

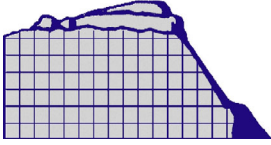
DeBEQUE FIRE PROTECTION DISTRICT

Financial Statements and
Report of Independent Auditors
For the Year Ended December 31, 2020

DeBEQUE FIRE PROTECTION DISTRICT

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December 31, 2020

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Paul D. Miller CPA, LLC.

Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
DeBeque Fire Protection District
DeBeque, Colorado

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Pages 3-5, required pension information, page 14-19, and budgetary comparison information on page 20 for the General Fund, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Paul D. Miller, CPA, LLC

Grand Junction, CO
September 10, 2021

Management's Discussion and Analysis
DeBeque Fire Protection District
Fiscal Year 2020

The discussion and analysis is designed to provide an analysis of the District's financial condition and operating results and to inform the reader on District financial issues and activities. Please read it in conjunction with the District's financial statements that follow the Management's Discussion and Analysis.

USING THIS ANNUAL REPORT

The financial statements included in this annual report are those of a special-purpose government engaged only in a government-type activity. The following statements and schedules are included:

- Statement of Net Position and governmental fund balance sheet – reports the District's current financial resources (short-term spendable resources with capital assets and short and long-term obligations). (See page 6)
- Statement of revenue, expenditures, and changes in fund balances – governmental and statement of activities – reports the District operating and non-operating revenues by major source along with operating and non-operating expenditures. (See page 7)
- Statement of revenues, expenditures, and change in fund balance actual and budget – compares the District's budgeted and actual revenues and expenditures for the year ended December 31, 2020 (See pages 21)

STATEMENT OF NET POSITION

The following table shows the condensed statement of Net Position for the past two years.

Years ended December 31,	2020	2019
Current assets	\$ 2,115,418	\$ 1,825,937
Capital assets (net of depreciation)	5,865,522	6,069,573
Net Pension Asset SWDB	36,379	-
Deferred Outflow of Resources-SWDB Pension	239,978	304,184
Total assets	8,257,297	8,199,694
Current liabilities	45,586	138,756
Deferred Inflow of Resources	1,188,305	116,441
Net Position		
Invested in capital assets	5,865,522	6,069,573
Restricted for Tabor emergency	47,350	60,000
Restricted for FPPA SWDB Pension	218,456	222,804
Nonspendable	26,365	30,525
Committed	-	-
Unrestricted	865,713	561,595
Total Net Position	\$ 7,023,406	\$ 6,944,497

Management's Discussion and Analysis
DeBeque Fire Protection District
Fiscal Year 2020

The net position of the District decreased \$78,9097 from \$6,944,497 in 2019 to \$7,023,406 in 2020. The decrease is a result of lower property tax revenue and increase depreciation. The District's total assets increased from \$8,199,694 in 2019 to \$8,257,297 in 2020 for a difference of \$57,603. The District's total liabilities increased in 2020 by \$936,170.

REVIEW OF REVENUES

Years ended December 31,	<u>2020</u>	<u>2019</u>
Operating revenue		
Charges for services	\$ 107,859	\$ 89,559
Total	<u>107,859</u>	<u>89,559</u>
Non-operating revenue		
Specific ownership tax	85,058	76,567
General property tax	1,139,879	942,381
Interest income	2,421	209
Other revenue	226,249	42,632
Grants	15,978	115,851
Total	<u>1,469,585</u>	<u>1,177,640</u>
Total revenue	<u>\$ 1,577,444</u>	<u>\$ 1,267,199</u>

The District's total revenues increased in 2020 by \$310,245 from 2019. The increase in revenue was due mainly to an increase in other revenue, and property taxes.

REVIEW OF EXPENDITURES

Years ended December 31,	<u>2020</u>	<u>2019</u>
Operating expenditures:		
Fire & ambulance operations	\$ 1,256,373	\$ 1,109,282
Depreciation	237,812	352,896
Capital outlay	33,763	172,115
Total Expenditures	<u>\$ 1,527,948</u>	<u>\$ 1,634,293</u>

The District's total expenditures decreased in 2020 by \$106,345 this was mainly due to a decrease in capital expenditures.

The major capital asset purchased, which is included in the \$33,763 total for 2020, was as follows:

Lucas Device-\$14,753; Fit Test \$11,470; Radio Unit B82 \$1,790; Bunker gear \$5,750.

