

**GYPSUM FIRE PROTECTION DISTRICT  
GARFIELD AND EAGLE COUNTIES, COLORADO**

FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2020

**GYPSUM FIRE PROTECTION DISTRICT**  
FOR THE YEAR ENDED  
DECEMBER 31, 2020

Board of Directors

William Baxter – President  
John Boyd– Vice President  
Jennifer Widham– Secretary  
Raymond Conway – Treasurer  
William Stephens – Director

Administrative Staff

Justin Kirkland – Chief

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Officers and Directors  
Gypsum Fire Protection District  
Gypsum, Colorado 81637

**INDEPENDENT AUDITOR'S REPORT**

***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities and each major fund of the Gypsum Fire Protection District, Colorado, as of and for the year ended December 31, 2020, 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 of 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.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Gypsum Fire Protection District, as of December 31, 2020, and the respective changes in financial position, thereof, for the year then ended in conformity 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 and budgetary comparison information, as listed in the table of contents, 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 accounting standards generally accepted in the United States of America, which consisted principally of inquiries of management regarding 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.

The budgetary comparison information, the Schedule of Employer's Net Pension Liability, and the Schedule of Employer Contributions are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. The budgetary comparison information, the Schedule of Employer's Net Pension Liability, and the Schedule of Employer Contributions have been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Other Supplemental Information*

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Gypsum Fire Protection District's basic financial statements. The individual fund budgetary comparison schedules, listed as supplemental information in the table of contents, are for purposes of additional analysis and are not a required part of the basic financial statements. The individual fund budgetary comparison schedules are the responsibility of management and were derived from and related 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 to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



MAGGARD & HOOD, P.C.  
Glenwood Springs, Colorado  
July 13, 2021

**GYPSUM FIRE PROTECTION DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
For the Fiscal Year Ended December 31, 2020

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

The Gypsum Fire Protection District, with boundaries in Garfield and Eagle Counties, Colorado, was organized pursuant to the provisions set forth in the Colorado Special District Act. The governing body consists of a five member Board of Directors which is elected by the registered voters within the District. The objective of the District is to provide for the preservation of life and protection of property from and during such fires and/or other emergencies as may occur within the fire protection district.

The discussion and analysis of the Gypsum Fire Protection District's financial performance provides an overall review of the District's financial activities for the fiscal year. The intent of this discussion and analysis is to look at the District's financial performance as a whole; it should be read in conjunction with the basic financial statements and notes to enhance the reader's understanding of the District's overall financial performance.

**FINANCIAL HIGHLIGHTS**

Key financial highlights for the fiscal year ended December 31, 2020 are as follows:

- In total, the District's *overall* net position increased \$540,378 or 18%, from the previous fiscal year.
- General Revenues accounted for \$1,808,054 or 85%, of all revenues. These general revenues include taxes, grants and entitlements, general interest and other revenues not related to specific programs. Program specific revenues, in the form of charges for services and sales, as well as program specific grants and contributions, accounted for \$309,469, or 15%, of the District's total revenues of \$2,117,523.
- The District had \$1,577,145 in expenses of which \$309,469 were offset by program specific charges for services and sales, operating & capital grants. The District's general revenues (primarily property taxes) and reserves were adequate to provide for these programs.

**USING THE BASIC FINANCIAL STATEMENTS**

This annual report consists of three parts – *management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two types of information on the same statement that present different views of the District:

- *Government-wide financial statements* that provide both *long-term* and *short-term* information about the District's overall financial status.
- *Fund financial statements* that focus on *individual parts* of the District government, reporting the District's operations *in more detail* than the government-wide statements.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Additionally, other supplemental information has also been included to enhance the reader's understanding of the financial statements.

**GYPSUM FIRE PROTECTION DISTRICT**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)**  
For the Fiscal Year Ended December 31, 2020

**REPORTING THE DISTRICT AS A WHOLE**

**Statement of Net Position and Statement of Activities**

While this report contains all funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, “How did we do financially during the fiscal year?” The statement of net position and the statement of activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting, similar to that used by most private sector companies, taking into account all of the current year’s revenues and expenses regardless of when cash was received or paid.

The focus of these government-wide financial statements is on the overall financial position and activities of the District. These financial statements are constructed around the concept of a primary government, the District.

The statement of net position and statement of activities report the District’s *net position* and changes therein. This change in net position is important because it identifies whether the financial position of the District has improved or diminished for the District as a whole. The cause of this change may be the result of many factors, some financial, some not. Non-financial factors include the District’s property tax base, current property tax laws, statutorily required reserves, facility conditions, frequency of fires within the District and other factors. In the statement of net position and the statement of activities, the District’s operations are reported as a “Governmental Activity.” Governmental activities are generally financed through taxes, intergovernmental revenues and other non-exchange revenues. All of the District’s programs and services are currently reported here.

**FUND FINANCIAL STATEMENTS**

The fund financial reports provide more detailed information about the District’s *funds*, focusing on its most significant funds – not on the District as a whole. The District’s major governmental funds include the General Fund and the Capital Projects Fund. Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of the District rather than the District as a whole. Except for the General Fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties or governmental statutes or regulations. The District’s fund financial statements consist of governmental funds.

**Governmental Funds**

The District’s activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal year-end for spending in future periods. These funds are reported using an accounting method called *modified accrual accounting*, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the District’s general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance the District’s programs. The relationship, or differences, between governmental *activities* reported in the statement of net position and the statement of activities and the governmental *funds* is reconciled in the financial statements. The *General Fund* is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund, and the *Capital Projects Fund* is used by the District for major capital improvements and acquisition of more expensive pieces of equipment, including the debt service thereon.

**GYPSUM FIRE PROTECTION DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
For the Fiscal Year Ended December 31, 2020

**THE DISTRICT AS A WHOLE**

**Statement of Net Position**

The perspective of the statement of net position is of the District as a whole. Following is a summary of the District's net position for the current and prior fiscal year:

	Governmental Activities		
	2020	2019	Increase (Decrease)
<u>ASSETS:</u>			
Current and Other Assets	\$ 4,076,264	\$ 4,042,132	\$ 34,132
Capital Assets, Net	1,973,746	1,459,868	513,878
Total Assets	6,050,010	5,502,000	548,010
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>			
Pension Expense	323,999	449,155	(125,156)
<u>LIABILITIES:</u>			
Current & Other Liabilities	128,356	137,191	(8,835)
Long-term Obligations	678,763	711,164	(32,401)
Net Pension Liability	302,628	475,829	(173,201)
Total Liabilities	1,109,747	1,324,184	(214,437)
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Unavailable Revenue - Property Taxes	1,625,963	1,614,696	11,267
Pensions, net of Accumulation Amortization	114,091	28,445	85,646
Total Deferred Inflows of Resources	1,740,054	1,643,141	96,913
<u>NET POSITION:</u>			
Invested in Capital Assets, Net of Related Debt	1,294,983	722,598	572,385
Restricted	69,900	43,300	26,600
Unrestricted	2,159,325	2,217,932	(58,607)
Total Net Position	<u>\$ 3,524,208</u>	<u>\$ 2,983,830</u>	<u>\$ 540,378</u>

Total *assets* increased from the previous fiscal year, primarily due to cash reserves and increased capital expenditures. Property taxes assessed in 2020, to be received in 2021 increased by \$11,267.

The increase in *deferred inflows of resources*, which consists of property taxes to be collected in 2021, reflects increases in the overall assessed valuation of properties within the District's boundaries. This will impact the amount of funds available to provide fire protection services during the next fiscal year.

Total Liabilities of the District decreased from the previous fiscal year, primarily to changes in the FPPA and SWSB pension liability calculations driven by 3<sup>rd</sup> party actuarial studies.

The Net position of the District increased from the prior fiscal year. Total net position may serve over time as a useful indicator of the District's financial health. The District's *overall* assets and deferred outflows exceeded its liabilities and deferred inflows by \$3,524,208 at December 31, 2020. The restricted portion of the District's net position reflects statutorily required Emergency Reserves (*Note 13*).



