

cPa DIXON, WALLER & CO., INC.

FALCON FIRE PROTECTION DISTRICT

EL PASO COUNTY, COLORADO

FINANCIAL STATEMENTS

DECEMBER 31, 2020

DIXON, WALLER & CO., INC.

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FINANCIAL STATEMENTS

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FINANCIAL SECTION

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Independent Auditor's Report

**Board of Directors
Falcon Fire Protection District
El Paso County, Colorado**

We have audited the accompanying financial statements of the governmental activities and each major fund of Falcon Fire Protection 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.

Auditor's 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, 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 financial position of the governmental activities and each major fund of the Falcon Fire Protection District as of December 31, 2020, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension trend data on pages i through vi, and pages 32 through 38 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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 Falcon Fire Protection District's basic financial statements. The other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other schedules are the responsibility of management and are derived from and relate 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 other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Dixon, Walker & Co., P.C.

May 20, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

The "Management's Discussion and Analysis" (MD&A) is designed to provide an analysis of the District's financial condition and operating results. It also informs the reader on the District's financial issues and activities.

The MD&A should be read in conjunction with the District's basic financial statements.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise two components: 1) government-wide financial statements and fund financial statements, and 2) notes to the financial statements.

Combined Government-Wide and Fund 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 *statement of net position* presents information on all the District's assets and liabilities, with the difference between the two 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 government's net position changed during the past 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 the 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.

Both of the government-wide financial statements distinguish functions of the District that will be principally supported by taxes and intergovernmental revenues. The functions of the District include fire protection and emergency medical services.

The government-wide financial statements are combined with the fund financial statements and can be found on pages 3 & 4 of this report.

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

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

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

The District adopts an annual appropriated budget for its General Fund, Rural Water System Special Revenue Fund and the Capital Projects Special Revenue Fund. Budgetary comparison statements have been provided for the General Fund, Rural Water System Special Revenue Fund and the Capital Projects Special Revenue Fund to demonstrate compliance with their budgets.

The basic governmental fund financial statements can be found on pages 5 & 7 of this report.

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 notes to the financial statements can be found on pages 9-31 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$11,822,604 at the close of the year. In comparison assets had exceeded liabilities by \$9,185,620 in the previous year.

At the end of 2020, the District was able to report positive balances in all three categories of net position.

A large portion of the District's net position, \$5,579,053 (47% at December 31, 2020), is unrestricted and may be used to meet the District's ongoing obligations to its citizens and creditors. The State's Tabor laws require that \$313,800 (3% at December 31, 2020) of the District's net position be set aside and restricted for use in emergencies only. The remaining portion of the District's net position, \$5,929,751 (50% at December 31, 2020), reflects the District's current investment in capital assets. The District uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending although the District's investment in its capital assets is reported net of related debt.

This section will explain the differences between the current and prior year's assets, liabilities, and changes in net position.

The following is a condensed summary of the District's net position at December 31:

| | <u>2020</u> | <u>2019</u> |
|---|-------------------|-------------------|
| Current and Other Assets | 14,445,192 | 10,881,371 |
| Capital Assets (Net) | <u>6,579,879</u> | <u>5,849,186</u> |
| <u>Total Assets</u> | <u>21,025,071</u> | <u>16,730,557</u> |
| Deferred Outflows | <u>1,184,169</u> | <u>992,440</u> |
| <u>Total Assets & Deferred Outflow</u> | <u>22,209,240</u> | <u>17,722,997</u> |
| | | |
| Long-Term Liabilities Outstanding: | | |
| Capital Lease Payable | 2,117,556 | |
| Pension Liability | 374,869 | 644,866 |
| Other Liabilities | <u>410,688</u> | <u>1,098,494</u> |
| <u>Total Liabilities</u> | <u>2,903,113</u> | <u>1,743,360</u> |
| Deferred Inflows | <u>7,483,523</u> | <u>6,794,017</u> |
| <u>Total Liabilities & Deferred Inflow</u> | <u>10,386,636</u> | <u>8,537,377</u> |
| | | |
| Net Position | | |
| Invested in Capital Assets, Net of Related Debt | 5,929,751 | 5,076,052 |
| Restricted for Capital Outlay | - | - |
| Restricted for Emergencies | 313,800 | 207,620 |
| Unrestricted | <u>5,579,053</u> | <u>3,901,948</u> |
| <u>Total Net position</u> | <u>11,822,604</u> | <u>9,185,620</u> |

The government's net position increased by \$2,636,984 during 2020 to \$11,822,604.

Additional information on the Districts Pension Plans and their effect on net position can be found in note 8.

Governmental Activities

During 2020, key elements affecting the District's net position and ultimately contributing to overall increases in the District's net position are as follows:

Increases:

- Capital Outlay purchases of;
 - Purchase of a new 2020 Chevy 6500 Service Vehicle (1322)
 - Purchase of a new 2020 Chevy Tahoe Command Vehicle (5768)
 - Purchases of a new 2019 F-450 Life Line Transport Ambulance (3422)
 - New Stryker Power Cot (1917003500270) for new ambulance
 - New APX 6500 7/800 mhz M25URS9PW1AN radio for new ambulance
 - Progress on new fire station #3 and administration building

The following is a condensed summary of the District's revenue and expenses:

| | <u>2020</u> | <u>2019</u> |
|---------------------------------------|-------------------|------------------|
| Revenues: | | |
| Program Revenues | | |
| Charges for Services | 785,316 | 18,761 |
| Grants & Contributions | <u>478,846</u> | <u>442,350</u> |
| Total | <u>1,264,162</u> | <u>461,111</u> |
| General Revenues: | | |
| Property and Specific Ownership Taxes | 7,493,128 | 6,377,690 |
| Gain on Sale of Property | - | - |
| Investment Earnings | 30,850 | 93,688 |
| Miscellaneous Revenues | 7,658 | 3,095 |
| Lease Purchase Closing Costs | (21,436) | - |
| Pension Revenue | <u>162,828</u> | <u>147,393</u> |
| Total | <u>7,673,028</u> | <u>6,621,866</u> |
| Total Revenues | <u>8,937,190</u> | <u>7,082,977</u> |
| Expenses | | |
| Fire Protection – Operations | 5,723,767 | 3,965,792 |
| Depreciation | 557,671 | 499,368 |
| Pension Costs | - | 42,019 |
| Debt Service - Interest | <u>18,768</u> | <u>45,199</u> |
| Total Expenses | <u>6,300,206</u> | <u>4,552,378</u> |
| Change in Net Position | 2,636,984 | 2,530,599 |
| Net Position – Beginning of Year | <u>9,185,620</u> | <u>6,655,021</u> |
| Net Position – End of Year | <u>11,822,604</u> | <u>9,185,620</u> |

Governmental Funds Budgetary Highlights

The District approved 2020 budget had estimated total revenues at \$10,712,185. The District completed the year with revenues at \$10,995,798. An unexpected increase of total revenue income for the year of \$283,613.

Unexpected 2020 revenue increases were due in part to the following:

- a. A rise in Special Ownership Taxes resulted in an increase of revenue equaling \$74,719
- b. A rise in revenue from Ambulance transport fees resulted in a \$170,316 increase over budget.

Capital Assets and Debt Administration

Capital Assets

The District's investment in capital assets in December 31, 2020 amounts to 6,579,879 (net of accumulated depreciation). This investment in capital assets includes land, buildings, vehicles and equipment.

The major capital assets purchased during the year were equipment in the form:

- Purchase of a new 2020 Chevy 6500 Service Vehicle (1322)
- Purchase of a new 2020 Chevy Tahoe Command Vehicle (5768)
- Purchases of a new 2019 F-450 Life Line Transport Ambulance (3422)
- New Stryker Power Cot (1917003500270) for new ambulance
- New APX 6500 7/800 mhz M25URS9PW1AN radio for new ambulance
- Progress on new fire station #3 and administration building

Capital assets (net of Accumulated Depreciation) are as follows:

| | <u>2020</u> | <u>2019</u> |
|------------------------------|------------------|------------------|
| Land | 817,470 | 817,470 |
| New Construction in Progress | 799,126 | - |
| Buildings & Improvements | 2,842,014 | 2,983,967 |
| Equipment | 160,326 | 210,517 |
| Vehicles | <u>1,960,943</u> | <u>1,837,232</u> |
| | <u>6,579,879</u> | <u>5,849,186</u> |

Additional information on the District's capital assets can be found in Note 2 on page 16 of this report.

Long Term Debt

At December 31, 2020, the District had a balance of \$2,200,000 for capital leases in the form of a lease on the construction of a new Fire Station #3.

Additional information on the District's long-term debt can be found in Note 3 on pages 17 of this report.

Economic Factors and Next Year's Budget and Rates

The District budgeted for 2021 property tax revenue of \$6,993,319 (based on an assessed valuation for the District of \$469,791,670 and a mill levy of 14.886), 2021 Special ownership taxes in the amount of \$784,870 and charges for services of \$7,000 (which represents the fees charged for mandatory inspections on compliance with the International Fire Code as adopted and amended by the District).and Ambulance transport fees of \$545,500. In addition, the district will receive grant revenue of \$250,000 on a federal staffing grant. Overall, the 2021 District Budget will result in a decrease in the general fund balance of \$200,000 which is in the form of contingency as adopted.

