



**TRI-LAKES MONUMENT FIRE PROTECTION DISTRICT**

Excellence Integrity Loyalty Respect Service

***TRI-LAKES MONUMENT FIRE PROTECTION DISTRICT***

***FINANCIAL STATEMENTS***

***AND***

***REQUIRED SUPPLEMENTARY INFORMATION***

***WITH***

***INDEPENDENT AUDITORS' REPORT***

***DECEMBER 31, 2020***

**OSBORNE, PARSONS & ROSACKER, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

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**OSBORNE, PARSONS & ROSACKER, LLP**  
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**INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Tri-Lakes Monument Fire Protection District  
Monument, Colorado

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

**Management's Responsibility for the Financial Statements**

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

**Auditors' Responsibility**

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

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

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

## INDEPENDENT AUDITORS' REPORT – CONTINUED

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### 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 Tri-Lakes Monument Fire Protection District, as of December 31, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matters

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of revenues, expenditures, and changes in fund balance – budget (non-GAAP basis) to actual, the schedule of the District's proportionate share of the net pension liability/(asset) – Fire Police Statewide Defined Benefit Plan, and the schedule of employer contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Osborne, Parsons & Rosacker LLP*

Colorado Springs, Colorado

July 9, 2021

***MANAGEMENT'S DISCUSSION AND ANALYSIS***

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **About our District**

The Tri-Lakes Monument Fire Protection District (District) is a career fire department, serving approximately 41,000 residents across 52 square miles in northern El Paso County. An elected, seven-member board of directors is responsible for governing the District and providing strategic guidance and fiscal oversight of the District. There are three fire stations manned 24/7 services, 365 days per year, along with the necessary fire apparatus to support the emergency services in the community.

The District is pleased to provide this narrative discussion and analysis of the financial activities of the District for the calendar year ending December 31, 2020. The District discusses the financial performance within the context of the accompanying financial statements and disclosures following this section.

### **Overview of the Financial Statements**

This **Management Discussion and Analysis** document introduces the District's basic financial statements which include: 1) Statement of Net Position; 2) Statement of Activities; 3) Balance Sheet – General Fund; 4) Reconciliation of the Balance Sheet – General Fund to the Statement of Net Position; 5) Statement of Revenues, Expenditures and Changes in Fund Balance; 6) Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balance of the Governmental Fund to the Statement of Activities; and 7) Notes to the Financial Statements.

The financial statements referenced above and the footnotes to the financial statements begin on page 3 and end on page 28. The Required Supplementary Information, *Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (non-GAAP basis) to Actual*, *Schedule of the District's Proportionate Share of the Net Pension (Asset)/Liability Fire Police Statewide Defined Benefit Plan*, and the *Schedule of Employer Contributions* on pages 29-31 provide information about the District's financial position as of December 31, 2020, its results of operations, information comparing actual revenues and expenditures with budgeted revenue and expenditures for the year, and information about the District's defined benefit pension plan.

The **Statement of Net Position** includes all of the District's assets and liabilities and provides information about the nature and amounts of investments in assets and the obligations to the District creditors. It also provides the basis for computing the rate of return, evaluates the capital structure of the District, and assesses the liquidity and financial flexibility of the District.

The **Statement of Activities** provides information about the components – Program Expenses, Program Revenue, General Revenues – of the District's annual operating activities and how those activities affected Net Position.

The **Balance Sheet – Governmental Fund – General Fund** presents the financial position of the District's funds using the traditional government modified accrual method of accounting, which does not reflect capital assets and debt obligations.

## **Overview of the Financial Statements - Continued**

**The Statement of Revenues, Expenditures, and Changes in Fund Balance – General Fund** financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, generally only current assets and current liabilities are included on the balance sheet. This method approximates the reporting on a cash basis and closely follows the budgetary method.

The reconciliations, which accompany these governmental fund statements, provide explanations of the specific differences in these statements as compared to the Statement of Net Position and the Statement of Activities.

The **Notes to Financial Statements** provide additional, required disclosures about the District, its accounting policies and practices, its financial position and operating activities, and other required information. The information included in these notes is essential to a full understanding of the information contained in the financial statements.

The **Budgetary Comparison Schedule** provides information comparing budgeted revenue and expenditure activities with the actual revenue and expenditure activities. When applicable, the schedule will include a comparison of the originally approved budget with the final amended budget.

## **Financial Highlights**

The District receives revenue from three primary sources:

- The District provides rescue and emergency medical services.
- Property taxes are collected and disbursed by the El Paso County Treasurer's Office. The levies are certified to the Assessor and the Colorado Property Tax Administrator by the Board of County Commissioners. The Board of County Commissioners authorizes the Assessor to extend the levies on property as assessed. The District is a constituted taxing authority.
- Specific ownership taxes are collected and disbursed by the El Paso County Treasurer's Office.

Secondary sources of revenue are:

- Impact fees
- Inspections
- State/federal grants
- Investment income

Major disbursements are the normal operating expenses of delivering personnel services and benefits for services. These disbursements are detailed in the financial statements.

**Financial Highlights - Continued**

- The District's assets exceeded its liabilities by \$13,123,464 (net position) for the calendar year 2020. At the close of 2019, the assets exceeded liabilities by \$10,276,462 (net position). Approximately 28% of the District's net position represent net investment in capital assets. The District uses these capital assets to provide services and generate revenues for this fund.
- Net investment in capital assets of \$3,626,860, is calculated by taking property and equipment at cost, less the accumulated depreciation, less any outstanding debt used towards the purchase or construction of capital assets.
- The total net position of the District increased by \$2,847,002 during 2020 and increased by \$2,406,180 during 2019.
- Total net position is comprised of the following classifications:
  - (1) As of December 31, 2020, the net position includes an emergency reserve of \$309,000, representing 3% of expenditures and impact fees restricted for capital improvements of \$1,046,158 for a total restricted net position of \$1,355,158.
  - (2) As of December 31, 2020 and 2019, the District has unrestricted net position of \$8,141,446 and \$6,241,374, respectively.

**STATEMENT OF NET POSITION – GENERAL FUND**

The statement of net position conveys the financial health of the District and includes all assets, liabilities and deferred inflow of resources, both financial and capital. The statement of net position uses the accrual basis of accounting.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) Tri-Lakes Monument Fire Protection District, Colorado for the Year Ended December 31, 2020**

**STATEMENT OF NET POSITION – GENERAL FUND - Continued**

Condensed comparative statements of net position and comments relating to significant changes follow:

	<u>2020</u>	<u>2019</u>	<u>Change</u>
<b>Assets</b>			
Other Assets	\$ 18,025,574	\$ 15,712,932	\$ 2,312,642
Net Pension Asset	320,207	-	320,207
Capital Assets	5,465,620	4,323,052	1,142,568
<b>Total Assets</b>	<u>23,811,401</u>	<u>20,035,984</u>	<u>3,775,417</u>
<b>Deferred Outflows of Resources</b>	<u>2,048,860</u>	<u>2,494,319</u>	<u>(445,459)</u>
<b>Total Assets and Deferred Outflows</b>	<u>\$ 25,860,261</u>	<u>\$ 22,530,303</u>	<u>\$ 3,329,958</u>
<b>Liabilities</b>			
Current Liabilities	\$ 734,592	\$ 743,041	\$ (8,449)
Net Pension Liability	-	710,680	(710,680)
Other Noncurrent Liabilities	2,147,729	1,565,454	582,275
<b>Total Liabilities</b>	<u>2,882,321</u>	<u>3,019,175</u>	<u>(136,854)</u>
<b>Deferred Inflows of Resources</b>	<u>9,854,476</u>	<u>9,234,666</u>	<u>619,810</u>
<b>Net Position</b>			
Net Investment in Capital Assets	3,626,860	2,804,492	822,368
Restricted	1,355,158	1,230,596	124,562
Unrestricted	8,141,446	6,241,374	1,900,072
<b>Total Net Position</b>	<u>13,123,464</u>	<u>10,276,462</u>	<u>2,847,002</u>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<u>\$ 25,860,261</u>	<u>\$ 22,530,303</u>	<u>\$ 3,329,958</u>

**Assets**

Other assets increased due to additional unrestricted cash. Net pension liability became a net pension asset due to changes in actuarial assumptions. The net pension asset was measured as of December 31, 2020, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. Capital assets increased due to the purchase of new land, building, and building improvements.

