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**PAGOSA FIRE**  
**PROTECTION DISTRICT**  
*FINANCIAL STATEMENTS*  
*DECEMBER 31, 2020*

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CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

## **Independent Auditors' Report**

Board of Directors  
Pagosa Fire Protection District  
Pagosa Springs, Colorado

### **Report On The Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Pagosa Fire Protection District (the District) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***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.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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 auditors' 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the District as of December 31, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis Of Matter***

As discussed in Note 1, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, effective for the year ended December 31, 2020. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i through v, the budgetary comparison schedule, schedule of the District's proportionate share of the net pension (asset) liability, schedule of the District's contributions to the pension plan, schedule of changes in the District's net pension liability and related ratios and the schedule of the District's contributions and notes to required supplementary information on pages 42 through 48, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context.

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

*Other 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 individual fund budgetary comparison schedule for the pension trust fund is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The individual fund budgetary comparison schedule for the pension trust fund 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. Such 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 individual fund budgetary comparison schedule for the pension trust fund is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*RubinBrown LLP*

June 9, 2021

## **MANAGEMENT’S DISCUSSION AND ANALYSIS**

As management of the Pagosa Fire Protection District (the District), we offer readers of the District’s financial statements this narrative overview and analysis of the financial activities of the Pagosa Fire Protection District for the year ended December 31, 2020.

This discussion and analysis is intended to be an easily readable analysis of Pagosa Fire Protection District’s financial activities based on currently known facts, decisions or conditions. This analysis focuses on current year activities and should be read in conjunction with the financial statements that follow.

### **Financial Highlights**

1. The District’s net position is \$4,055,525 at December 31, 2020 compared to the beginning net position of \$3,501,641 at December 31, 2019.
2. Total revenues of \$2,927,361 were greater than total expenditures of \$2,373,477 by \$553,884.

### **Overview of Financial Statement**

This discussion and analysis is intended to serve as an introduction to the District’s basic financial statement. The District’s basic financial statements are comprised of three (3) components:

1. Government-wide financial statements;
2. Fund financial statements;
3. Notes to the financial statements.

### **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 governmental activity of the District is primarily providing fire and emergency services for the Pagosa Fire Protection District.

The statement of net position presents information on all of the District’s assets, liabilities, and deferred inflows/outflows with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the 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 in this statement for some items that will only result in cash flows in future fiscal periods.

The District adopts an annual appropriated budget for its General and Pension Funds. A budgetary comparison has been provided for these funds to demonstrate compliance with this budget.

## **Fund Financial Statements**

Fund financial statements begin on page 6 and provides detailed information about the individual funds – not the District as a whole. The District has one governmental fund: The General Fund.

- Governmental funds – The governmental funds focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the District’s general government operations and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District’s programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is presented in a reconciliation included with the fund financial statements.
- Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District’s programs.
- The District uses a pension trust fund to account for the accumulation of resources to be used for retirement payments for volunteer firefighters.

## **Notes to the financial statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

## **The District as a Trustee**

The District is a trustee, or fiduciary, for its employees’ pension plans. The District’s fiduciary activities are reported in a separate Statement of Pension Trust Fund Net Position and Changes in Pension Trust Fund Net Position on pages 10 and 11. We exclude these activities from the District’s other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in this fund are used for their intended purpose.



The following tables provide summaries of the District's net position and activities for 2020 compared to 2019.

<b>Condensed Statement of Net Position</b>		
	<b>FY2019</b>	<b>FY2020</b>
Current Assets	\$ 3,439,852	\$ 3,735,888
Capital Assets, Net	3,492,085	3,984,688
Other Assets	-	52,032
<b>Total Assets</b>	<b>6,931,937</b>	<b>7,772,608</b>
Deferred Outflows of Resources	540,034	342,171
Current Liabilities	177,756	170,335
Long-term Liabilities	1,069,363	1,056,732
<b>Total Liabilities</b>	<b>1,247,119</b>	<b>1,227,067</b>
Deferred Inflows of Resources	2,723,211	2,832,187
Net Position:		
Net Investment in Capital Assets	3,053,190	3,153,901
Restricted	140,929	62,706
Unrestricted	307,522	838,918
<b>Total Net Position</b>	<b>\$ 3,501,641</b>	<b>\$ 4,055,525</b>

<b>Condensed Statement of Activities</b>		
	<b>FY2019</b>	<b>FY2020</b>
Program Revenues:		
Charges for Service	\$ 21,309	\$ 10,780
Operating Grants and Contributions	143,147	323,788
Capital Grants and Contributions	-	-
<b>Total Program Revenues</b>	<b>164,456</b>	<b>334,568</b>
General Revenues:		
Taxes	2,266,505	2,579,441
Intergovernmental	10,599	-
Interest	198	207
Miscellaneous	66,649	13,145
<b>Total General Revenues</b>	<b>2,343,951</b>	<b>2,592,793</b>
<b>Total Revenues</b>	<b>2,508,407</b>	<b>2,927,361</b>
Expenses:		
Firefighting and Admin	2,182,942	2,330,287
Interest	-	43,190
<b>Total Expenses</b>	<b>2,182,942</b>	<b>2,373,477</b>
Change in Net Position	325,465	553,884
Net Position-Beginning	3,176,176	3,501,641
Net Position – End of Year	\$ 3,501,641	\$ 4,055,525

## Financial Analysis

Statement of net position: Net position, the excess of assets and deferred outflows over liabilities and deferred inflows, may serve, over time, as a useful indicator of a government's financial position. The District's assets are \$7,772,608 at the close of the most recent fiscal year. The overall net position increased by \$553,884. Net investment in capital assets increased from \$3,053,190 at December 31, 2019 to \$3,153,901 at December 31, 2020. Unrestricted net position increased from \$307,522 at December 31, 2019 to \$838,918 at December 31, 2020. Restricted net position decreased from \$140,929 at December 31, 2019 to \$62,706 at December 31, 2020.

A large portion of the District's net position is its investment in capital assets. These assets include apparatus, vehicles, buildings, land and equipment. The District uses these capital assets to provide services and consequently, these assets are not available to liquidate liabilities or for other spending.

The wildland fire program continues to have a positive impact on the finances of the District as serving as a cooperator to local state and national fires.

## **Statement of Activities**

The Town of Pagosa Springs, Colorado no longer collects Impact Fees for Pagosa Fire Protection District. The last collected impact fees for 2020 were \$157. Impact fees are collected as a result of development growth in Archuleta County and the Town of Pagosa Springs. Impact Fees have been collected and distributed to the District through the Town of Pagosa Springs. They are used to reduce the burden of new development on current and future services. The account that held the impact fees was changed to a Capital Reserve account. Pagosa Fire has two reserve accounts, one which holds capital funds and the other holds unrestricted general fund reserves. Budgeted funds are transferred from the general fund into the reserve accounts at the end of each year. The District's taxes increased from \$2,266,505 in 2019 to \$2,579,441 in 2020 as a result of growth in property taxes and specific ownership taxes.

## **Capital Assets and Long-Term Debt**

**Capital Assets:** The District's net investment in capital assets as of December 31, 2020 is \$3,153,901.

**Long Term Debt:** As of December 31, 2020, the Board of Directors authorized a lease/purchase agreement between the District and the Bank of the San Juans. The Site Lease Purchase Agreement is for property located at 165 N. Pagosa Blvd, Pagosa Springs, Colorado. The annual lease rental amount, not to exceed \$35,000, is payable in quarterly installments over a twenty (20) year lease term.

## **Budget Analysis**

As of December 31, 2020, the District's general fund revenues of \$2,927,361 were below the final budget of \$2,932,217 by \$4,856. As of December 31, 2020, the District's general fund expenditures of \$2,891,892 was below the final budget of \$2,902,414 by \$10,522. In total, the excess of revenues over expenditures within the general fund experienced a favorable budget variance \$5,666.

## **Requests for Information**

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Chief and the Finance Administrator, Pagosa Fire Protection District, 191 N. Pagosa Blvd., Pagosa Springs, CO 81147.