**GYPSUM FIRE PROTECTION DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
For the Fiscal Year Ended December 31, 2020

**Statement of Activities**

The statement of activities reflects the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. The following detail reflects the total cost of services supported by program revenues and general property taxes, unrestricted state entitlements, and other general revenues, resulting in the overall change in net position for the current and prior fiscal year:

	<u>Governmental Activities</u>		
	<u>2020</u>	<u>2019</u>	<u>Increase (Decrease)</u>
<u>REVENUES:</u>			
<i>Program Revenues:</i>			
Charges for Services & Sales	\$ 98,675	\$ 51,352	\$ 47,323
Operating Grants & Contributions	10,120	11,865	(1,745)
Capital Grants and Contributions	200,674	11,460	189,214
<i>General Revenues:</i>			
Property & Ownership Taxes	1,692,281	1,610,233	82,048
Impact Fees	85,206	222,944	(137,738)
Miscellaneous	47,401	67,611	(20,210)
Rental Income	5,000	3,600	1,400
Gain (Loss) Asset Disposals	(38,243)	(9,897)	(28,346)
Interest & Investment Earnings	16,409	47,333	(30,924)
Total Revenues	<u>2,117,523</u>	<u>2,016,501</u>	<u>101,022</u>
<u>EXPENSES:</u>			
Fire Protection Services	1,453,978	1,419,908	34,070
Interest and Other Fiscal Charges	85,566	88,616	(3,050)
Net Pension Adjustment	37,601	(25,741)	63,342
Total Expenses	<u>1,577,145</u>	<u>1,482,783</u>	<u>94,362</u>
Increase (Decrease) in Net Position	<u>\$ 540,378</u>	<u>\$ 533,718</u>	<u>\$ 6,660</u>

In 2020 the District received operating and capital grants totaling \$10,120 and \$200,674, respectively. The capital contributions were used to continue servicing the District.

Property taxes increased from the prior year due to increases in the overall assessed valuation of properties within the District's boundaries.

Increases in expenditures reflect the purchase of needed fire protection equipment, necessary repair and maintenance to the District mobile fire equipment and increases in compensation for full time firefighting staff. Overall the Board has continued with their cost saving procedures and elected to continue suspension of Board compensation.

**GYPSUM FIRE PROTECTION DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
For the Fiscal Year Ended December 31, 2020

**THE DISTRICT AS A WHOLE – CONTINUED**

As indicated above, the statement of activities reflects the cost of program services and the charges for services, grants, and contributions offsetting those services. The following table summarizes the information from the statement of activities, reflecting the total cost of program services and the remaining net cost of program services that are supported by taxes and other general revenues:

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Fire Protection Services	\$ 1,453,978	\$ 1,419,908	\$ 1,144,509	\$ 1,345,231
Interest and Fiscal Charges	85,566	88,616	85,566	88,616
Net Pension Adjustment	<u>37,601</u>	<u>(25,741)</u>	<u>37,601</u>	<u>(25,741)</u>
 Total Expenses	 <u>\$ 1,577,145</u>	 <u>\$ 1,482,783</u>	 <u>\$ 1,267,676</u>	 <u>\$ 1,408,106</u>

The District's dependence on general revenues is apparent. In 2020 and 2019, approximately 85% and 96% of the District's governmental activities were supported through taxes and other general revenues, respectively. The community as a whole is the primary support for the District's activities.

**THE DISTRICT'S FUNDS**

The fund level financial statements focus on how services were financed in the short-term as well as what remains for future spending. The fund level financial statements are reported on the modified accrual basis of accounting. At the fund level, under the modified accrual basis of accounting, depreciable assets and their related depreciation expense are not reflected as they are not a current period financial resource or use. In addition, at the fund level, inflows from loans are presented as a revenue item while outflows for capital outlay and debt service payments are presented as an expenditure item, as these items represent current period financial resources and uses.

The General Fund ending fund balance increased from \$2,061,701 to \$2,078,923 during the current fiscal year. This represents the excess of current period revenues and other financing sources (financial resources) over expenditures and other financing uses (financial uses). Most financial resources are from property and specific ownership taxes. The majority of expenses are directly related to providing fire protection services to the District. The ending fund balance of \$2,078,923 represents the amount of net resources available for future spending.

The Capital Projects Fund ending fund balance decreased from \$310,466 to \$298,373 during the current fiscal year. This represents the excess of current period expenses and other financing uses (financial uses) over current period revenues and other financing sources (financial resources). The financial resources are from impact fees collected during the current fiscal year and expenditures are for debt service. The ending fund balance of \$298,373 represents the amount of net resources in the Capital Projects Fund available for future capital investment and capital related debt service.

**RESTRICTED FUND BALANCE – RESERVED FOR EMERGENCIES**

The District, pursuant to the TABOR Amendment, reserves funds for emergencies. As discussed in *Note 13* of the financial statements, the District reserves 3% of the total of all operational expenses every fiscal year. As operational expenses increase, this reserve will grow accordingly. At the end of each fiscal year, if the emergency reserves were not used, the funds are carried into the next year's operational funds.

**GYPSUM FIRE PROTECTION DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
For the Fiscal Year Ended December 31, 2020

**GENERAL FUND BUDGETING HIGHLIGHTS**

The District's procedures in establishing the budgetary data reflected in the financial statements is summarized in *Note I(F)* of the financial statements. Budgets are adopted on a basis consistent with generally accepted accounting principles for governmental entities. The District uses a line-item based budget designed to control line-item expenditures, but provide flexibility for overall budgetary management.

***General Fund Resources (Inflows)***

The District's general fund revenues in the amount of \$2,032,720 exceeded budgetary expectations of \$1,696,450 by \$336,270. Positive variances resulted from unexpected amounts received from outsourcing firefighter personnel and equipment to out-of-district disasters. Other positive increases resulted from unbudgeted Grant proceeds used for capital investment purposes. It is not anticipated that these variances will have a significant impact on future services or liquidity.

***General Fund Charges to Appropriations (Outflows)***

Actual expenditures and other financing uses of \$2,015,498 were \$126,189 less than the final appropriation of \$2,141,687. Budgetary savings were primarily the result of unexpended amounts for salaries & benefits, repairs and maintenance, and travel.

The Board of Directors and the management continue to strive to budget appropriate amounts for each individual line item. The overall savings are also indicative of the efforts to provide services in the most economical manner. This year's overall savings will have a positive impact on future year's fund balances.

**CAPITAL ASSETS**

At the end of 2020, the District had a total of \$1,973,746 invested in capital assets. Current year net balances increased from the prior year due to current year investments in capital assets exceeding current year depreciation expense. Total depreciation expense for fiscal year 2020 was \$147,373.

The following reflects the balances of fiscal year 2020 compared to fiscal year 2019:

	Governmental Activities	
	2020	2019
<i>Net of Depreciation:</i>		
Non-depreciable Land	\$ 67,720	\$ 67,720
Buildings & Improvements	1,099,613	1,164,771
Vehicles & Equipment	806,413	227,278
Office Furniture & Equipment	-	99
Total Net Capital Assets	\$ 1,973,746	\$ 1,459,868

**DEBT ADMINISTRATION**

The District's debt consists of a capital lease agreement for a Rescue Pumper Truck and a lease-purchase agreement for station improvements. The following reflects year end long-term obligation balances and compensated absences of the current and prior fiscal year:

	Governmental Activities	
	2020	2019
Capital Lease – Purchase Agreement	\$ 678,763	\$ 737,270
Compensated Absences	33,794	32,401
Total Long-Term Obligations	\$ 712,557	\$ 769,671

**GYPSUM FIRE PROTECTION DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
For the Fiscal Year Ended December 31, 2020

**CURRENT ISSUES, ECONOMIC CONDITION AND OUTLOOK**

The Gypsum Fire Protection District is a combination department of paid and volunteer members. There are fourteen paid employees, eight fulltime and nine part-time members. The staff includes two firefighters, five engineers, four lieutenants, one captain, one chief and eleven volunteer members to handle all alarms and administration needs. In November of 1995 the Voters of the District passed a De-Brucing question to help meet the ever-increasing financial needs of the District.

Fiscal year 2020 saw Gypsum Fire Protection District continue to climb out of the past recession. The Mill Levy increase approved in 2016 provided additional property tax revenue for the District, part of which included increases in property values as a whole.

It is predicted that 2021 tax revenues will only increase an additional .7% from 2020 as a result of adjustments in the State Assessor portion of property taxes collected by the State. In November 2019, voters approved an adjustable mill levy rate to offset the negative Gallagher Amendment. This will influence the 2021 budget when the residential assessment rate is adjusted.

Even though expenditures of District increased in 2020 from the previous year, the District's fund balances experienced an increase of \$5,129. The General Fund and Capital Improvement Fund balances to be carried into year 2021 are \$2,078,923 and \$298,373, respectively.

The District certified a total mill levy of 10.48 mills for the year which will generate approximately \$1,625,963 in property tax revenues for the District. For 2021, the District will continue managing expenditures to keep pace with conservative revenue forecasts, while trying to keep reserves intact as much as possible.