**Liabilities**

Other Noncurrent Liabilities increased due to new debt related to the purchase of building suites.

**Net Position**

The increase in total net position of approximately \$2.8 million is a result of the District's revenue over expenses.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) Tri-Lakes Monument Fire Protection District, Colorado for the Year Ended December 31, 2020**

**STATEMENT OF ACTIVITIES**

Condensed comparative statements and comments relating to significant changes:

	<u>2020</u>		<u>2019</u>		<u>Change</u>
<b>Revenues</b>					
Program Revenues					
Charges for Services	\$ 1,216,305	11%	\$ 1,015,675	10%	\$ 200,630
Capital Grants and Contributions	4,704	0%	118,710	1%	(114,006)
Total Program Revenues	<u>1,221,009</u>	11%	<u>1,134,385</u>	11%	<u>86,624</u>
General Revenues					
Taxes	10,092,284	87%	8,896,614	87%	1,195,670
Impact Fees	157,731	1%	121,485	1%	36,246
Investment Earnings	22,417	0%	18,081	0%	4,336
Gain on Disposal of Capital Assets	47,113	0%	-	0%	47,113
Miscellaneous	41,256	0%	82,414	1%	(41,158)
Total General Revenues	<u>10,360,801</u>	89%	<u>9,118,594</u>	89%	<u>1,242,207</u>
<b>Total Revenues</b>	<u>11,581,810</u>		<u>10,252,979</u>		<u>1,328,831</u>
<b>Expenses</b>					
Personnel Services	6,618,285	76%	5,695,299	73%	922,986
Administration	597,243	7%	540,926	7%	56,317
Buildings	116,734	1%	141,878	2%	(25,144)
Communications	126,635	1%	165,310	2%	(38,675)
Fire Prevention	3,434	0%	5,361	0%	(1,927)
Firefighting Equipment	77,531	1%	68,218	1%	9,313
Medical Equipment	65,926	1%	77,991	1%	(12,065)
Training and Education	74,090	1%	49,647	1%	24,443
Uniforms	32,419	0%	57,448	1%	(25,029)
Utilities	45,539	1%	53,293	1%	(7,754)
Vehicles	142,625	2%	147,355	2%	(4,730)
Depreciation	670,119	8%	504,554	6%	165,565
Loss on Disposal of Capital Assets	-	0%	81,706	1%	(81,706)
Capital Outlay	106,040	1%	193,339	2%	(87,299)
Interest	58,188	1%	64,474	1%	(6,286)
<b>Total Expenses</b>	<u>8,734,808</u>		<u>7,846,799</u>		<u>888,009</u>
<b>Change in Net Position</b>	2,847,002		2,406,180		\$ 440,822
<b>Net Position Beginning of Year</b>	<u>10,276,462</u>		<u>7,870,282</u>		
<b>Net Position End of Year</b>	<u>\$ 13,123,464</u>		<u>\$ 10,276,462</u>		

**Revenues**

The District operations are funded by a combination of tax collections and program fees. Program revenues increased due to a combination of increased ambulance fees, increased wildland deployment revenue and a decrease in capital grants and contributions. General revenues increased due to an increase in Property Taxes and an increase in assessed property values which resulted in increased specific ownership tax.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) Tri-Lakes Monument Fire Protection District, Colorado for the Year Ended December 31, 2020**

**Expenses**

Expenses increased primarily due to wages increases, depreciation related to capital asset purchases, and capital outlay. Salaries and benefits represent approximately 76% of total expenditures. For the year ended December 31, 2020, the District's revenues exceeded expenses by \$2,847,002, increasing the net position to \$13,123,464.

**Budget Comparison**

The 2020 budget was amended. A comparison of the final budget and actual income statement follows:

	<b>Final Budget</b>	<b>Actual Budgetary Basis</b>	<b>Variance with Final Budget Favorable (Unfavorable)</b>
<b>Revenues</b>			
Tax Receipts	\$ 10,002,082	\$ 10,092,284	\$ 90,202
Operating Revenue	1,154,250	1,218,136	63,886
Interest	12,500	22,417	9,917
Miscellaneous Revenue	160,000	29,298	(130,702)
Insurance Proceeds	-	82,199	82,199
<b>Total Revenues</b>	<b>11,328,832</b>	<b>11,444,334</b>	<b>115,502</b>
<b>Expenses</b>			
Wages	5,742,974	5,285,409	457,565
Benefits	1,362,255	1,265,955	96,300
Administration	634,768	553,454	81,314
Buildings	143,759	116,734	27,025
Communications	202,000	126,635	75,365
Fire Prevention	15,000	3,434	11,566
Operational Equipment	307,600	175,876	131,724
Training and Education	126,965	74,090	52,875
Utilities	57,850	45,539	12,311
Vehicles	183,950	142,625	41,325
Capital Outlay	1,966,937	1,953,813	13,124
Debt Services	565,470	540,888	24,582
Impact Fee Refunds	(63,000)	-	(63,000)
Emergency Reserve	35,000	-	35,000
General Fund Balance Reserve	47,304	-	47,304
<b>Total Expenditures</b>	<b>11,328,832</b>	<b>10,284,452</b>	<b>1,044,380</b>
<b>Revenues over Expenditures (Non-GAAP Basis)</b>	<b>\$ -</b>	<b>\$ 1,159,882</b>	<b>\$ 1,159,882</b>

District revenues exceeded budgeted by \$115,502 due to an increase in specific ownership taxes, ambulance revenue, grants, impact fees, and insurance proceeds. Expenditures were less than budgeted by \$1,044,380.

### **Capital Asset and Long-term Debt Activity**

The District's long-term debt is positive as all debt will be paid off by 2030. The District is also managing to put away savings for future capital purchases; something it has not been able to do in the past. Lastly, the District is evaluating the need for new fire stations. It is expected that any new planned debt that may be needed for any new fire stations will have community engagement and support before any plans are implemented.

### **Economic Conditions Affecting the District**

A few issues will affect the District's financial position over the next few years.

1. The District is currently experiencing record growth in single-family housing quantities and market pricing which will enhance revenues. There are some predictions that the housing market boom will begin to subside over the next few years. If the trend is just quantity, only growth of District revenues would slow down. However, if market value is also affected negatively, this would affect District revenues negatively. At the time of the audit in early 2021, the county was still experiencing effects from the COVID virus which is still difficult to tell if there will be any long-term economic impacts as a result of this.
2. The Gallagher Amendment reduced property tax assessment values by 9% (7.96% to 7.2%). For the 2020 budget year, the residential assessment rate was 7.15%. The District passed a de-Gallaghering initiative in 2019 which allows the Board to raise its mill levy by an amount that offsets the lost revenue from the reduced RAR. Eventually, if growth does not offset any future Gallagher-induced reductions, this next amendment implementation would reduce tax revenues if the Board chose to not exercise its full de-Gallaghering option.
3. While growth continues within the District, the county has yet to approve an impact fee on building in the unincorporated areas. It is unknown what the future of this collection possibility will be.
4. El Paso County's ambulance contract has been extended to the end of 2025. The ambulance contract provides EMS services to fire districts that do not have their own EMS transport service unlike the District. It's possible that in the near future, the District may be asked to assist other fire districts with the provision of EMS service into their jurisdictions. This would translate to higher EMS-related revenues and expenses including the possibility of an additional staffed ambulance.
5. Significant commercial growth is currently in the planning stages for the District's coverage area. If this continues, there could be significant growing revenue coming to the District over the next few years.
6. Possible organizational consolidations which could affect District revenues/expenses are consistently talked about as future possibilities.

**Contacting the District's Financial Management**

This financial report provides a general overview of the District's finances, comply with finance-related laws and regulations, and demonstrate the District's commitment to public accountability. Any questions about this report or if additional information is required, contact the Fire Chief Andy Kovacs at [akovacs@tlmfire.org](mailto:akovacs@tlmfire.org).