# PAGOSA FIRE PROTECTION DISTRICT

## STATEMENT OF NET POSITION

December 31, 2020

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash	\$ 1,293,958
Cash held with County Treasurer	20,949
Receivables:	
Property taxes	2,337,380
Prepaid items	83,601
Nondepreciable capital assets	362,651
Depreciable capital assets - net	3,622,037
Net pension asset - SWDBP	52,032
<b>Total Assets</b>	<u>7,772,608</u>
 <b>Deferred Outflows Of Resources</b>	
Deferred outflows pension - SWDBP	342,171
<b>Total Deferred Outflows Of Resources</b>	<u>342,171</u>
 <b>Liabilities</b>	
Accounts payable	4,654
Accrued expenses	44,071
Accrued interest payable	12,114
Noncurrent liabilities:	
Due within one year	109,496
Due in more than one year	832,666
Net pension liability - Volunteer Pension	224,066
<b>Total Liabilities</b>	<u>1,227,067</u>
 <b>Deferred Inflows Of Resources</b>	
Unearned property tax revenue	2,337,380
Deferred inflows pension - SWDBP	201,200
Deferred inflows pension - Volunteer Pension	293,607
<b>Total Deferred Inflows Of Resources</b>	<u>2,832,187</u>
 <b>Net Position</b>	
Net investment in capital assets	3,153,901
Restricted for:	
TABOR	62,706
Unrestricted	838,918
<b>Total Net Position</b>	<u>\$ 4,055,525</u>

**PAGOSA FIRE PROTECTION DISTRICT**

**STATEMENT OF ACTIVITIES**

**For The Year Ended December 31, 2020**

	<b>Expenses</b>	<b>Charges For Services</b>	<b>Operating Grants And Contributions</b>	<b>Capital Grants And Contributions</b>	<b>Net Revenue (Expense) And Change In Net Position</b>
<b>Primary Government</b>					
Governmental activities:					
Public safety	\$ 2,330,287	\$ 10,780	\$ 323,788	\$ —	\$ (1,995,719)
Interest on long-term debt	43,190	—	—	—	(43,190)
<b>Total Governmental Activities</b>	<b>\$ 2,373,477</b>	<b>\$ 10,780</b>	<b>\$ 323,788</b>	<b>\$ —</b>	<b>(2,038,909)</b>
<b>General Revenues</b>					
Property taxes					2,323,133
Specific ownership taxes					256,308
Intergovernmental					1,020
Investment income					207
Other					12,125
<b>Total General Revenues</b>					<b>2,592,793</b>
<b>Change In Net Position</b>					<b>553,884</b>
<b>Net Position - Beginning Of Year</b>					<b>3,501,641</b>
<b>Net Position - End Of Year</b>					<b>\$ 4,055,525</b>

**PAGOSA FIRE PROTECTION DISTRICT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**December 31, 2020**

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**Assets**

	<b>General Fund</b>
<b>Assets</b>	
Cash	\$ 1,293,958
Cash held with County Treasurer	20,949
Receivables:	
Property taxes	2,337,380
Prepaid items	83,601
<b>Total Assets</b>	<b>\$ 3,735,888</b>

**Liabilities, Deferred Inflows Of Resources And Fund Balances**

<b>Liabilities</b>	
Accounts payable	\$ 4,654
Accrued liabilities	44,071
<b>Total Liabilities</b>	<b>48,725</b>
<b>Deferred Inflows Of Resources</b>	
Unavailable revenue - property taxes	2,337,380
<b>Fund Balances</b>	
Nonspendable:	
Prepaid items	83,601
Restricted:	
TABOR	62,706
Unassigned	1,203,476
<b>Total Fund Balances</b>	<b>1,349,783</b>
<b>Total Liabilities, Deferred Inflows Of Resources And Fund Balances</b>	<b>\$ 3,735,888</b>

**PAGOSA FIRE PROTECTION DISTRICT**

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**RECONCILIATION OF THE BALANCE SHEET OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION  
December 31, 2020**

**Fund Balances - Total Governmental Funds** \$ 1,349,783

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.

Capital assets	\$ 8,400,274	
Accumulated depreciation	(4,415,586)	3,984,688

Pension plan accounts, such as deferred inflows/outflows and net pension liability, are not receivable or payable in the current period and, therefore, are not reported in the governmental funds.

Net pension asset		52,032
Deferred outflows pensions		342,171
Net pension liability		(224,066)
Deferred inflows pensions		(494,807)

Liabilities not due and payable in the current period are not reported in the governmental funds.

Accrued interest payable	-	(12,114)
Compensated absences		(111,375)
Capital leases payable		(830,787)

**Net Position Of Governmental Activities** **\$ 4,055,525**

# PAGOSA FIRE PROTECTION DISTRICT

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS For The Year Ended December 31, 2020

	<b>General Fund</b>
<b>Revenues</b>	
Property taxes	\$ 2,323,133
Specific ownership taxes	256,308
Wildland fire reimbursement	308,900
Intergovernmental	1,020
Earning on investments	207
Permit fees	7,042
Special fire protection	3,738
Grant revenue	2,725
Contributions	12,163
Other income	12,125
<b>Total Revenues</b>	<u>2,927,361</u>
<b>Expenditures</b>	
General government:	
Fire administration	1,715,968
Fire fighting	180,912
Fire prevention	8,644
Fire training	11,564
Fire communications	52,883
Fire maintenance	61,808
Station and grounds	58,429
Capital outlay	730,500
Debt service:	
Principal	40,108
Interest	31,076
<b>Total Expenditures</b>	<u>2,891,892</u>
<b>Excess Of Revenues Over Expenditures</b>	<u>35,469</u>
<b>Other Financing Sources (Uses)</b>	
Proceeds from issuance of capital leases	432,000
Transfer to Pension Trust Fund	(144,990)
<b>Total Other Financing Sources (Uses)</b>	<u>287,010</u>
<b>Net Change In Fund Balances</b>	322,479
<b>Fund Balance - Beginning Of Year</b>	<u>1,027,304</u>
<b>Fund Balance - End Of Year</b>	<u>\$ 1,349,783</u>



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## PAGOSA FIRE PROTECTION DISTRICT

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### 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, 2020

**Net Change In Fund Balances - Total Governmental Funds** \$ 322,479

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

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets is capitalized and depreciated over their estimated useful lives.

Capital outlay	\$ 722,376	
Depreciation	<u>(229,773)</u>	492,603

Pension benefit (expense) does not use current financial resources and, therefore, is not reported as an expenditure in governmental funds. 178,900

The issuance of long-term debt (i.e., bonds and leases) provides current financial resources to governmental funds, while the repayment of principle of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities. The amount is the net effect of these differences in the treatment of long-term debt and related items.

Compensated absences	(36,092)	
Accrued interest payable	(12,114)	
Capital lease proceeds	(432,000)	
Debt service - principal	40,108	<u>(440,098)</u>

**Change In Net Position Of Governmental Activities** \$ 553,884

**PAGOSA FIRE PROTECTION DISTRICT**

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**STATEMENT OF PLAN NET POSITION -  
PENSION TRUST FUND**

**December 31, 2020**

<b>Assets</b>	
Investments	\$ 3,879,029
Contributions receivable	30,596
<b>Total Assets</b>	<u>3,909,625</u>
<b>Net Position Restricted For Pension Benefits</b>	<u>\$ 3,909,625</u>

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**PAGOSA FIRE PROTECTION DISTRICT**  
**STATEMENT OF CHANGES IN PLAN NET POSITION -**  
**PENSION TRUST FUND**  
**For The Year Ended December 31, 2020**

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**Additions**

Contributions:

District	\$ 144,989
State	30,596
<b>Total Contributions</b>	<u>175,585</u>

Investment income:

Net appreciation in fair value of investments	394,437
Interest	508
Dividends	67,890
<b>Total Investment Income</b>	<u>462,835</u>

<b>Total Additions</b>	<u>638,420</u>
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**Deductions**

Benefits	309,498
Professional fees	36,026
AD&D insurance	2,869
<b>Total Deductions</b>	<u>348,393</u>

<b>Net Increase In Net Position Held In Trust For Pension Benefits</b>	290,027
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<b>Net Position Restricted For Pension Benefits - Beginning Of Year</b>	<u>3,619,598</u>
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<b>Net Position Restricted For Pension Benefits - End Of Year</b>	<u><u>\$ 3,909,625</u></u>
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# PAGOSA FIRE PROTECTION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

December 31, 2020

### 1. Summary Of Significant Accounting Policies

#### **Organization**

The Pagosa Fire Protection District (the District) was established on July 9, 1975 as a special district as defined by the 1973 Colorado Revised Statutes (C.R.S.). The District was formed to provide fire protection to its inhabitants. The statutes provide that the Chairman of the Board of Directors is the chief administrative officer and that the Board of Directors shall be the policy-making authority.

#### **Reporting Entity**

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements that 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 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.

#### **Basis Of Presentation**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

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

## PAGOSA FIRE PROTECTION DISTRICT

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### Notes To Financial Statements (*Continued*)

The statement of 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 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 instead as general revenues. The District does not allocate indirect expenses to functions in the statement of activities.

Separate financial statements are provided for the governmental fund and the fiduciary fund, even though the latter is excluded from the government-wide financial statements. The District reports a single major fund: the General Fund.