Long term economic factors indicate a continued growth in the rate of assessed value realized from new residential and commercial construction resulting in an increase in property assessed value. The District estimated an overall increase in assessed values of 15 percent in 2021 and a increase of 3% in 2022.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Trent Harwig, District Fire Chief, Falcon Fire Protection District, 7030 Old Meridian Rd, Falcon, Colorado 80831.

BASIC FINANCIAL STATEMENTS

FALCON FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION
December 31, 2020

| | <u>Governmental</u> <u>Activities</u> | <u>Total</u> |
|---|--|-------------------|
| <u>ASSETS</u> | | |
| Cash | 3,267,688 | 3,267,688 |
| Investments | 3,774,435 | 3,774,435 |
| Receivables (Net of Allowance where Applicable) | | |
| Accounts Receivable | 253,012 | 253,012 |
| Property Tax | 6,993,319 | 6,993,319 |
| Fixed Assets | 11,227,437 | 11,227,437 |
| Accumulated Depreciation | (4,647,558) | (4,647,558) |
| Net Pension Asset SWDB | 156,738 | 156,738 |
| Prepaid Expense | - | - |
| <u>Total Assets</u> | <u>21,025,071</u> | <u>21,025,071</u> |
| <u>DEFERRED OUTFLOWS OF RESOURCES</u> | | |
| Pension Plan Cost – Plan SWDB | 1,106,651 | 1,106,651 |
| Pension Plan Cost – Volunteer Fire | 77,518 | 77,518 |
| <u>Total Deferred Outflows of Resources</u> | <u>1,184,169</u> | <u>1,184,169</u> |
| <u>LIABILITIES</u> | | |
| Accounts Payable | 100,251 | 100,251 |
| Accrued Wages & Benefits | 57,139 | 57,139 |
| Accrued Interest Payable | 17,721 | 17,721 |
| Capital Lease Payable – Current | 82,444 | 82,444 |
| Non-Current Liabilities: | | |
| Capital Lease Payable | 2,117,556 | 2,117,556 |
| Pension Liability Volunteer Fire | 374,869 | 374,869 |
| Pension Liability SWDB | - | - |
| Compensated Absences | 153,133 | 153,133 |
| <u>Total Liabilities</u> | <u>2,903,113</u> | <u>2,903,113</u> |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | |
| Property Tax | 6,993,319 | 6,993,319 |
| Pension Plan Cost SWDB | 449,129 | 449,129 |
| Pension Plan Cost Volunteer Fire | 41,075 | 41,075 |
| <u>Total Deferred Inflows of Resources</u> | <u>7,483,523</u> | <u>7,483,523</u> |
| <u>NET POSITION</u> | | |
| Net Investment in Capital Assets | 5,929,751 | 5,929,751 |
| Restricted for: | | |
| TABOR | 313,800 | 313,800 |
| Unrestricted | 5,579,053 | 5,579,053 |
| <u>Total Net Position</u> | <u>11,822,604</u> | <u>11,822,604</u> |

The accompanying notes are an integral part of these financial statements.

**FALCON FIRE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES
Year Ended December 31, 2020**

| <u>Functions/Programs</u> | Program Revenues | | | | Net (Expense) | |
|--------------------------------------|------------------|---------------------------------|---|---|------------------------------------|---------------------|
| | <u>Expenses</u> | <u>Charges for Services</u> | <u>Operating Grants & Contributions</u> | <u>Capital Grants & Contributions</u> | Revenue and | Changes In |
| | | | | | <u>Governmental Activities</u> | <u>Net Position</u> |
| <u>Governmental Activities</u> | | | | | | |
| Public Safety | 6,051,608 | 785,316 | 478,846 | - | (4,787,446) | (4,787,446) |
| Capital Outlay | 178,490 | - | - | - | (178,490) | (178,490) |
| Debt Service – Interest | 18,768 | - | - | - | (18,768) | (18,768) |
| Volunteer Pension Payment | 40,000 | - | - | - | (40,000) | (40,000) |
| State Match Volunteer Pension | 11,340 | - | - | - | (11,340) | (11,340) |
| Pension Costs | - | - | - | - | - | - |
| <u>Total Governmental Activities</u> | <u>6,300,206</u> | <u>785,316</u> | <u>478,846</u> | <u>-</u> | <u>(5,036,044)</u> | <u>(5,036,044)</u> |
| <u>Total Primary Government</u> | <u>6,300,206</u> | <u>785,316</u> | <u>478,846</u> | <u>-</u> | <u>(5,036,044)</u> | <u>(5,036,044)</u> |
| <u>General Revenues:</u> | | | | | | |
| | | | | | 6,758,409 | 6,758,409 |
| | | | | | 734,719 | 734,719 |
| | | | | | 30,850 | 30,850 |
| | | | | | - | - |
| | | | | | 162,828 | 162,828 |
| | | | | | (21,436) | (21,436) |
| | | | | | 7,658 | 7,658 |
| | | | | | <u>7,673,028</u> | <u>7,673,028</u> |
| | | | | | 2,636,984 | 2,636,984 |
| | | | | | <u>9,185,620</u> | <u>9,185,620</u> |
| | | | | | <u>11,822,604</u> | <u>11,822,604</u> |

The accompanying notes are an integral part of these financial statements.

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

| | <u>General Fund</u> | <u>Rural Water System Special Revenue Fund</u> | <u>Capital Projects Fund</u> | <u>Total Governmental Funds</u> |
|--|--------------------------|--|--------------------------------------|---|
| <u>ASSETS</u> | | | | |
| Cash | 1,715,575 | - | 1,552,113 | 3,267,688 |
| Investments | 2,564,176 | 11,139 | 1,199,120 | 3,774,435 |
| Receivables (Net, of Allowance where Applicable): | | | | |
| Accounts Receivable | 253,012 | - | - | 253,012 |
| Property Tax | 6,993,319 | - | - | 6,993,319 |
| Due from Other Funds | - | - | 11,270 | 11,270 |
| <u>Total Assets</u> | <u>11,526,082</u> | <u>11,139</u> | <u>2,762,503</u> | <u>14,299,724</u> |
| <u>DEFERRED OUTFLOW OF RESOURCES</u> | | | | |
| Prepaid Insurance | - | - | - | - |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | |
| <u>LIABILITIES:</u> | | | | |
| Accounts Payable | 100,251 | - | - | 100,251 |
| Accrued Wages and Benefits | 57,139 | - | - | 57,139 |
| Due to Other Funds | 11,270 | - | - | 11,270 |
| <u>Total Liabilities</u> | <u>168,660</u> | <u>-</u> | <u>-</u> | <u>168,660</u> |
| <u>DEFERRED INFLOW OF RESOURCES</u> | | | | |
| Property Tax | 6,993,319 | - | - | 6,993,319 |
| <u>FUND BALANCES</u> | | | | |
| Restricted | | | | |
| TABOR | 313,800 | - | - | 313,800 |
| Assigned | | | | |
| Code Requirements - Fire Flow (Water Supply) | - | 11,139 | - | 11,139 |
| Ambulance | 907,964 | - | - | 907,964 |
| Capital Outlay | - | - | 2,762,503 | 2,762,503 |
| Unassigned | 3,142,339 | - | - | 3,142,339 |
| <u>Total Fund Balances</u> | <u>4,364,103</u> | <u>11,139</u> | <u>2,762,503</u> | <u>7,137,745</u> |
| <u>TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</u> | <u>11,526,082</u> | <u>11,139</u> | <u>2,762,503</u> | <u>14,299,724</u> |

The accompanying notes are an integral part of these financial statements.

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

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

| | |
|---|--------------------------|
| <u>Total Fund Balance – Governmental Funds</u> | 7,137,745 |
| Prepaid expenses are not reported as an asset in the Governmental Funds. | - |
| Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$11,227,437 and the accumulated depreciation is \$4,647,558. | 6,579,879 |
| Net pension liability, deferred outflows, and deferred inflows related to pensions are not current financial resources and therefore are not reported as assets or liabilities in the governmental funds. | 475,834 |
| Long-term liability for lease purchase and accrued interest payable are not due and payable in the current period and therefore are not reported in the Governmental Funds. | |
| Lease Purchase Payable | (2,200,000) |
| Accrued Interest Payable | <u>(17,721)</u> |
| Compensated absences are not reported as a liability in the Governmental Funds. | <u>(153,133)</u> |
| <u>Total Net Position – Governmental Activities</u> | <u>11,822,604</u> |

The accompanying notes are an integral part of these financial statements.