***FINANCIAL STATEMENTS***

**TRI-LAKES MONUMENT FIRE PROTECTION DISTRICT**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2020**

**Assets**

Current Assets

Cash and Cash Equivalents	\$ 5,495,857
Cash Held by Treasurer	79,970
Total Cash and Cash Equivalents	5,575,827
Investments	1,500,961
Receivables	
Accounts Receivable	181,540
Ambulance Receivable, Net of Allowance	257,358
Property Tax Receivable	9,241,001
Total Receivables, Net	9,679,899
Prepaid Expenses and Deposits	222,729
Total Current Assets	16,979,416

Noncurrent Assets

Cash - Restricted	1,046,158
Net Pension Asset	320,207
Capital Assets, Net of Accumulated Depreciation	5,465,620
Total Noncurrent Assets	6,831,985

**Total Assets**

23,811,401

**Deferred Outflows of Resources**

Pension	2,048,860
	2,048,860

**Liabilities**

Current Liabilities

Accounts Payable	104,266
Accrued Interest	41,754
Accrued Salaries	191,089
Compensated Absences	226,155
Current Capital Lease Payable	171,328
Total Current Liabilities	734,592

Noncurrent Liabilities

Accrued Liabilities (Impact Fees)	166,893
Compensated Absences	313,404
Capital Lease Payable	1,667,432
Total Noncurrent Liabilities	2,147,729

**Total Liabilities**

2,882,321

**Deferred Inflows of Resources**

Property Tax	9,241,001
Pension	613,475
Total Deferred Inflows of Resources	9,854,476

**Net Position**

Net Investment in Capital Assets	3,626,860
Restricted	1,355,158
Unrestricted	8,141,446
Total Net Position	\$ 13,123,464

See Notes to Financial Statements

**TRI-LAKES MONUMENT FIRE PROTECTION DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2020**

	<u>Governmental Activities</u>
<b>Program Expenses</b>	
Wages	\$ 5,498,146
Benefits	1,120,139
Administration	597,243
Buildings	116,734
Communications	126,635
Fire Prevention	3,434
Firefighting Equipment	77,531
Medical Equipment	65,926
Training and Education	74,090
Uniforms	32,419
Utilities	45,539
Vehicles	142,625
Depreciation	670,119
Capital Outlay	106,040
Interest	58,188
Total Program Expenses	<u>8,734,808</u>
<b>Program Revenue</b>	
Ambulance Fees, Net of Contract Adjustments	1,072,917
Fire Inspection Fees	2,000
Wildland Deployment	141,388
Capital Grants and Contributions	4,704
Total Program Revenue	<u>1,221,009</u>
<b>Net Program Expenses</b>	<u>(7,513,799)</u>
<b>General Revenues</b>	
Property Taxes	9,100,964
Specific Ownership Taxes	991,320
Impact Fees	157,731
Investment Earnings	22,417
Gain on Disposal of Capital Assets	47,113
Miscellaneous	41,256
Total General Revenues	<u>10,360,801</u>
<b>Change in Net Position</b>	2,847,002
<b>Net Position, Beginning of Year</b>	<u>10,276,462</u>
<b>Net Position, End of Year</b>	<u><u>\$ 13,123,464</u></u>

See Notes to Financial Statements

**TRI-LAKES MONUMENT FIRE PROTECTION DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUND - GENERAL FUND  
DECEMBER 31, 2020**

**Assets**

Cash and Cash Equivalents	\$	5,495,857
Cash Held by Treasurer		79,970
Cash - Restricted		1,046,158
Total Cash, Cash Equivalents, and Restricted Cash		6,621,985
Investments		1,500,961
Receivables		
Accounts Receivable		181,540
Ambulance Receivable, Net of Allowance		257,358
Property Tax Receivable		9,241,001
Total Receivables, Net		9,679,899
Prepaid Expenses and Deposits		222,729
<b>Total Assets</b>	<b>\$</b>	<b>18,025,574</b>

**Liabilities and Fund Balance**

Liabilities		
Accounts Payable	\$	104,266
Accrued Salaries		191,089
Total Liabilities		295,355
Deferred Inflows of Resources		
Unearned Revenue		9,241,001
Total Deferred Inflows of Resources		9,241,001
Fund Balance		
Nonspendable		222,729
Restricted		1,355,158
Unassigned		6,911,331
Total Fund Balance		8,489,218
<b>Total Liabilities and Fund Balance</b>	<b>\$</b>	<b>18,025,574</b>

See Notes to Financial Statements

**TRI-LAKES MONUMENT FIRE PROTECTION DISTRICT  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUND -  
GENERAL FUND TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2020**

**Reconciliation to Statement of Net Position**

<b>Total Fund Balance - Governmental Fund</b>	\$	8,489,218
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The net pension asset and related deferred items are not available for current period expenditures and are therefore not reported in the fund.

Net Pension Asset		320,207
Deferred Outflows of Resources - Pension		2,048,860
Deferred Inflows of Resources - Pension		(613,475)

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

Cost		9,496,071
Accumulated Depreciation		(4,030,451)

Liabilities not due and payable in the current period are not reported in the governmental fund, but are reported in the statement of net position.

Accrued Liabilities		(166,893)
Accrued Interest		(41,754)
Capital Leases Payable		(1,838,760)
Compensated Absences		(539,559)

<b>Total Net Position of Governmental Activities</b>	<b>\$</b>	<b>13,123,464</b>
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**TRI-LAKES MONUMENT FIRE PROTECTION DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**YEAR ENDED DECEMBER 31, 2020**

	<b>Governmental Activities</b>
<b>Revenues</b>	
Charges for Services	
Ambulance Fees, Net of Contract Adjustments	\$ 1,072,917
Fire Inspection Fees	2,000
Wildland Deployment	141,388
Total Charges for Services	1,216,305
Property Taxes	9,100,964
Specific Ownership Taxes	991,320
Impact Fees	157,731
Investment Earnings	22,417
Capital Grants and Contributions	4,704
Insurance Proceeds	82,199
Miscellaneous	41,256
<b>Total Revenues</b>	<b>11,616,896</b>
<b>Expenditures</b>	
Current	
Wages	5,329,925
Benefits	1,206,976
Administration	597,243
Buildings	116,734
Communications	126,635
Fire Prevention	3,434
Firefighting Equipment	77,531
Medical Equipment	65,926
Training and Education	74,090
Uniforms	32,419
Utilities	45,539
Vehicles	142,625
Capital Outlay	1,953,813
Debt Service	
Principal	479,800
Interest	61,088
Total Debt Service	540,888
<b>Total Expenditures</b>	<b>10,313,778</b>
<b>Other Financing Sources</b>	
Proceeds from Issuance of Long-term Debt	800,000
<b>Total Other Financing Sources</b>	<b>800,000</b>
<b>Change in Fund Balance</b>	2,103,118
<b>Fund Balance, Beginning of Year</b>	6,386,100
<b>Fund Balance, End of Year</b>	<b>\$ 8,489,218</b>

See Notes to Financial Statements

**TRI-LAKES MONUMENT FIRE PROTECTION DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2020**

**Net Change in Fund Balance - Governmental Fund** \$ 2,103,118

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

Changes in the net pension liability and related deferrals do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. 86,837

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense in the current period.

Depreciation Expense	(670,119)
Gain on Disposal of Capital Assets	47,113
Capital Outlay	1,847,773
Insurance Proceeds	(82,199)

Contingent impact fee refunds reported in the statement of activities do not require the use of current financial resources, and therefore are not reported in the governmental fund.

Beginning of Year	166,893
End of Year	(166,893)

Compensated absences reported in the statement of activities do not require the use of current financial resources, and therefore are not reported in the governmental fund.

Beginning of Year	371,338
End of Year	(539,559)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position in the government-wide statements. This amount is the net effect of these differences.

Proceeds from Issuance of Long-term Debt	(800,000)
Payment of Principal on Capital Leases	479,800

Interest expense on capital lease obligations in the statement of activities differs from the amount reported in the governmental funds because interest expense is recognized as an expenditure in the funds when it is due. In the statement of activities, interest expense is recognized as it accrues regardless of when it is due. The additional interest expense reported in the statement of activities is the result of decreased accrued interest on capital leases.