#### **Accounting Policies**

The accounting policies of the District conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The District uses funds to maintain its financial records during the year.

Fund financial statements consist of a series of statements focusing on information about the District's major governmental funds.

The following is the District's major governmental fund:

***General Fund*** - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Additionally, the District reports the following fiduciary fund type:

***Pension Trust Fund*** - The Pension Trust Fund accounts for transactions relating to assets held by the District in its capacity of trustee for the Volunteer Firefighter Pension Fund. For the year ended December 31, 2020, the District implemented GASB Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria is generally on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The implementation of this statement had no effect on how the District reports their Pension Trust Fund.

## **PAGOSA FIRE PROTECTION DISTRICT**

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### Notes To Financial Statements (*Continued*)

#### **Measurement Focus And Basis Of Accounting**

The government-wide financial statements and the fiduciary fund are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when a liability is incurred, regardless of the timing of 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 all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Only current assets and liabilities are included on the balance sheet, and the fund balance includes only spendable resources. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of certain deferred outflows of resources and in the presentation of expenses versus expenditures. Under the modified accrual basis of accounting, revenues are recognized as soon as they are both “measurable 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 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. Expenditures are recorded when a liability is incurred as under accrual accounting. However, debt service expenditures are reported only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt are reported as other financing sources.

#### **Use Of Estimates**

The preparation of financial statements, in conformity with GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### **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 appropriation can only be modified upon completion of notification and publication requirements.

## **PAGOSA FIRE PROTECTION DISTRICT**

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### Notes To Financial Statements (*Continued*)

#### **Deposits And Investments**

The District's deposits include amounts that are readily convertible to known amounts of cash, are not subject to significant risk from changes in interest rates and have a maturity of three months or less from the date of acquisition. For deposits, the fair value approximates the carrying value. Deposits include cash in checking accounts and certificates of deposits.

The District's investment policy, in accordance with Colorado law, authorizes investment in obligations of the U.S. Treasury, the State of Colorado, Colorado counties and school districts, repurchase agreements, financial institutions and local government investment pools. State statutes prohibit investments with a stated maturity date greater than five years, unless allowed by District Charter.

The District's investment policy for the Pension Trust Fund, in accordance with C.R.S. 31-30-1113, authorizes, in addition to the above, investments in a noninsured trust pension plan with a trust company.

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

#### **Short-Term Interfund Receivables/Payables**

All outstanding balances between funds are reported as "due to/from other funds" in the governmental fund balance sheet. These balances are eliminated in the statement of net position.

#### **Prepaid Items**

Payments made for services that will benefit periods beyond the end of the current year are recorded as prepaid items.

#### **Property Taxes**

In the government fund financial statements, property tax revenue is accounted for using the modified accrual basis of accounting. Property tax receivable is recognized on the levy or lien date. This receivable represents taxes certified by Archuleta County (the County) to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. Although the succeeding year property tax receivable has been recorded, the related revenue is unavailable and will not be recognized as revenue until the year for which it is levied in the governmental fund statements. In the government-wide financial statements, property tax revenues are also recognized as revenues in the year for which they are levied.

## **PAGOSA FIRE PROTECTION DISTRICT**

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### Notes To Financial Statements (*Continued*)

The District's property taxes, levied by December 15, are due and payable in the subsequent calendar year. Assessed values are established by the County Assessor. Property taxes attach as an enforceable lien on property as of January 1 of the year in which they are payable. The taxes are payable under 2 methods: a) in full on or before April 30 or b) one-half on or before February 28, and the remaining one-half on or before June 15. Property tax receipts collected by the County are remitted to the District in the subsequent month. Property taxes receivable not collected within 60 days of year end have been recorded as a deferred inflow of resources in the fund financial statements. Since property taxes are levied in December for the next calendar year's operations, the total levy is reported as taxes receivable and a deferred inflow of resources in the government-wide financial statements.

### **Capital Assets**

Capital assets, which include land, land improvements, buildings, equipment and vehicles, are reported in the government-wide financial statements. Capital outlays are recorded as expenditures in the General Fund at the time of purchase. Capital assets are defined by the District as assets with an initial individual cost of \$5,000 or more and an estimated useful life of more than one year. Capital assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at acquisition value on the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Land and land improvements are not depreciated. Buildings, equipment and vehicles of the District are depreciated using the straight-line method over 5 to 40 years.

### **Compensated Absences**

The District allows its employees to accumulate vacation time, which is required to be taken within one year of its accrual date. The District's accrued vacation is based on completed years of service for full-time employees:

0 - 5 years of service	2 weeks
6 - 10 years of service	3 weeks
11 - 15 years of service	4 weeks
16 - 20 years of service	5 weeks
21+ years of service	6 weeks



## PAGOSA FIRE PROTECTION DISTRICT

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### Notes To Financial Statements (*Continued*)

The District's accrued vacation is based on completed years of service for non-exempt, shift employees:

0 - 5 years of service	4 shifts
6 - 10 years of service	6 shifts
11 - 15 years of service	8 shifts
16 - 20 years of service	10 shifts

The District also allows employees to carry over compensatory time of a maximum of 80 hours at year end. Upon separation from service, the total amount of accumulated but unused vacation and compensatory time is paid out. Sick leave is accumulated monthly at a rate of 3.69 hours per pay period for non-shift full-time employees and at a rate of 5.53 hours per pay period for full-time shift employees. Full-time, regular employees with tenure between 10 and 20 years who leave the District in good standing will be eligible to receive a lump sum payment for their accrued sick time, not to exceed 240 hours, and tenure over 20 years not to exceed 480 hours. Non-exempt, shift employees with tenure between 10 and 20 years who leave the District in good standing will be eligible to receive a lump sum payment for their accrued sick time, not to exceed 360 hours, and tenure over 20 years not to exceed 720 hours. The Chief Officer with tenure over 5 years and leaves the District in good standing will be eligible to receive a lump sum payment for their accrued sick time, not to exceed 720 hours. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in Governmental Funds only if they have matured, for example, as a result of employee resignations and retirements.

### **Deferred Outflows/Inflows Of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until that time. The District has recognized deferred outflows of resources in the government-wide financial statements in accordance with presentation requirements for pension reporting.

## PAGOSA FIRE PROTECTION DISTRICT

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### Notes To Financial Statements (*Continued*)

In addition to liabilities, the statement of net position and governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. Property tax revenue that is related to a future period is recorded as a deferred inflow. These amounts are deferred and will be recognized as an inflow of resources in the period that the amounts become available, at both the governmental fund level and in the period the taxes are levied at the government-wide reporting level. The District has also recognized deferred inflows of resources in the government-wide financial statements in accordance with presentation requirements for pension reporting.

#### **Fund Balance/Net Position**

The difference between assets, deferred outflows, liabilities and deferred inflows is “net position” on the government-wide financial statements and “fund balance” on the governmental fund financial statements. Net position is divided into net investment in capital assets, restricted and unrestricted. Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction or improvement of those assets. Net position is reported as restricted when constraints are placed upon it by external parties or are imposed by constitutional provisions or enabling legislation. Unrestricted includes all other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

Fund balance for governmental funds is reported in various categories based on the nature of limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment or an assignment. The following classifications describe the relative strength of the spending constraints.

***Nonspendable*** - includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact

***Restricted*** - includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation

## **PAGOSA FIRE PROTECTION DISTRICT**

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### Notes To Financial Statements (*Continued*)

***Committed*** - includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to motions or resolutions passed by the Board of Directors, the District's highest level of decision-making authority. Commitments may be modified or rescinded only through motions or resolutions approved by the Board of Directors.

***Assigned*** - includes amounts the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. The Board of Directors and Fire Chief have authority to assign amounts to be used for specific purposes.

***Unassigned*** - includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund

When both restricted and unrestricted resources are available for use, it is the District's policy to use externally restricted resources first, then unrestricted resources (committed, assigned and unassigned) in order as needed.

### **Pensions**

The District participates in two defined benefit pension plans. For purposes of measuring the net pension (assets) liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of pension plans and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

## **2. Cash, Cash Equivalents And Investments**

### **Deposits**

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 specified by 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 State Regulatory Commission for banks is required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

## **PAGOSA FIRE PROTECTION DISTRICT**

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### Notes To Financial Statements (*Continued*)

At December 31, 2020, the District had no deposits exposed to custodial credit risk.

#### **Investments**

The District and pension trust are required to comply with state statutes which specify investment instruments meeting defined rating, maturity and concentration risk criteria in which local governments may invest, which include the following:

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

Pursuant to the pension trust's investment policy, it may also invest in:

- Short-term investment funds
- Certificates of deposit insured by the FDIC and collateralized in accordance with the PDPA.
- Fixed income securities
- Equity securities
- Mutual funds
- Exchange traded funds
- Other assets
- Derivative investments upon permission from the pension board

All investments as of December 31, 2020 were held by the pension trust.