FALCON FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2020

| | <u>General Fund</u> | <u>Rural Water System Special Revenue Fund</u> | <u>Capital Projects Fund</u> | <u>Total Governmental Fund</u> |
|---|-------------------------|--|--------------------------------------|--|
| <u>REVENUES</u> | | | | |
| Taxes | 7,493,128 | - | - | 7,493,128 |
| Intergovernmental Revenues | 483,784 | - | - | 483,784 |
| Charges for Services | 785,316 | - | - | 785,316 |
| Insurance Proceeds | - | - | - | - |
| Interest | 22,766 | 99 | 7,985 | 30,850 |
| Miscellaneous Revenues | 2,720 | - | - | 2,720 |
| <u>Total Revenues</u> | <u>8,787,714</u> | <u>99</u> | <u>7,985</u> | <u>8,795,798</u> |
| <u>EXPENDITURES</u> | | | | |
| Current: | | | | |
| General Administrative | 218,095 | - | - | 218,095 |
| Fire | 1,022 | - | - | 1,022 |
| Operations | 5,044,297 | - | - | 5,044,297 |
| Volunteer Pension Payment | 40,000 | - | - | 40,000 |
| State Match- Volunteer Pension | 11,340 | - | - | 11,340 |
| Supplies and Maintenance | 143,848 | 281 | - | 144,129 |
| Training and Association Fee | 22,464 | - | - | 22,464 |
| Debt Service – Principal | - | - | 773,134 | 773,134 |
| Debt Service – Interest | - | - | 25,406 | 25,406 |
| Capital Outlay | 184,136 | 2,800 | 1,279,918 | 1,466,854 |
| <u>Total Expenditures</u> | <u>5,665,202</u> | <u>3,081</u> | <u>2,078,458</u> | <u>7,746,741</u> |
| <u>REVENUES OVER (UNDER)</u> | | | | |
| <u>EXPENDITURES</u> | <u>3,122,512</u> | <u>(2,982)</u> | <u>(2,070,473)</u> | <u>1,049,057</u> |
| <u>OTHER FINANCING SOURCES (USES)</u> | | | | |
| Transfers In (Out) | (1,815,000) | - | 1,815,000 | - |
| Donated Property | - | - | - | - |
| Lease Purchase Proceeds | - | - | 2,200,000 | 2,200,000 |
| Lease Purchase Closing Costs | - | - | (21,436) | (21,436) |
| <u>Total Other Financing Sources</u> | <u>(1,815,000)</u> | <u>-</u> | <u>3,993,564</u> | <u>2,178,564</u> |
| <u>NET CHANGE IN FUND BALANCES</u> | <u>1,307,512</u> | <u>(2,982)</u> | <u>1,923,091</u> | <u>3,227,621</u> |
| <u>FUND BALANCES – Beginning (as Restated)</u> | <u>3,056,591</u> | <u>14,121</u> | <u>839,412</u> | <u>3,910,124</u> |
| <u>FUND BALANCES - Ending</u> | <u>4,364,103</u> | <u>11,139</u> | <u>2,762,503</u> | <u>7,137,745</u> |

The accompanying notes are an integral part of these financial statements.

FALCON FIRE PROTECTION DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENT FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2020

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

| | |
|--|---------------------------|
| <u>Net Change in Fund Balances – Total Governmental Funds</u> | 3,227,621 |
| <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense.</p> | |
| Capital outlays more than \$5,000 | 1,288,364 |
| Depreciation Expense | <u>(557,671)</u> |
| | 730,693 |
| <p>The governmental funds report debt proceeds as an other financing source, while repayment of debt principal is reported as an expenditure. Interest expense is recognized as it accrues in the statement of activities regardless of when it is due. The net effect of these differences follows:</p> | |
| Lease Purchase Proceeds | (2,200,000) |
| Repayment of Debt Principal | 773,134 |
| Change in Accrued Interest | <u>6,638</u> |
| | (1,420,228) |
| <p>Pension income/expense was reported in the governmental funds but is reported based on the changes in net pension assets/liabilities in the entity-wide statements.</p> | |
| | 162,828 |
| <p>In the statement of activities compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amount paid). During the year, compensated absences increased by this amount.</p> | |
| | (63,930) |
| <p>In the statement of activities prepaid expenses are not reported as expenditures until consumed, while these costs are recognized when paid in governmental funds.</p> | |
| | <u> -</u> |
| <u>Change in Net Position of Governmental Activities</u> | <u>2,636,984</u> |

The accompanying notes are an integral part of these financial statements.

FALCON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Falcon Fire Protection District conform to generally accepted accounting principles applicable to governmental units. The following is a summary of significant accounting policies:

A. Reporting Entity

Governmental Accounting Standards board (GASB) Statement No. 14 (as amended by Statement No. 34, No. 39 and No. 61), "*The Financial Reporting Entity*" (GASB No. 14) describes the financial reporting entity as it relates to governmental accounting. According to this Statement, the financial reporting entity consists of a) the primary government, b) organization for which the primary government is financially accountable, and c) other organizations whose exclusion from the reporting entity's financial statements would cause those statements to be misleading or incomplete. Any organizations that can be described by these last two items are included with the primary government in the financial statements as component units.

This District is not included in any other governmental "reporting entity" as defined in GASB No. 14 and does not include any other component unit as part of its "reporting entity". As required by accounting principles generally accepted in the USA, these basic financial statements present the District (the primary government) and its component units.

B. Government – Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

FALCON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded 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 revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the District's governmental and business-type activities. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, operating statements present increases and decreases in net current position and unassigned fund balance as a measure of available spendable resources. This means that only current liabilities are generally included on their balance sheets.

Amounts reported as program revenues included 1) charges to customers or applicants for goods, services or privileges provided 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

All governmental fund types use 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. Revenues are considered to be available to collect within 60 days after year-end.

Property taxes are reported as receivables and unearned revenue when levied and as revenues when due for collection in the following year and determined to be available.

**FALCON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)**

Grants and entitlement revenues are recognized when compliance with matching requirements is met. A receivable is established when the related expenditures exceed revenue receipts.

Expenditures are recorded when the related fund liability is incurred with the exception of general obligation and capital lease debt service which is recognized when due and certain accrued sick and personal pay which are accounted for as expenditures when expected to be liquidated with expendable available financial resources.

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

D. Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred flows, fund equity, revenues and expenditures, or expenses, as appropriate. Resources are allocated to and accounted for in individual funds bases upon the purposes for which they are to be spent and the means by which spending activities are controlled. The major funds presented in the accompanying basic financial statements are as follows:

• **Major Governmental Funds**

1. **General Fund** – the general operating fund of the District; used to account for all resources that are not required legally or by sound financial management to be accounted for in another fund.
2. **Special Revenue Funds** – are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
 - **Rural Water System Fund** – This fund is provided to maintain a separate accounting for expenditures to meet minimum fire flow (water supply) requirements of applicable fire codes.
3. **Capital Projects Fund** – This fund accounts for the acquisition of capital assets.
 - **Capital Projects Fund** – This fund provides for the acquisition of sites, buildings, vehicles and other capital related expenditures.

**FALCON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the assets constructed.

Capital assets of the primary government are depreciated using the straight line method over the following estimated useful lives:

| <u>Assets</u> | <u>Years</u> |
|---------------|--------------|
| Equipment | 5-7 |
| Buildings | 20-30 |
| Vehicles | 5-10 |

F. Budgets and Budgetary Accounting

The District has set procedures to be followed in establishing the budgetary data reflected in the financial statements:

1. Prior to October 1, a proposed operating budget for the fiscal year commencing the following January 1 is developed. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to December 31, the budget is legally enacted through passage of an ordinance or resolution.
4. Budgets for the General Fund, Special Revenue and Capital Project Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

G. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies, is not used by the Falcon Fire Protection District.

Receivables – All receivables are reported at their gross values and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. At December 31, 2020, management has recorded an allowance of \$204,518 for contractual allowances and uncollectible ambulance service fees. All receivables are expected to be collected within one year.

**FALCON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Inventory

Inventory is valued at the lower of cost (first-in, first-out) or market. The costs of inventories are recorded as expenditures when they are used.

I. Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefits Amounts

Accumulated unpaid vacation, sick pay, and other employee benefits amounts should be accrued when incurred in proprietary funds (using the accrual basis of accounting). Such amounts would not be accrued in governmental funds (using the modified accrual basis of accounting). Accrued vacation and sick leave payable has been reflected in the statement of net position for all governmental activities.

J. Property Taxes

Property taxes represent ad valorem taxes levied by the District, which are payable to the County Treasurer, and are recognized as revenue by the District in the year for which they are levied.

Property taxes are levied in December for collection in the subsequent year.

Property taxes attach as an enforceable lien on property as of January 1. Taxes may be paid without penalty in either of two ways: (a) Full payment by April 30, or (b) First half must be paid by last day of February, and second half must be paid by June 15.

K. Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

Non-exchange transactions, in which the District receives value without directly giving value in return, include grants and donations. On an accrual basis, revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis.

L. Use of Estimates

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

**FALCON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the District to deposit in the accounts of federally insured banks, credit unions, and savings and loan associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers acceptances, and mutual funds composed of otherwise legal investments.

N. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position.

In the fund financial statements, governmental fund types recognize debt issued as other financing sources.

O. GASB Statement No. 54

The Government Accounting Standards Board (GASB) has issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54). This statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

1. Nonspendable such as fund balances associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned).
2. Restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
3. Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Board of Directors (the District's highest level of decision-making authority).
4. Assigned fund balance classification is intended to be used by the government for specific purposes that do not meet the criteria to be classified as restricted or committed.
5. Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

Fund Balance Classification Policies and Procedures

Committed Fund Balance Policy:

The District's Committed Fund Balance is fund balance reporting required by the District, either because of a District Policy in the District Policy Manual, or because of motions that passed at District meetings.

**FALCON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. GASB Statement No. 54 (continued)

Fund Balance Classification Policies and Procedures (Continued)

Assigned Fund Balance Policy:

The District's Assigned Fund Balance is fund balance reporting occurring by District Administration authority, under the direction of the Chief Business Officer.

Order of Fund Balance Spending Policy

The District's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year by adjusting journal entries.