2,900

**Change in Net Position of Governmental Activities** \$ 2,847,002

***NOTES TO FINANCIAL STATEMENTS***

**TRI-LAKES MONUMENT FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization** - The Tri-Lakes Monument Fire Protection District provides fire protection and prevention, hazardous material response, and emergency medical and rescue services within the respective territorial limits of the two former fire districts described below.

The Tri-Lakes Monument Fire Authority (Authority) was formed and effective as of January 1, 2005, as a separate legal entity under Section 29-1-203, Colorado Revised Statutes (CRS). The Authority was established through an “Intergovernmental Fire District Establishment Agreement” between the Woodmoor/Monument Fire District and the Tri-Lakes Fire Protection District. Each of these districts formerly provided fire and rescue services to its respective area.

On October 2, 2007, the voters of the Woodmoor/Monument Fire Protection District approved a plan to dissolve the Woodmoor/Monument Fire Protection District, effectively dissolving the Tri-Lakes Monument Fire Authority as well. On January 1, 2008, Tri-Lakes Fire Protection District was the only remaining legal entity and formally changed its name to the Tri-Lakes Monument Fire Protection District (District).

A seven-member Board of Directors governs the District. The District may:

- levy property taxes.
- enter into contracts.
- set and collect fees and charges.
- provide all services that a title 32 fire protection district may provide.
- hold title to property.
- sue and be sued.
- incur debt as permitted by state statute.

The District follows Governmental Accounting Standards Board (GASB) pronouncements that provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency. The District has no component units and has not included any component units within its reporting entity. The District is not a component of any other primary governmental entity.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governments. GASB is the accepted standard-setting body for governmental accounting and financial reporting.

**Government-Wide and Fund Financial Statements**

The District's basic financial statements consist of government-wide financial statements and fund financial statements.

**TRI-LAKES MONUMENT FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Government-wide Financial Statements** - The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial information of the primary government. The statement of net position presents the financial condition of the governmental activities at year-end. The statement of activities presents a comparison between direct expenses and the program revenues for each program or function of the District's governmental activities. Program expenses are those that are specifically associated with a service, program, or department, and therefore, are clearly identifiable to a particular function. Program revenues include charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment. Other items not properly included among program revenues are reported instead as general revenues. 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.

**Fund Financial Statements** - During the year, the District segregates transactions related to certain district functions or activities in the governmental fund in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at a more detailed level.

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

**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 when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**General Fund Financial Statements** - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, generally only current assets and current liabilities are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

This reporting approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

**TRI-LAKES MONUMENT FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Fund Accounting** - The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other assets together with all related liabilities, obligations, reserves, and fund balances, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The District is a single fund entity, and all fund activity is conducted through the General Fund.

**Governmental Funds** - Governmental funds are those through which most governmental functions are typically financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

**The District Reports the Following Major Governmental Fund:**

*General Fund* -The General Fund is the operating fund used to account for all financial resources of the District. The General Fund balance is available to the District for any purpose, provided it is expended or transferred according to the general laws of Colorado and the bylaws of the District.

**Revenues** - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available.

Non-exchange transactions, in which the District receives value without directly giving value in return, include property taxes, grants, and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include: 1) timing requirements, which specify the year when the resource is required to be used, or the fiscal year when use is first permitted, 2) matching requirements, in which the District must provide local resources to be used for a specific purpose, and 3) expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized.

**Property Tax Revenue** - Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the El Paso County Assessor's Office, generally as of January 1 of the following year. The El Paso County Treasurer's Office collects the determined taxes during the ensuing calendar year. The taxes are payable in full by April 30, or in two equal installments, at the taxpayers' election, in February and June. Sales of tax liens on delinquent property are held in November or December. The El Paso County Treasurer's Office remits the taxes collected monthly to the District. Property taxes receivable not collected within 60 days of year-end have been recorded as deferred revenue.

**TRI-LAKES MONUMENT FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

Since property taxes are levied in December for the next calendar year's operations, the total levy is reported as taxes receivable and deferred revenue.

**Expenses/Expenditures** - On an accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

**Fund Balances** - The General Fund reports fund balance classifications based primarily on the extent to which the District is bound to honor constraints on the specific purposes for the funds. Fund balances for the District's General Fund consists of the following classifications.

*Non-spendable* - includes amounts that (a) are not in spendable form or (b) legally or contractually required. The "not in spendable form" criterion includes items that are not expected to be converted to cash such as inventories, prepaid items, and long-term notes receivable.

*Restricted* - includes amounts that are restricted for specific purposes stipulated by external resource providers constitutionally or through enabling legislation.

*Committed* - includes amounts segregated for the specific purposes determined by the passage of a resolution of the District's board directors. Modification or changes to these commitments require approval through the District's board by resolution.

*Assigned* - includes amounts segregated by District's board of directors through their communications with management as to the intended use of segregated funds. Assigned funds are not legally restricted, nor committed by official board resolution, but are assigned based on management's understanding of the intended use of the funds.

*Unassigned* - this is the residual classification for any other funds not considered segregated by law, contractual obligation, board resolution or intent.

In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications, fund balance is reduced in the order of restricted, committed, assigned, and unassigned.

Net position classification in the Government Wide financial statements are as follows:

*Net Investment in Capital Assets* – this classification consists of capital assets net of accumulated depreciation, reduced by any outstanding debt attributed to the acquisition, construction, or improvement of the capital assets.

**TRI-LAKES MONUMENT FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

*Restricted Net Position* - this classification consists of restrictions created by external creditors, grantors, contributors, laws or regulations of the other governments, enabling legislation and constitutional provisions.

*Unrestricted Net Position* - This classification represents the residual funds balances not classified in of the two categories above.

**Budget Accounting** - Budgets are prepared in accordance with the requirements of Colorado Revised Statutes (CRS) - (29-1-103) and accordingly include "anticipated income and other means of financing proposed expenditures", and expenditures include, in addition to those shown in the operating statements, debt redemptions and capital expenditures.

The District adheres to the following procedures in establishing the budgetary data reflected in the financial statements. The District is required to adopt an annual operating budget. The budget is adopted on the cash basis of accounting, which is a non-GAAP basis.

- A. State law for all funds requires budgets. During September, the proposed budget is submitted to the Board of Directors by the budget officer for the fiscal year commencing the following January 1. The budget includes proposed expenditures and means of financing them.
- B. Public hearings are conducted by the Directors to obtain taxpayer comments.
- C. Prior to December 31, the budget is adopted, and appropriations made by formal resolution.
- D. Expenditures may not legally exceed appropriations at the fund level. Board approval is required for changes in the total budget of any fund or changes in project or department budgets. Budget amounts included in the financial statements are based on the final, legally amended budget.
- E. Budget appropriations lapse at the end of each year.

**Cash, Cash Equivalents** - Cash and cash equivalents include amounts in demand deposits, as well as short-term investments with a maturity date within three months of the date acquired by the District.

**Investments** - Investments for the District are measured at amortized cost or in certain circumstances the value is calculated using the net asset value (NAV) per share, or its equivalent of the investment.

**Receivables** - Customer receivables represent primarily ambulance charges earned and billed, but not collected. The receivables are reported net of an allowance for doubtful accounts, where applicable.

**Capital Assets** - Capital assets are reported in the government-wide statements only. All capital assets are capitalized at cost (or estimated historical cost). Donated capital assets are recorded at their fair market values as of the dates received.

**TRI-LAKES MONUMENT FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

The District maintains a capitalization threshold of \$5,000. Improvements to capital assets are capitalized, and the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed. All reported capital assets are depreciated, except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the useful lives 3-39 years.

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

**Compensated Absences** - Vacation benefits are accrued as a liability on the government-wide statements as the benefits are earned, if the employees' rights to receive compensation are attributable to services already rendered, and it is probable the employer will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability as the benefits are earned by the employees. Up to 25 percent unused sick leave accruals will be paid, considering length of employment and the reason for separation, and will be paid at a rate of the employee's base pay scale plus longevity.

For the government-wide financial statements, compensatory time benefits are accrued as a liability as the benefits are earned by the employee, subject to certain limitations. For the governmental fund financial statements, compensatory time is only recorded as a liability when due. All compensated absence liabilities include salary-related payments, where applicable.