Management's Discussion and Analysis
DeBeque Fire Protection District
Fiscal Year 2020

ECONOMIC AND OTHER FACTORS

DeBeque Fire Protection District became an independent District in January, 2009. The District purchased fire and emergency equipment in the first few years of operation and completed construction of a fire station in 2016.

The local economy experienced a decline in the early operating years of the District due to a decrease in oil and gas production and a general decline on the national and local levels. The economy has not fully recovered from that decline.

FINANCIAL CONTACT

The District's financial statements are designed to present users (service users, taxpayers, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. If you have any questions concerning this report or need additional financial information, please contact the Fire Chief, DeBeque Fire Protection District, 4580 I-70 Frontage Road, DeBeque, Colorado 81630, or 970-283-8632.

DeBeque Fire Protection District
Statement of Net Position and Governmental Fund Balance Sheet
December 31, 2020

	General Fund	Adjustments	Statement of Net Position
ASSETS			
Cash and cash equivalents	\$ 848,071	\$ -	\$ 848,071
Accounts receivable rescue less allowance of \$33,750	25,509	-	25,509
Property taxes receivable	1,130,404	-	1,130,404
Other current receivables	85,069	-	85,069
Prepaid Expenses	26,365	-	26,365
Net Pension Asset FPPA SWDB	-	36,379	36,379
Capital Assets (net of accumulated depreciation):			
Land and building	-	5,587,407	5,587,407
Administrative equipment	-	78,062	78,062
Fire trucks and equipment	-	118,168	118,168
Rescue vehicles and equipment	-	81,885	81,885
DEFERRED OUTFLOW OF RESOURCES			
Deferred Outflow of Resources-Pension SWDB	-	239,978	239,978
TOTAL ASSETS	\$ 2,115,418	6,141,879	\$ 8,257,297
LIABILITIES			
Accounts payable	\$ 7,440	-	7,440
Other current liabilities	11,279	-	11,279
Compensated absences	26,867	-	26,867
Net Pension Liability	-	-	-
TOTAL LIABILITIES	45,586	-	45,586
DEFERRED INFLOW OF RESOURCES			
Property taxes	1,130,404	-	1,130,404
Pension FPPA SWDB	-	57,901	57,901
TOTAL INFLOW OF RESOURCES	1,130,404	57,901	1,188,305
FUND BALANCE			
Emergency reserve - TABOR	47,350	(47,350)	-
Nonspendable	26,365	(26,365)	-
Unassigned	865,713	(865,713)	-
TOTAL FUND BALANCE	939,428	(939,428)	-
TOTAL LIABILITIES AND FUND BALANCE	\$ 2,115,418		
NET POSITION			
Invested in capital assets, net of related debt	\$ -	5,865,522	5,865,522
Restricted for:			
TABOR emergency	-	47,350	47,350
Pension FPPA SWDB	-	218,456	218,456
Nonspendable	-	26,365	26,365
Unassigned	-	865,713	865,713
TOTAL NET POSITION	\$ -	\$ 7,023,406	\$ 7,023,406

Adjustments to reconcile the governmental fund balance sheet to the statement of net assets are as follows:

Fund balance per general fund balance sheet	\$ 939,428
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	5,865,522
GASB 68 Pension Adjustment	218,456
Net Position	\$ 7,023,406

The notes to the financial statement are an integral part of this statement.

DeBeque Fire Protection District
Statement of Revenue, Expenditures, and Change in Net Position-Governmental
and Statement of Activities
For the Year Ended December 31, 2020

	General Fund	Adjustments (See Page 4)	Statement of Activities
EXPENDITURES/EXPENSES			
Fire & ambulance-operator	\$ 1,256,373	\$ -	\$ 1,256,373
Capital outlay	33,763	(33,763)	-
Pension Activity	-	4,350	4,350
Depreciation	-	237,812.00	237,812
Total expenditures/expenses:	<u>1,290,136</u>	<u>208,399</u>	<u>1,498,535</u>
PROGRAM REVENUES			
Charges for services	107,859	-	107,859
Net program (expenses) revenue	<u>(1,182,277)</u>	<u>(208,399)</u>	<u>(1,390,676)</u>
GENERAL REVENUES			
Property taxes	1,139,879	-	1,139,879
Specific ownership	85,058	-	85,058
Grant revenue	15,978	-	15,978
Interest income	2,421	-	2,421
Miscellaneous income	226,249	-	226,249
Total general revenues	<u>1,469,585</u>	<u>-</u>	<u>1,469,585</u>
Excess of Revenue over (Under) expenditure:	287,308	(208,399)	
Change in net positior			78,909
NET POSITION			
Beginning of the year	652,120	6,292,377	6,944,497
End of the year	<u>\$ 939,428</u>	<u>\$ 6,083,978</u>	<u>\$ 7,023,406</u>