First, non-spendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then unrestricted fund balances are determined following the order of committed, assigned, and unassigned.

Fund Balance Classification by Fund:

| | <u>General Fund</u> | <u>Special Revenue Rural Water System Fund</u> | <u>Capital Project Fund</u> | <u>Total Governmental Funds</u> |
|----------------------------|-------------------------|--|-------------------------------------|---|
| Nonspendable: | - | - | - | - |
| Restricted: | | | | |
| Emergencies | 313,800 | - | - | 313,800 |
| Committed: | - | - | - | - |
| Assigned: | | | | |
| Code Requirements – | | | | |
| Fire Flow (Water Supply) | - | 11,139 | - | 11,139 |
| Ambulance | 907,964 | - | - | 907,964 |
| Capital Outlay | - | - | 2,762,503 | 2,762,503 |
| <u>Unassigned:</u> | <u>3,142,339</u> | <u>-</u> | <u>-</u> | <u>3,142,339</u> |
| <u>Total Fund Balances</u> | <u>4,364,103</u> | <u>11,139</u> | <u>2,762,503</u> | <u>7,137,745</u> |

P. Deferred Outflows / Inflows of Resources

In addition to assets, the statement of financial position and the balance sheet 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 then.

In addition to liabilities, the statement of financial position and the 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.

**FALCON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 2 CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2020 was as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|--|------------------------------|------------------|------------------|---------------------------|
| <u>Governmental Activities</u> | | | | |
| Capital Assets Not Being Depreciated: | | | | |
| Land | 817,470 | - | - | 817,470 |
| Construction in Progress | <u>-</u> | <u>799,126</u> | <u>-</u> | <u>799,126</u> |
| Total Capital Assets Not Being Depreciated: | <u>817,470</u> | <u>799,126</u> | <u>-</u> | <u>1,616,596</u> |
| Capital Assets Being Depreciated: | | | | |
| Building and Improvements | 4,117,505 | - | - | 4,117,505 |
| Equipment | 1,230,117 | 32,432 | - | 1,262,549 |
| Vehicles | <u>3,773,981</u> | <u>456,806</u> | <u>-</u> | <u>4,230,787</u> |
| Total Capital Assets Being Depreciated | <u>9,121,603</u> | <u>489,238</u> | <u>-</u> | <u>9,610,841</u> |
| Less Accumulated Depreciation for: | | | | |
| Buildings | 1,133,538 | 141,953 | - | 1,275,491 |
| Equipment | 1,019,600 | 82,623 | - | 1,102,223 |
| Vehicles | <u>1,936,749</u> | <u>333,095</u> | <u>-</u> | <u>2,269,844</u> |
| Total Accumulated Depreciation | <u>4,089,887</u> | <u>557,671</u> | <u>-</u> | <u>4,647,558</u> |
| Total Capital Assets Being Depreciated, Net | <u>5,031,716</u> | <u>(68,433)</u> | <u>-</u> | <u>4,963,283</u> |
| <u>Governmental Activities</u> | | | | |
| <u>Capital Assets, Net</u> | <u>5,849,186</u> | <u>730,693</u> | <u>-</u> | <u>6,579,879</u> |

Beginning in 2004, general infrastructure assets are recorded prospectively in these financial statements, at cost. Retroactive reporting of general infrastructure assets is not required by standards for the District (Phase 3 entity).

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:

| | |
|--|----------------|
| Public Safety – Firefighting & Ambulance | <u>557,671</u> |
| <u>Total Depreciation Expense – Governmental Activities</u> | <u>557,671</u> |

**FALCON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 CAPITAL LEASES

The following is a summary of changes in Capital Leases of the District for the year ended December 31, 2020.

| <u>Governmental Funds</u> | <u>Balance</u> <u>Jan. 1, 2020</u> | <u>Additions</u> | <u>Retirements</u> | <u>Balance</u> <u>Dec. 31, 2020</u> | <u>Due Within</u> <u>One Year</u> |
|---------------------------|---------------------------------------|-------------------------|-----------------------|--|--------------------------------------|
| General Fund: | | | | | |
| Fire Station-Building #4 | 773,134 | - | 773,134 | - | - |
| Fire Station-Building #3 | <u>-</u> | <u>2,200,000</u> | <u>-</u> | <u>2,200,000</u> | <u>82,444</u> |
| Total | <u><u>773,134</u></u> | <u><u>2,200,000</u></u> | <u><u>773,134</u></u> | <u><u>2,200,000</u></u> | <u><u>82,444</u></u> |

Fire Station #4

In 2016, the District entered into a lease purchase agreement for the purpose of financing the construction of a new fire station. The agreement qualifies as a capital lease for accounting purposes. Lease payments are subject to annual appropriation of funds by the District. The lease obligation dated June 10, 2016 includes ten annual payments of \$210,652.54 and interest at 3.0%. This lease purchase was fully paid off as of January 15, 2020.

Fire Station #3

In 2020, the District entered into a lease purchase agreement, dated September 24, 2020, for the purpose of financing the construction of a new fire station. The agreement qualifies as a capital lease for accounting purposes. Lease payments are subject to annual appropriation of funds by the District. The lease purchase payments beginning September 24, 2021, and include twenty annual payments of \$148,443.83 with interest at 3.0%.

The annual lease purchase payment schedule is as follows:

| <u>Fiscal Year</u> | <u>Interest</u> | <u>Principal</u> | <u>Annual</u> <u>Payment</u> |
|---|-----------------------|-------------------------|---------------------------------|
| 2021 | 66,000 | 82,444 | 148,444 |
| 2022 | 63,527 | 84,917 | 148,444 |
| 2023 | 60,979 | 87,465 | 148,444 |
| 2024 | 58,355 | 90,089 | 148,444 |
| 2025 | 55,653 | 92,791 | 148,444 |
| 2026 | 52,869 | 95,575 | 148,444 |
| 2027 | 50,002 | 98,442 | 148,444 |
| 2028 | 47,048 | 101,396 | 148,444 |
| 2029 | 44,006 | 104,438 | 148,444 |
| 2030 | 40,873 | 107,571 | 148,444 |
| 2031 | 37,646 | 110,798 | 148,444 |
| 2032 | 34,322 | 114,122 | 148,444 |
| 2033 | 30,899 | 117,545 | 148,444 |
| 2034 | 27,372 | 121,072 | 148,444 |
| 2035 | 23,740 | 124,704 | 148,444 |
| 2036 | 19,999 | 128,445 | 148,444 |
| 2037 | 16,146 | 132,298 | 148,444 |
| 2038 | 12,177 | 136,267 | 148,444 |
| 2039 | 8,089 | 140,355 | 148,444 |
| 2040 | <u>3,878</u> | <u>129,266</u> | <u>133,144</u> |
| Total Minimum Payments | <u><u>753,580</u></u> | <u><u>2,200,000</u></u> | <u><u>2,953,580</u></u> |
| Less Amount Representing Interest | | | <u><u>(753,580)</u></u> |
| Net Present Value of Future Minimum Payments | | | <u><u>2,200,000</u></u> |

**FALCON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 4 CASH AND INVESTMENTS

The District's deposits at year end were covered by Federal depository insurance or secured under the Public Deposit Protection Act of the State of Colorado, whereby the custodial bank pledges collateral for amounts on deposit in excess of the amount guaranteed by the FDIC for governmental entities.

| | <u>Bank Balance</u> | <u>Carrying Amount</u> |
|--|-------------------------|----------------------------|
| Insured | 250,000 | 250,000 |
| Uninsured, Collateralized Under the Public Deposit Protection Act of the State of Colorado | 3,218,402 | 2,956,568 |
| <u>Sub-Total</u> | <u>3,468,402</u> | <u>3,206,568</u> |
| Cash with County Treasurer | - | 61,120 |
| <u>Total Cash and Deposits</u> | <u>3,468,402</u> | <u>3,267,688</u> |

Cash of \$313,800 is restricted as Emergency Reserves as required by Article X, Section 20 of the Constitution of the State of Colorado. (See Note 6)

As presented above, deposits with a bank balance of \$3,218,402 and a carrying balance of \$2,956,568 as of December 31, 2020 are uninsured, are exposed to custodial risk, and are collateralized with securities held by the pledging financial institution.

Investments

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

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

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

| <u>Investment</u> | <u>Maturity</u> | <u>Investments Fair Value</u> | <u>Credit Risk Rating</u> |
|-------------------|-----------------|-----------------------------------|-------------------------------|
| COLO Trust Plus | 41 Day Average | 3,774,435 | AAAm |

**FALCON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 4 CASH AND INVESTMENTS (Continued)

Interest Rate Risk – The District does not have a formal investment policy that limits investment maturities for managing possible fair value losses due to increasing interest rates.

Credit Risk – State Law limits the type of investments allowable. The ratings by Standard & Poor for each investment are disclosed above.

Concentration of Credit Risk – The District has no policy restricting the amount that can be invested in any issuer.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. 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; Level 3 inputs are significant unobservable inputs.

The District has no recurring fair value measurements as of December 31, 2020:

- **COLOTRUST** – Investments in this external investment pool are reported at \$1 net asset value per share and are not subject to fair value measurement. The investment is reported at cost.