***Custodial Credit Risk*** - Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned to it. The District's policy requires all deposits to be held in PDPA-approved financial institutions to mitigate this risk.

## PAGOSA FIRE PROTECTION DISTRICT

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### Notes To Financial Statements (*Continued*)

***Credit Risk*** - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District does not hold any investments and, therefore, credit risk is not applicable. The pension trust may be invested only in investment grade bonds rated BBB (or equivalent) or better, commercial paper rated A1 (or equivalent) or better. Money market funds within the pension trust shall contain securities whose credit rating at the absolute minimum would be rated investment grade by Standard and Poor's and/or Moody's.

***Concentration Of Credit Risk*** - It is the policy of the District to diversify its use of investment instruments to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so. In order to achieve a prudent level of portfolio diversification, the securities of any one company or government agency should not exceed 10% of total plan assets, and no more than 30% of total plan assets should be invested in any one industry. Individual treasury securities may represent 40% of the plan assets, while the total allocation to treasury bonds and notes may represent up to 100% of the plan's aggregate bond position.

***Interest Rate Risk*** - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Fixed income maturities within the pension trust are limited to a maximum maturity for any single security of 30 years and a weighted average portfolio maturity not to exceed 15 years.

***Foreign Currency Risk*** - Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The District is not exposed to foreign currency risk at year end.

At December 31, 2020, the District had the following investments:

<b>Investments In Pension</b>	
<b>Trust Fund</b>	<b>Level 1 Fair Value</b>
Mutual funds	\$ 3,879,029

## PAGOSA FIRE PROTECTION DISTRICT

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### Notes To Financial Statements (*Continued*)

The mutual funds do not have maturities or credit ratings. The following investments exceeded 5% of the total investment balance:

<u>Mutual Fund</u>	<u>Fair Value</u>	<u>Allocation</u>
Dodge & Cox Stock Fund	\$ 597,813	15%
Fed Herm Total Return Bond	598,521	15%
Met West Total Return Bond	597,393	15%
Vanguard 500 Index Fund	289,478	7%
WF Core Bond Fund	593,103	15%
<b>Total</b>	<b>\$ 2,676,308</b>	<b>67%</b>

### Fair Value

The District/Pension categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs and Level 3 inputs are significant unobservable inputs. The District's investments held in trust for the pension plan have a Level 1 fair value measurement as of December 31, 2020.

The following is a description of the valuation methodologies used for assets measured at fair value.

**Mutual Funds** - These are public investment vehicles, valued using the fair value per share (unit) provided by the administrator of the fund. The fair value per unit is based on the value of the underlying assets owned by the fund, minus the liabilities, and then divided by the number of shares outstanding. The fair value per unit is the quoted price in an active market and classified within Level 1 of the valuation hierarchy.

### Presentation

Cash, cash equivalents and investments presented in the governmental activities financial statements at December 31, 2020 are as follows:

Cash held with County Treasurer	\$ 20,949
Cash	<u>1,293,958</u>
<b>Total Governmental Activities</b>	<b><u>\$ 1,314,907</u></b>
<b>Pension Trust Fund Investments</b>	<b><u>\$ 3,879,029</u></b>

## PAGOSA FIRE PROTECTION DISTRICT

### Notes To Financial Statements (Continued)

#### 3. Capital Assets

The following is a summary of changes in capital assets for the year ended December 31, 2020:

	Balance January 1, 2020	Additions	Deletions	Balance December 31, 2020
Capital assets not being depreciated:				
Land	\$ 177,266	\$ —	\$ —	\$ 177,266
Land improvements	146,535	—	—	146,535
Capital assets in progress	—	38,850	—	38,850
<b>Total Non-Depreciable Capital Assets</b>	<b>323,801</b>	<b>38,850</b>	<b>—</b>	<b>362,651</b>
Capital assets being depreciated:				
Building	2,039,288	568,500	—	2,607,788
Equipment	984,843	56,826	—	1,041,669
Vehicles	4,337,186	58,200	(7,220)	4,388,166
<b>Total Depreciable Capital Assets</b>	<b>7,361,317</b>	<b>683,526</b>	<b>(7,220)</b>	<b>8,037,623</b>
Accumulated depreciation	(4,193,033)	(229,773)	7,220	(4,415,586)
<b>Total Depreciable Capital Assets, Net</b>	<b>3,168,284</b>	<b>453,753</b>	<b>—</b>	<b>3,622,037</b>
<b>Capital Assets - Net</b>	<b>\$ 3,492,085</b>	<b>\$ 492,603</b>	<b>\$ —</b>	<b>\$ 3,984,688</b>

Depreciation expense for the year ended December 31, 2020 was \$229,773 and was charged to public safety.

#### 4. Long-Term Obligations

On March 1, 2019, the District entered into a capital lease agreement for the purchase of an apparatus. Payments are to be made in annual installments of \$54,717 beginning June 15, 2020, with final payment due June 15, 2029. The lease bears interest at 4.087% and is secured by the asset as well as the District's depository account. The following is a summary of debt service requirements to maturity:

	Principal	Interest	Total
2021	\$ 38,467	\$ 16,250	\$ 54,717
2022	39,981	14,736	54,717
2023	41,581	13,136	54,717
2024	43,227	11,490	54,717
2025	44,988	9,730	54,718
2026 - 2029	198,614	20,254	218,868
<b>Total</b>	<b>\$ 406,858</b>	<b>\$ 85,596</b>	<b>\$ 492,454</b>

## PAGOSA FIRE PROTECTION DISTRICT

### Notes To Financial Statements (Continued)

On May 12, 2020, the District entered into a capital lease purchase agreement for the purchase of certain land, premises, buildings and improvements located at 165 N. Pagosa Blvd., Pagosa Springs, Colorado. The sales price amounted to \$568,500, and carries a capital lease of \$432,000, with the District paying a down payment of \$136,500. Payments are to be made in quarterly installments of \$8,234 beginning July 15, 2020, with final payment due April 15, 2040. The lease bears interest at 4.56% and is secured by certain land, premises, buildings and improvements. The following is a summary of debt service requirements to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 13,850	\$ 19,085	\$ 32,935
2022	14,481	18,454	32,935
2023	15,152	17,782	32,934
2024	15,844	17,090	32,934
2025	16,600	16,334	32,934
2026 - 2030	95,233	69,439	164,672
2031 - 2035	119,467	45,205	164,672
2036 - 2040	133,302	14,902	148,204
<b>Total</b>	<b>\$ 423,929</b>	<b>\$ 218,291</b>	<b>\$ 642,220</b>

Changes in the District's long-term obligations for the year ended December 31, 2020 are as follows:

	<u>Balance</u> <u>January 1,</u> <u>2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>December 31,</u> <u>2020</u>	<u>Current</u>
Capital leases:					
Apparatus	\$ 438,895	\$ —	\$ (32,037)	\$ 406,858	\$ 38,467
Property	—	432,000	(8,071)	423,929	13,850
Compensated absences	75,283	93,271	(57,179)	111,375	57,179
<b>Total</b>	<b>\$ 514,178</b>	<b>\$ 525,271</b>	<b>\$ (97,287)</b>	<b>\$ 942,162</b>	<b>\$ 109,496</b>

Total assets recorded in conjunction with the capital lease agreement have a total cost of \$1,043,974 and accumulated amortization of \$40,584 as of December 31, 2020 and are recorded in the District's governmental activities. Amortization is included in depreciation.

Compensated absences and capital lease payments are liquidated through the General Fund.



## **PAGOSA FIRE PROTECTION DISTRICT**

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### Notes To Financial Statements (*Continued*)

#### **5. Risk Assessment**

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 and natural disasters. The District carries commercial insurance for the risks of loss, including worker's compensation and employee accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. Limits of insurance coverage remain unchanged in the past three years.

The District is a participant in the Colorado Special Districts Property and Liability Pool (the Pool), a public entity risk pool currently operating as a common risk management and insurance program for member special districts in Colorado. The Pool provides property and general liability, automobile physical damage and liability, public officials' liability, inland marine, money and security and boiler and machinery coverages to its members. The District does not know its percentage share of the Pool surplus or deficit. The District pays annual premiums to the Pool for coverage.

The Pool agreement also gives the Board of Directors of the Pool the power to establish additional contributions at such times and in such amounts as the Pool's Board of Directors determines are needed for the purposes of the Pool. The Pool's Board of Directors may decide to distribute surplus funds among members; however, the District did not receive any such distribution for the year ended December 31, 2020.