The notes to the financial statement are an integral part of this statement

DeBeque Fire Protection District
Statement of Revenue, Expenditures, and Change in Net Position-Governmental
and Statement of Activities
For the Year Ended December 31, 2020

Amounts reported for the governmental activities in the statement of activities (page 6) are different because

Excess of expenditures over revenues - general funds (page 7)	\$ <u>287,308</u>
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:	
Capital outlay	33,763
Depreciation	<u>(237,812)</u>
	<u>(204,049)</u>
 GASB 68 Activity	 <u>(4,350)</u>
 Change in net position of governmental activities (page 7)	 \$ <u><u>78,909</u></u>

The notes to the financial statement are an integral part of this statement

DeBEQUE FIRE PROTECTION DISTRICT
Summary of Significant Accounting Policies
December 31, 2020

The DeBeque Fire Protection District is a special service district governed pursuant to provisions of the Colorado Special District Act. The District was established to provide fire protection and ambulance services within and surrounding the area of DeBeque in 2008.

The District operates under the Board of Directors elected by the voters of the District. The District's financial statements include the accounts and operations of all the District's functions.

The District's boundaries cover a portion of two Colorado counties, Mesa and Garfield. The District maintains fire and rescue at one location, DeBeque, Colorado.

The more significant of the District's accounting policies are described below:

A. Financial Reporting Entity

The DeBeque Fire Protection District is a special district as defined by Colorado Statutes and is governed by an elected board of directors. The Board of Directors has oversight responsibility and control over all activities within its boundaries.

The basic financial statements include only the District, as there are no component units required to be included in accordance with GASB Statement No. 14, as amended by GASB Statement No. 39, based on their operational or financial relationships with the District.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of Net Position and statement of activities) report information on all of the non-fiduciary activities of the District.

Governmental activities are supported by taxes, and charges for services. The district has no *business-type activities*, which rely to a significant extent on user charges for support.

The statement of governmental activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with the 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*.

C. Risk of Loss

The District is exposed to various risk of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the District carries commercial insurance coverage for vehicles, commercial property, commercial umbrella, commercial general liability, and management liability through the Volunteer Firemen Insurance Services.

D. Subsequent Events

The District's management has reviewed subsequent events through the date of the audit report.

E. Fund Financial Statements

The accounts of the District are organized based on funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

DeBEQUE FIRE PROTECTION DISTRICT
Summary of Significant Accounting Policies
December 31, 2020

E. Fund Financial Statements-Continued

All governmental funds are accounted for on a flow of current financial resources basis. Balance sheets for these funds generally include only current assets and current liabilities. Reported fund balances are considered a measure of available, spendable resources. Operating statements for these funds present a summary of available, spendable resources and expenditures for the period. The District has only one governmental fund, the *General Fund*, which is the general operating fund of the District. The District has no financial resources required to be accounted for in a separate fund.

F. Capital Assets and Long-Term Liabilities

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets of the District as a whole. When purchased, such assets are recorded as expenditures in the governmental type fund.

All capital assets are valued at historical cost or estimated historical costs if actual historical cost is not available. The assets have a useful life of 5 to 40 years and are depreciated on the straight-line method. It is the District's policy to capitalize individual items costing \$1,500 or more.

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

The modified accrual basis of accounting is used by all governmental funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both determined and "available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter, to be used to pay liabilities of the current period. For this purpose, the District considers revenues available within 60 days of the end of the current fiscal period. Those revenues associated with the current period susceptible to accrual are property taxes, interest revenue, and charges for services. All other revenues are reported when cash is received. Expenditures are recorded when the related fund liability is incurred.