NOTE 5 COMPENSATED ABSENCES

Personal Leave Time: The District leave program operates on a concept of personal leave that combines vacation and sick time. Full-time employees accrue personal leave with each pay period and may accrue and carry a maximum of hours as approved in the current approved pay leave and allowance schedule. Any personal leave in excess of this limit will be lost if not used, except where the employee has scheduled leave in any month and has been denied the leave due to administrative or operations requirements in which case the scheduled leave may be carried over to the next month in excess of the hour limit. Personal leave may not be used in advance of accrual. All operations personnel leave time that can be projected must be applied for one month in advance to permit rescheduling of operations personnel to maintain coverage. Administrative personnel must schedule leave at least two weeks in advance. No employee is guaranteed the requested vacation time off. Accrued leave payable as of December 31, 2020 was \$153,133.

NOTE 6 CONTINGENCIES - TAX, SPENDING AND DEBT LIMITATIONS

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

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR.

**FALCON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 6 CONTINGENCIES - TAX, SPENDING AND DEBT LIMITATIONS (Continued)

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

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

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

Except for bond refinancing at lower interest rates or adding employees to existing pension plans, TABOR specifically prohibits the creation of multiple-fiscal year debt or other financial obligations without voter approval or without irrevocable pledging present cash reserves for all future payments.

In 1998 the voters of the District approved that the District be able to collect, retain and spend all tax revenue collected from a tax rate of 2.702 mills, and all other revenue received from any sources, commencing January 1, 1998 and continuing thereafter.

On November 7, 2000, the voters of the District approved that the mill levy may be increased from 2.702 mills to 5.712 beginning in 2001 and each year thereafter.

On November 7, 2010, the voters of the District approved that the mill levy may be increased from 5.712 mills to 8.612 mills beginning in 2011 and each year thereafter.

On November 6, 2018, the voters of the District approved that the mill levy may be increased from 8.612 mills to 14.886 mills beginning in 2019 and each year thereafter.

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

**FALCON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 7 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God.

The District maintains commercial insurance for all risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 8 PENSION PLANS

The District has two plans covering members. The plans are:

- Fire and Police Pension Plan – Statewide Defined Benefit Plan (FPPA SWDB)
- Falcon Fire Protection District Volunteer Fire Defined Benefit Plan

| <u>Plan</u> | <u>Net Pension Asset</u> | <u>Net Pension Liability</u> | <u>Pension Income (Expense)</u> | <u>Deferred Outflows</u> | <u>Deferred Inflows</u> |
|---|----------------------------------|--------------------------------------|---|------------------------------|-----------------------------|
| FPPA Statewide Plan | 156,738 | - | 161,823 | 1,106,651 | 449,129 |
| Falcon Fire Protection District Volunteer Fire | - | <u>374,869</u> | <u>1,005</u> | <u>77,518</u> | <u>41,075</u> |
| Totals | <u>156,738</u> | <u>374,869</u> | <u>162,828</u> | <u>1,184,169</u> | <u>490,204</u> |

FPPA Statewide Defined Benefit Plan

The District participates in the Statewide Defined Benefit Plan (SWDB), a cost-sharing multiple-employer defined benefit pension fund administered by the FPPA. The net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the SWDB have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Eligible employees of the District are provided with pensions through SWDB. FPPA issues a publicly available comprehensive annual financial report that can be obtained on FPPA's website at <http://fppaco.org>.

FPPA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714. A member is eligible for a normal retirement pension once the member has completed twenty-five years of credited service and has attained the age of 55.

**FALCON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 8 PENSION PLANS (Continued)

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

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

Through December 31, 2020, contribution rates for the SWDB plan are set by state statute. Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or election of the membership.

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

Employer contributions recognized by the SWDB from the District were \$257,154 for the year ended December 31, 2020.

At December 31, 2020, the District reported an asset of \$156,738 for its proportionate share of the net pension liability of SWDB. The net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020. The collective total pension liability as of December 31, 2020 is based upon the January 1, 2020 actuarial valuation.

At December 31, 2020, the District's proportion was 0.277137 percent, which was an increase of 0.085747 percent from its proportion measured as of December 31, 2019.

For the year ended December 31, 2020, the District recognized pension expense of \$(161,823). At December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**FALCON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 8 PENSION PLANS (Continued)

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------|-------------------------------|
| Difference between expected and actual experience | 530,431 | (3,068) |
| Changes of assumptions or other inputs | 297,613 | - |
| Net difference between projected and actual earnings on pension plan investments | - | (246,396) |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions | 21,453 | (199,665) |
| Contributions subsequent to the measurement date | 257,154 | N/A |
| Total | 1,106,651 | (449,129) |

The deferred outflows and deferred inflows related to pensions are included with total deferred outflows and total deferred inflows on the statement of net position. Deferred outflows of resources of \$257,154 related to FPPA pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction in the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| For the years ending December 31, | Amounts recognized in Pension Expense |
|-----------------------------------|---------------------------------------|
| 2021 | \$34,707 |
| 2022 | \$13,369 |
| 2023 | \$93,527 |
| 2024 | \$(10,444) |
| 2025 | \$94,696 |
| Thereafter | \$174,513 |

The components of the calculation of the net pension liability of the SWDB plan as of December 31, 2019 are shown in the following table:

| | December 31, 2019 |
|--|-------------------|
| Total Pension Liability (A) | \$2,919,378,738 |
| Plan Fiduciary Net Position (B) | \$2,975,935,079 |
| Employer's Net Pension Liability (Asset) (A-B) | \$56,556,341 |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (B/A) | 101.9% |

The actuarial valuations for the SWDP were used to determine the total pension liability and actuarially determined contributions for the fiscal year ending December 31, 2018. The valuation used the following actuarial assumption and other inputs:

**FALCON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 8 PENSION PLANS (Continued)

| | Total Pension Liability | Actuarially Determined Contributions |
|---------------------------------------|-------------------------|--------------------------------------|
| Actuarial Valuation Date | January 1, 2020 | January 1, 2019 |
| Actuarial Method | Entry Age Normal | Entry Age Normal |
| Amortization Method | N/A | Level % of Payroll, Open |
| Amortization Period | N/A | 30 years |
| Long-term investment Rate of Return * | 7.0% | 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 and actuarially determined contributions, the post-retirement mortality tables for non-disabled retirees uses the 2006 central rates from the RP-2014 Annuitant Mortality Tables projected to 2018 using the MP-2017 projection scales, and the projected prospectively using the ultimate rates of the scale for all years. The pre-retirement off-duty mortality tables are adjusted to 50% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00015.

At least every five years the FPPA's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2018 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by FPPA's actuaries, Gabriel, Roeder, Smith & Co., based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2019. The actuarial assumptions impact actuarial factors for benefit purposes such as 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 percent). Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2019 are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|-------------------|-------------------|--|
| Global Equity | 38% | 7.00% |
| Equity Long/Short | 8% | 6.00% |
| Private Markets | 25% | 9.20% |
| Fixed Income | 15% | 5.20% |
| Absolute Return | 8% | 5.50% |
| Managed Futures | 4% | 5.00% |
| Cash | 2% | 2.52% |
| Total | 100% | |

**FALCON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 8 PENSION PLANS (Continued)

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

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 investment (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits).

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

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. Regarding the sensitivity of the net pension liability to changes in the Single Discount Rate, the following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.00%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

| | 1% Decrease (6.00%) | Current Discount Rate (7.00%) | 1% Increase (8.00%) |
|---|------------------------|----------------------------------|------------------------|
| Proportionate share of the net pension (asset) liability | 950,388 | (156,738) | (1,074,912) |

Pension plan fiduciary net position. Detailed information about the SWDB's fiduciary net position is available in FPPA's comprehensive annual financial report which can be obtained at www.coFPPA.org/investments/FPPA-financial-reports.

**FALCON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 8 PENSION PLANS (Continued)

Volunteer Firefighters

The FPPA administers an agent multiple-employer PERS. The PERS represents the assets of numerous separate plans that have been pooled for investment purposes. The pension plans have elected to affiliate with FPPA for plan administration and investment only. FPPA issues a publicly available comprehensive annual financial report that can be obtained at:

http://www.fppaco.org/pdfs/annual_audit_actuarial_reports/annual%20reports/2014%20cafr.pdf

The plan provides normal retirement benefits, disability retirement and survivor benefits. Firefighters who have attained both 50 years of age and completed 20 years of active service in any fire department in the State of Colorado are eligible for a monthly pension. The District has twenty-five retirees and one inactive, nonretired member in this plan as of December 31, 2019 (measurement date) and December 31, 2020 (reporting date).

At December 31, 2020, the District reported a net pension liability of \$374,869. The net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019.

At December 31, 2019 the total pension liability was \$869,752 and the plan fiduciary net position was \$494,883. For the year ended December 31, 2020, the District recognized pension income of \$1,005.

At December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to the Volunteer pension from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Difference between expected and actual experience | - | - |
| Net difference between projected and actual earnings on pension plan investments | 26,178 | (41,075) |
| The employer's contributions to the plan subsequent to the measurement date of the collective net pension liability | 51,340 | N/A |
| Total | 77,518 | (41,075) |

The deferred outflows and deferred inflows related to pensions are included with total deferred outflows and total deferred inflows on the statement of net position. Deferred outflows of resources of \$51,340 related to the Volunteer pension, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability or increase in 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 pensions will be recognized in pension expense as follows:

**FALCON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 8 PENSION PLANS (Continued)

| For the years ending December 31, | |
|-----------------------------------|-----------|
| 2021 | \$(3,313) |
| 2022 | \$(6,050) |
| 2023 | \$ 1,138 |
| 2024 | \$(6,672) |
| 2025 | - |
| Thereafter | - |

Employer contributions are recognized by FPPA in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to FPPA. Employer contributions recognized by the FPPA from the District were \$51,340 for the year ended December 31, 2020.