**Accrued Liabilities and Long-Term Obligations** - All payables, accrued liabilities, and long-term obligations are reported in the government-wide statements on the statement of net position.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and paid in full, from current financial resources, are reported as obligations of the fund. Long-term liabilities are recognized on the governmental fund financial statements only when due.

**Capital Contributions** - Contributions of capital in governmental fund financial statements arise from outside contributions of capital assets, from grants or outside contributions of resources restricted to capital acquisition and construction.

**Estimates** - The preparation of the financial statements, in conformity with GAAP, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**TRI-LAKES MONUMENT FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – CASH AND CASH EQUIVALENTS**

**Deposits** - Colorado State statutes govern the District's cash deposits. The Public Deposit Protection Act (PDPA) for banks and savings and loans requires state regulators to certify eligible depositories for public deposits. PDPA requires eligible depositories with public deposits in excess of the federal insurance levels to create a single institution collateral pool of defined eligible assets. Eligible collateral includes obligations of the United States, obligations of the State of Colorado or local Colorado governments and obligations secured by first lien mortgages on real property located in the state. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the assets in the pool must be at least equal to 102 percent of the uninsured deposits.

**Custodial Credit Risk** - Custodial credit risk is the risk that in the event of failure of the custodian, the District may not be able to recover the value of deposits that are in the possession of a third party.

At December 31, 2020, the carrying amount of the District's cash balance was \$6,542,015 and the bank balances were \$6,705,497. Of the bank balances, \$500,000 was covered by federal depository insurance and \$6,205,497 falls under the provisions of the PDPA, which is collateralized in single institution pools.

Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. CRS specifies investment instruments meeting defined rating and risk criteria in which the District may invest:

- United States Treasury Obligations
- United States Government Agency and Instrumentality Obligations
- Certificates of Deposits
- Commercial Paper
- Investment-Grade Obligations of The State
- Repurchase Agreements
- Money Market Mutual Funds
- Local Government Investment Pools

**Restricted Cash** - As of December 31, 2020, \$1,046,158 of cash collected from land development charges (impact fees) was restricted for capital expenditures in a separate, interest-bearing account (see NOTE 12).

**NOTE 2 – INVESTMENTS**

The District is subject to the provisions of the Colorado Revised statutes 24-75-601, which is titled "Concerning Investments in Securities by Public Entities." Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements. Revenue bonds of local government securities, corporate and bank securities, and guaranteed investment contracts not purchased with bond proceeds are limited to maturities of three years or less.

**TRI-LAKES MONUMENT FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 – INVESTMENTS - Continued**

The COLOTRUST PLUS+ is rated AAAM by Standard and Poor’s and the weighted average maturity to reset (WAM)(R) is kept under 60 days.

As of December 31, 2020, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Restriction</u>	<u>Amount</u>
COLOTRUST PLUS+	Weighted Average under 60 Days	None	\$ 1,500,961

Certain investments are required to be measured at fair value on a recurring basis and categorized within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure an asset’s fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District’s investments are not categorized within the fair value hierarchy. Instead, the District’s investments are measured at amortized cost or in certain circumstances the value is calculated using the net asset value (NAV) per share, or its equivalent of the investment. These investments include 2a7-like external investment pools and money market investments. The District held investments in COLOTRUST at year-end for which the investment valuations were determined as follows.

COLOTRUST determines the NAV of the shares of each portfolio as of the close of business of each day. The NAV per share of each portfolio is computed by dividing the total value of the securities and other assets of the portfolios, less any liabilities, by the total outstanding shares of the portfolios. Liabilities, which include all expenses and fees of COLOTRUST, are accrued daily. The NAV is calculated at fair value using various inputs in determine value in accordance with FASB guidance. It is the goal of the Trust to maintain a NAV of \$1 per share, however changes in interest rates may affect the fair value of the securities held by COLOTRUST and there can be no assurance that the NAV will not vary from \$1 per share. The investment pool financial statements can be obtained at [www.colotrust.com](http://www.colotrust.com).

**NOTE 3 – ACCOUNTS RECEIVABLE**

Accounts receivable primarily consists of billings for ambulance services and tax revenues. Receivables are recorded on the District's financial statements to the extent that the amounts are determined to be material and substantiated, not only by supporting documentation but also by a reasonable, systematic method of determining their existence, completeness, valuation and collectability. The allowance for uncollectible accounts on ambulance billings at December 31, 2020, was \$546,946, for a net ambulance receivable balance of \$257,358.

**TRI-LAKES MONUMENT FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 4 – CAPITAL ASSETS**

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

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
Governmental Activities				
Non-depreciable Capital Assets				
Land	\$ 35,462	\$ 388,598	\$ -	\$ 424,060
Depreciable Capital Assets				
Buildings and Improvements	2,824,145	1,157,331	-	3,981,476
Vehicles	3,154,126	197,383	(47,844)	3,303,665
Ambulances	677,484	-	-	677,484
Firefighting Equipment	366,278	-	-	366,278
Medical Equipment	290,538	58,620	(48,582)	300,576
Communications Equipment	350,509	45,841	-	396,350
Specialty Vehicles	46,183	-	-	46,183
Total Depreciable Capital Assets	<u>7,709,263</u>	<u>1,459,175</u>	<u>(96,426)</u>	<u>9,072,012</u>
Accumulated Depreciation				
Buildings and Improvements	1,478,700	127,755	-	1,606,455
Vehicles	1,258,864	239,598	(12,758)	1,485,704
Ambulance	178,416	71,095	-	249,511
Firefighting Equipment	136,657	45,650	-	182,307
Medical Equipment	141,819	57,412	(48,582)	150,649
Communications Equipment	224,523	123,991	-	348,514
Specialty Vehicles	2,694	4,618	-	7,312
Total Accumulated Depreciation	<u>3,421,673</u>	<u>670,119</u>	<u>(61,340)</u>	<u>4,030,452</u>
<b>Total Depreciable Capital Assets, Net</b>	<u>4,287,590</u>	<u>789,056</u>	<u>(35,086)</u>	<u>5,041,560</u>
Governmental Activities Capital Assets, Net	<u>\$ 4,323,052</u>	<u>\$ 1,177,654</u>	<u>\$ (35,086)</u>	<u>\$ 5,465,620</u>

Depreciation expense for the year ended December 31, 2020, was \$670,119.

**NOTE 5 – LONG-TERM LIABILITIES**

The following is a summary of changes in long-term liabilities for the year ended December 31, 2020:

**Lease-Purchase Option Agreements** - The District has issued multiple municipal securities for the purchase and construction of capital assets, structured through lease-purchase financing agreements. The lease-purchase agreements require the annual appropriation of funds sufficient to cover the debt service payments.

**TRI-LAKES MONUMENT FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 – LONG-TERM LIABILITIES - Continued**

The lease-purchase agreements are exempt from the provisions of SEC Rule 15c2-12 by reason of the total securities issued being less than \$1 million in aggregate. The lease purchase agreements obtained a right of first lien on all assets, including any improvements. The District has agreed to maintain appropriate liability coverage for the assets purchased and to maintain the assets in good repair. The District is in compliance with all reporting requirements and covenanted terms of the various agreements as of December 31, 2020.

The following is a summary of the capital lease terms:

<b>Lease</b>	<b>Start Date</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Principal Balance</b>
Pumper Truck Lease	5/11/2018	4.00%	5/11/2028	479,801
Pumper Truck Lease	1/18/2019	4.75%	1/18/2029	558,959
Office Building Suites	9/14/2020	3.50%	9/14/2030	800,000
<b>Total</b>				<u><u>\$ 1,838,760</u></u>

Capital lease assets acquired and their book value as of December 31, 2020, are as follows:

	<b>Historical Costs</b>	<b>Accumulated Depreciation</b>	<b>Book Value</b>
Vehicles	\$ 2,531,043	\$ (1,052,145)	\$ 1,478,898
Building	2,220,201	(805,821)	1,414,380
	<u><u>\$ 4,751,244</u></u>	<u><u>\$ (1,857,966)</u></u>	<u><u>\$ 2,893,278</u></u>

The following is a summary of the estimated future minimum lease payments for the District's capital leases:

<b>December 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$ 171,328	\$ 74,131	\$ 245,459
2022	178,258	67,201	245,459
2023	185,473	59,987	245,460
2024	192,984	52,476	245,460
2025	200,804	44,656	245,460
2026-2030	909,913	97,091	1,007,004
	<u><u>\$ 1,838,760</u></u>	<u><u>\$ 395,542</u></u>	<u><u>\$ 2,234,302</u></u>

**NOTE 6 – OPERATING LEASES**

In November 2017, the District began a 5-year lease of office space, with minimum rent for the first year of \$2,960 per month. Monthly payments increase by \$89 each subsequent year. Beginning in January 2018, the District is also obligated to pay the property owner a proportionate share of operating expenses of \$834 per month.