H. Net Position

Net Position represents the difference between assets and liabilities. Net Position invested in capital assets net of related debt consists of capital assets net of accumulated depreciation and related debt. Net Position are reported as restricted when there are constraints placed on their use either by law through constitutional provisions or enabling legislation or through restrictions externally imposed by creditors, grantors, laws, or regulations of other governments.

I. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

J. Disaggregation of Receivables and Payables

Significant components of receivables and payables are disaggregated in the financial statements. All receivables are expected to be collected within one year. All material payables are expected to be paid within one year with the exception of the amounts for the accrual of compensated absences and capital leases.

DeBEQUE FIRE PROTECTION DISTRICT
Summary of Significant Accounting Policies
December 31, 2020

K. Budgets and Budgetary Accounting

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 appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

The budget is prepared on the same basis as that of the fund financial statements.

The details of the budget calendar are outlined below:

October 15	–	Deadline for Budget Officer to submit proposed budget to the government board. Governing body must publish "Notice of Budget" upon receiving proposed budget.
December 15	–	Deadline for certification of mill to the Board of County Commissioners.
December 22	–	Deadline for Board of County Commissioners to levy taxes and to certify the levies to the Assessor.
December 31	–	Statutory deadline for local governing body to adopt budget. A certified copy of the adopted budget must be sent to the Division of Local Government within 30 days of adoption.
On or before December 31	–	The District shall enact an ordinance appropriating the budget for the ensuing year.

L. Property Taxes - Receivable

Annual property taxes are levied on December 22 of each year and attached as an enforceable lien as of January 1. They are payable in full April 30, or in two equal installments due February 28 and June 30. The county bills and collects property taxes for the district. Property taxes collected by the county are remitted to the district in the subsequent month. Property taxes are reported as receivable and deferred revenue when levied and as revenue when collected in the following year.

M. Fund Equity

In the fund financial statements governmental funds report reservations of fund balance amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

N. Pensions – State Wide Defined Benefit Plan FPPA.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Fire & Police Statewide Defined Benefit Plan and additions to/deductions from Fire & Police Statewide Defined Benefit Plan's fiduciary net position have been determined on the same basis as they are reported by the Fire & Police Pension Association of Colorado. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

DeBEQUE FIRE PROTECTION DISTRICT

Notes to Financial Statements

December 31, 2020

Note 1 - Change in Capital Asset

	Balance 12/31/2019	Additions Transfers-in	Deletions Transfer-out	Balance 12/31/2020
Administrative equipment	\$ 177,160	\$ 1,790	\$ -	\$ 178,950
EMS vehicles & equipment	605,176	14,753	-	619,929
Building	5,909,866	-	-	5,909,866
Fire vehicles & equipment	2,485,691	17,220	-	2,502,911
Total	<u>9,177,893</u>	<u>33,763</u>	<u>-</u>	<u>9,211,656</u>
Less accumulated depreciation	<u>(3,332,472)</u>	<u>(237,812)</u>	<u>-</u>	<u>(3,570,284)</u>
Net depreciable assets	5,845,421	(204,049)	-	5,641,372
Construction-in-process	-	-	-	-
Land	224,150	-	-	224,150
Net Fixed Assets	<u>\$ 6,069,571</u>	<u>\$ (204,049)</u>	<u>\$ -</u>	<u>\$ 5,865,522</u>

In 2020, the Districts depreciation was \$ 237,812. This was allocated as follows:

Administration	\$ 171,417
EMS vehicles & equipment	18,076
Fire vehicles & equipment	<u>48,319</u>
Total	<u>\$ 237,812</u>

Note 2 - Budget to Actual Comparison

	<u>General Fund</u>	
Revenue & other financing resources		
GAAP Basis	\$	1,577,444
Modificatons to GAAP Basis:		
Carryover from prior year		650,653
Resources Budgetary Basis		<u>2,228,097</u>
20 Budgeted Resources		
Variance Favorable (Unfavorable)		1,995,015
	\$	<u>233,082</u>
Expenditures - GAAP Basis	\$	1,498,535
Modification to GAAP Basis:		
Depreciaton		(237,812)
Pension Activity		(4,350)
Capital Outlays		33,763
Expenditures - Budgeted Basis		<u>1,290,136</u>
20 Budgeted Expenditures		1,374,551
Variance Favorable (Unfavorable)	\$	<u>84,415</u>

DeBEQUE FIRE PROTECTION DISTRICT

Notes to Financial Statements

December 31, 2020

Note 3 – Deposits and Investments

Deposits

The District adopted GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, effective December 31, 2004. This Statement establishes and modifies disclosure requirements related to investment credit risk, including custodial credit risk and concentration of credit risk, interest rate risk and foreign currency risk, as well as deposit custodial credit risk and foreign currency risk.