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

Methods and Assumptions used to determine contribution rates for the fiscal year ending December 31, 2019:

| | |
|-------------------------------|--|
| Actuarial Cost Method | Entry Age Normal |
| Amortization Method | Level Dollar, Open* |
| Remaining Amortization Period | 20 Years* |
| Asset Valuation Method | 5-Year Smoothed Market |
| Inflation | 2.50% |
| Salary Increases | N/A |
| Investment Rate of Return | 7.50% |
| Retirement Age | 50% per year of eligibility until 100% at age 65 |
| Mortality | Pre-retirement: RP-2014 Mortality Tables for Blue Collar Employees, projected with Scale BB, 55% multiplier for off-duty mortality. Post-retirement: For ages less than 55, RP-2014 Mortality Tables for Blue Collar Employees. For ages 65 and older, RP-2014 Mortality Tables for Blue Collar Healthy Annuitants. For ages 55 through 64, a blend of the previous tables. All tables are projected with Scale BB. |

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

The assumptions shown above pertain to the actuarial valuation as of January 1, 2017 and the associated Actuarially Determined Contribution for the year ending December 31, 2018. Following a regularly scheduled experience study in 2018, the Board adopted a new assumption set for first use in the January 1, 2019 valuations. This new assessment is used in determining the net pension liability as of December 31, 2018 and as of December 31, 2019.

**FALCON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 8 PENSION PLANS (Continued)

The primary changes, which can be observed in the January 1, 2019 valuation, as compared to the assumptions shown are as follows:

Investment Rate
of Return 7.00%

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

Long-Term Expected Return on Plan Assets

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

| Asset Class | Target Allocation | Long-Term Expected Nominal Rate of Return |
|-----------------|-------------------|---|
| Cash | 2% | 2.52% |
| Fixed Income | 15% | 5.20% |
| Managed Futures | 4% | 5.00% |
| Absolute Return | 8% | 5.50% |
| Long Short | 8% | 6.00% |
| Global Equity | 38% | 7.00% |
| Private Markets | 25% | 9.20% |
| Total | 100% | |

The figures in the above table were supplied by Fire and Police Pension Association Staff. Gabriel, Roeder, Smith and Company does not provide investment advice.

Development of the single discount rate. The discount rate used to measure the total pension liability was 7.00 percent. The long term expected rate of investment return was 7.00 percent. The long term municipal bond rate was 2.75 percent. This rate is from the Federal Reserve statistical release (H.15), "based on the weekly rate closest to but not later than the measurement date." The statistical release describes this rate as "Bond Buyer Index", general obligation, 20 years to maturity, mixed quality." In describing this index, the Bond Buyer notes that the bonds' average credit quality is roughly equivalent to Moody's Investors Service Aa2 rating and Standard & Poor's Corp.'s AA.

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

**FALCON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 8 PENSION PLANS (Continued)

| | 1% Decrease (6.00%) | Current Discount Rate (7.00%) | 1% Increase (8.00%) |
|--|------------------------|----------------------------------|------------------------|
| Proportionate share of the net pension liability (asset) | 443,289 | 374,869 | 315,489 |

FPPA Statewide Money Purchase Plan (Defined Contribution Plan)

Plan Description: The plan was established January 1, 2004 as a cost-sharing multiple-employer pension plan covering full-time firefighters and police officers from departments that elect coverage. The Plan may also cover clerical staff or other fire district personnel whose services are auxiliary to fire protection. Employees in the Money Purchase Plan have the option of choosing among various mutual funds offered by an outside investment manager.

Employers may not withdraw from the Plan one affiliated. The Plan assets associated with the Money Purchase component are included in the Fire & Police Member's Self-Directed Investment Fund.

Contributions: The Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. The members of this Plan and their employers are currently each contributing at the rate determined by the individual employer, however, the rate for both employer and member must be at least 8 percent of the member's base salary. Excess contributions fund the Money Purchase Component of the Plan. The District's and employee's contributions to the Money Purchase Plan for the year ending December 31, 2020 were \$10,323 each, equal to its required contributions for the year.

Within the Money Purchase component, members are always fully vested in their own contributions as well as the earning on those contributions. Vesting in the employer's contributions within the Money Purchase Component, and earnings on those contributions occurs according to the vesting schedule set by the Plan document at 20 percent per year after the first year of service to be 100 vested after 5 years of service. Employer and member contributions are invested in funds at the discretion of members.

A member may elect to make voluntary after-tax contributions to the Money Purchase component of the Plan.

Benefits: The Plan document states that any member may retire from further service and become eligible for a normal retirement pension at any time after age 55, if the member has at least 25 years of service. A member is eligible for early retirement at age 50 or after 30 years of service.

FALCON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 8 **PENSION PLANS (Continued)**

Alternatively, a member with at least 5 years of accredited service may leave contributions with the Defined Benefit Component of the Plan and remain eligible for a retirement pension at age 55 equal to 1.5 percent of the average of the member's highest 3 years' base salary for each year of credited service. In addition, upon termination, the vested account balance within the Money Purchase Component becomes available to the member.

FPPA Deferred Compensation Retirement Plan

The District offers its employees a deferred compensation plan administered by FPPA created in accordance with Internal Revenue Code Section 457. The Plan, available to all District employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) held in the Deferred Compensation Plan Trusts for the exclusive benefit of participants and their beneficiaries. FPPA is trustee of the trusts. The District has no ownership interest in the Plan nor is the District liable for losses under the Deferred Compensation Plan.

The employee's and employer's contributions to the Deferred Compensation Plan for the year ending December 31, 2020, were \$70,062 and \$6,284, respectively.

NOTE 9 **RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The governmental funds balance sheet includes reconciliation between *fund balances – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. Additionally, the governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net change in fund balances – total government funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities.

These reconciliations detail items that require adjustment to convert from the current resources measurement and modified accrual basis for governmental fund statements to the economic resources measurement and full accrual basis used for government-wide statements.

However, certain items having no effect on measurement and basis were eliminated from the government fund statements during the consolidation of governmental activities. The items which were eliminated are as follows:

| | |
|---|--------------|
| Governmental Funds – Interfund Transfers | \$ 1,815,000 |
| Governmental Funds – Interfund Receivables/Payables | \$ 11,270 |

**FALCON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 10 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

| <u>District:</u> | <u>Due From</u> | <u>Due To</u> | <u>Transfers In</u> | <u>Transfers Out</u> |
|----------------------------|----------------------|----------------------|-------------------------|-------------------------|
| Governmental Funds: | | | | |
| General | - | 11,270 | - | 1,815,000 |
| Capital Projects Fund | <u>11,270</u> | <u>-</u> | <u>1,815,000</u> | <u>-</u> |
| Total | <u>11,270</u> | <u>11,270</u> | <u>1,815,000</u> | <u>1,815,000</u> |

Due to and due from accounts are to be repaid within three months after year end.
Transfers were for operational purposes.

NOTE 11 CHANGE IN ACCOUNTING FOR AMBULANCE TRANSPORT FUND

In prior years, the Ambulance Transport Fund had been recorded as a Special Revenue Fund. Beginning January 1, 2020, the District accounts for the Ambulance Transport activities in the General Fund. The beginning fund balance for the General Fund at January 1, 2020, has been increased by \$224,570, which was the December 31, 2019 fund balance of the Ambulance Transport Special Revenue Fund. That amount is the reclassified equity of the Ambulance Transport Special Revenue Fund at January 1, 2020. The beginning fund balance of the Governmental Funds and the Net Position of Governmental activities did not change.

| | <u>Governmental Funds</u> | |
|---|--|--|
| | <u>Fund Balance - General Fund</u> | <u>Fund Balance - Ambulance Transport Fund</u> |
| Balance at December 31, 2019 | 2,832,021 | 224,570 |
| Change for Ambulance Transport | <u>224,870</u> | <u>(224,570)</u> |
| Beginning General Fund Balance, as Restated | <u>3,056,891</u> | <u>-</u> |

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparisons

Pension Trend Data

MAJOR GOVERNMENTAL FUNDS

General Fund

The General Fund accounts for all transactions of the District not accounted for in other funds. This fund represents an accounting for the District's ordinary operations financed from property taxes and other general revenues. It is the most significant fund in relation to the District's overall operations.

Special Revenue Funds

Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Rural Water System Fund – This fund is provided to maintain a separate accounting for participation agreement fees received for the purpose of meeting minimum fire flow (water supply) requirements of applicable fire codes.

