expected and Actual Experience	\$ 1,751,356	\$ 8,214
Changes of Assumptions or other Inputs	878,292	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	2,121,093
Changes in Proportion and Differences between Contributions Recognized and Proportionate Share of Contributions	986,360	-
Contributions Subsequent to Measurement Date	769,315	-
Total	\$ 4,385,323	\$ 2,129,307

South Adams County Fire Protection District

NOTES TO FINANCIAL STATEMENTS (continued) December 31, 2021

\$769,315 in total reported as 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:

Year Ended December 31,	Amount
2022	\$ (83,391)
2023	191,728
2024	(165,122)
2025	190,285
2026	501,673
Thereafter	851,528
Total	\$ 1,486,701

Actuarial Assumptions

The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	Total Pension Liability	Actuarial Determined Contributions
Actuarial Valuation Date	January 1, 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%

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges

South Adams County Fire Protection District

NOTES TO FINANCIAL STATEMENTS (continued) December 31, 2021

are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (assumed at 2.5 percent). Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	39.00%	8.23%
Equity Long/Short	8.00	6.87
Private Markets	26.00	10.63
Fixed Income - Rates	10.00	4.01
Fixed Income - Credit	5.00	5.25
Absolute Return	10.00	5.60
Cash	2.00	2.32
Total	100.00	

Discount Rate

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

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate Share of the Net Pension Liability (Asset)	\$ 2,078,138	\$ (2,065,039)	\$ (5,496,108)

Pension Plan Fiduciary Net Position

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

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

South Adams County Fire Protection District

NOTES TO FINANCIAL STATEMENTS (continued) December 31, 2021

after the 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.

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

Retirees and beneficiaries	68
Inactive, non-retired members	8
Active members	<u>1</u>
Total	<u><u>77</u></u>

Benefits provided

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

Funding policy

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

Contributions

For the year ended December 31, 2021, the District contributed \$115,126 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 measurements:

South Adams County Fire Protection District

NOTES TO FINANCIAL STATEMENTS (continued) December 31, 2021

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

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

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

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

*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 this valuation, the long-term expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 2.75% (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount rate is 7.00%.

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

South Adams County Fire Protection District

**NOTES TO FINANCIAL STATEMENTS
(continued)
December 31, 2021**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	2.00%	2.32%
Fixed Income - Rates	10.00	4.01
Fixed Income - Credit	5.00	5.25
Absolute Return	10.00	5.60
Long Short	8.00	6.87
Global Equity	39.00	8.23
Private Markets	26.00	10.63
Total	<u>100.00</u>	

Changes in the Net Pension Liability

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balance at 12/31/2020	\$ 7,868,811	\$ 6,217,706	\$ 1,651,105
Changes for the year:			
Service cost	6,865	-	6,865
Interest	526,950	-	526,950
Difference between expected and actual experience	55,321	-	55,321
Employer contribution	-	115,126	(115,126)
State of Colorado discretionary payment	-	70,506	(70,506)
Net investment income	-	751,946	(751,946)
Benefit payments, including refunds	(700,490)	(700,490)	-
Administrative expenses	-	(15,623)	15,623
Net changes	<u>(111,354)</u>	<u>221,465</u>	<u>(332,819)</u>
Balance at 12/31/2021	<u>\$ 7,757,457</u>	<u>\$ 6,439,171</u>	<u>\$ 1,318,286</u>

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

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

	<u>1% Decrease 6.00%</u>	<u>Current Discount Rate 7.00%</u>	<u>1% Increase 8.00%</u>
District's Net Pension Liability	\$ 2,006,734	\$ 1,318,286	\$ 685,095

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 expense of \$2,310 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:

South Adams County Fire Protection District

**NOTES TO FINANCIAL STATEMENTS
(continued)
December 31, 2021**

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	420,501
Contributions subsequent to measurement date	115,126	-
Total	\$ 115,126	\$ 420,501

\$115,126 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. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31,	Deferred Amounts
2022	\$ (143,000)
2023	(59,088)
2024	(151,422)
2025	(66,991)
2026	-
Thereafter	-
Total	\$ (420,501)

Pension plan fiduciary net position

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

Old Hire Pension Fund

Plan Description and Provisions

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

Members Covered by Benefit Terms

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

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

South Adams County Fire Protection District

NOTES TO FINANCIAL STATEMENTS (continued) December 31, 2021

Funding Policy

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

Contributions

For the year ended December 31, 2021 the District contributed \$48,000 to the plan.