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. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 100% of the uninsured deposits. Collateral in the pool is considered equal to depository insurance pursuant to definitions listed in GASB Statement No. 40. At December 31, 2020, the District's cash deposits were \$848,071 of which \$347,971 is covered by F.D.I.C. insurance, \$500,000 is covered by PDPA, and \$100 is uninsured.

At December 31, 2020, the reconciled balance of the District consisted of the following:

Petty cash	\$ 100
Cash in bank	461,339
Money market	<u>386,632</u>
Cash and Cash Equivalents	<u>\$ 848,071</u>

Note 4 - Tax, Spending, and Debt Limitation

In November 1992, the voters of Colorado approved Amendment 1, commonly known as the Taxpayer's Bill of Rights (TABOR), which adds a new Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue, and debt limitations that apply to the State of Colorado and all local governments.

The initial base for local government spending and revenue limits is 1992 Fiscal Year Spending. Future spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 1% of Fiscal Year Spending (excluding bonded debt service) in 1993, 2% in 1994 and 3% thereafter. Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

TABOR requires, with certain exceptions, voter approval prior to imposing new taxes, increasing a tax rate, increasing a mill levy above that for the prior year, extending an expiring tax, or implementing a tax policy change directly causing a net tax revenue gain to any local government.

The District believes it is compliance with this amendment.

DeBEQUE FIRE PROTECTION DISTRICT

Notes to Financial Statements

December 31, 2020

Note 5 – Operating Leases

For 2020, the following are the operating leases the District had.

The District leases a copier. The term is for 60 months, beginning February 2019 and running through January, 2021. The annual payments are \$1,711 through December 2020, with a final payment of \$143, in January of 2021. The total remaining lease payments are \$143.

Note 6 – Fund Balance Classification Policies and Procedures

During 2011, the District implemented GASB 54, Fund Balance Classification. With this new GASB, the fund balance is broken into five classifications. (1) Non-spendable – not in spendable form, (2) Restricted-fund constrained by external parties, (3) Committed – constraints on use of funds imposed by the highest level of decision-making authority, in the districts case that is the Board of Directors. The funds must be established, modified, or rescinded by use of resolution of the Board. (4) Assigned – funds intended to be used for a specific purpose, where the intent is expressed by an official authorized by the governing board, in the Districts case that is the Fire Chief and (5) Unassigned – which are funds available for any purpose. The District does not have Committed or Assigned fund classification in 2020.

It is the District's policy to spend restricted funds first then unrestricted funds for the purpose for which both funds are available and committed and assigned funds are spent when expenditure are incurred for purposes for which amount in any of those unrestricted fund balance classification could be used.

The District does have fund classification as follows:

- Restricted which is dictated by Colorado State Law
- Non-spendable, which is its prepaid expenses,
- Unassigned.

Note 7 - Employee Retirement Plan

General Information about the Fire & Police Statewide Defined Benefit Plan

Plan description

The Plan is a cost-sharing multiple-employer defined benefit pension plan covering substantially all full-time employees of participating fire or police departments in Colorado hired on or after April 8, 1978 (New Hires), provided that they are not already covered by a statutorily exempt plan. As of August 5, 2003, the Plan may include clerical and other personnel from fire districts whose services are auxiliary to fire protection. The Plan became effective January 1, 1980.

Colorado Revised Statutes Title 31, Article 31 grants the authority to establish and amend the benefit terms to the Fire & Police Pension Association of Colorado Board of Directors. The Fire & Police Pension Association of Colorado issues a publicly available financial report that can be obtained at www.fppaco.org.

DeBeque Fire Protection District
Notes to the Financial Statements
December 31, 2020

Note 7 - Employee Retirement Plan-continued

General Information about the Fire & Police Statewide Defined Benefit Plan-continued

Benefits provided.

The annual normal retirement benefit is 2 percent of the average of the member's highest three years' pensionable earnings for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter. The benefit earned prior to January 1, 2007 for members of affiliated Social Security employers will be reduced by the amount of Social Security income payable to the member annually. Effective January 1, 2007, members 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.