**FALCON FIRE PROTECTION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2020**

| | <u>Budgeted Amounts</u> | | <u>Variance with Final Budget- Favorable (Unfavorable)</u> |
|---|-----------------------------|--------------------|--|
| | <u>Original & Final</u> | <u>Actual</u> | |
| <u>REVENUES</u> | | | |
| <u>Local Sources</u> | | | |
| Property Taxes | 6,759,445 | 6,758,409 | (1,036) |
| Specific Ownership Tax | 660,000 | 734,719 | 74,719 |
| Interest | 68,500 | 22,766 | (45,734) |
| Intergovernmental Revenue | 453,840 | 483,784 | 29,944 |
| Charges for Services | 615,000 | 785,316 | 170,316 |
| Miscellaneous Revenues | - | 2,720 | 2,720 |
| <u>Total Revenues</u> | <u>8,556,785</u> | <u>8,787,714</u> | <u>230,929</u> |
| <u>EXPENDITURES</u> | | | |
| <u>Current</u> | | | |
| General Administrative | 274,995 | 218,095 | 56,900 |
| Fire | 10,100 | 1,022 | 9,078 |
| Operations | 5,933,818 | 5,044,297 | 889,521 |
| Volunteer Pension Payment | 40,000 | 40,000 | - |
| State Match Volunteer Pension | 11,340 | 11,340 | - |
| Supplies and Maintenance | 155,007 | 143,848 | 11,159 |
| Training and Association Fees | 57,136 | 22,464 | 34,672 |
| Capital Outlay | 175,100 | 184,136 | (9,036) |
| Contingency | 399,999 | - | 399,999 |
| <u>Total Expenditures</u> | <u>7,057,495</u> | <u>5,665,202</u> | <u>1,392,293</u> |
| <u>REVENUES OVER (UNDER) EXPENDITURES</u> | <u>1,499,290</u> | <u>3,122,512</u> | |
| <u>OTHER FINANCING SOURCES (USES)</u> | | | |
| Transfers In (Out) | (1,815,000) | (1,815,000) | - |
| <u>Total Other Financing Sources (Uses)</u> | <u>(1,815,000)</u> | <u>(1,815,000)</u> | <u>-</u> |
| <u>NET CHANGES IN FUND BALANCES</u> | <u>(315,710)</u> | <u>1,307,512</u> | |
| <u>FUND BALANCE, Beginning (as Restated)</u> | <u>3,126,625</u> | <u>3,056,591</u> | |
| <u>FUND BALANCE, Ending</u> | <u>2,810,915</u> | <u>4,364,103</u> | |

The accompanying notes are an integral part of these financial statements.

FALCON FIRE PROTECTION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
RURAL WATER SYSTEM – SPECIAL REVENUE FUND
For the Year Ended December 31, 2020

| | <u>Budgeted Amounts</u> | <u>Actual</u> | <u>Variance with Final Budget- Favorable (Unfavorable)</u> |
|--|-----------------------------|---------------|--|
| | <u>Original & Final</u> | <u>Actual</u> | <u>(Unfavorable)</u> |
| <u>REVENUES</u> | | | |
| Interest Revenue | 400 | 99 | (301) |
| <u>Total Revenues</u> | 400 | 99 | (301) |
| <u>EXPENDITURES</u> | | | |
| System Maintenance | 1,000 | 281 | 719 |
| Administrative Expenditures | 100 | - | 100 |
| Capital Outlay | 11,775 | 2,800 | 8,975 |
| Contingency | 1,646 | - | 1,646 |
| <u>Total Expenditures</u> | 14,521 | 3,081 | 11,440 |
| <u>REVENUES OVER (UNDER) EXPENDITURES</u> | (14,121) | (2,982) | |
| <u>FUND BALANCE, Beginning</u> | 14,121 | 14,121 | |
| <u>FUND BALANCE, Ending</u> | - | 11,139 | |

The accompanying notes are an integral part of these financial statements.

PENSION TREND DATA

**FALCON FIRE PROTECTION DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY OF THE STATEWIDE DEFINED BENEFIT PLAN –
A COST SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
ADMINISTERED BY THE FIRE & POLICE PENSION ASSOCIATION
AS OF DECEMBER 31, 2020***

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|-------------|-------------|-------------|-------------|
| District's proportion of the net pension liability | .2771366% | .1913900% | .1745231% | .1892112% |
| District's proportionate share of the net pension (asset) liability | \$(156,738) | \$241,970 | \$(251,079) | \$(68,369) |
| District's covered payroll | \$3,214,442 | \$2,042,571 | \$1,419,150 | \$1,020,889 |
| District's proportionate share of the net pension (asset) liability as a percentage of its covered payroll | 4.9% | 11.8% | 17.7% | 6.70% |
| Plan fiduciary net position as a percentage of the total pension (asset) liability | 101.9% | 95.2% | 106.3% | 98.21% |

* The amounts presented for the year shown above were determined as of and for the calendar year ended December 31, 2017 (the Plan's measurement period) occurring within the District's fiscal years ended December 31, 2019 in accordance with Government Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

**FALCON FIRE PROTECTION DISTRICT
 SCHEDULE OF DISTRICT CONTRIBUTIONS TO THE STATEWIDE DEFINED BENEFIT PLAN –
 A COST SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
 ADMINISTERED BY THE FIRE & POLICE PENSION ASSOCIATION
 AS OF DECEMBER 31, 2020**

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|---|--------------------|--------------------|------------------|-----------------|
| Contractually required contribution | 257,154 | \$ 163,407 | \$113,532 | \$81,671 |
| Contributions in relation to the contractually required contribution | <u>\$(257,154)</u> | <u>\$(163,407)</u> | <u>\$113,532</u> | <u>\$81,671</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| District's covered payroll | \$3,214,442 | \$2,042,571 | \$1,419,150 | \$1,020,889 |
| Contributions as a percentage of covered payroll | 8% | 8% | 8% | 8% |

FALCON FIRE PROTECTION DISTRICT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY/(ASSET) AND RELATED RATIOS MULTI-YEAR
Last 10 Fiscal Years (As Available)

| Measurement period ending December 31, | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|------|------|------|------|
| Total Pension Liability | | | | | | | | | | |
| Service Cost | - | - | - | - | - | - | - | - | - | - |
| Interest on the Total Pension Liability | 60,119 | 63,839 | 66,185 | 60,027 | 62,377 | 55,748 | - | - | - | - |
| Benefit Changes | - | 36,182 | - | 73,990 | - | 122,774 | - | - | - | - |
| Difference Between Expected and Actual Experience | - | (20,088) | - | 2,928 | - | (434) | - | - | - | - |
| Assumption Changes | - | 25,907 | - | 41,661 | - | - | - | - | - | - |
| Benefit Payments | (96,780) | (99,436) | (95,550) | (97,425) | (90,122) | (89,286) | - | - | - | - |
| Net Change in Total Pension Liability | (36,661) | 6,404 | (29,365) | 81,181 | (27,745) | 88,802 | - | - | - | - |
| Total Pension Liability – Beginning | 906,413 | 900,009 | 929,374 | 848,193 | 875,938 | 787,136 | - | - | - | - |
| Total Pension Liability – Ending | <u>869,752</u> | <u>906,413</u> | <u>900,009</u> | <u>929,374</u> | <u>848,193</u> | <u>875,938</u> | - | - | - | - |
| Plan Fiduciary Net Position | | | | | | | | | | |
| Employer Contributions | 30,000 | 30,000 | 20,000 | 20,000 | 20,000 | 20,000 | - | - | - | - |
| Pension Plan Net Investment Income | 66,045 | 1,072 | 75,531 | 28,929 | 11,729 | 42,479 | - | - | - | - |
| Benefit Payments | (96,780) | (99,436) | (95,550) | (97,425) | (90,122) | (89,286) | - | - | - | - |
| Pension Plan Administrative Expense | (7,899) | (6,238) | (7,388) | (1,155) | (3,221) | (1,359) | - | - | - | - |
| State of Colorado Supplemental Discretionary Payment | - | 11,340 | 11,340 | 11,340 | 11,340 | 11,340 | - | - | - | - |
| Net Change in Plan Fiduciary Net Position | 8,634 | (63,262) | 3,933 | (38,311) | (50,274) | (16,826) | - | - | - | - |
| Plan Fiduciary Net Position – Beginning | <u>503,517</u> | <u>566,779</u> | <u>562,846</u> | <u>601,157</u> | <u>651,431</u> | <u>668,257</u> | - | - | - | - |
| Plan Fiduciary Net Position – Ending | <u>494,883</u> | <u>503,517</u> | <u>566,779</u> | <u>562,846</u> | <u>601,157</u> | <u>651,431</u> | - | - | - | - |
| Net Pension Liability/(Asset) – Ending | 374,869 | 402,896 | 333,230 | 366,528 | 247,036 | 224,507 | - | - | - | - |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability Covered Payroll | | | | | | | | | | |
| Net Pension Liability as a Percentage of Covered Payroll | 56.90% | 55.55% | 62.97% | 60.56% | 70.88% | 74.37% | - | - | - | - |
| | N/A | N/A | N/A | N/A | N/A | N/A | - | - | - | - |
| | N/A | N/A | N/A | N/A | N/A | N/A | - | - | - | - |

**FALCON FIRE PROTECTION DISTRICT
SCHEDULE OF THE NET PENSION LIABILITY
VOLUNTEER FIREFIGHTER PENSION PLAN
AS OF DECEMBER 31, 2020**