Net Pension Liability

The total pension liability is based on an actuarial valuation performed as of January 1, 2020 and a measurement date of December 31, 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, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurements:

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

Mortality rates were based on the following:

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

All tables were projected and based on Scale BB

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

South Adams County Fire Protection District

NOTES TO FINANCIAL STATEMENTS (continued) December 31, 2021

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

Investment Rate of Return 4.50%

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

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	10.00%	0.10%
Fixed Income - Rates	70.00	2.30
Fixed Income - Credit	10.00	3.50
Absolute Return	-	5.60
Long Short	-	6.90
Global Equity	10.00	7.80
Private Capital	-	10.50
Total	100.00	

South Adams County Fire Protection District

**NOTES TO FINANCIAL STATEMENTS
(continued)
December 31, 2021**

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at 12/31/2020	\$ 1,156,140	\$ 567,168	\$ 588,972
Changes for the year:			
Service cost	-	-	-
Interest	50,180	-	50,180
Difference between expected and actual experience	-	-	-
Changes in assumptions	-	-	-
Employer contribution	-	48,000	(48,000)
Net investment income	-	40,671	(40,671)
Benefit payments, including refunds	(82,960)	(82,960)	-
Administrative expenses	-	(2,511)	2,511
Net changes	<u>(32,780)</u>	<u>3,200</u>	<u>(35,980)</u>
Balance at 12/31/2021	<u>\$ 1,123,360</u>	<u>\$ 570,368</u>	<u>\$ 552,992</u>

Regarding the sensitivity of the net pension liability/(asset) to the changes in the Single Discount Rate, the following presents the plan's net pension liability/(asset), calculated using a Single Discount Rate of 4.50%, as well as what the plan's net pension liability/(asset) would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	1% Decrease 3.500%	Current Discount Rate 4.50%	1% Increase 5.50%
District's Net Pension Liability	\$ 668,461	\$ 552,992	\$ 454,630

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 expense of \$24,061 for the Old Hire 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:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	17,145
Contributions subsequent to measurement date	48,000	-
Total	<u>\$ 48,000</u>	<u>\$ 17,145</u>

\$48,000 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. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

South Adams County Fire Protection District

**NOTES TO FINANCIAL STATEMENTS
(continued)
December 31, 2021**

Year Ended December 31,	Deferred Amounts
2022	\$ (6,618)
2023	397
2024	(7,726)
2025	(3,198)
2026	-
Total	<u>\$ (17,145)</u>

Pension plan fiduciary net position

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

Note 9 – Deferred compensation plan

Fire protection employees of the District who are members of the FPPA Statewide Defined Benefit Plan may voluntarily contribute to the FPPA 457 Deferred Compensation Plan (457 Plan), an Internal Revenue Code Section 457 defined contribution plan administered by the FPPA. 457 Plan participation is voluntary, and contributions to the 457 Plan are separate from contributions made to other FPPA plans. FPPA issues a publicly available annual financial report that includes financial statements and required supplementary information for the 457 Plan. The report may be obtained at www.ffpaco.org. During 2021, the District's fire protection employees contributed \$340,714 to the 457 Plan.

Note 10 – Post Employment Health Plan

The District established a post employment health plan on May 12, 2021 for the District's collectively bargained public employees. The plan is administered by Nationwide Retirement Solutions. All collectively bargained public employees will participate in the plan and the District will match up to 1% of the employee's annual base salary. The plan has no annual maximum contribution limit for employee contributions other than defined by Retirement Health Savings limits. During 2021 there were minimal employee and employer contributions to the plan.