Gypsum Fire Protection has a long history of doing much with just a little. They intend and will succeed at doing precisely that. This District has much to be grateful for. The constituents of this District make the challenges worthwhile. Helping this community and the people in it is what keeps them positive and looking forward. The District will continue to collaborate with its local partner, Greater Eagle Fire Protection District, to train staff and continue to provide outstanding service to the members of the District.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our residents, customers, taxpayers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions regarding this report or need additional information, please contact the:

Gypsum Fire Protection District  
P.O. Box 243  
Gypsum, Colorado 81637  
Tel: (970) 524-7101  
inbox@gypsumfd.com

GOVERNMENT - WIDE FINANCIAL STATEMENTS

**GYPSUM FIRE PROTECTION DISTRICT**  
**STATEMENT OF NET POSITION**  
December 31, 2020

	Governmental Activities
<u>ASSETS:</u>	
Cash and Cash Equivalents	\$ 2,370,128
Receivables – Net:	
Cash with County Treasurer	6,892
Accounts Receivable	44,398
Property Taxes	1,625,963
Prepaid Expense	28,883
Capital Assets:	
Non-depreciable Land	67,720
Other Capital Assets, Net of Accumulated Depreciation	1,906,026
TOTAL ASSETS	6,050,010
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Pensions, Net of Accumulated Amortization	323,999
TOTAL DEFERRED INFLOW OF RESOURCES	323,999
 <u>LIABILITIES</u>	
Accounts Payable	33,916
Accrued Liabilities	24,089
Accrued Interest	21,557
Unearned Revenue	15,000
Long-term Obligations:	
Due within one year:	
Notes Payable – Capital Leases	61,455
Due in more than one year:	
Notes Payable – Capital Leases	617,308
Accrued Vacation and Comp Time	33,794
Net Pension Liability	302,628
TOTAL LIABILITIES	1,109,747
 <u>DEFERRED INFLOW OF RESOURCES</u>	
Unavailable Revenues – Property Taxes	1,625,963
Pension, Net of Accumulated Amortization	114,091
TOTAL DEFERRED INFLOW OF RESOURCES	1,740,054
 <u>NET POSITION:</u>	
Invested in Capital Assets, Net of Related Debt	1,294,983
Restricted for:	
Emergencies	69,900
Unrestricted	2,159,325
TOTAL NET POSITION	\$ 3,524,208

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

**GYPSUM FIRE PROTECTION DISTRICT**  
**STATEMENT OF ACTIVITIES**  
For the Fiscal Year Ended December 31, 2020

	PROGRAM REVENUES		
EXPENSES	Charges For Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES:			
Fire Protection Services	\$ 1,453,978	\$ 98,675	\$ 10,120
Interest on Long-term Debt	37,158	-	-
Other Fiscal Charges	48,408	-	-
Net Pension Adjustment	37,601	-	-
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 1,577,145</b>	<b>\$ 98,675</b>	<b>\$ 10,120</b>

GENERAL REVENUES:

Taxes:

- Property Taxes, Levied for General Purposes
- Specific Ownership Taxes, for General Purposes
- Impact Fees
- Rental Income
- Miscellaneous
- Gain / (Loss) on Asset Disposals
- Unrestricted Interest and Investment Earnings

Total General Revenues

Change in Net Position

NET POSITION – BEGINNING OF YEAR

NET POSITION – END OF YEAR

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

NET (EXPENSE) REVENUE AND  
CHANGES IN NET POSITION

	Governmental Activities
\$	(1,144,509)
	(37,158)
	(48,408)
	<u>(37,601)</u>
	(1,267,676)
	1,611,370
	80,911
	85,206
	5,000
	47,401
	(38,243)
	<u>16,409</u>
	<u>1,808,054</u>
	540,378
	<u>2,983,830</u>
\$	<u>3,524,208</u>



FUND FINANCIAL STATEMENTS

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

	General Fund	Capital Projects	Total Governmental Funds
<b><u>ASSETS:</u></b>			
Cash and Cash Equivalents	\$ 2,083,257	\$ 286,871	\$ 2,370,128
Receivables – Net:			
Cash with County Treasurer	6,892	-	6,892
Accounts Receivable	32,896	11,502	44,398
Prepaid Expenses	28,883	-	28,883
Property Taxes	1,625,963	-	1,625,963
Total Assets	\$ 3,777,891	\$ 298,373	\$ 4,076,264
<b><u>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES:</u></b>			
Liabilities:			
Accounts Payable	\$ 33,916	\$ -	\$ 33,916
Accrued Liabilities	24,089	-	24,089
Unearned Revenue	15,000	-	15,000
Total Liabilities	73,005	-	73,005
Deferred Inflow of Resources:			
Unavailable Revenue – Property Taxes	1,625,963	-	1,625,963
Total Deferred Inflow of Resources	1,625,963	-	1,625,963
<b><u>Fund Equity:</u></b>			
Fund Balance:			
Restricted for Emergencies	66,900	3,000	69,900
Nonspendable	28,883	-	28,883
Assigned	-	295,373	295,373
Unassigned	1,983,140	-	1,983,140
Total Fund Balances	2,078,923	298,373	2,377,296
Total Liabilities, Deferred Inflows and Fund Balances	\$ 3,777,891	\$ 298,373	\$ 4,076,264

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

**GYPSUM FIRE PROTECTION DISTRICT**  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES**  
**TO NET POSITION OF GOVERNMENTAL ACTIVITIES**  
December 31, 2020

TOTAL GOVERNMENTAL FUND BALANCES \$ 2,377,296

Amounts reported for governmental activities on the Statement  
of Net Position are different because of the following:

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

Governmental Capital Assets	\$ 3,783,466	
Less Accumulated Depreciation	<u>(1,809,720)</u>	1,973,746

Some liabilities are not due and payable in the current year and, therefore, are not  
reported in the governmental funds:

Accrued Interest Payable	\$ (21,557)	
Current Portion of Long-term Liabilities	<u>(61,455)</u>	(83,012)

Long-term liabilities are not due and payable in the current year and, therefore, are  
not reported in the governmental funds.

Accrued Vacation and Comp Time	\$ (33,794)	
Long-term Liability	(617,308)	
Net Pension Liability	(302,628)	
Deferred Outflows of Resources - Pensions	323,999	
Deferred Inflows of Resources - Pensions	<u>(114,091)</u>	<u>(743,822)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 3,524,208

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

**GYPSUM FIRE PROTECTION DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
For the Fiscal Year Ended December 31, 2020

	General Fund	Capital Projects	Total Governmental Funds
<u>REVENUES:</u>			
Local Property Taxes	\$ 1,611,370	\$ -	\$ 1,611,370
Specific Ownership Taxes	80,911	-	80,911
Out of District Calls	88,622	-	88,622
Impact Fees	-	85,206	85,206
Fees, Permits, Fines & Other	10,053	-	10,053
Grants	200,674	-	200,674
Miscellaneous	10,242	-	10,242
Fundraising Donations & Local Grants	10,120	-	10,120
Rental Income	5,000	-	5,000
Interest Income	15,728	681	16,409
Total Revenues	2,032,720	85,887	2,118,607
<u>EXPENDITURES:</u>			
Capital Outlay	739,039	-	739,039
Community Education	541	-	541
County Treas. Fees and Abatements	47,952	-	47,952
Collection Fees	-	2,315	2,315
Debt Service – Principal	-	58,507	58,507
Debt Service – Interest	-	37,158	37,158
Dispatch and Intergovernmental Support	92,183	-	92,183
Dues and Subscriptions	2,335	-	2,335
Employee Benefits	117,847	-	117,847
Fleet – Gas and Oil	8,960	-	8,960
Insurance	38,236	-	38,236
Miscellaneous Administrative	23,215	-	23,215
Office Expense	2,540	-	2,540
Payroll Taxes	22,826	-	22,826
Pension Contribution – FPPA	56,689	-	56,689
Professional Services	22,142	-	22,142
Protective Clothing, Uniforms & Tools	25,986	-	25,986
Repairs and Maintenance – Building	4,932	-	4,932
Repairs & Maintenance – Equipment	26,690	-	26,690
Salaries	711,850	-	711,850
Telecommunications	11,465	-	11,465
Training, Travel and Meals	6,035	-	6,035
Utilities	12,185	-	12,185
Volunteer Incentives/Reimbursement	19,146	-	19,146
Volunteer Pension Contrib. - FPPA	22,704	-	22,704
Total Expenditures	2,015,498	97,980	2,113,478
Excess of Revenues Over (Under) Expenditures	17,222	(12,093)	5,129
Fund Balance – Beginning of Year	2,061,701	310,466	2,372,167
Fund Balance – End of Year	\$ 2,078,923	\$ 298,373	\$ 2,377,296

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

**GYPSUM FIRE PROTECTION DISTRICT**  
**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
For the Fiscal Year Ended December 31, 2020

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS \$ 5,129

Amounts reported for governmental activities on the Statement of Activities are different because of the following:

Governmental Funds report capital outlays as expenditures; however, on the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current year:

Capital Outlay	\$	699,494	
Depreciation		<u>(147,373)</u>	552,121

The net book value of asset dispositions are not reported in the governmental funds as they are not a current financial use. This is the amount by which the net book value of assets disposed exceeded proceeds, if applicable, in the current year: (38,243)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount of debt that was repaid during the current year: 58,507

Compensated absences not payable from current resources are not reported as expenditures of the current year. In the Statement of Activities, these costs represent expenses of the current year. This is the amount by which accrued vacation, sick leave and comp time increased this year: (1,393)

Interest expense is recognized as an expenditure in the governmental funds when it is due, and this requires the use of current financial resources; however, in the Statement of Activities interest expense is recognized as the interest accrues regardless of when it is due. This is the amount by which accrued interest decreased in the current year. 1,858

Changes in the District’s net pension obligation reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the change in Districts net pension obligation during the year, including differences between employer contributions to the pension plan and amortization of pension-related deferrals. (37,601)

CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 540,378

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

# GYPSUM FIRE PROTECTION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

December 31, 2020

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Gypsum Fire Protection District, herein referred to as the District, conform to generally accepted accounting principles (GAAP) as applicable to governmental units. The District applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Significant accounting policies of the District are described below.