#### **6. FPPA Statewide Cost-Sharing Defined Benefit Pension Plan**

##### **SWDBP Plan Description**

Eligible employees of the District are provided with pensions through the Statewide Defined Benefit Plan (SWDBP), a cost-sharing multiple-employer defined benefit pension plan administered by the Fire & Police Pension Association of Colorado (FPPA). FPPA issues a publicly available comprehensive annual financial report that can be obtained on FPPA's website at <http://www.fppaco.org>.

## **PAGOSA FIRE PROTECTION DISTRICT**

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### Notes To Financial Statements (*Continued*)

#### **Benefits Provided**

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

The annual normal retirement benefit is 2% of the average of the member's highest 3 years' base salary for each year of credited service up to 10 years, plus 2.5% for each year of service thereafter. The benefit earned prior to January 1, 2007 for members 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 SWDBP. Benefits paid to retired members are evaluated and may be redetermined every October 1. The amount of any increase is at the FPPA Board of Directors' discretion and can range from 0% to the higher of 3% or the Consumer Price Index for Urban Wage Earners and Clerical Workers.

A member is eligible for an early retirement at age 50 or after 30 years of service, with at least 5 years of credited services. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, an employee may elect to have member contributions, along with 5% as interest, returned as a lump sum distribution. Alternatively, a member with at least 5 years of accredited service may leave contributions with SWDBP and remain eligible for a retirement pension at age 55 equal to 2% of the member's average highest 3 years' base salary for each year of credited service up to 10 years, plus 2.5% for each year of service thereafter.

#### **Contributions**

SWDBP sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. Through December 31, 2020, contribution rates are established 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.

## **PAGOSA FIRE PROTECTION DISTRICT**

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### Notes To Financial Statements (*Continued*)

Members of SWDBP and their employers are contributing at the rate of 10.5% and 8%, respectively, of base salary for a total contribution rate of 18.5% in 2019. In 2014, the members elected to increase the member contribution rate to SWDBP beginning in 2015. Member contribution rates will increase 0.5% annually through 2022 to a total of 12% of base salary. Employer contributions remained at 8% through 2020, but will increase 0.5% annually beginning in 2021 through 2030 to a total of 13% of pensionable earnings.

Contributions from members and employers or departments re-entering the system are established by resolution and approved by the FPPA Board of Directors. The re-entry group has a combined contribution rate of 22.5% and 23% of pensionable earnings in 2019 and 2020, respectively. It is a local decision as to whether the member or employer pays the additional 4% contribution. The member and employer contribution rates will increase through 2030 as described above for the non-reentering departments. Effective January 1, 2021, reentry departments may submit a resolution to the FPPA Board of Directors to reduce the additional 4% contribution, to reflect the actual cost of reentry by department, to the plan for reentry contributions. Each reentry department is responsible to remit contributions to the plan in accordance with their most recent FPPA Board of Directors approved resolution.

The contribution rate for members and employers of affiliated Social Security employers is 5.25% and 4%, respectively, of base salary for a total contribution rate of 9.25% in 2019 and 9.5% in 2020. Per the 2014 member election, members of the affiliate Social Security group will have their required contribution rate increase 0.25% annually beginning in 2015 through 2022 to a total of 6% of base salary. Employer contributions are 4% in 2019 and 2020. Employer contributions will increase 0.25% annually beginning in 2021 through 2030 to a total of 6.5% of pensionable earnings.

Employer contributions are recognized by SWDBP in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to SWDBP. Employer contributions recognized by SWDBP from the District were \$51,752 for the year ended December 31, 2020.

## PAGOSA FIRE PROTECTION DISTRICT

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### Notes To Financial Statements (Continued)

#### **Pension Assets, Pension Benefit, Deferred Outflows Of Resources And Deferred Inflows Of Resources Related To Pensions**

At December 31, 2020, the District reported a net pension asset of \$52,032 for its proportionate share of the plan's net pension asset. The net pension asset was measured as of December 31, 2019, and the total pension liability was determined by an actuarial valuation as of January 1, 2020. The District's proportion of the net pension asset was based on District contributions to SWDBP for the calendar year 2019, relative to the total contributions of participating employers.

At December 31, 2019, the District's proportion was 0.092001%, which was an increase of 0.033660% from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the District recognized a pension expense of \$26,486. At December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to SWDBP from the following sources:

<b>Deferred Outflows Of Resources</b>	
Differences between expected and actual experience	\$ 176,087
Changes of assumptions and other inputs	98,798
Change in proportion and differences between contributions and proportionate share of	15,534
Contributions subsequent to measurement date	<u>51,752</u>
<b>Total Deferred Outflows Of Resources</b>	<b>\$ <u>342,171</u></b>
<b>Deferred Inflows Of Resources</b>	
Differences between expected and actual experience	\$ 1,019
Net difference between projected and actual earnings on pension plan investments	81,796
Changes in proportion and differences between contributions and proportionate share of	<u>118,385</u>
<b>Total Deferred Inflows Of Resources</b>	<b>\$ <u>201,200</u></b>

## PAGOSA FIRE PROTECTION DISTRICT

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### Notes To Financial Statements (*Continued*)

The amount of \$51,752 reported as deferred outflows of resources related to SWDBP, resulting from contributions subsequent to the measurement date, will be recognized as an increase of the net pension asset in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to SWDBP will be recognized in pension expense as follows:

<b>For The Year Ended December 31,</b>		
2021	\$	6,055
2022		(1,028)
2023		25,581
2024		(8,934)
2025		24,821
Thereafter		42,724
<b>Total</b>	<b>\$</b>	<b>89,219</b>

### Actuarial Assumptions

The actuarial valuations for SWDBP were 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 assumption and other inputs:

	<b>Total Pension Liability</b>	<b>Actuarially Determined Contributions</b>
Valuation date	January 1, 2020	January 1, 2019
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	N/A	Level % payroll, open
Remaining amortization period	N/A	30 years
Actuarial assumptions:		
Investment rate of return*	7.0%	7.0%
Projected salary increases*	4.25% - 11.25%	4.25% - 11.25%
Cost of living adjustments	0.0%	0.0%
* Includes inflation at:	2.5%	2.5%

For determining the total pension liability, the post-retirement mortality tables for nondisabled 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.

## PAGOSA FIRE PROTECTION DISTRICT

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### Notes To Financial Statements (*Continued*)

For determining the actuarial determined contributions, the post-retirement mortality tables for nondisabled retirees is a blend of the Annuitant and Employee RP-2014 generational mortality tables with blue collar adjustment projected with Scale BB. The pre-retirement off-duty mortality tables are adjusted to 55% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00020.

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate Of Return</u>
Global equity	38.00%	7.0%
Equity long/short	8.00%	6.0%
Private markets	25.00%	9.2%
Fixed income	15.00%	5.2%
Absolute return	8.00%	5.5%
Managed futures	4.00%	5.0%
Cash	2.00%	2.5%
<b>Total</b>	<b>100.00%</b>	

## PAGOSA FIRE PROTECTION DISTRICT

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### Notes To Financial Statements (Continued)

#### Discount Rate

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

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

For the purpose of the valuation, the expected rate of return on pension plan investments is 7.0%, the municipal bond rate is 2.75% (based on the weekly rate closest to but not later than the measurement date of the state and local bonds rate from Federal Reserve statistical release (H.15)) and the resulting single discount rate is 7.0%.

#### Sensitivity Of The District's Proportionate Share Of The Net Pension Liability (Asset) To Changes In The Discount Rate

Regarding the sensitivity of the net pension liability (asset) to changes in the single discount rate, the following presents the plan's net pension asset, calculated using a single discount rate of 7.0%, 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 (6.0%) or one percent higher (8.0%):

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Proportionate share of the net pension liability (asset)	\$ 315,483	\$ (52,032)	\$ (356,837)

## **PAGOSA FIRE PROTECTION DISTRICT**

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### Notes To Financial Statements (*Continued*)

#### **Subsequent Event**

House Bill 20-1044 was signed into law on April 1, 2020. Included in the bill is a provision to increase the benefits of the members of SWDBP 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 \$53,000,000 to the SWDBP.

#### **Pension Plan Fiduciary Net Position**

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

## **7. Volunteer Firefighter Pension Fund**

***General Information About The Pension Plan*** - Effective January 2, 2003, the District elected to affiliate with Wells Fargo Bank West (Wells Fargo) for the purpose of having Wells Fargo administer its Volunteer Firefighter Pension Plan (the Volunteer Fund), a single-employer defined benefit plan, and manage the Volunteer Fund funds for investment. The Volunteer Fund is administered by reference to the Rules and Bylaws of the Firefighter Pension Fund of the District as adopted on July 12, 1982 and amended on August 8, 1988, and applicable Colorado statutes. The Board of Trustees of the Volunteer Fund has the authority to establish and amend benefit provisions. The Board of Trustees consists of the members of the Board of Directors of the District and two elected members from the fire department.