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).

Contributions

Through December 31, 2020, contribution rates for the Plan are set for the SWDB 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 employer and members.

Members of this Plan and their employers are contributing at the rate of 10.5 percent and 8 percent, respectively, of pensionable earnings, for a total of 18.5 percent.. Member Employer contributions will increase 0.5 percent annually beginning in 2021 through 2030 to a total of 13 percent of pensionable earnings. Member's contribution rates will increase 0.5 percent annually through 2020 to a total of 12 percent of pensionable earnings.

Contributions from members and employers of departments re-entering the system are established by resolution and approved by the FPPA Board of Directors. The reentry group has a combined contribution rate of 22.5 percent and 23 percent of pensionable earnings in 2019 and 2020 respectively. In 2019, it is a local decision on who pays the additional 4 percent contribution. The member and employer contribution rates will increase through 2030 to a total of 13 percent of pensionable earnings.

The contribution rate for members and employers of affiliated social security employers is 5.25 percent and 4 percent, respectively, of pensionable earnings for a total contribution rate of 9.25 percent in 2019 and 9.50 percent in 2020. Per the 2014-member election, members of the affiliated social security group had their required contribution rate increase 0.25 percent annually beginning in 2015 through 2022 to a total of 6 percent of base salary. Employer contributions will remain at 4 percent resulting in a combined contribution rate of 10 percent in 2022.

Basis of Presentation

The underlying financial information used to prepare the Schedule of Employer Contributions and Schedule of Collective Pension Amounts is based on FPPA's financial statements. FPPA follows the accounting principles and reporting guidelines as set forth by Governmental Accounting Standards Board. The financial statements are prepared using the accrual basis of accounting and reflect the overall operations of FPPA. Employer contributions in FPPA's financial statements are recognized in the period in which the contributions are due

DeBeque Fire Protection District
Notes to the Financial Statements
December 31, 2019

Note 7 - Employee Retirement Plan-continued

General Information about the Fire & Police Statewide Defined Benefit Plan-continued

Basis of Presentation-continued

Employer contributions received and processed within the year ended December 31, 2019 are used as the basis for reporting within the Schedule of Employer Contributions. As reported in FPPA's Other Supplementary Schedule of Fiduciary Net Position by Participating Employer in the December 31, 2019 Comprehensive Annual Financial Report (CAFR), employer contributions to the SWDB plan were \$58,608,381 compared to total employer contribution of \$58,962,621 on the Schedule of Employer Contributions. Significant adjustments of approximately \$0.4 million were made to the total employer contributions to annualize departments that joined the plan that joined the plan during the year. Additional adjustments were made to reduce employer contributions to zero for departments that had no remaining members at year end and for known significant adjustments of non-recurring amounts.

The Schedule of Collective Pension Amounts represents total pension amounts for the SWDB plan. This schedule excludes employer-specific deferral amounts that may need to be recognized to comply with Governmental Accounting /standards Board (GASB) Statement No. 68, Accounting, and Financial Reporting for Pensions. Specifically, this schedule excludes deferral amounts arising from the changes in employer proportion, differences between contributions and proportionate share of contributions, and employer contributions subsequent to the measurement date.

Contributions to the Plan from the Department were \$43,918 for the year ended December 31, 2020.

Actuarial Valuation Dates

The collective total pension liability as of December 31, 2019 is based upon the January 1, 2020 actuarial valuation. The actuarially determined contributions as of December 31, 2019 are based upon the January 1, 2019 valuation.

Actuarial assumptions

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

	Total Pension Liability	Actuarial Determined Contribution
	January 1, 2020	January 1, 2019
Actuarial Valuation Date	January 1, 2020	January 1, 2019
Actuarial Method	Entry Age Normal	Entry Age Normal
Amortization Method	N/A	Level % of Payroll, Open
Amortization Period	N/A	30 Years
Long-term Investment Rate of Return*	7.00%	7.00%
Projected salary Increases*	4.25% - 11.25%	4.0% - 11.25%
Cost of Living adjustments (COLA)	0%	0%
*Includes Inflation at	2.50%	2.50%

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

DeBeque Fire Protection District
Notes to the Financial Statements
December 31, 2019

Note 7 - Employee Retirement State Wide Plan-continued

General Information about the Fire & Police Statewide Defined Benefit Plan-continued

Actuarial assumptions-continued

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 purchase of service credit and other benefits where actuarial factors are used.