#### A. Financial Reporting Entity

The Gypsum Fire Protection District, with boundaries in Garfield and Eagle Counties, Colorado, was organized pursuant to provisions set forth in the Colorado Special District Act. The governing body consists of a five member Board of Directors which is elected by the registered voters within the District. The objective of the District is to provide for the preservation of life and protection of property from and during such fires and/or other emergencies as may occur within the fire protection district.

The Governmental Accounting Standards Board (GASB) has specified the criteria to be used in defining a governmental entity for financial reporting purposes.

The reporting entity consists of (a) the primary government; i.e., the District, and (b) organizations for which the District is financially accountable. The District is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the District. Consideration is also given to other organizations that are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the District. Organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

Based on the criteria discussed above, the District's financial statements do not include any component units, nor do they exclude any potential component units requiring inclusion in the District's reporting entity. The District is not a component unit of any other governmental reporting entity. The District's financial statements include the accounts of all District operations.

#### B. Basis of Presentation

##### GOVERNMENT-WIDE STATEMENTS

The statement of net position and the statement of activities display information about the primary government (the District). These statements include the financial activities of the overall government. The statement of net position presents the financial condition of the governmental activities of the District at year-end. The difference between the assets, deferred outflows of resources, liabilities and deferred inflows of resources of the District is reported as net position.

The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. In the statement of activities, direct expenses are those that are specifically associated with a service, program or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

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

*NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued*

B. Basis of Presentation - continued

**FUND FINANCIAL STATEMENTS**

The fund financial statements provide information about the District's funds, which consist of *governmental funds*. During the fiscal year, the District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance by segregating transactions related to certain governmental functions or activities. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column.

Governmental accounting systems are organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. The District's funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations based upon the purposes for which they are to be spent and by the means by which spending activities are controlled. The various funds of the District are outlined in the following paragraphs:

Governmental Funds

Governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are included on their balance sheets. The reported fund balance (net current assets) is considered a measure of "available spendable resources". The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

*General Fund*

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

*Capital Projects Fund*

The Capital Projects Fund is used to account for financial resources to be used for the acquisition of equipment and other capital improvements, including debt service thereon.

C. Basis of Accounting

**GOVERNMENT WIDE FINANCIAL STATEMENTS**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District receives value without directly giving equal value in return, consist of property taxes. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied.

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

*NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued*

C. Basis of Accounting

*FUND FINANCIAL STATEMENTS*

Governmental funds are reported using the *current financial resources measurement focus* and the *modified accrual-basis of accounting*. Under this method, revenues are recognized when measurable and available. The District considers all revenues available if they are collected within 60 days after year-end. The following material revenue sources are considered susceptible to accrual because they are both measurable and available to finance expenditures of the current period:

- Property Taxes
- Specific Ownership Taxes

Taxpayer-assessed local property and specific ownership taxes are considered “measurable” when in the hands of intermediary collecting governments and are recognized as revenue at that time. Expenditures are recorded when the related fund liability is incurred, except for un-matured principal and interest on general long-term debt, which is recognized when due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities are reported as other financing sources.

D. Budgets and Budgetary Accounting

The District uses the following procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to October 15, the District Secretary submits to the Board a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. A “Notice of Budget” is published when the budget is received.
2. Public hearings are held to obtain taxpayer comments.
3. Prior to November 20, the Board adopts, by resolution, the budget for the ensuing fiscal year and certifies the tax levy, unless an election for increased property tax is being held. The statutory deadline for certification of mill levies to the Board of County Commissioners if an election for increased property tax levy is held is December 15.
4. On or before December 15, the Board passes an annual appropriating ordinance in which such sums of money are appropriated as the Board deems necessary to defray all expenses and liabilities of the District during the ensuing year.
5. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP) for governmental units, which provides that debt principal payments and capital outlay are treated as expenditures.
6. After adoption of the budget ordinance, the District may make by ordinance the following changes: a) supplemental appropriations to the extent of revenues in excess of the estimated budget; b) emergency appropriations; c) reduction of appropriations for which originally estimated revenues are insufficient.
7. Expenditures may not legally exceed appropriations at the fund level. Board approval is required for changes in the total budget of any fund. Budget amounts included in the financial statements are based on the final, legally amended budget.
8. Budget appropriations lapse at the end of each year.

The District legally adopted annual budgets for all of the District’s funds for 2020.



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

*NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued*

E. Cash and Investments

The District's policy in determining which items are treated as cash equivalents include cash, demand deposits, treasury bills, and other short-term, highly liquid investments that are readily convertible to cash and have original maturities of three months or less. Investments are reported at fair value which is determined using selected bases. Short-term investments are reported at cost which approximates fair value. Securities traded on a national or international exchange are valued at the last quoted market price. Cash deposits are reported at carrying amounts which reasonably estimate fair value. Additional cash disclosures are found in *Note 2* of the financial statements.

F. Property Taxes Receivable and Deferred Inflows – Unavailable Property Tax Revenue

Property taxes are levied on December 15, and attach as an enforceable lien on property on January 1<sup>st</sup> of the following year. They may be paid in either one installment (no later than April 30<sup>th</sup>) or two equal installments (not later than February 28<sup>th</sup> and June 15<sup>th</sup>) without interest or penalty. Taxes which are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 16<sup>th</sup>. Property taxes are levied and collected on behalf of the District by the County Treasurer and are reported as revenue when received by the County Treasurer. Property taxes levied in the current year and payable in the following year are reported as a receivable at December 31. However, since the taxes are not available to pay current liabilities, the receivable is recorded as a deferred inflow of resources.

G. Allowance for Doubtful Accounts

Bad debts are provided on the allowance method based on the District's evaluation of outstanding accounts receivable at the end of the year. The District believes that all accounts are collectible, therefore, no allowance for bad debt is reflected in the financial statements.

H. Deferred Outflows and Inflows of Resources

The statement of net position and fund balance sheet include separate sections for deferred outflows of resources and deferred inflows of resources, when applicable. Deferred outflow of resources represent a consumption of net position that applies to future periods that will be recognized as an expense or expenditure in future periods. Deferred inflows of resources represent an acquisition of net position or fund balance that applies to future periods and will be recognized as revenue in future periods.

I. Capital Assets

All capital assets purchased or acquired with an original cost in excess of capitalization thresholds set by the District are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their estimated fair value on the date of donation. Repairs and maintenance are recorded as expenditures as incurred; while additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Depreciation is provided on the straight-line basis over the following estimated useful lives.

Equipment	5-15 years
Infrastructure	7-40 years

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

*NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued*

J. Accrued Liabilities for Compensated Absences

The District's policy for compensated absences provides for a maximum one year carryover of unused sick time of up to 240 hours. The District's policy is to permit employees to accumulate a limited amount of earned but unused vacation and comp time which will be paid upon separation from District service, with vacation and comp time paid at 100%. The District accrues a liability only on the government-wide financial statements for compensated absences since it is anticipated that none of the liability will be liquidated with currently available expendable financial resources.

K. Inter-fund Receivables and Payables

To the extent that operating expenses are paid by another fund and/or transfers are made between the funds and these advances have not been repaid as of year-end, balances of inter-fund amounts receivable or payable are recorded.

L. Net Position/Fund Balance

In the government-wide financial statements, net position is classified in the following categories:

*Invested in Capital Assets, Net of Related Debt* – this category groups all capital assets into one component. Accumulated depreciation and the outstanding debt balances attributable to (already invested in) the acquisition, construction or improvement of these assets reduce this category.

*Restricted* – assets are reported as *restricted* when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments, or by various enabling legislation.

*Unrestricted* – represents the amount which is not restricted for any purpose. It is the District's policy to first apply restricted resources when an expense is incurred for which both restricted and unrestricted assets are available.

In the fund financial statements, fund balances of governmental funds are classified as follows:

*Nonspendable* – amounts that cannot be spent because they are either in non-spendable form such as inventory and prepaid expenses, or legally or contractually required to be maintained intact such as the corpus of permanently restricted funds to be retained in perpetuity. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale, when applicable.