The District established a post employment health plan on November 30, 2021 for the District's administrative employees (non-collectively bargained employees). The plan is administered by Nationwide Retirement Solutions. All administrative employees are eligible to participate in the plan and the District will match up to 1% of the employee's annual base salary. The plan has no annual maximum contribution limit for employee contributions other than defined by Retirement Health Savings limits. During 2021 there were no employee and employer contributions to the plan.

Note 10 - Agreements

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

- Years 1-3: Sable-Altura will receive 100% of the mill levy revenue received by the District
- Years 4-5: Sable-Altura will receive 80% of the mill levy revenue received by the District

South Adams County Fire Protection District

NOTES TO FINANCIAL STATEMENTS

(continued)

December 31, 2021

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

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

Note 11 – Risk management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees or volunteers; and natural disasters. The District was a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2021. The Pool is an organization created by intergovernmental agreement to provide property, liability, public official's liability, and workers compensation coverage to its members. Settled claims have not exceeded coverage in any of the last three fiscal years.

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

Note 12 – Tax, spending and debt limitation

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

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

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

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

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

On November 6, 2018, registered electors of the District approved a ballot issue allowing the District to increase or decrease its current and all future mill levies if there are changes in the method of calculating assessed valuation including, but not limited to, a change in the percentage of actual valuation used to determine residential assessed valuation due to Article X, Section 3 of the Colorado Constitution (commonly

South Adams County Fire Protection District

NOTES TO FINANCIAL STATEMENTS

(continued)

December 31, 2021

known as the Gallagher Amendment), so that, to the extent possible, the actual tax revenues generated by such mill levies are the same as the actual tax revenues that would have been generated had such changes not occurred.

REQUIRED SUPPLEMENTARY INFORMATION

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

	2021	2020	2019	2018	2017	2016	2015
Measurement Date	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014
District's Proportion of the Net Pension Liability/(Asset)	0.9511910%	0.7542982%	0.6424784%	0.5894256%	0.5433582%	0.3762745%	0.2859886%
District's Proportionate Share of the Net Pension Liability/(Asset)	\$ (2,065,039)	\$ (426,603)	\$ 839,792	\$ (847,982)	\$ 196,336	\$ (6,633)	\$ (322,760)
District's Covered Payroll	\$ 7,640,044	\$ 5,939,425	\$ 4,449,513	\$ 4,360,663	\$ 3,592,436	\$ 2,674,100	\$ 1,843,863
District's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of Covered Payroll	-27.03%	-7.18%	18.87%	-19.45%	5.47%	-0.25%	-17.50%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/(Asset)	106.70%	101.90%	95.20%	106.30%	98.21%	100.10%	106.80%

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

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

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 769,315	\$ 611,204	\$ 475,154	\$ 355,961	\$ 348,853	\$ 287,379	\$ 213,928	\$ 147,509
Contributions in Relation to the Contractually Required Contribution	\$ 769,315	\$ 611,204	\$ 475,154	\$ 355,961	\$ 348,853	\$ 287,379	\$ 213,928	\$ 147,509
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 9,075,573	\$ 7,640,044	\$ 5,939,425	\$ 4,449,513	\$ 4,360,663	\$ 3,592,436	\$ 2,674,100	\$ 1,843,863
Contributions as a Percentage of Covered Payroll	8%	8%	8%	8%	8%	8%	8%	8%