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

Asset Class	Target Allocation	Long Term Expected Rate of Return
Global Equity	38.0%	7.00%
Equity Long/Short	8.0%	6.00%
Private Markets	25.0%	9.20%
Fixed Income	15.0%	5.20%
Absolute Return	8.0%	5.50%
Managed Futures	4.00%	5.00%
Cash	<u>2.00%</u>	2.52%
Total	<u>100%</u>	

The discount rate used to measure the total pension liability was 7.0%. 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 of the Board's funding policy, which establishes the contractually required rates under Colorado statute. 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.

At December 31, 2020, the Department reported a Net Pension Asset of \$36,379, as its proportionate share of the net pension liability/ (asset). The net pension liability/ (asset) was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability/ (asset). The Department's proportion of the net pension liability/ (asset) was based on a projection of the Department's long-term share of contributions to the pension plan relative to the projected contributions of all participating Departments, actuarially determined. At December 31, 2019, the Department's proportion was .0643 percent, which was an increase/ (decrease) of (.001) percent from its proportion measured as of December 31, 2018.

DeBeque Fire Protection District
Notes to the Financial Statements
December 31, 2019

Note 7 - Employee Retirement State Wide Plan-continued

General Information about the Fire & Police Statewide Defined Benefit Plan-continued

Discount rate

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00%; 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%.

Regarding the sensitivity of the net pension liability/(asset) to changes in the Single Discount Rate, the following presents the plan's net pension liability, calculated using a Single Discount of 7.00%, as well as what the plan's net pension liability/(asset) would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	<u>1.00% Decrease*</u>	<u>Current Discount Rate*</u>	<u>1.00% Increase*</u>
Department's proportionate share of the net pension liability/(asset)	\$220,576	\$ (36,379)	\$ (249,489)

For the year ended December 31, 2020, the Department recognized pension expense of \$43,918. At December 31, 2020 the Department reported deferred outflows of resource and deferred inflow of resources related to pensions from the following sources:

Reconciliation of Collective Deferred Outflows and Inflows of Resources

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between actual and expected experience	\$ -	\$ 57,901
Changes in assumptions	-	-
Net difference between actual and projected earnings on pension plan investments	-	-
Changes in proportion and difference between Department contributions and proportionate share of contributions	196,060	-
Department contributions subsequent to the measurement date	43,918	-
Total	\$ 239,978	\$ 57,901

DeBeque Fire Protection District
Notes to the Financial Statements
December 31, 2019

Note 7 - Employee Retirement State Wide Plan-continued

General Information about the Fire & Police Statewide Defined Benefit Plan-continued

Net Amount of Collective Deferred Inflows and Outflows of Resources in Collective Net Pension Expense in Subsequent Years

The following table presents the SWDB plan net amounts of collective deferred inflows and outflows of resources that will be recognized in the collective pension expense for each of the subsequent five years and in the aggregate thereafter.

December 31,	Collective Pension Expense
2020	\$ 12,711
2021	7,818
2022	26,423
2023	2,291
2024	26,694
Thereafter	58,291

Note 8 - Statewide Death and Disability Plan

Plan Description – The District contributes to the Statewide Death and disability Plan (SWD&DP), a cost sharing multiple-employer death and disability plan administered by FPPA. The SWD&DP covers full-time employees of substantially all fire and police departments in Colorado. As of August 1, 2003, the SWD&DP may include part-time police and fire employees. Contributions to the SWD&DP are used solely for the payment of death and disability benefits. Employers who are covered by social security may elect supplementary coverage by the Plan. The Plan was established in Section 1098 pursuant to Colorado Revised Statutes. FPA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the SWD&DP. That report can be obtained at www.fppaco.org.