*Restricted* – when constraints are placed on the use of resources either (a) externally imposed by creditors or (b) imposed by law through constitutional provisions or enabling legislation. As discussed in *Note 13*, Colorado voters passed an amendment to the State Constitution, one of the provisions of which requires local governments to establish an emergency reserve which is calculated at 3% of certain expenditures. These funds may only be expended in cases of emergencies as defined by the amendment, and are used to fund appropriations only after unrestricted resources are depleted.

*Committed* – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority (the Board of Directors). These amounts cannot be changed except by taking the same type of action employed to previously commit these amounts.

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

*NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued*

L. Net Position/Fund Balance - continued

*Assigned* – amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by the governing body itself, or a body or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. The General Fund includes accumulated fundraising proceeds to be used for future scholarships as assigned. The District considers available fund balances of the Capital Projects Fund as assigned for future capital outlay and/or debt service.

*Unassigned* – the residual for the general fund.

It is the District's policy to first apply restricted resources when an expense is incurred for which both restricted and unrestricted assets are available. Committed and assigned amounts are considered to have been spent first when an expenditure is incurred for purposes for which such categories and unassigned amounts are available.

M. Use of Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities and the reported revenues and expenses. Actual results could vary from the estimates that were used.

N. Pensions

The District participates in a defined benefit plan administered by the Fire and Police Pension Association of Colorado (“FPPA”). The net pension liability, 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 plans 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.

O. Fair Value Measurements

The District has a number of financial instruments, including cash and equivalents, receivables, accounts payable, and notes payable, none of which are held for trading purposes. The District estimates that the fair values of its financial instruments at December 31, 2020 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet.

*NOTE 2 - CASH AND INVESTMENTS*

The Colorado Public Deposit Protection Act (PDPA), requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. The eligible depository is required to pledge to the Colorado Division of Banking a pool of collateral having a market value that at all times exceeds 102 percent of uninsured aggregate public deposits. The eligible collateral is determined by the PDPA, which includes obligations of the United States, the State of Colorado, Local Colorado governments, and obligations secured by first lien mortgages on real property located in the state.

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

*NOTE 2 - CASH AND INVESTMENTS - continued*

PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The State Regulatory Commission for banks and financial services is required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. There is no custodial credit risk for public deposits collateralized under PDPA.

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

- Obligations of the United States and certain U.S. governmental agency securities, including securities issued by FNMA (federal national mortgage association), GNMA (governmental national mortgage association), FHLMC (federal home loan mortgage corporation), the federal farm credit bank, the federal land bank, the export-import bank, and by the Tennessee valley authority, and certain international agency securities, including the World Bank.
- General obligation and revenue bonds of U.S. local government entities, the District of Columbia, and territorial possessions of the U.S. rated in the highest two rating categories by two or more nationally recognized rating agencies.
- Bankers' acceptances of certain banks
- Certain securities lending agreements
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed Investment contracts
- Local government investment pools
- The investing local government's own securities including certificates of participation and lease obligations.

A summary of the District's cash and investments at December 31, 2020 is as follows:

Checking Accounts	\$ 429,334
Colotrust Investment Pool	<u>1,970,843</u>
Total Balances	2,400,177
Less Outstanding Items	<u>(30,049)</u>
Total Cash and Cash Equivalents	<u>\$ 2,370,128</u>

The District's bank deposits in the amount of \$250,000 were covered by federal depository insurance and the remaining \$179,334 and \$1,970,843 of Colotrust funds were collateralized under PDPA in accordance with state statute.

The District has not adopted a formal investment policy; however, the District invests public funds in a manner which will provide the highest investment return with the maximum security, meet daily cash flow demands, and conform to all federal, state and local statutes governing the investment of public funds. This applies to the investment of all financial assets of all funds of the District over which it exercises financial control.

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

*NOTE 2 - CASH AND INVESTMENTS – continued*

As of December 31, 2020, the District had invested \$1,970,843 in the Colorado Local Government Liquid Asset Trust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS +. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for the Trust’s portfolios pursuant to a custodian agreement. The custodian acts as a safekeeping agent for the Trust’s investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian’s internal records segregate investments owned by the Trust. As of December 31, 2020, the District had \$0 invested in COLOTRUST PRIME and \$1,970,843 invested in COLOTRUST PLUS+. The COLOTRUST investments are not categorized in terms of custodial credit risk, since they are not evidenced by securities that exist in physical or book entry form.

As of December 31, 2020 the District's investments had the following credit ratings:

<u>Investment</u>	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Rating Agency</u>
Colotrust Accounts	\$ 1,970,843	AAAm	Standard & Poors

Additional investment and deposit disclosures for credit risk, interest rate risk, and foreign currency risk, as required by GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, are included in the notes below.

To minimize custodial credit risk, or the risk that an insurer or other counterparty to an investment will not fulfill its obligations, state law limits District investments to those where the issuer is rated in one of the three highest rating categories by one or more nationally recognized organizations that rate such issuers. The District has deposits in Colotrust Plus+. Colotrust is rated AAAM by Standard & Poors. The concentration of credit risk, or the risk of loss attributed to the magnitude of a government’s investment in a single issuer, occurs when deposits are not diversified. District policy places no limit on the amount the District may invest in any one issuer; however the District maintains general guidelines for investments to ensure proper diversification by security type and institution. All District investments are issued or explicitly guaranteed by securities of the U.S. government, or insured by the Public Depository Protection Act, or are investments in mutual fund or external investment pools, and therefore are not subject to concentration of credit risk disclosure requirements.

Interest rate risk is the extent to which changes in interest rates will adversely affect the fair value of an investment. The District maintains an investment policy that limits investment maturities to three years as means of managing its exposure to fair value losses arising from increasing interest rates and to avoid undue concentration in any sector of the yield curve. Exceptions to this structure may be allowed where maturities can be structured to accommodate readily identifiable cash flows as approved by the Board. As of December 31, 2020, the District had no investments that were subject to interest rate risk as described above.

The District was not subject to foreign currency risk as of December 31, 2020.

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

*NOTE 3 - FAIR VALUES OF FINANCIAL INSTRUMENTS*

The District reports its investments using the fair value measurements established by generally accepted accounting principles. As such, fair value hierarchy categorizes the inputs used to measure the fair value into three levels. Level 1 inputs are quoted prices in active markets for identical investments; Level 2 inputs include quoted prices in active markets for similar investments, or other observable inputs; and Level 3 inputs are unobservable inputs.

*NOTE 4 - CAPITAL ASSETS*

A summary of changes in Capital Assets follows:

	Balance <u>Jan 1, 2020</u>	Additions	Dispositions	Balance <u>Dec 31, 2020</u>
GOVERNMENTAL ACTIVITIES				
Non-depreciable Land	\$ 67,720	\$ -	\$ -	\$ 67,720
Building/Improvements	1,903,923		(8,615)	1,895,308
Vehicles & Equipment	1,240,670	699,494	(135,211)	1,804,953
Office Equipment	20,542	-	(5,057)	15,485
Less Accumulated Depreciation	<u>(1,772,987)</u>	<u>(147,373)</u>	<u>110,640</u>	<u>(1,809,720)</u>
Net Capital Assets	<u>\$ 1,459,868</u>	<u>\$ 552,121</u>	<u>\$ (38,243)</u>	<u>\$ 1,973,746</u>

*NOTE 5 - LONG-TERM OBLIGATIONS*

A summary of change in Long-Term Obligations follows:

	Balance <u>Jan 1, 2020</u>	Additions	Reductions	Balance <u>Dec 31, 2020</u>	Due Within <u>One Year</u>
GOVERNMENTAL ACTIVITIES					
Capital Lease Obligations:					
Dated - July 29, 2009	\$ 737,270	\$ -	\$ (58,507)	\$ 678,763	\$ 61,455
Compensated Absences	<u>32,401</u>	<u>1,393</u>	<u>-</u>	<u>33,794</u>	<u>-</u>
Total Obligations	<u>\$ 769,671</u>	<u>\$ 1,393</u>	<u>\$ (58,507)</u>	<u>\$ 712,557</u>	<u>\$ 61,455</u>

*Capital Lease Obligations*

Lease-Purchase Agreement dated July 29, 2009, in the amount of \$1,200,000 payable to Municipal Capital Markets Group, Inc., payable in annual installments of \$95,665 through 2029 at an interest rate of 5.04%, secured by Real Property and Improvements. Building Improvements in the amount of \$1,200,000 were capitalized under the lease; there is approximately \$396,234 of accumulated depreciation on these assets as of December 31, 2020. The term of the agreement is subject to annual appropriation and, therefore, terminates at the end of each current fiscal year, with annual renewal at the same terms and conditions of the original term, unless terminated by the District. The renewal balance at December 31, 2020 is \$678,763.