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

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

	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Service Cost	\$ 6,865	\$ 6,865	\$ 12,967	\$ 12,967	\$ 80,536	\$ 80,536	\$ 86,605
Interest	526,950	536,899	546,996	553,831	603,035	602,152	436,518
Changes in Benefit Terms	-	381,156	-	-	-	-	2,593,866
Differences Between Expected and Actual Experience	55,321	-	(181,986)	-	(865,756)	-	(251,821)
Changes of Assumptions	-	-	284,763	-	227,419	-	-
Benefit Payments, Including Refunds of Employee Contributions	(700,490)	(671,771)	(656,113)	(659,690)	(676,250)	(665,765)	(642,125)
Net Change in Total Pension Liability	(111,354)	253,149	6,627	(92,892)	(631,016)	16,923	2,223,043
Total Pension Liability - Beginning of Year	7,868,811	7,615,662	7,609,035	7,701,927	8,332,943	8,316,020	6,092,977
Total Pension Liability - End of Year	<u>\$7,757,457</u>	<u>\$7,868,811</u>	<u>\$ 7,615,662</u>	<u>\$7,609,035</u>	<u>\$ 7,701,927</u>	<u>\$ 8,332,943</u>	<u>\$ 8,316,020</u>
Plan Fiduciary Net Position							
Contributions - Employer	\$ 115,126	\$ 78,340	\$ 78,340	\$ 78,340	\$ 267,000	\$ 660,300	\$ 657,000
Net Investment Income	751,946	821,665	8,342	864,216	313,633	122,986	397,240
Benefit Payments, Including Refunds of Employee Contributions	(700,490)	(671,771)	(656,113)	(659,690)	(676,250)	(665,765)	(642,125)
Administrative Expenses	(15,623)	(18,731)	(17,423)	(16,409)	(9,769)	(11,640)	(9,446)
State of Colorado supplemental discretionary payment	70,506	-	70,506	70,506	70,506	70,506	70,506
Net Change in Plan Fiduciary Net Position	221,465	209,503	(516,348)	336,963	(34,880)	176,387	473,175
Plan Fiduciary Net Position - Beginning of Year	6,217,706	6,008,203	6,524,551	6,187,588	6,222,468	6,046,081	5,572,906
Plan Fiduciary Net Position - End of Year	<u>\$6,439,171</u>	<u>\$6,217,706</u>	<u>\$ 6,008,203</u>	<u>\$6,524,551</u>	<u>\$ 6,187,588</u>	<u>\$ 6,222,468</u>	<u>\$ 6,046,081</u>
Net Pension Liability - End of Year	<u>\$1,318,286</u>	<u>\$1,651,105</u>	<u>\$ 1,607,459</u>	<u>\$1,084,484</u>	<u>\$ 1,514,339</u>	<u>\$ 2,110,475</u>	<u>\$ 2,269,939</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.01%	79.02%	78.89%	85.75%	80.34%	74.67%	72.70%
Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's Net Pension Liability as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

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

	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution	\$ 185,632	\$ 125,749	\$ 125,749	\$ 125,749	\$ 267,024	\$ 267,024	\$ 162,943
Contributions in Relation to the Actuarially Determined Contribution	185,632	78,340	148,846	148,846	148,846	337,506	730,806
Contribution Deficiency (Excess)	\$ -	\$ 47,409	\$ (23,097)	\$ (23,097)	\$ 118,178	\$ (70,482)	\$ (567,863)
Covered Payroll	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