Since the District retains fiduciary responsibility for the Volunteer Fund, it has been determined that the activities of this pension should be reported in the District's financial statements as a fiduciary fund type - pension trust fund.

The financial statements of the Volunteer Fund are prepared using the accrual basis of accounting. Benefits, expenses and refunds are recognized when due and payable in accordance with the terms of the plan. All administrative expenses are borne by the Volunteer Fund. Stand-alone financial statements for the Volunteer Fund are not issued.



## PAGOSA FIRE PROTECTION DISTRICT

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### Notes To Financial Statements (*Continued*)

**Contribution And Benefit Information** - Funding of accrued pension expense is accomplished through contributions from the State of Colorado in accordance with 1973 C.R.S. 31-30-1014(3)(a)(1), and through an annual mill levy of 0.500 (not to exceed one) on the current valuation for assessment. The assessed valuation for 2020 was \$294,053,592. One mill was \$294,054. Taxes collected in 2020 for pension funding were \$144,989.

The Volunteer Fund is open to any firefighter who renders service to the District and who does not receive compensation under an employment contract as a firefighter. The Volunteer Fund covers substantially all volunteer firefighters within the fire department of the District.

The benefits provided under the plan are as follows:

- a) A pension amount of \$650 per month to active members who have attained age 50 and completed 20 or more years of service. Benefits are prorated for service of at least 10 years, but less than 20 years. A volunteer firefighter must maintain a minimum training participation in the fire department of 36 hours each year to qualify for retirement benefits.
- b) A pension amount of \$32.50 per month per year of service for inactive members who have attained the age of 50 and had completed at least 10 years of service before their termination. A maximum benefit of \$600 per month is payable for inactive members with over 20 years of service.
- c) Survivor Benefit - monthly benefits  
Following death before retirement, not more than \$325
- d) Survivor Benefit - lump sum benefit  
Following death of any active or retired member of the Pension Fund, \$1,000
- e) Disability Retirement Benefit - monthly benefits  
Short-term disability - \$150 for one year

Census information for the Volunteer Fund as of December 31, 2020 is as follows:

Inactive plan members or beneficiaries currently receiving benefits	67
Inactive plan members entitled to but not yet receiving benefits	5
Active plan members	<u>34</u>
<b>Total Members</b>	<u><u>106</u></u>

## PAGOSA FIRE PROTECTION DISTRICT

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### Notes To Financial Statements (Continued)

#### **Pension Liability, Pension Expense And Deferred Outflows Of Resources And Deferred Inflows Of Resources Related To Pensions**

At December 31, 2020, the District reported a net pension liability of \$224,066 on the statement of net position. The net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as January 1, 2019.

For the year ended December 31, 2020, the District recognized a pension expense of \$31,545. At December 31, 2020, the District reported the following deferred outflows of resources and inflows of resources related to pension from the following sources:

#### **Deferred Inflows Of Resources**

Net difference between projected and actual earnings on pension plan investments	\$	284,933
Differences between expected and actual experience		<u>8,674</u>
<b>Total Deferred Inflows Of Resources</b>	<b>\$</b>	<b><u>293,607</u></b>

Deferred outflows and inflows of resources will be recognized in pension expense (benefit) as follows:

<b>For The Year</b>	
<b>Ended December 31,</b>	
2021	\$ (85,198)
2022	(47,587)
2023	(110,627)
2024	(50,195)
<b>Total</b>	<b>\$ (293,607)</b>

## PAGOSA FIRE PROTECTION DISTRICT

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### Notes To Financial Statements (*Continued*)

#### **Actuarial Assumptions**

The total pension liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Valuation date	January 1, 2019
Actuarial cost method	Entry age normal
Amortization method	Level dollar, open
Remaining amortization period years	20 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	6.0%
Salary increases	N/A
Inflation	Implicit
Retirement age	50% rate assumed until age 65 at which 100% retirement is assumed
Mortality	RP-2014 for annuitants, adjusted back to 2006 with Scale MP-2014 and projected forward to 2018 with Scale MP-2017, fully generational using the ultimate rates from Scale MP-2017.
Cost-of-living adjustment	None

The actuarial assumptions used in the January 1, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2018 through December 31, 2018. The mortality and withdrawal assumptions have been updated since the prior valuation. The assumptions are similar to the assumption set used to value volunteer fire districts in Colorado that are associated with FPPA. The investment rate of return has been updated to be net of investment expenses only, and an explicit administrative expense assumption has been added to the actuarially determined contribution.

## PAGOSA FIRE PROTECTION DISTRICT

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### Notes To Financial Statements *(Continued)*

The investment objective of the Volunteer Fund is to emphasize long-term growth of principle while avoiding excessive risk. Short-term volatility is tolerated in as much as the comparable market index fluctuates. Total return to exceed the performance of a policy index based on the strategic allocation of the Volunteer Fund assets to various broad asset classes. The asset classes included in the pension plan's target asset allocation as of December 31, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic large cap equities	18.00%
Domestic mid cap equities	5.00%
Domestic small cap equities	5.00%
International stocks	10.00%
Fixed income	60.00%
Cash and equivalents	2.00%
<b>Total</b>	<b>100.00%</b>

#### **Discount Rate**

The single discount rate used to measure the total pension liability was 6%. This single discount rate was based on the expected rate of return on pension plan investments of 6% and a municipal bond rate of 2%. The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made at current rates. Based on those assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2120.

## PAGOSA FIRE PROTECTION DISTRICT

### Notes To Financial Statements (Continued)

Changes in the net pension liability at December 31, 2020 are as follows:

	<b>2020</b>
<b>Total Pension Liability</b>	
Service cost	\$ 40,535
Interest	242,662
Differences between expected and actual experience	(17,426)
Benefit payments	(312,367)
<b>Net Change In Total Pension Liability</b>	<b>(46,596)</b>
<b>Total Pension Liability, Beginning Of Year</b>	<b>4,180,287</b>
<b>Total Pension Liability, End Of Year (a)</b>	<b>\$ 4,133,691</b>
<b>Plan Fiduciary Net Position</b>	
Contributions - employer	\$ 185,179
Net investment income	462,836
Benefit payments	(312,367)
Administrative expense	(71,953)
State of Colorado contributions	30,596
<b>Net Change In Plan Fiduciary Net Position</b>	<b>294,291</b>
<b>Plan Fiduciary Net Position, Beginning Of Year</b>	<b>3,615,334</b>
<b>Plan Fiduciary Net Position, End Of Year (b)</b>	<b>\$ 3,909,625</b>
<b>Net Pension Liability ((a)-(b))</b>	<b>\$ 224,066</b>

### Sensitivity Of The Net Pension Liability To Changes In The Discount Rate

Regarding the sensitivity of the net pension liability (asset) to changes in the single discount rate, the following presents the Volunteer Fund's net pension liability, calculated using a single discount rate of 6.0%, as well as what the Volunteer Fund's net pension liability would be if it were calculated using a single discount rate that is one percent lower (5.0%) or one percent higher (7.0%):

	1% Decrease (5.0%)	Current Discount Rate (6.0%)	1% Increase (7.0%)
Net pension liability (asset)	\$ 676,170	\$ 224,066	\$ (153,236)

**Pension Plan Fiduciary Net Position**

Detailed information about the Volunteer Fund's financial reports including applicable financial statements and required supplementary information for the District may be obtained by contacting the District.

**8. Statewide Death And Disability Plan**

The District contributes to the Statewide Death and Disability Plan (SWD&DP), a cost-sharing multiple-employer defined benefit death and disability plan administered by FPPA. All full-time firefighters are members of the plan. Contributions to the plan are used solely for the payment of death and disability benefits. Benefits are established by state statute and generally allow for benefits upon the death or disability of a plan member prior to retirement. FPPA issues a publicly available annual financial report that includes financial statements and required supplementary information for SWD&DP. That report may be obtained at [www.fppaco.org](http://www.fppaco.org).

The plan provides pre-retirement death benefits, as follows:

- Off-duty: 40% of the base salary paid to the member prior to death, with an additional 10% of base salary if a surviving spouse has two or more dependent children
- On-duty: 70% of the base salary paid to the member prior to death

Disability benefits are as follows:

- Total Disability: 70% of the base salary preceding disability
- Permanent occupational disability: 50% of the base salary preceding disability
- Temporary occupational disability: 40% of the base salary preceding disability for up to five years

Benefit adjustments are granted periodically at the discretion of the FPPA Board of Directors. Total disability retirees receive an automatic increase of 3%. For other annuitants, the increase may reflect the Consumer Price Index, but in no case may be higher than 3%.