Funding Policy – The District and/or employee is required to contribute at a rate of 2.8% of pensionable earnings for all members as set by statute. All contributions are made by members or on behalf of members. The 2.8% contribution may be paid entirely by the employer or the member, or it may be split between SWD&DP on behalf of the employees was \$15,371 equal to the required contribution for each year

REQUIRED SUPPLEMENTAL INFORMATION

**DeBeque Fire Protection District
Notes to the Financial Statements
For the Year Ended December 31, 2020**

REQUIRED SUPPLEMENTARY INFORMATION

**Schedule of the Department's Proportionate Share of the Net Pension Liability/ (Asset)
Fire & Police Statewide Defined Benefit Plan
As of December 31,**

	2020	2019
Department's proportion of the net pension liability/(asset)	.00643%	.0637%
Department's proportionate share of the net pension liability/(asset)	\$(36,379)	\$80,520
Department's covered payroll	\$548,976	\$459,487
Department's proportionate share of the net pension liability/(asset) as a percentage of is covered payroll	6.63%	17.5%
Plan fiduciary net position as a percentage of the total pension liability	101.9%	95.2%

**Schedule of Department Contributions
Fire & Police Statewide Defined Benefit Plan
As of December 31,**

	2020	2019
Contractually required contribution	\$37,927	\$36,759
Contributions in relation to the contractually required contribution	\$43,918	\$36,759
Contribution deficiency (excess)	\$(5,991)	\$ -
Department's covered payroll	\$548,976	\$459,487
Contributions as a percentage of covered-employee payroll	8.0%	8.0%

**Notes to Required Supplementary Information
For the Year Ended December 31, 2020**

Changes in plan provisions. The plan provisions have not changed since the prior valuation. The member contribution rate will increase in 2020 as a result of the member election.

Benefit Adjustments. Benefits to members and beneficiaries may be increased annually on October 1. The amount is based on the Fire & Police Pension Association Board of Directors discretion and can range from 0 percent to 3 percent. Benefit adjustment may begin once the retired member has been receiving retirement benefits for at least 12 calendar months prior to October 1.

Subsequent Event – House Bill 20-1044 was signed into law on April 2020, included in the bill is a provision to increase the benefits of the members of the Statewide Defined Benefit Plan through a Rule of 80 provision effective January 1, 2021. This provision provides for a normal retirement as early as age 50 if the member's age combined with years of service totals at least 80. The impact of this change was not included in the Total Pension Liability or the Collective Pension Expense as of the December 31, 2019 measurement period. This will be reflected in the December 31, 2020 measurement period. The impact of the benefit adjustment is approximately \$53 million

DeBeque Fire Protection District
Statement of Revenues, Expenditures
Actual and Budget
For the Year Ended December 31, 2020

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenue:			
General property taxes	\$ 1,138,527	\$ 1,139,879	\$ 1,352
Specific ownership tax	69,235	85,058	15,823
Ambulance	81,300	107,859	26,559
Grant Revenue -Net	28,000	15,978	(12,022)
Interest income	200	2,421	2,221
Miscellaneous	27,100	226,249	199,149
Total Revenues	<u>1,344,362</u>	<u>1,577,444</u>	<u>233,082</u>
Expenditures:			
Administrative:			
Salaries	765,000	649,021	115,979
Payroll benefits	165,500	197,849	(32,349)
SWDB Pension expense	-	43,918	(43,918)
Insurance	25,900	38,089	(12,189)
Office expense	33,890	39,951	(6,061)
Professional	55,000	46,543	8,457
Dues and fees	3,200	1,536	1,664
Crew supplies & equipment	1,315	479	836
Treasurers fees	22,946	22,798	148
Director's fees	6,500	6,600	(100)
Equipment repairs	18,500	21,430	(2,930)
Bad debt expense	38,000	94,817	(56,817)
Contingency	-	-	-
Capital Outlay-Small Equipment	-	-	-
Firefighting expense:			
Supplies and expense	25,235	21,153	4,082
Capital outlays	-	-	-
Communication:			
911 expense	6,375	6,976	(601)
Capital outlay	-	-	-
Ambulance services:			
Supplies and expense	83,440	33,383	50,057
Capital outlay	-	-	-
Building and Grounds:			
Supplies and expense	31,750	31,830	(80)
Total Expenditures	<u>1,282,551</u>	<u>1,256,373</u>	<u>26,178</u>
Capital Outlay Major	<u>92,000</u>	<u>33,763</u>	<u>58,237</u>
Total	<u>1,374,551</u>	<u>1,290,136</u>	<u>84,415</u>
Revenue Over (Under) Expenditures	<u>\$ (30,189)</u>	\$ 287,308	<u>\$ 317,497</u>
ADJUSTMENTS TO BUDGET BASIS:			
Beginning Net Position		652,120	
Ending Net Position		<u>\$ 939,428</u>	