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

	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Service Cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	50,180	62,852	64,003	53,442	56,383	41,926	42,990
Changes in Benefit Terms	-	-	146,390	-	203,330	-	-
Differences Between Expected and Actual Experience	-	34,613	-	19,089	-	8,488	-
Changes of Assumptions	-	261,642	-	-	-	23,386	-
Benefit Payments, Including Refunds of Employee Contributions	(82,960)	(80,543)	(78,197)	(78,002)	(112,566)	(57,177)	(57,177)
Net Change in Total Pension Liability	(32,780)	278,564	132,196	(5,471)	147,147	16,623	(14,187)
Total Pension Liability - Beginning of Year	1,156,140	877,576	745,380	750,851	603,704	587,081	601,268
Total Pension Liability - End of Year	<u>\$ 1,123,360</u>	<u>\$ 1,156,140</u>	<u>\$ 877,576</u>	<u>\$ 745,380</u>	<u>\$ 750,851</u>	<u>\$ 603,704</u>	<u>\$ 587,081</u>
Plan Fiduciary Net Position							
Contributions - Employer	\$ 48,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 290,000	\$ 19,461	\$ 10,000
Net Investment Income	40,671	61,777	915	73,431	18,077	6,476	24,779
Benefit Payments, Including Refunds of Employee Contributions	(82,960)	(80,543)	(78,197)	(78,002)	(112,566)	(57,177)	(57,177)
Administrative Expenses	(2,511)	(1,377)	(5,786)	(877)	(3,782)	(862)	(4,651)
Net Change in Plan Fiduciary Net Position	3,200	29,857	(33,068)	44,552	191,729	(32,102)	(27,049)
Plan Fiduciary Net Position - Beginning of Year	567,168	537,311	570,379	525,827	334,098	366,200	393,249
Plan Fiduciary Net Position - End of Year	<u>\$ 570,368</u>	<u>\$ 567,168</u>	<u>\$ 537,311</u>	<u>\$ 570,379</u>	<u>\$ 525,827</u>	<u>\$ 334,098</u>	<u>\$ 366,200</u>
Net Pension Liability - End of Year	<u>\$ 552,992</u>	<u>\$ 588,972</u>	<u>\$ 340,265</u>	<u>\$ 175,001</u>	<u>\$ 225,024</u>	<u>\$ 269,606</u>	<u>\$ 220,881</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	50.77%	49.06%	61.23%	76.52%	70.03%	55.34%	62.38%
Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's Net Pension Liability as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution	\$ 39,206	\$ 39,206	\$ 48,096	\$ 48,096	\$ 48,096	\$ 19,461	\$ 19,461
Contributions in Relation to the Actuarially Determined Contribution	<u>48,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>290,000</u>	<u>19,461</u>
Contribution Deficiency (Excess)	<u>\$ (8,794)</u>	<u>\$ (10,794)</u>	<u>\$ (1,904)</u>	<u>\$ (1,904)</u>	<u>\$ (1,904)</u>	<u>\$ (270,539)</u>	<u>\$ -</u>
Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

SUPPLEMENTARY INFORMATION

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

For the year ended December 31, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Grant revenue	\$ -	\$ -	\$ 50,000	\$ 50,000
Total revenues	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>50,000</u>
EXPENDITURES				
Capital outlay	7,386,804	15,747,804	13,230,950	2,516,854
Cost of debt issuance	-	45,000	42,502	2,498
Total expenditures	<u>7,386,804</u>	<u>15,792,804</u>	<u>13,273,452</u>	<u>2,519,352</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(7,386,804)	(15,792,804)	(13,223,452)	2,569,352
Other financing sources (uses)				
Proceeds from financing	2,200,000	7,000,000	7,000,000	-
Transfers from other funds	2,200,000	900,000	3,135,000	2,235,000
Total other financing sources (uses)	<u>4,400,000</u>	<u>7,900,000</u>	<u>10,135,000</u>	<u>2,235,000</u>
Change in fund balance	(2,986,804)	(7,892,804)	(3,088,452)	4,804,352
FUND BALANCES - Beginning of year	<u>12,657,833</u>	<u>8,791,470</u>	<u>11,145,315</u>	<u>2,353,845</u>
FUND BALANCES - End of year	<u>\$ 9,671,029</u>	<u>\$ 898,666</u>	<u>\$ 8,056,863</u>	<u>\$ 7,158,197</u>

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

For the year ended December 31, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
REVENUES				
Impact fees	\$ 325,000	\$ 325,000	\$ 1,034,292	\$ 709,292
Total revenues	<u>325,000</u>	<u>325,000</u>	<u>1,034,292</u>	<u>709,292</u>
EXPENDITURES				
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	325,000	325,000	1,034,292	709,292
Other financing sources (uses)				
Transfers to other funds	(500,000)	(900,000)	(635,000)	265,000
Total other financing sources (uses)	<u>(500,000)</u>	<u>(900,000)</u>	<u>(635,000)</u>	<u>265,000</u>
Change in fund balance	(175,000)	(575,000)	399,292	974,292
FUND BALANCES - Beginning of year	<u>823,449</u>	<u>804,655</u>	<u>924,289</u>	<u>119,634</u>
FUND BALANCES - End of year	<u>\$ 648,449</u>	<u>\$ 229,655</u>	<u>\$ 1,323,581</u>	<u>\$ 1,093,926</u>