Once a member is eligible to retire, contributions to the plan and plan benefit obligations cease.

## **PAGOSA FIRE PROTECTION DISTRICT**

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### Notes To Financial Statements (*Continued*)

#### **Contributions**

The contribution requirements are established by state statutes. However, in accordance with C.R.S. 31-31-811(4), the FPPA Board of Directors, based on an annual actuarial valuation, may adjust the contribution rate every two years, but in no event may the adjustment for any two-year period exceed one-tenth of one percent of the member's salary.

Any decision regarding whether the employer or member contribute to the plan, or whether the contribution is paid jointly by the employer and the member, is determined by the District.

No contributions are required for members hired prior to January 1, 1997. For members hired on or after January 1, 1997, the District contributed 2.8% of base salaries on behalf of the members during the year ended December 31, 2020. Contributions to the plan for the year ended December 31, 2020 were \$20,806, equal to the required contributions.

Based on the 2018 actuarial results, the FPPA Board of Directors agreed to increase the contribution rate from 2.7% to 2.8%, effective January 1, 2019 through December 31, 2020.

#### **Other Postemployment Benefits (OPEB) Liabilities, OPEB Expense And Deferred Outflows Of Resources And Deferred Inflows Of Resources Related To OPEB**

The District has no requirement to contribute to the plan and does not receive contributions from a nonemployer entity. Therefore, the District does not report a net OPEB liability or deferred outflows of resources and deferred inflows of resources related to OPEB.

#### **SWD&DP Plan Fiduciary Net Position**

Detailed information about the plan's fiduciary net position is available in FPPA's separately issued financial report, which may be obtained at [www.fppaco.org](http://www.fppaco.org).

**9. Deferred Compensation Plan**

The District participates in a deferred compensation plan (the 457 Plan) as defined under the Internal Revenue Code Section 457, which allows employees to make an elective deferral of a portion of earned compensation to the 457 Plan. The 457 Plan is a multi-employer plan administered by FPPA. Amendments to the 457 Plan may be made by the plan trustee. The District does not match employee contributions to the 457 Plan. For the year ended December 31, 2020, participating employees contributed \$11,891 to the 457 Plan.

**10. Tax, Spending And Debt Limitations**

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, otherwise known as the Taxpayers' Bill of Rights (TABOR), which has several limitations, including revenue raising, spending abilities and other specific requirements of state and local governments. The amendment is complex and subject to judicial interpretation.

The amendment requires emergency reserves up to 3% of spending limits. The reserves for years after 1994 must be at least 3% of fiscal year spending. The amendment allows for an increase of revenues under formulas using inflation and local growth. Voter approval is required for tax increases and spending above the inflation and growth factor. Revenue collected, kept or spent illegally shall be refunded with interest. The District believes it is in compliance with TABOR requirements; however, the District has made certain interpretations of the amendment's language in order to determine its compliance.

On May 5, 1998, an election was held that authorized the District to retain and spend all revenues and other funds collected from any source, effective January 1, 1997 and thereafter.

On May 2, 2000, an election was held that authorized a permanent waiver of the 5.5% limitation under Section 29-1-301, C.R.S.



## **PAGOSA FIRE PROTECTION DISTRICT**

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### Notes To Financial Statements (*Continued*)

#### **11. Operating Leases**

The District leases land from the County on County Road 382 for a fire station. The lease began on May 1, 2008 for a 99-year term. The lease cost is \$1 per year.

The District leases land from Hidden Valley Ranch Association for a fire station. The lease began January 1, 2007 and ends on December 31, 2056 as long as the premises are used as a fire station. The lease cost is \$1 per year.

The District leases land at Station #1 to the Upper San Juan Hospital District for the purpose of operating an emergency services building. The lease was signed June 17, 1987 and expires on December 31, 2037. The lease amount is \$1 per year.

#### **12. Risks And Uncertainties**

In December 2019, a novel strain of coronavirus (COVID-19) surfaced. The spread of COVID-19 around the world has caused significant volatility in U.S. and international markets. The District has taken a number of measures to monitor and mitigate the effects of COVID-19. There continues to be uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies, and as such, the District is unable to determine if it will have a material impact to its operations in future years.

#### **13. Subsequent Events**

Management evaluates subsequent events through the date the financial statements are available to be issued, which is the date of the Independent Auditor's Report.

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**Required Supplementary Information**

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# PAGOSA FIRE PROTECTION DISTRICT

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For The Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
Property taxes	\$ 2,350,319	\$ 2,351,619	\$ 2,323,133	\$ (28,486)
Specific ownership taxes	100,000	229,589	256,308	26,719
Wildland fire reimbursement	75,000	308,900	308,900	—
Intergovernmental	1,020	1,020	1,020	—
Earning on investments	125	4,420	207	(4,213)
Permit fees	6,000	6,600	7,042	442
Special fire protection	7,500	3,100	3,738	638
Grant revenue	1,225	2,725	2,725	—
Contributions	—	24,244	12,163	(12,081)
Other income	—	—	12,125	12,125
<b>Total Revenues</b>	2,541,189	2,932,217	2,927,361	(4,856)
<b>Expenditures</b>				
General government:				
Fire administration	1,771,279	1,719,451	1,715,968	3,483
Fire fighting	262,841	205,797	180,912	24,885
Fire prevention	11,025	11,025	8,644	2,381
Fire training	46,510	46,510	11,564	34,946
Fire communications	52,500	52,500	52,883	(383)
Fire maintenance	47,500	47,500	61,808	(14,308)
Station and grounds	56,702	77,875	58,429	19,446
Capital outlay	254,000	687,038	730,500	(43,462)
Debt service:				
Principal	54,718	54,718	40,108	14,610
Interest	—	—	31,076	(31,076)
<b>Total Expenditures</b>	2,557,075	2,902,414	2,891,892	10,522
<b>Excess Of Revenues Over Expenditures</b>	(15,886)	29,803	35,469	5,666
<b>Other Financing Sources (Uses)</b>				
Proceeds from capital lease issuance	—	432,000	432,000	—
Transfer to Pension Trust Fund	(147,140)	(147,140)	(144,990)	2,150
<b>Total Other Financing Sources (Uses)</b>	(147,140)	284,860	287,010	2,150
<b>Net Change In Fund Balances</b>	\$ (163,026)	\$ 314,663	322,479	\$ 7,816
<b>Fund Balance - Beginning Of Year</b>			1,027,304	
<b>Fund Balance - End Of Year</b>			\$ 1,349,783	

**Notes:**

The basis of budgeting is the same as GAAP.  
This schedule is presented on a GAAP basis.

# PAGOSA FIRE PROTECTION DISTRICT

## SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION (ASSET) LIABILITY - SWDBP For The Year Ended December 31, 2019 (Measurement Date) Employee Pension Plan

	2019	2018	2017	2016	2015	2014
District's portion of the net pension (asset) liability	0.092001%	0.058341%	0.058945%	0.090964%	0.109459%	0.102782%
District's proportionate share of the net pension (asset) liability	\$ (52,032)	\$ 73,759	\$ (84,802)	\$ 32,868	\$ (1,930)	\$ (115,998)
District's covered payroll	\$ 645,944	\$ 543,656	\$ 513,237	\$ 529,046	\$ 540,852	\$ 525,147
District's proportionate share of the net pension (asset) liability as a percentage of its covered payroll	-8.06%	13.57%	-16.52%	6.21%	-0.36%	-22.09%
Plan fiduciary net position as a percentage of the total pension (asset) liability	101.9%	95.2%	106.3%	98.2%	100.1%	106.8%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District is presenting information for those years for which information is available.

**PAGOSA FIRE PROTECTION DISTRICT**  
**SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS**  
**TO THE PENSION PLAN - SWDBP**  
**For The Year Ended December 31, 2020**  
**Employee Pension Plan**

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Contractually required contribution	\$ 54,246	\$ 46,755	\$ 31,343	\$ 35,588	\$ 37,243	\$ 42,475	\$ 38,598
Contributions in relation to the contractually required contribution	54,246	46,755	31,343	35,588	37,243	42,475	38,598
<b>Contribution Deficiency</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>
District's covered payroll	\$ 646,911	\$ 645,944	\$ 543,656	\$ 513,237	\$ 529,046	\$ 540,852	\$ 525,147
Contributions as a percentage of covered payroll	8.39%	7.24%	5.77%	6.93%	7.04%	7.85%	7.35%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District is presenting information for those years for which information is available.