**TRI-LAKES MONUMENT FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 – OPERATING LEASES - Continued**

In 2020 the District rented office space and paid for operating expenses for 3 months before buying the office space. The rent and operating expenses due were based on usage of the facilities. Total office space lease expense for the year ended December 31, 2020, was \$53,894.

Future minimum lease payments are:

<u>December 31,</u>	<u>Office Space</u>
2021	\$ 38,906
2022	33,165
Total	<u>\$ 72,071</u>

**NOTE 7 – FIRE & POLICE STATEWIDE DEFINED BENEFIT PLAN**

**Plan Description** - The Fire & Police Statewide Defined Benefit Plan (Plan) is a cost-sharing multiple-employer defined benefit pension plan covering substantially all full-time employees of participating fire or police departments in Colorado hired on or after April 8, 1978 (new hires), provided that they are not already covered by a statutorily exempt plan. As of August 1, 2003, the Plan may include clerical and other personnel from fire districts whose services are auxiliary to fire protection. The Plan became effective January 1, 1980 and as of December 31, 2019, had 223 participating employer fire and police departments.

Employers once had the option to elect to withdraw from the Plan, but a change in State statutes permitted no further withdrawals after January 1, 1988.

Colorado Revised Statutes Title 31, Article 31 grants the authority to establish and amend the benefit terms to the Fire & Police Pension Association of Colorado Board of Directors. The Fire & Police Pension Association (FPPA) of Colorado issues a publicly available financial report that may be obtained at [www.fppaco.org](http://www.fppaco.org).

**Benefits Provided** - A member is eligible for a normal retirement pension once the member has completed 25 years of credited service and has attained the age of 55. The annual normal retirement benefit is 2 percent of the average of the member’s highest three years’ base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter. The benefit earned prior to January 1, 2007 for members of affiliated Social Security employers will be reduced by the amount of Social Security income payable to the member annually. Effective January 1, 2007, members currently covered under Social Security will receive half the benefit when compared to the Plan. Benefits paid to retired members are evaluated and may be re-determined every October 1. The amount of any increase is based on the Board’s discretion and can range from 0 to the higher of 3 percent or the Consumer Price Index.

**TRI-LAKES MONUMENT FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 – FIRE & POLICE STATEWIDE DEFINED BENEFIT PLAN - Continued**

In addition, upon retirement a member may receive additional benefits credited to the member's Separate Retirement Account (SRA) each year after January 1, 1988. These are attributable to contributions in excess of the actuarially determined pension cost and the allocation of the net Fire & Police Members' Benefit Investment Fund earnings and losses thereon. Members do not vest in amounts credited to their SRA until retirement or disability, and the Plan may use such stabilization reserve amounts to reduce pension cost in the event such cost exceeds contributions. It was previously mentioned that reentry members have a higher contribution rate. As a result, their SRA has two components: the standard SRA, and the reentry SRA. The component of a member's SRA attributable to the higher contribution rate is considered the reentry SRA. The reentry SRA cannot be used to subsidize the costs for the non-reentry members. Effective July 1, 2019, the standard SRA contribution rate for members of the Fire & Police Statewide Defined Benefit Plan was set at 0 percent. The reentry SRA contribution rate was set at 3.80 percent.

A member is eligible for an 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 percent as interest, returned as a lump sum distribution.

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

A member may elect to participate in the Deferred Retirement Option Plan (DROP) after reaching eligibility for normal retirement, early retirement, or vested retirement and age 55. A member can continue to work while participating in the DROP but must terminate employment within 5 years of entry into DROP. The member's percentage of retirement benefit is determined at the time of entry into DROP.

The monthly payments that begin at entry into DROP are accumulated in a DROP account until the member terminates service, at which time the DROP accumulated benefits can be paid as periodic installments, a lump sum, or if desired, a member may elect to convert the DROP to a lifetime monthly benefit with survivor benefits. While participating in DROP, the member continues to make pension contributions that are credited to DROP. Effective January 1, 2003, the member shall self-direct the investments of their DROP funds. The DROP balance invested with the asset custodian at December 31, 2019 was \$77,519,354. This amount was not included in the SWDB Plan Net Position.

**Contributions** - The Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. Contribution rates for this plan are set by State statute. Employer contribution rates can only be amended by State statute. Member contribution rates can be amended by State statute or by election of the membership.

**TRI-LAKES MONUMENT FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 – FIRE & POLICE STATEWIDE DEFINED BENEFIT PLAN - Continued**

Members of the Plan and their employers are contributing at the rate of 10.5 percent and 8 percent, respectively, of base salary for a total contribution rate of 18.5 percent through 2019. In 2014, the members elected to increase the member contribution rate to the Plan beginning in 2015.

Member contribution rates will increase 0.5 percent annually through 2022 to a total of 12 percent of base salary. Employer contributions will remain at 8 percent resulting in a combined contribution rate of 20 percent in 2022.

Contributions from members and employers of departments reentering the system are established by resolution and approved by the FPPA Board of Directors. The reentry group has a combined contribution rate of 22.5 percent of base salary in 2019. It is a local decision as to whether the member or employer pays the additional 4 percent contribution. Per the 2014-member election, the reentry group also had their required member contribution rate increase 0.5 percent annually beginning in 2015 through 2022 for a total combined member and employer contribution rate of 24 percent in 2022.

Contributions to the Plan from the District were \$357,214 for the year ended December 31, 2020.

**Net Pension Asset** - At December 31, 2020, the District reported an asset of \$320,207 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2019, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2020. The District’s proportion of the net pension asset was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating departments, actuarially determined. At December 31, 2019, the District’s proportion was 0.566173 percent, compared to 0.562123 percent measured as of December 31, 2018.

Pension expense for the year ended December 31, 2019 was \$270,377. At December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
	<u>                    </u>	<u>                    </u>
Differences Between Actual and Expected Experience	\$ 1,083,640	\$ 6,268
Changes in Assumptions	608,006	-
Net Difference Between Actual and Projected Earnings on Pension Plan Investments	-	503,375
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	-	103,832
District Contributions Subsequent to Measurement Date	357,214	-
<b>Total</b>	<u><u>\$ 2,048,860</u></u>	<u><u>\$ 613,475</u></u>

**TRI-LAKES MONUMENT FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 – FIRE & POLICE STATEWIDE DEFINED BENEFIT PLAN - Continued**

The \$357,214 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as an adjustment against the net pension asset in the year ended December 31, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Years Ended December 31,</b>	<b>Amortization</b>
2021	\$ 100,562
2022	56,969
2023	220,727
2024	8,321
2025	222,341
Thereafter	469,250
	<u>\$ 1,078,170</u>

**Actuarial Assumptions** - The actuarial valuations for the Plan were used to determine the total pension asset and actuarially determined contributions for the measurement year ending December 31, 2019. The valuation used the following actuarial assumption and other inputs:

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

For determining the total pension asset, the post-retirement mortality tables for non-disabled retirees uses the 2006 central rates from the RP-2014 Annuitant Mortality Tables projected to 2018 using the MP-2017 projection scales, and the projected prospectively using the ultimate rates of the scales 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.

For determining the actuarial determined contributions, the post-retirement mortality tables for non-disabled retirees are a blend of the Annuitant and Employee RP-2014 generational mortality tables with

**TRI-LAKES MONUMENT FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 – FIRE & POLICE STATEWIDE DEFINED BENEFIT PLAN - Continued**

blue collar adjustment projected with Scale BB. The pre-retirement off-duty mortality tables are adjusted to 55% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00020.