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

*NOTE 5 - LONG-TERM OBLIGATIONS – continued*

*Capital Lease Obligations - continued*

The annual rental payments under the agreement are as follows:

Year Ended December 31,	Principal	Interest	Total
2021	\$ 61,455	\$ 34,210	\$ 95,665
2022	64,553	31,112	95,665
2023	67,806	27,859	95,665
2024	71,224	24,441	95,665
2025	74,814	20,851	95,665
2026-2029	338,911	43,752	382,663
Total	\$ 678,763	\$ 182,225	\$ 860,988

The District primarily uses the capital projects fund to retire debt on a year-to-year basis.

*NOTE 6 - FPPA Statewide Defined Benefit Plan*

**Plan Description:** The Statewide Defined Benefit Plan (SWDB) is a cost-sharing multiple-employer defined benefit pension plan. The plan is administered by the Fire & Police Pension Association of Colorado (FPPA). FPPA issues a publicly available comprehensive annual financial report that can be obtained on FPPA’s website at <http://fppaco.org/annual-reports.html>

**Description of Benefits:** A member is eligible for a normal retirement pension once the member has completed twenty-five years of credited service and has attained the age of 55.

The annual normal retirement benefit is 2% of the average of the member’s highest three years’ pensionable earnings for each year of credited service up to ten years, plus 2.5% 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 covered under Statewide Defined Benefit Social Security Component will receive half the benefit when compared to the Statewide Defined Benefit Plan. Benefit adjustments paid to retired members are evaluated annually 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% or the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W).

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

**Contributions:** 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 statute or election of the membership.

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

*NOTE 6 - FPPA Statewide Defined Benefit Plan – continued*

**Contributions (continued):** Effective January 21, 2021, contribution rates for employers and members may be increased by the FPPA Board of Directors upon approval through an election by both the employers and members. 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% of pensionable earnings. Employer contribution rates are 8% 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% and 8%, respectively, of pensionable earnings for a total contribution rate of 18.5%.

Contributions from members and employers of departments re-entering the system are established by resolution and approved by the FPPA Board of Directors. The reentry group has a combined contribution rate of 22.5% and 23.0% of pensionable earnings in 2019 and 2020, respectively. It is a local decision as to whether the member or employer pays the additional 4% contribution. The member and employer contribution rates will increase through 2030 as described above for the non-reentering departments. Effective January 1, 2021, reentry departments may submit a resolution to the FPPA Board of Directors to reduce the additional 4 percent contribution, to reflect the actual cost of reentry to the plan. Each reentry department is responsible to remit contributions to the plan in accordance with their most recent FPPA Board of Directors approved resolution.

The contribution rate for members and employers of affiliated social security employers is 5.25% and 4%, respectively, of pensionable earnings for a total contribution rate of 9.25% in 2019 and 9.50% in 2020. Per the 2014 member election, members of the affiliate social security group had their required contribution rate increase 0.25% annually beginning in 2015 through 2022 to a total 6% of pensionable earnings. Employer contributions are 4% in 2019 and 2020. Employer contributions will increase 0.25 percent annually beginning in 2021 through 2030 to a total of 6.5% of pensionable earnings.

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

**Collective Net Pension (Liability) Asset:** At December 31, 2020, the District reported a (liability)/asset of \$38,951 for its proportionate share of the net pension (liability)/asset. The Plan's total pension liability is currently less than the fiduciary net position, resulting in an asset reported by the District. The net pension (liability)/asset was measured as of December 31, 2019, and the total pension liability used to calculate the net pension (liability)/asset was determined by an actuarial valuation as of January 1, 2020. The District's proportion of the net pension (liability)/asset was based on the District's contributions to the Plan for calendar year 2019, relative to the total contributions of participating employers to the Plan.

At December 31, 2020 the District's proportionate share was .0688708%, compared to .071747% at December 31, 2019.

For the year ended December 31, 2020, the District recognized net pension (revenues)/expense of \$(20).



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

*NOTE 6 - FPPA Statewide Defined Benefit Plan – continued*

**Collective Net Pension (Liability) Asset (continued):** At December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between Expected and Actual Experience	\$ 131,817	\$ 762
Change in Assumptions	73,959	-
Net Difference between Projected and Actual		
Earnings on Pension Plan Investments	-	61,232
Changes in Proportionate Share of Contribution	-	-
Contributions Subsequent to Measurement Date	<u>41,972</u>	<u>-</u>
Total	<u>\$ 247,748</u>	<u>\$ 61,994</u>

Contributions subsequent to the measurement date of December 31, 2020 which are reported as deferred outflows or resources related to pensions, will be recognized as an adjustment against the net pension (liability) asset in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as a component of pension expense as follows:

<u>Year Ended December 31,</u>	<u>Amortization</u>
2021	\$ (13,663)
2022	(13,663)
2023	(13,663)
2024	(13,663)
2025	(13,663)
Thereafter	<u>(75,467)</u>
Total	<u>\$ (143,782)</u>

**Actuarial Assumptions:** The actuarial valuations of the Statewide Defined Benefit Plan were used to determine the total pension liability and actuarially determined contributions for the fiscal year ended December 31, 2020. The valuations used the following actuarial assumption and other inputs:

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % of Payroll, Open
Amortization Period	30 Years
Long-term Investment Rate of Return*	7.0%
Projected Salary Increases*	4.25% - 11.25%
Cost of Living Adjustments (COLA)	0.0%
* Includes Inflation at	2.5%

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

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

*NOTE 6 - FPPA Statewide Defined Benefit Plan – continued*

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Rate of Return</u>
Global Equity	38.0%	7.00%
Equity Long/Short	8.0%	6.00%
Private Markets	25.0%	9.20%
Fixed Income	15.0%	5.20%
Absolute Return	8.0%	5.50%
Managed Futures	4.0%	5.00%
Cash	<u>2.0%</u>	2.52%
Total	<u>100%</u>	

The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates 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.

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

For the purposes of this valuation, the expected rate of return on pension plan investments is 7.0%; the municipal bond rate is 2.75% (based on the weekly rate closest to but not later than the measurement date of the “state & local bonds” rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.0%.

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

*NOTE 6 - FPPA Statewide Defined Benefit Plan – continued*

**Sensitivity of the District’s proportionate share of the net pension liability/ (asset) to changes in the Single Discount Rate:** The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, as well 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 (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate:

	<b>Current Single Discount</b>		
	<b>1% Decrease</b>	<b>Rate Assumption</b>	<b>1% Increase</b>
	<u>6.0%</u>	<u>7.0%</u>	<u>8.0%</u>
Net Pension Liability	\$ 342,913,305	\$(56,556,341)	\$ (387,863,540)
Proportionate Share of			
Net Pension Liability	\$ 236,168	\$ (38,951)	\$ (267,125)

*NOTE 7 - VOLUNTEER FIREMEN’S PENSION FUND*

**Plan Description:** The District contributes to a defined benefit pension plan which is affiliated with the Fire and Police Pension Association of Colorado (FPPA) to provide retirement income for all its volunteer fire fighters in recognition of their service to the District. FPPA administers an agent multiple-employer Public Employee Retirement System (“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://fppaco.org/pdfs/annual audit actuarial reports](http://fppaco.org/pdfs/annual_audit_actuarial_reports).

The plan provides normal retirement benefits. The following benefit provisions were used to determine the District’s pension liability at the measurement date of December 31, 2019.

<i>Normal retirement benefit at age 50 with 20 year of service (monthly):</i>	
Regular	\$ 500
<i>Vested retirement benefit:</i>	
With 10 to 20 years of service amount per year of service per minimum vesting years.	\$ 25
Minimum vesting years	10
<i>Funeral benefits (required benefit):</i>	
Funeral benefit lump sum, one time only	\$ 1,000

As of January 1, 2020, the latest actuarial valuation date, there were 6 active, 17 retirees and beneficiaries and 3 inactive, non-retired members.

**Funding Policy:** The funding of the plan by the District and members is authorized by the Board of Trustees. The contribution by the State of Colorado (the “State) toward fire pension funds has been a fixed dollar amount established by the legislature and allocated pro rata to all fire pension funds in the State who apply for State matching funds, based upon the amounts contributed by the employer up to a maximum of one half (1/2) mill on the assessed valuation or 90% of City contributions, whichever is less. Since the District currently offers maximum retirement benefits in excess of \$300 per month on an actuarially sound basis, and (2) the amount of State contributions provided in the prior year.

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

*NOTE 7 - VOLUNTEER FIRE FIGHTER'S PENSION – continued*

**Net Pension Liability:** At December 31, 2020, the volunteer pension fund reported a net pension liability of \$341,579. 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.

**Actuarial Assumptions:** Actuarially determined contribution rates are calculated as of January 1 of odd numbered years. The contribution rates have a one-year lag, so the actuarial valuation as of January 1, 2020, determines the contribution amounts for 2020 and 2021.