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| Total Pension Liability | 869,752 | 906,413 | 900,009 | 929,374 | 848,193 | 875,938 |
| Plan Fiduciary Net Position | <u>494,883</u> | <u>503,517</u> | <u>566,779</u> | <u>562,846</u> | <u>601,157</u> | <u>651,431</u> |
| Net Pension Liability | <u>374,869</u> | <u>402,896</u> | <u>333,230</u> | <u>366,528</u> | <u>247,036</u> | <u>224,507</u> |
| Plan Fiduciary Net Position as a % of Total Pension Liability | 56.90% | 55.55% | 62.97% | 60.56% | 70.88% | 74.37% |
| Covered Payroll | N/A | N/A | N/A | N/A | N/A | N/A |
| Net Pension Liability as a % of Covered Payroll | N/A | N/A | N/A | N/A | N/A | N/A |

**FALCON FIRE PROTECTION DISTRICT
VOLUNTEER SCHEDULE OF CONTRIBUTIONS MULTI-YEAR
LAST 10 YEARS
For the Year Ended DECEMBER 31, 2020**

| <u>FY Ended December 31,</u> | <u>Actuarially Determined Contribution</u> | <u>Actual Contribution</u> | <u>Contribution Deficiency (Excess)</u> | <u>Covered Payroll</u> | <u>Actual Contribution as a % of Covered Payroll</u> |
|----------------------------------|--|--------------------------------|---|----------------------------|--|
| 2020 | 38,106 | 30,000 | 8,106 | N/A | N/A |
| 2019 | 38,106 | 41,340 | (3,234) | N/A | N/A |
| 2018 | 20,985 | 31,340 | (10,355) | N/A | N/A |
| 2017 | 20,985 | 31,340 | (10,355) | N/A | N/A |
| 2016 | 13,358 | 31,340 | (17,982) | N/A | N/A |
| 2015 | 13,358 | 31,340 | (17,982) | N/A | N/A |
| 2014 | - | - | - | - | - |
| 2013 | - | - | - | - | - |
| 2012 | - | - | - | - | - |
| 2011 | - | - | - | - | - |

* Includes both employer and State of Colorado Supplemental Discretionary Payment.

INDIVIDUAL FUND SCHEDULE

OTHER SCHEDULES

Capital Project Funds

Capital Projects Fund – This fund accounts for the acquisition of sites, buildings, vehicles, equipment and other capital related expenditures. Capital leases, loans and fund transfers are used to finance these purchases.

Combining Schedules for Operational and Ambulance Transport Activities

Combined Balance Sheet

Combined Schedule of Revenues, Expenditures and Changes in Fund Balance

**FALCON FIRE PROTECTION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
CAPITAL PROJECTS – CAPITAL PROJECTS FUND
For the Year Ended December 31, 2020**

| | <u>Budgeted Amounts</u> | | Variance with |
|---|-----------------------------|---------------------------|---|
| | <u>Original & Final</u> | <u>Actual</u> | Final Budget- Favorable (Unfavorable) |
| <u>REVENUES</u> | | | |
| Interest Revenue | 30,000 | 7,985 | (22,015) |
| <u>Total Revenues</u> | <u>30,000</u> | <u>7,985</u> | <u>(22,015)</u> |
| <u>EXPENDITURES</u> | | | |
| Capital Outlay | 3,770,000 | 1,279,918 | 2,490,082 |
| Capital Lease Interest | 25,406 | 25,406 | - |
| Capital Lease Principal | 773,134 | 773,134 | - |
| Contingency | 200,000 | - | 200,000 |
| <u>Total Expenditures</u> | <u>4,768,540</u> | <u>2,078,458</u> | <u>2,690,082</u> |
| <u>REVENUES OVER (UNDER) EXPENDITURES</u> | <u>(4,738,540)</u> | <u>(2,070,473)</u> | |
| <u>OTHER FINANCING SOURCES (USES)</u> | | | |
| Lease Purchase Proceeds | 2,125,000 | 2,200,000 | 75,000 |
| Lease Purchase Closing Costs | - | (21,436) | (21,436) |
| Transfers In | 1,815,000 | 1,815,000 | - |
| <u>TOTAL OTHER FINANCING SOURCES (USES)</u> | <u>3,940,000</u> | <u>3,993,564</u> | <u>53,564</u> |
| <u>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u> | <u>(798,540)</u> | <u>1,923,091</u> | |
| <u>FUND BALANCE, Beginning of Year</u> | <u>839,412</u> | <u>839,412</u> | |
| <u>FUND BALANCE, End of Year</u> | <u>40,872</u> | <u>2,762,503</u> | |

The accompanying notes are an integral part of these financial statements.

**FALCON FIRE PROTECTION DISTRICT
COMBINING BALANCE SHEET
GENERAL FUND – OPERATIONAL AND AMBULANCE TRANSPORT ACTIVITIES
December 31, 2020**

| | <u>Operational</u> | <u>Ambulance Transport</u> | <u>General Fund</u> |
|--|--------------------------|--------------------------------|--------------------------|
| <u>ASSETS</u> | | | |
| Cash | 1,200,690 | 514,885 | 1,715,575 |
| Investments | 1,991,832 | 572,344 | 2,564,176 |
| Receivables (Net, of Allowance where Applicable): | | | |
| Accounts Receivable | 21,464 | 231,548 | 253,012 |
| Property Tax | 6,993,319 | - | 6,993,319 |
| Interfund | <u>394,511</u> | <u>(394,511)</u> | - |
| <u>Total Assets</u> | <u>10,601,816</u> | <u>924,266</u> | <u>11,526,082</u> |
| <u>DEFERRED OUTFLOW OF RESOURCES</u> | | | |
| Prepaid Insurance | - | - | - |
| <u>LIABILITIES AND FUND BALANCES</u> | | | |
| <u>LIABILITIES:</u> | | | |
| Accounts Payable | 100,251 | - | 100,251 |
| Accrued Wages and Benefits | 40,837 | 16,302 | 57,139 |
| Interfund | <u>11,270</u> | - | <u>11,270</u> |
| <u>Total Liabilities</u> | <u>152,358</u> | <u>16,302</u> | <u>168,660</u> |
| <u>DEFERRED INFLOW OF RESOURCES</u> | | | |
| Property Tax | <u>6,993,319</u> | - | <u>6,993,319</u> |
| <u>FUND BALANCES</u> | | | |
| Restricted for: | | | |
| TABOR | 313,800 | - | 313,800 |
| Assigned for: | | | |
| Code Requirements - | | | |
| Fire Flow (Water Supply) | - | - | - |
| Ambulance | - | 907,964 | 907,964 |
| Capital Outlay | - | - | - |
| Unassigned | <u>3,142,339</u> | - | <u>3,142,339</u> |
| <u>Total Fund Balances</u> | <u>3,456,139</u> | <u>907,964</u> | <u>4,364,103</u> |
| <u>TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</u> | <u>10,601,816</u> | <u>924,266</u> | <u>11,526,082</u> |

The accompanying notes are an integral part of these financial statements.

FALCON FIRE PROTECTION DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUND – OPERATIONAL AND AMBULANCE TRANSPORT ACTIVITIES
Year Ended December 31, 2020

| | <u>Operational</u> | <u>Ambulance Transport</u> | <u>General Fund</u> |
|---|-------------------------|--------------------------------|-------------------------|
| <u>REVENUES</u> | | | |
| Taxes | 7,493,128 | - | 7,493,128 |
| Intergovernmental Revenues | 483,784 | - | 483,784 |
| Charges for Services | 42,592 | 742,724 | 785,316 |
| Insurance Proceeds | - | - | - |
| Interest | 19,254 | 3,512 | 22,766 |
| Miscellaneous Revenues | 2,720 | - | 2,720 |
| <u>Total Revenues</u> | <u>8,041,478</u> | <u>746,236</u> | <u>8,787,714</u> |
| <u>EXPENDITURES</u> | | | |
| Current: | | | |
| General Administrative | 192,787 | 25,308 | 218,095 |
| Fire | 1,022 | - | 1,022 |
| Operations | 3,801,330 | 1,242,967 | 5,044,297 |
| Volunteer Pension Payment | 40,000 | - | 40,000 |
| State Match- Volunteer Pension | 11,340 | - | 11,340 |
| Supplies and Maintenance | 126,233 | 17,615 | 143,848 |
| Training and Association Fee | 21,671 | 793 | 22,464 |
| Debt Service – Principal | - | - | - |
| Debt Service – Interest | - | - | - |
| Capital Outlay | 172,977 | 11,159 | 184,136 |
| <u>Total Expenditures</u> | <u>4,367,360</u> | <u>1,297,842</u> | <u>5,665,202</u> |
| <u>REVENUES OVER (UNDER)</u> | | | |
| <u>EXPENDITURES</u> | <u>3,674,118</u> | <u>(551,606)</u> | <u>3,122,512</u> |
| <u>OTHER FINANCING SOURCES (USES)</u> | | | |
| Transfers In (Out) | (3,050,000) | 1,235,000 | (1,815,000) |
| <u>Total Other Financing Sources</u> | <u>(3,050,000)</u> | <u>1,235,000</u> | <u>(1,815,000)</u> |
| <u>NET CHANGE IN FUND BALANCES</u> | 624,118 | 683,394 | 1,307,512 |
| <u>FUND BALANCES – Beginning (as Restated)</u> | <u>2,832,021</u> | <u>224,570</u> | <u>3,056,591</u> |
| <u>FUND BALANCES - Ending</u> | <u>3,456,139</u> | <u>907,964</u> | <u>4,364,103</u> |

The accompanying notes are an integral part of these financial statements.