At least every five years the FPPA’s Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2018 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the FPPA’s actuaries, Gabriel, Roeder, Smith & Co., based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2019 and were used in the rollforward calculation of total pension liability as of December 31, 2018. Actuarial assumptions effective for actuarial valuations prior to January 1, 2019 were used in the determination of the actuarially determined contributions as of December 31, 2018. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (assumed at 2.5 percent).

Best estimates of arithmetic real rates of return for each major asset class included in the Fund’s target asset allocation as of December 31, 2019, are summarized in the table below:

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

**Discount Rate** - The discount rate used to measure the total pension asset was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Fire & Police Pension Association Board of Director’s funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the 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 asset.

**TRI-LAKES MONUMENT FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 – FIRE & POLICE STATEWIDE DEFINED BENEFIT PLAN - Continued**

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

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

**Sensitivity of The District’s Proportionate Share of the Net Pension Asset to Changes in the Discount Rate** - The following presents the District’s proportionate share of the net pension asset calculated using a Single Discount Rate of 7.0 percent, as well as what the District’s proportionate share of the net pension asset would be if it were calculated using a Single Discount Rate that is 1 percentage point lower (6.0 percent), or 1-percentage-point higher (8.0 percent) than the current rate:

	<b>1% Decrease (6.0%)</b>	<b>Current Discount Rate (7.0%)</b>	<b>1% Increase (8.0%)</b>
Collective Net Pension Liability/(Asset)	\$ 342,913,305	\$ (56,556,341)	\$ (387,863,540)
Proportionate Share of Net Pension Liability/(Asset)	\$ 1,941,486	\$ (320,207)	\$ (2,195,983)

**Pension Plan Fiduciary Net Position** - Detailed information about the pension plan’s fiduciary net position is available in the separately issued Fire & Police Pension Association of Colorado financial report.

**NOTE 8 – SECTION 457 DEFERRED COMPENSATION PLAN**

The District offers its paid responder personnel an additional voluntary deferred compensation plan created in accordance with Internal Revenue Code Section 457 (“457 Plan”). 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 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. The 457 Plan is administered by FPPA.

Employees may elect to 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 does not contribute to the 457 Plan. For the year ended December 31, 2020, employee contributions totaled \$118,342.

**TRI-LAKES MONUMENT FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 8 – SECTION 457 DEFERRED COMPENSATION PLAN - Continued**

The individual participants determine investment decisions within the 457 Plan and, therefore, the 457 Plan's investment concentration varies between the 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 – FIRE & POLICE STATEWIDE DEATH & DISABILITY PLAN**

**Plan Description** - The District contributes to the statewide, cost-sharing, multiple-employer death and disability plan (D&D Plan) administered by the Colorado Fire and Police Pension Association (FPPA). The D&D Plan provides death and disability benefits for those new hires employed after January 1, 1997 and their beneficiaries. Title 31, Article 30 of the Colorado Revised Statutes (CRS), as amended, assigns the authority to establish benefit provisions to the state legislature. The FPPA issues a publicly available financial report that may be obtained at [www.fppaco.org](http://www.fppaco.org).

D&D Plan benefits provide 24-hour coverage, both on- and off-duty and are available for members not eligible for normal retirement under a defined benefit plan, or members who have not met 25 years of accumulated service and age 55 under a money purchase plan. In the case of an on-duty death, benefits may be payable to the surviving spouse or dependent children of active members who were eligible to retire but were still working. Death and disability benefits are free from state and federal taxes in the event that a member's disability is determined to be the result of an on-duty injury or an occupational disease.

**Benefits Provided** – Benefits are established by Colorado statute.

If a member dies prior to normal retirement eligibility while off-duty, the surviving spouse and/or dependent children shall receive a benefit equal to 40 to 50 percent of the monthly base salary paid to the member prior to death. As of October 15, 2002, if a member dies prior to retirement while on-duty; the surviving spouse and/or dependent children shall receive a benefit equal to 40 to 70 percent of the member's monthly base salary. Benefits will be paid to the spouse until death and to dependent children until age 23, death, marriage or other termination of dependency. Benefits may be extended for an incapacitated child.

A member who becomes disabled prior to normal retirement eligibility shall be eligible for disability benefits. If the member is disabled, the member shall receive 40 to 70 percent of their base salary preceding disability. Benefits are payable for either a maximum of five years or as long as the member remains disabled, depending on the type of disability.

A benefit adjustment of up to 3 percent may be granted to members and spouses by the FPPA Board of Directors annually. Totally disabled members and their beneficiaries receive an automatic benefit adjustment each year of 3 percent. The benefit adjustment is effective October 1. A benefit adjustment may begin after receiving benefits for at least 12 calendar months prior to October 1.

**TRI-LAKES MONUMENT FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 9 – FIRE & POLICE STATEWIDE DEATH & DISABILITY PLAN - Continued**

**Contributions** – Prior to 1997, the D&D Plan was primarily funded by the State of Colorado, whose contributions were established by Colorado statute. In 1997 the State made a one-time contribution of \$39,000,000 to fund past and future service costs for all firefighters and police officers hired prior to January 1, 1997. No further State contributions are anticipated.

Members hired on or after January 1, 1997, began contributing 2.4 percent of base salary to the D&D Plan as of January 1, 1997. Contributions may be increased 0.1 percent biennially by the FPPA Board. The contributions increased to 2.7 percent of base salary as of January 1, 2017. The contribution rate increased to 2.8 percent of base salary as of January 1, 2019. This percentage can vary depending on actuarial experience. All contributions are made by members or on behalf of members. The 2.8 percent contribution may be paid entirely by the employer or member, or it may be split between the employer and the member as determined at the local level. Contributions to the D&D Plan were \$121,433 for the year ended December 31, 2020.

**NOTE 10 – RISK MANAGEMENT**

The District maintains third-party coverage related to torts, theft of, damage to and destruction of assets; errors and omissions and natural disasters. There were no significant reductions in insurance coverage from the prior year, and there have been no settlements that exceed the District's insurance coverage during the past three years.

For the year ended December 31, 2020, employees of the District were covered by a health insurance plan. District employees may increase coverage and add dependents to their policies at their expense through payroll deductions. Employees were also covered by dental and vision plans.

**NOTE 11 – WORKER'S COMPENSATION COVERAGE**

District employees are covered by an insurance plan that provides compensation for each employee of up to \$100,000 for bodily injury by accident, and up to \$500,000 for disease. For the year ended December 31, 2020, the District incurred costs of \$157,995 to provide this coverage.

**NOTE 12 – RESTRICTED NET POSITION AND FUND BALANCE**

A summary of restricted net position and fund balance is as follows:

<b>Restriction</b>	<b>Net Position/ Fund Balance</b>
TABOR Emergency Reserve	\$ 309,395
Impact Fee Capital Improvements	1,046,158
	\$ 1,355,553

**TRI-LAKES MONUMENT FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 12 – RESTRICTED NET POSITION AND FUND BALANCE - Continued**

In November 1992, the voters of Colorado approved the Taxpayer's Bill of Rights (TABOR), which added Section 20 to Article X, of the Colorado Constitution. In general, TABOR restricts the ability of the State and local governments to increase revenues and spending, to impose taxes, and to issue debt and certain other types of obligations without voter approval. TABOR generally applies to the State and all local governments, including the District.

Some provisions of TABOR are unclear and will require further judicial interpretation. No representation can be made as to the overall impact of TABOR on the future activities of the District, including its ability to generate sufficient revenues for its general operations, to undertake additional programs, or to engage in any subsequent financing activities.

TABOR also requires local governments to establish emergency reserve funds. The reserve fund must consist of at least 3 percent of fiscal year spending. TABOR allows local governments to impose emergency taxes (other than property taxes) if certain conditions are met. Local governments are not allowed to use emergency reserves or taxes to compensate for economic conditions, revenue shortfalls, or local government salary or benefit increases. As of December 31, 2020, \$309,000 is restricted for emergencies.

TABOR is complex and subject to interpretation. Ultimate implementation may depend upon litigation and legislative guidance. The District believes it has complied with all aspects of the TABOR amendment.