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open*
Remaining Amortization Period	20 Years
Asset Valuation method	5-Year smoothed fair value
Inflation	2.50%
Salary Increases	N/A
Investment Rate of Return	7.00%
Retirement Age	50% per year of eligibility until 100% at age 65.
Mortality	<b><u>Pre-retirement:</u></b> 2006 central rates from the RP-2014 Mortality Tables for males and females projected to 2018, using the MP-2017 projection scales, then projected prospectively using the ultimate rates of the scale for all years, 50% multiplier for off-duty mortality. <b><u>Post-retirement:</u></b> 2006 central rates from the RP-2014 Annuitant Mortality Tables for males and females, projected to 2018 using the MP-2017 projection scales, then projected prospectively using the ultimate rates of the scale for all years. <b><u>Disabled:</u></b> 2006 central rates for them 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. All tables 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.

Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) the long-term expected rate of return on pension plan investments (7.0%), and (2) tax-exempt municipal bond rate based on an index of 20 year obligation bonds with an average AA credit rating as of the measurement date (2.75%) to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits. The resulting Single Discount Rate is 7.0%.

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

*NOTE 7 - VOLUNTEER FIRE FIGHTER'S PENSION – continued*

Regarding the sensitivity of the net pension liability/ (asset) to changes in the Single Discount Rate, the following represent the plan's net pension liability/ (asset), calculated using a Single Discount Rate of 7.0%, as well as what the plan's net pension liability/ (asset) would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	<b>Current Single Discount</b>		
	<b>1% Decrease</b>	<b>Rate Assumption</b>	<b>1% Increase</b>
	<u><b>6.0%</b></u>	<u><b>7.0%</b></u>	<u><b>8.0%</b></u>
Net Pension Liability	\$ 459,245	\$ 341,579	\$ 244,469

In connection with the District's Volunteer Fire and Police Protection Retirement Plan, the following deferred outflow of resources and deferred inflows of resources were reported at December 31, 2020:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between Expected and Actual Experience	\$ 26,932	\$ -
Change in Assumptions	17,435	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	<u>31,884</u>	<u>52,097</u>
Total	<u>\$ 76,251</u>	<u>\$ 52,097</u>

Contributions subsequent to the measurement date of December 31, 2020, which are reported as deferred outflows of resources related to pensions, will be recognized as a reduction of the net pension liability in subsequent years. Other amounts reported as deferred outflow of resources and deferred inflow of resources related to pensions will be recognized as a component of pension expense in future years as follows:

<u>Year Ended December 31,</u>	<u>Amortization</u>
2021	\$ 29,086
2022	2,925
2023	938
2024	(8,795)
2025	-
Thereafter	-
Total	<u>\$ 24,154</u>

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

*NOTE 8 - DEFERRED COMPENSATION PLAN – SECTION 457*

The District offers its employees an additional voluntary deferred compensation plan created in accordance with IRC section 457 (the “457 Plan”). The 457 Plan is administered by FPPA. The 457 Plan is available to all paid staff and permits participants to defer a portion of their salary to future years. All compensation deferred under the 457 Plan, together with all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are to be held in trust for the exclusive benefit of the participants and their designated beneficiaries. Compensation deferred under the 457 Plan is not available to participants until termination, retirement, death, or unforeseeable emergency.

Employees may elect or defer any percentage of their annual compensation, provided that the total annual contribution does not exceed limitations established by the Internal Revenue Service. The District contributes up to 8% of employee earnings. For 2020 the District contributed \$13,869.

The individual participants determine investment decisions within the 457 Plan and, therefore, the 457 Plan’s investment concentration varies between participants. The District, as Trustee of the 457 Plan, has the duty of due care that would be required of an ordinary prudent investor, but has no liability for losses under the 457 Plan. Consequently, the 457 Plan is not part of the District’s financial statements.

*NOTE 9 - INTERGOVERNMENTAL AGREEMENTS & COMMITMENTS*

Finance and Administrative Cooperative Services Agreement

The Gypsum Fire Protection District and Eagle River Fire Protection District entered into an agreement where ERFPD will provide general and professional finance and administrative services, including accounting work from the intermediate to the advanced level following Generally Accepted Accounting Principles (GAAP); budgeting; accounts payable; and accounts receivable; payroll; human resources, including management of personnel records, and insurance; and, general records retention in accordance with GFPD policy. The agreement, at the discretion of the District’s management, will renew annually upon written acceptance by both parties.

The District paid \$55,338 in fiscal year 2020 related to the intergovernmental agreement and there were no unpaid liabilities due as of year-end.

*NOTE 10 - LEASE COMMITMENTS*

The District currently leases a copier from Great America Financial Service Corporation, subject to annual appropriation, under a sixty- three-month operating lease which expires on November 30, 2021. Monthly payments of \$62 are due until the lease expiration date. The future minimum lease payments of the District’s long-term lease are as follows:

<u>Year Ended December 31, 2020</u>	
2021	\$ <u>682</u>
Total	\$ <u>682</u>

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

*NOTE 11 - CONTINGENCIES*

*Claims*

During the normal course of business, the District incurs claims and other assertions against it from various agencies and individuals. Management of the District and their legal representatives feel none of these claims or assertions are significant enough that they would materially affect the fairness of the presentation of the financial statements at December 31, 2020.

*State/Federal Grants*

Under terms of state & federal grants, periodic audits may be required, and certain costs may be questioned as not being appropriate expenditures. Such audits could lead to reimbursements to the grantor agencies. The Districts management is not aware of any wrongful spending for which they would have to reimburse the grantor agencies for expenditures.

*NOTE 12 - RISK MANAGEMENT*

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

*NOTE 13 - STATUTORY COMPLIANCE*

A. TABOR Amendment – Revenue and Spending Limitation Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer’s Bill of Rights (TABOR). TABOR contains revenue, spending, tax, and debt limitations, which apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government. Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years. TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of spending (excluding bonded debt service). The required reserve at December 31, 2020 is approximately \$69,900.

The initial base for local government spending and revenue limits is December 31, 1992 fiscal year spending. Future spending and revenue limits are determined based on the prior year’s fiscal year spending adjusted for inflation in the prior calendar year plus annual local growth. Fiscal year spending is generally defined as expenditures and reserve increases with certain exceptions. Revenue, if any, in excess of the fiscal year spending limit must be refunded in the next fiscal year unless voters approve retention of such revenue. In November 1995, voters approved a measure to allow the District to retain and spend all revenues in excess of the fiscal year spending limit and the 5.5% revenue increase limit provided the revenues are spent for fire, rescue and emergency medical services.

The District’s management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

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

*NOTE 14 - SUBSEQUENT EVENTS*

Management has evaluated events subsequent to December 31, 2020 through the issuance date of this report. In early 2020, a worldwide pandemic arose caused by the coronavirus (Covid-19) and is ongoing into 2021, which has negatively impacted the general operations of the District. The District's management has acknowledged the threat of the coronavirus; however, the long-term impact on operations is currently unknown as of the date of the auditor's report. There have been no additional material events noted during this period that would impact the results reflected in this report or the District's results going forward.



REQUIRED SUPPLEMENTAL INFORMATION

**GYPSUM FIRE PROTECTION DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**  
**GENERAL FUND**  
**December 31, 2020**

	GENERAL FUND			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b><u>BUDGETARY REVENUES:</u></b>				
Local Property Taxes	\$ 1,663,154	\$ 1,617,244	\$ 1,611,370	\$ (5,874)
Specific Ownership Taxes	55,200	55,200	80,911	25,711
Out of District Calls	5,000	5,000	88,622	83,622
Fees, Permits, Fines and Other	250	707	10,053	9,346
Grant Proceeds	-	-	200,674	200,674
Miscellaneous	-	99	10,242	10,143
Fundraising and Donations	-	-	10,120	10,120
Rental Income	-	-	5,000	5,000
Interest Income	18,200	18,200	15,728	(2,472)
Total Budgetary Revenues	<u>1,741,804</u>	<u>1,696,450</u>	<u>2,032,720</u>	<u>336,270</u>
<b><u>BUDGETARY EXPENDITURES:</u></b>				
General Expenditures:				
Capital Outlay	670,735	670,735	739,039	(68,304)
Community Education	3,000	3,000	541	2,459
County Treasurer Fees and Abatements	49,822	49,822	47,952	1,870
Dispatch and Intergovernmental Support	107,659	107,659	92,183	15,476
Dues and Subscriptions	3,074	3,074	2,335	739
Employee Benefits	129,975	129,975	117,847	12,128
Fleet – Gas and Oil	9,887	9,887	8,960	927
Insurance	43,310	43,310	38,236	5,074
Miscellaneous Administrative	28,864	28,864	23,215	5,649
Office Expense	9,500	9,500	2,540	6,960
Payroll Taxes	20,938	20,938	22,826	(1,888)
Pension Contributions – FPPA	14,824	14,824	56,689	(41,865)
Professional Services	33,322	33,322	22,142	11,180
Protective Clothing, Uniforms and Tools	58,718	58,718	25,986	32,732
Repairs and Maintenance – Building	16,900	16,900	4,932	11,968
Repairs and Maintenance – Equipment	68,097	68,097	26,690	41,407
Salaries and Benefits	728,285	728,285	711,850	16,435
Telecommunications	11,820	11,820	11,465	355
Training, Travel and Meals	22,075	22,075	6,035	16,040
Utilities	11,822	11,822	12,185	(363)
Volunteer Incentives/Reimbursements	34,000	34,000	19,146	14,854
Volunteer Pension Contributions – FPPA	65,060	65,060	22,704	42,356
Contingency	-	-	-	-
Emergency Reserves	-	-	-	-
Total Budgetary Expenditures	<u>2,141,687</u>	<u>2,141,687</u>	<u>2,015,498</u>	<u>126,189</u>
Excess of Budgetary Revenues Over (Under) Budgetary Expenditures	(399,883)	(445,237)	17,222	462,459
Fund Balance – Beginning of Year	<u>399,883</u>	<u>445,237</u>	<u>2,061,701</u>	<u>1,616,464</u>
Fund Balance – End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,078,923</u>	<u>\$ 2,078,923</u>