**PAGOSA FIRE PROTECTION DISTRICT**  
**SCHEDULE OF CHANGES IN THE DISTRICT'S**  
**NET PENSION LIABILITY AND RELATED RATIOS -**  
**THE VOLUNTEER FUND**  
**Last Seven Fiscal Years<sup>1</sup>**

	2020	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>							
Service cost	\$ 40,535	\$ 40,535	\$ 49,860	\$ 76,508	\$ 76,508	\$ 74,203	\$ 54,888
Interest	242,662	244,238	247,046	238,118	239,174	246,217	232,723
Differences between expected and actual experience	(17,426)	—	3,098	55,350	—	(152,180)	200,755
Benefit payments	(312,367)	(309,696)	(306,690)	(299,118)	(290,940)	(284,895)	(280,694)
<b>Net Change In Total Pension Liability</b>	<b>(46,596)</b>	<b>(24,923)</b>	<b>(38,773)</b>	<b>164,042</b>	<b>24,742</b>	<b>(116,655)</b>	<b>207,672</b>
<b>Total Pension Liability, Beginning Of Year</b>	<b>4,180,287</b>	<b>4,205,210</b>	<b>4,243,983</b>	<b>4,079,941</b>	<b>4,055,199</b>	<b>4,171,854</b>	<b>3,964,182</b>
<b>Total Pension Liability, End Of Year (a)</b>	<b>\$ 4,133,691</b>	<b>\$ 4,180,287</b>	<b>\$ 4,205,210</b>	<b>\$ 4,243,983</b>	<b>\$ 4,079,941</b>	<b>\$ 4,055,199</b>	<b>\$ 4,171,854</b>
<b>Plan Fiduciary Net Position</b>							
Contributions - employer	\$ 185,179	\$ 126,900	\$ 122,145	\$ 128,476	\$ 122,503	\$ 119,239	\$ 119,082
Net investment income	462,836	495,199	(104,299)	345,631	203,521	(3,990)	202,767
Benefit payments	(312,367)	(309,696)	(306,690)	(299,118)	(296,510)	(284,895)	(280,694)
Administrative expense	(71,953)	(42,254)	(37,846)	(28,356)	(36,801)	(27,681)	(29,847)
State of Colorado contributions	30,596	30,596	30,596	30,596	30,596	30,596	30,596
<b>Net Change In Plan Fiduciary Net Position</b>	<b>294,291</b>	<b>300,745</b>	<b>(296,094)</b>	<b>177,229</b>	<b>23,309</b>	<b>(166,731)</b>	<b>41,904</b>
<b>Plan Fiduciary Net Position, Beginning Of Year</b>	<b>3,615,334</b>	<b>3,314,589</b>	<b>3,610,683</b>	<b>3,433,454</b>	<b>3,410,145</b>	<b>3,576,876</b>	<b>3,534,972</b>
<b>Plan Fiduciary Net Position, End Of Year (b)</b>	<b>\$ 3,909,625</b>	<b>\$ 3,615,334</b>	<b>\$ 3,314,589</b>	<b>\$ 3,610,683</b>	<b>\$ 3,433,454</b>	<b>\$ 3,410,145</b>	<b>\$ 3,576,876</b>
<b>Net Pension Liability ((a)-(b))</b>	<b>\$ 224,066</b>	<b>\$ 564,953</b>	<b>\$ 890,621</b>	<b>\$ 633,300</b>	<b>\$ 646,487</b>	<b>\$ 645,054</b>	<b>\$ 594,978</b>
<b>Plan Fiduciary Net Position As A Percentage Of Total Pension Liability</b>	<b>94.58%</b>	<b>86.49%</b>	<b>78.82%</b>	<b>85.08%</b>	<b>84.15%</b>	<b>84.09%</b>	<b>85.74%</b>
<b>Covered Payroll</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Net Pension Liability As A Percentage Of Covered Payroll</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

**Note:**

(1) The District implemented GASB Statement No. 67 in fiscal year 2014. Information for years prior to fiscal year 2014 is, therefore, unavailable.

**PAGOSA FIRE PROTECTION DISTRICT**  
**SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS -**  
**THE VOLUNTEER FUND**  
**Last Seven Fiscal Years<sup>1</sup>**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contributions	\$ 149,055	\$ 149,055	\$ 103,511	\$ 120,816	\$ 120,737	\$ 117,097	\$ 84,533
Contributions in relation to the actuarially determined contributions	215,775	157,496	152,741	159,072	147,529	180,431	180,749
<b>Contribution Excess</b>	<b>\$ (66,720)</b>	<b>\$ (8,441)</b>	<b>\$ (49,230)</b>	<b>\$ (38,256)</b>	<b>\$ (26,792)</b>	<b>\$ (63,334)</b>	<b>\$ (96,216)</b>
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A

**Note:**  
(1) The District implemented GASB Statement No. 67 in fiscal year 2014. Information for years prior to fiscal year 2014 is, therefore, unavailable.

# **PAGOSA FIRE PROTECTION DISTRICT**

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## **NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**

**December 31, 2020**

### **1. Budgets And Budgetary Accounting**

The District Board of Directors adopts an annual budget for the General and the Pension Trust Funds. Budgeted amounts for all funds are based on legally adopted budgets, including supplemental budget appropriations, if any, which are on a basis consistent with GAAP for each fund type. The Fire Chief is authorized to transfer budgeted amounts within and among departments; however, any revisions that alter total expenditures for any of the funds must be approved by the District's Board of Directors.

The budgetary comparison schedule included in the required supplementary information presents a comparison of budgetary data to actual results of operations for the General Fund, for which an annual operating budget is legally adopted. This fund utilizes the same basis of accounting for both budgetary purposes and actual results. The General Fund recognizes an expenditure for contingencies and capital replacements in its budget basis expenditures.

Annual budgets are established for all funds of the District as required by Colorado law. Budgets reported in the accompanying financial statements are on the same basis of accounting as described above.

Expenditures may not legally exceed appropriations at the fund level. Budget amounts included in the financial statements are based on the final amended budget. After budget approval, the District's Board of Directors may approve supplemental appropriations if an occurrence, condition or need exists which was not known at the time the budget was adopted.

For the year ending December 31, 2020, the District amended the budget on December 8, 2020.



## **PAGOSA FIRE PROTECTION DISTRICT**

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### Note To Required Supplementary Information (*Continued*)

On or before October 15 of each year, the District's budget officer must prepare and submit a proposed budget to the District's Board of Directors for the next fiscal year. Thereupon, notice must be published stating, among other things, that the budget is open to inspection by the public and that interested electors may file or register any objection to the budget.

Subject to certain exceptions and exclusions discussed hereafter, the District must submit a request for property tax increases in excess of the statutory limitation to the Division of Local Government (if within TABOR limits) or submit the question of an increased level directly to the electors of the District at a general or special election. State law requires that the District adopt a budget prior to the certification of its mill levy to the County and file a certified copy of its budget with the Division of Local Government within 30 days of such adoption. Failure to do so can result in the County Treasurer's withholding future property tax revenues pending compliance by the District. Budget appropriations lapse at the end of each year. The encumbrance method is not used.

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## Supplementary Information

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# PAGOSA FIRE PROTECTION DISTRICT

## SCHEDULE OF CHANGES IN PLAN NET POSITION - BUDGET TO ACTUAL - PENSION TRUST FUND For The Year Ended December 31, 2020

	Original And Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
<b>Additions</b>			
Contributions:			
District	\$ 147,140	\$ 144,989	\$ (2,151)
State	30,596	30,596	—
<b>Total Contributions</b>	<b>177,736</b>	<b>175,585</b>	<b>(2,151)</b>
Investment income:			
Net appreciation in fair value of investments	355,472	394,437	38,965
Interest	—	508	508
Dividends	—	67,890	67,890
<b>Total Investment Income</b>	<b>355,472</b>	<b>462,835</b>	<b>107,363</b>
<b>Total Additions</b>	<b>533,208</b>	<b>638,420</b>	<b>105,212</b>
<b>Deductions</b>			
Benefits	313,517	309,498	4,019
Professional fees	31,815	36,026	(4,211)
AD&D insurance	2,815	2,869	(54)
<b>Total Deductions</b>	<b>348,147</b>	<b>348,393</b>	<b>(246)</b>
<b>Net Increase In Net Position Held In Trust For Pension Benefits</b>	<b>\$ 185,061</b>	<b>290,027</b>	<b>\$ 104,966</b>
<b>Net Position Restricted For Pension Benefits - Beginning Of Year</b>		<b>3,619,598</b>	
<b>Net Position Restricted For Pension Benefits - End Of Year</b>		<b>\$ 3,909,625</b>	