The District voters approved and authorized the District to collect, retain and spend for fire protection purposes all revenue from tax levies and all other District revenue as a voter approved revenue change and an exception to the limits which otherwise apply. This vote effectively removed the District from some provisions of TABOR.

Colorado Revised Statutes require that money collected from land development charges (impact fees) be deposited in an interest-bearing account which clearly identifies the category, account, or fund of capital expenditure for which such charge was imposed. As of December 31, 2020, the District had \$1,046,158 of unexpended impact fees. The unexpended impact fees are restricted for capital improvements.

**NOTE 13 – CONTINGENCY**

In 2006, the District's Board of Directors approved an impact fee for a five-year period. In 2015, the District discovered that impact fees authorized in 2006 were still being collected, more than five years since the original authorization. In 2016, the District ceased collection of impact fees and offered developer/builders, which provide sufficient proof to the District that it paid impact fees in the period October 1, 2011 through December, 31 2015, a settlement agreement. In exchange for a waiver and release of claims provided by the developer/builders, the District agreed to pay the developer/builder 50 percent of the impact fees collected since the original authorization expired. Impact fees collected during this time period were approximately \$634,000. In 2016, the District accrued a liability of \$317,000, equal to 50 percent of these impact fees. Requested reimbursements will be made out of the restricted impact fee funds (see NOTES 1 and 12).

**TRI-LAKES MONUMENT FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 13 – CONTINGENCY - Continued**

The remaining accrued liability at December 31, 2020 is \$166,893. It is possible developer/builders who have not signed waivers could pursue reimbursements for the entire amount of impact fees paid during the time period in question, approximately \$334,000.

**NOTE 14 – RISKS AND UNCERTAINTIES**

*Coronavirus (COVID-19) Pandemic*

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to a number of other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, several states in the U.S., have declared a state of emergency.

Potential impacts to the District include disruptions or restrictions on our ability to provide fire protection services. We cannot anticipate all of the ways in which health pandemics such as COVID-19 could adversely impact the District. Although we are continuing to monitor and assess the effects of the COVID-19 pandemic on the District, the ultimate impact of the COVID-19 outbreak or a similar health pandemic is highly uncertain and subject to change.

**NOTE 15 – SUBSEQUENT EVENTS**

In May of 2021, the District purchased fire protection equipment for approximately \$325,000.

Management has evaluated subsequent events through July 9, 2021, the date on which the financial statements were available to be issued.

***REQUIRED SUPPLEMENTARY INFORMATION***

**TRI-LAKES MONUMENT FIRE PROTECTION DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE -**  
**BUDGET (NON-GAAP BASIS) TO ACTUAL**  
**YEAR ENDED DECEMBER 31, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Budgetary Basis</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenue</b>				
Tax Receipts	\$ 10,002,082	\$ 10,002,082	\$ 10,092,284	\$ 90,202
Operating Revenue	1,154,250	1,154,250	1,218,136	63,886
Interest	12,500	12,500	22,417	9,917
Miscellaneous Revenue	160,000	160,000	29,298	(130,702)
Insurance Proceeds	-	-	82,199	82,199
<b>Total Revenue</b>	<u>11,328,832</u>	<u>11,328,832</u>	<u>11,444,334</u>	<u>115,502</u>
<b>Expenditures</b>				
Wages	5,742,974	5,742,974	5,285,409	457,565
Benefits	1,362,255	1,362,255	1,265,955	96,300
Administration	629,768	634,768	553,454	81,314
Buildings	143,759	143,759	116,734	27,025
Communications	202,000	202,000	126,635	75,365
Fire Prevention	15,000	15,000	3,434	11,566
Operational Equipment	307,600	307,600	175,876	131,724
Training and Education	126,965	126,965	74,090	52,875
Utilities	57,850	57,850	45,539	12,311
Vehicles	188,200	183,950	142,625	41,325
Capital Outlay	1,966,187	1,966,937	1,953,813	13,124
Debt Service	401,274	565,470	540,888	24,582
Impact Fee Refunds	150,000	(63,000)	-	(63,000)
Emergency Reserve	35,000	35,000	-	35,000
General Fund Balance Reserve	-	47,304	-	47,304
<b>Total Expenditures</b>	<u>11,328,832</u>	<u>11,328,832</u>	<u>10,284,452</u>	<u>1,044,380</u>
<b>Revenues over Expenditures (Non-GAAP Basis)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>1,159,882</u>	<u>\$ 1,159,882</u>
<b>GAAP Adjustments</b>				
Accounts Receivable			174,393	
Ambulance Receivable, Net of Allowance			(1,831)	
Prepaid Expenses and Deposits			58,979	
Accounts Payable			(43,789)	
Accrued Salaries			(44,516)	
Proceeds from Issuance of Long-term Debt			800,000	
<b>Change in Fund Balance</b>			2,103,118	
<b>Beginning Fund Balance</b>			<u>6,386,100</u>	
<b>Ending Fund Balance</b>			<u>\$ 8,489,218</u>	

See Independent Auditors' Report and Notes to Required Supplementary Information

**TRI-LAKES MONUMENT FIRE PROTECTION DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE  
SHARE OF THE NET PENSION (ASSET)/LIABILITY  
FIRE POLICE STATEWIDE DEFINED BENEFIT PLAN  
AS OF DECEMBER 31,**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's Proportion of the Net Pension Liability/(Asset)	0.57%	0.56%	0.48%	0.50%	0.50%	0.52%
District's Proportionate Share of the Net Pension (Asset)/Liability	\$ (320,207)	\$ 710,680	\$ (687,180)	\$ 179,319	\$ (8,871)	\$ (584,101)
District's Covered Payroll Pension (Asset)/Liability	\$ 4,173,000	\$ 3,765,000	\$ 2,736,000	\$ 2,598,000	\$ 2,350,000	\$ 2,419,000
District's Proportionate Share of the Net as a Percentage of its Covered Payroll	-7.67%	18.88%	-25.12%	6.90%	-0.38%	-24.15%
Plan Fiduciary Net Position as a Percentage of the Total Pension (Asset)/Liability	101.90%	95.20%	106.30%	98.21%	100.10%	106.80%

The amounts presented for each fiscal year were determined as of the District's measurement date (the calendar year-end that occurred one year prior to the fiscal year-end). Information is only available beginning in fiscal year 2014.

**TRI-LAKES MONUMENT FIRE PROTECTION DISTRICT  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
FISCAL YEARS ENDED DECEMBER 31,**

	<b>Statutorily Determined Contribution</b>	<b>Actual Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Actual Contributions as a % of Covered Payroll</b>
2020	\$ 357,214	\$ 357,214	\$ -	\$ 4,465,000	8%
2019	333,831	333,831	-	4,173,000	8%
2018	301,234	301,234	-	3,765,000	8%
2017	218,915	223,515	(4,600)	2,736,000	8%
2016	207,783	203,183	4,600	2,598,000	8%
2015	187,893	187,893	-	2,350,000	8%
2014	193,533	193,533	-	2,419,000	8%

Information is only available beginning in fiscal year 2014.

***NOTES TO REQUIRED SUPPLEMENTARY INFORMATION***

**TRI-LAKES MONUMENT FIRE PROTECTION DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**BUDGETARY INFORMATION**

Tri-Lakes Monument Fire Protection District (District) adheres to the following procedures in establishing the budgetary data reflected in the budgetary comparison schedule.

The District is required to adopt an annual operating budget. The budget is adopted on the cash basis of accounting, which is a non-GAAP basis. During September, the proposed budget is submitted to the Board of Directors by the budget officer for the fiscal year commencing the following January 1. The budget includes proposed expenditures and means of financing them. Public hearings are conducted by the Directors to obtain taxpayer comments. Prior to December 31, the budget is adopted, and appropriations made by formal resolution.

Expenditures may not legally exceed appropriations at the fund level. Board approval is required for changes in the total budget of any fund or changes in project or department budgets. Budget amounts included in the financial statements are based on the final, legally amended budget. Budget appropriations lapse at the end of each year. Appropriations may increase during the fiscal year provided unanticipated revenue offsets them.

**PENSION INFORMATION**

**Changes in Plan Provisions** - The plan provisions have not changed since the prior valuation. The member contribution rate will increase in 2021 as a result of the member election.

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