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

**GYPSUM FIRE PROTECTION DISTRICT**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY/ASSET**  
**AND RELATED RATIOS**  
**FIRE AND POLICE PENSION ASSOCIATION OF COLORADO**  
Last 10 Fiscal Years \*

*Measurement Period End December 31,*

<b><u>Employer Plan:</u></b>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's Portion of the Net Pension (Asset)/ Liability	.0688708%	.071747%	.62193%
District's Proportionate Share of the (Asset)/ Liability	\$ (38,951)	\$ 90,707	\$ (89,475)
District's Covered Payroll	507,600	480,600	363,792
District's Proportionate Share of the net Pension (Asset)/ Liability as a Percentage of Covered Payroll	(8) %	19%	(24) %
Plan Fiduciary Net Position as a Percentage of the Total Pension (Asset)/ Liability	101.9%	95.2%	106.3%
 <b><u>Volunteer Plan:</u></b>			
<b>Total Pension Liability</b>			
Service Cost	\$ 4,869	\$ 8,379	\$ 8,379
Interest on Total Pension Liability	68,622	65,168	64,658
Benefit Charges	-	-	-
Diff between Expected and Actual Experience	-	68,122	-
Changes of Assumptions	-	44,099	-
Benefit Payments	(75,063)	(70,200)	(62,420)
<b>Net Change in Total Pension Liability</b>	<u>(1,572)</u>	<u>115,568</u>	<u>10,617</u>
<b>Total Pension Liability - Beginning</b>	<u>1,014,820</u>	<u>899,252</u>	<u>888,635</u>
 <b>Total Pension Liability – Ending (A)</b>	 <u>\$ 1,013,248</u>	 <u>\$ 1,014,820</u>	 <u>\$ 899,252</u>
 <b>Plan Fiduciary Net Position</b>			
Employer Contributions	\$ 22,704	\$ 22,704	\$ 22,704
Pension Plan Net Investment Income	86,529	35	87,184
Benefit Payments	(75,063)	(70,200)	(62,420)
Pension Plan Administrative Expense	(6,599)	(6,023)	(5,900)
State of Colorado Suppl. Discretionary Payments	14,400	14,400	11,952
<b>Net Change in Fiduciary Net Position</b>	<u>41,971</u>	<u>(39,084)</u>	<u>53,520</u>
<b>Plan Fiduciary Net Position – Beginning</b>	<u>629,698</u>	<u>668,782</u>	<u>615,262</u>
 <b>Plan Fiduciary Net Position – Ending (B)</b>	 <u>\$ 671,669</u>	 <u>\$ 629,698</u>	 <u>\$ 668,782</u>
 <b>Net Pension Liability – Ending (A) – (B)</b>	 <u>\$ 341,579</u>	 <u>\$ 385,122</u>	 <u>\$ 230,470</u>
 Plan Fiduciary Net Position as a Percentage of Total Pension Liability	 66.29%	 62.05%	 74.37%

\*The amounts presented for each fiscal year were determined as of calendar year-end that occurred one year prior. Information is only available beginning in fiscal year 2015.

**Notes to the Schedule of Employer's Net Position Liability for the Year Ended December 31, 2019:**

*NOTE 1- Changes of Assumptions  
A change of \$73,959 occurred for fiscal reporting year 2019.*

*NOTE 2- Changes of Benefit Terms  
No changes during the years presented.*

*NOTE 3- Changes of Size or Composition of Population Covered by Benefit Terms  
No changes during the years presented above.*

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

**GYPSUM FIRE PROTECTION DISTRICT**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY/ASSET**  
**AND RELATED RATIOS**  
**FIRE AND POLICE PENSION ASSOCIATION OF COLORADO**  
**Last 10 Fiscal Years \***

<u>2016</u>	<u>2015</u>
.051518%	.52037%
\$ 18,616	\$ (917)
263,666	252,256
7%	(.03) %
98.21%	100.10%
\$ 8,074	\$ 8,074
61,564	60,639
-	-
10,389	-
21,036	-
<u>(57,595)</u>	<u>(55,200)</u>
43,468	13,513
<u>845,167</u>	<u>831,654</u>
<u>\$ 888,635</u>	<u>\$ 845,167</u>
\$ 13,280	\$ 35,977
31,589	10,794
(57,595)	(55,200)
(1,222)	(2,296)
<u>14,400</u>	<u>14,400</u>
452	3,675
<u>614,810</u>	<u>611,135</u>
<u>\$ 615,262</u>	<u>\$ 614,810</u>
<u>\$ 273,373</u>	<u>\$ 230,357</u>
72.74%	72.74%

**GYPSUM FIRE PROTECTION DISTRICT**  
**SCHEDULE OF EMPLOYER'S CONTRIBUTIONS**  
**FIRE AND POLICE PENSION ASSOCIATION OF COLORADO**  
Last 10 Fiscal Years \*

<u><b>Employer Plan:</b></u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually Required Contribution	\$ 40,608	\$ 38,448	\$ 29,103
Contributions in Relation to Contractually Required Payment	<u>40,608</u>	<u>38,448</u>	<u>29,103</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	507,600	480,600	363,792
Contributions as a Percentage of Covered Payroll	8%	8%	8%
<u><b>Volunteer Plan:</b></u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially Determined Contribution	\$ 34,096	\$ 34,096	\$ 34,646
Actual Contribution, Including State of Colorado Discretionary Payment	<u>37,104</u>	<u>37,104</u>	<u>34,646</u>
Contribution Deficiency (Excess)	<u>\$ (3,008)</u>	<u>\$ (3,008)</u>	<u>\$ -</u>

**Notes to the Schedule of Employer's Net Position Liability for the Year Ended December 31, 2019:**

- NOTE 1- Changes of Assumptions  
No changes during the years presented.*
- NOTE 2- Changes of Benefit Terms  
No changes during the years presented.*
- NOTE 3- Changes of Size or Composition of Population Covered by Benefit Terms  
No changes during the years presented above.*
- NOTE 4- Actual Contribution, Including State of Colorado  
Discretionary payment totaled \$37,104 for the Volunteer Plan.*

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

**GYPSUM FIRE PROTECTION DISTRICT**  
**SCHEDULE OF EMPLOYER'S CONTRIBUTIONS**  
**FIRE AND POLICE PENSION ASSOCIATION OF COLORADO**  
 Last 10 Fiscal Years \*

2016	2015
\$ 21,093	\$ 20,181
21,093	20,181
\$ -	\$ -
263,666	252,266
8%	8%

2016	2015
\$ 27,680	\$ 50,377
27,680	50,377
\$ -	\$ -

OTHER SUPPLEMENTAL INFORMATION

**GYPSUM FIRE PROTECTION DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**  
**CAPITAL PROJECTS FUND**  
December 31, 2020

	CAPITAL PROJECTS FUND			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>BUDGETARY REVENUES:</u>				
General Revenues:				
Impact Fees	\$ 16,313	\$ 56,175	\$ 85,206	\$ 29,031
Interest Income	707	707	681	(26)
	17,020	56,882	85,887	29,005
<u>BUDGETARY EXPENDITURES:</u>				
General Expenditures:				
Collection Fees	500	1,755	2,315	(560)
Contingency	-	-	-	-
Debt Service:				
Principal	53,027	53,027	58,507	(5,480)
Interest	42,638	42,638	37,158	5,480
	96,165	97,420	97,980	(560)
Excess of Budgetary Revenues Over (Under) Budgetary Expenditures	(79,145)	(40,538)	(12,093)	28,445
Fund Balance – Beginning of Year	79,145	40,538	310,466	269,928
Fund Balance – End of Year	\$ -	\$ -	\$ 298,373	\$ 298,373