

Cortez Fire Protection District

**Annual Financial Report and
Independent Auditor's Report**

December 31, 2021





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To the Board of Directors
Cortez Fire Protection District

Opinions

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund of Cortez Fire Protection District (the “District”) as of and for the year ended December 31, 2021 and the related notes to the financial statements, which collectively comprise the District’s basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund of the District as of December 31, 2021, and the respective changes in financial position and budgetary comparison schedule, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District’s ability to continue as a going concern for twelve months beyond the financial statement date including any currently known information that may raise substantial doubt shortly thereafter.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

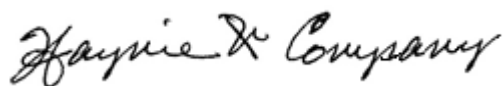
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required pension schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The pension fund budgetary schedule is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

Sincerely,



Littleton, Colorado
September 29, 2022

Basic Financial Statements

Cortez Fire Protection District
Statement of Net Position
December 31, 2021

Assets	Governmental Activities
Cash and cash equivalents	\$ 105,928
Investments	624,925
Receivables	
Property tax receivable	1,697,385
Other receivables	152,099
Due from pension trust fund	216
Prepaid expenses	54,367
Noncurrent assets:	
Capital assets, nondepreciable	38,439
Capital assets, net	5,540,865
Net pension asset - FPPA	169,716
Total assets	<u>8,383,940</u>
Deferred Outflows of Resources	
Deferred outflows related to FPPA pension	283,715
Deferred outflows related to CFPDPP volunteer pension	47,351
Total deferred outflows of resources	<u>331,066</u>
Total assets and deferred outflows of resources	<u>\$ 8,715,006</u>
Liabilities	
Accounts payable	\$ 25,396
Accrued liabilities	49,527
Accrued interest	14,981
Noncurrent liabilities:	
Lease purchase obligations - due within one year	91,540
Lease purchase obligations - due in more than one year	1,309,960
Compensated absences	106,255
Net pension liability - CFPDPP Volunteer Plan	232,013
Total liabilities	<u>1,829,672</u>
Deferred Inflows of Resources	
Deferred property tax revenue	1,697,385
Deferred inflows related to FPPA pension	174,998
Deferred inflows related to CFPDPP volunteer pension	78,496
Total deferred inflows of resources	<u>1,950,879</u>
Net Position	
Net investment in capital assets	4,177,804
Restricted for emergencies	69,620
Unrestricted	687,031
Total net position	<u>4,934,455</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 8,715,006</u>

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

Cortez Fire Protection District
Statement of Activities
For the Year Ended December 31, 2021

<u>Functions/Program Activities</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental activities					
Fire protection and emergency	\$ 2,524,352	\$ -	\$ 761,417	\$ -	\$ (1,762,935)
Interest on long-term obligations	<u>45,249</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(45,249)</u>
Total governmental activities	<u>\$ 2,569,601</u>	<u>\$ -</u>	<u>\$ 761,417</u>	<u>\$ -</u>	<u>\$ (1,808,184)</u>
General revenues:					
Property taxes					1,719,974
Interest earnings					<u>143</u>
					<u>1,720,117</u>
Change in net position					<u>(88,067)</u>
Net position - beginning of year					<u>5,022,522</u>
Net position - end of year					<u>\$ 4,934,455</u>

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

Cortez Fire Protection District
Governmental Fund Balance Sheet and
Reconciliation of the Governmental Fund Balance Sheet
with Government-wide Statement of Net Position
December 31, 2021

	General Fund	Total Governmental Fund
Assets		
Cash and cash equivalents	\$ 105,928	\$ 105,928
Investments	624,925	624,925
Property taxes receivable	1,697,385	1,697,385
Other receivables	152,099	152,099
Due from pension trust fund	216	216
Prepaid expenses	54,367	54,367
Total assets	<u>\$ 2,634,920</u>	<u>\$ 2,634,920</u>
Liabilities		
Accounts payable	25,396	25,396
Accrued liabilities	49,527	49,527
Total liabilities	<u>74,923</u>	<u>74,923</u>
Deferred Inflows of Resources		
Deferred property tax revenue	1,697,385	1,697,385
Total deferred inflows of resources	<u>1,697,385</u>	<u>1,697,385</u>
Fund Balances		
Nonspendable - prepaid expenses	54,367	54,367
Restricted for:		
Emergencies	69,620	69,620
Unassigned	792,992	792,992
Total fund balance	<u>862,612</u>	<u>862,612</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,634,920</u>	<u>\$ 2,634,920</u>
Fund Balances - Total Governmental Funds		\$ 862,612
<p>Amounts reported for governmental activities in the statement of net position excluded from the governmental fund balance because:</p>		
<p>Capital assets used in governmental activities are not current financial resources and are excluded from the fund.</p>		
Governmental capital assets, net		5,579,304
Compensated absences are not payable with current resources		(106,255)
<p>Long-term liabilities, such as pension assets (liability), accrued interest, and capital leases, are not due and payable in the current period and therefore are not reported in the funds.</p>		
Net pension asset - FPPA		169,716
Net pension liability - CFPDPP volunteer pension		(232,013)
Lease purchase obligations		(1,401,500)
Accrued interest		(14,981)
<p>Pension balances are not available resources and are not included in fund financial statements.</p>		
Deferred outflows related to pension - FPPA		283,715
Deferred outflows related to CFPDPP - volunteer pension		47,351
Deferred inflows related to pension - FPPA		(174,998)
Deferred inflows related to CFPDPP - volunteer pension		<u>(78,496)</u>
Net position of governmental activities		<u>\$ 4,934,455</u>

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

Cortez Fire Protection District
Statement of Revenues, Expenditures,
and Change in Fund Balances
December 31, 2021

	General Fund
Revenues	
Property tax	\$ 1,719,974
Interest income	143
Other income	761,417
Total Revenues	2,481,534
Expenditures	
Fire protection and emergency services	
Salaries and benefits	1,606,950
Facilities and utilities	56,271
Administration	135,030
Vehicle expenses	79,982
Training	32,362
Other	193,762
Capital outlay	79,705
Debt Service	
Principal	89,076
Interest	47,519
Total Expenditures	2,320,657
Excess (deficiency) of revenues over expenditures	160,877
Net Change in Fund Balance	160,877
Fund balance:	
Beginning of year, as restated	701,735
End of year	\$ 862,612

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

Cortez Fire Protection District
Reconciliation of the Statement of Revenues, Expenditures
and Change in Fund Balance of Governmental Activities
to the Statement of Activities
December 31, 2021

Net change in fund balance—General Fund \$ 160,877

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives. Additionally, fund financial statements do not recognize contributions of capital assets as revenues.

Current year depreciation	(221,621)
Capital outlay - capitalized portion	79,705
Net loss on disposal of assets	(69,261)

Changes in long-term liabilities are reflected as income or expense on the statement of changes in fund balance but are not recorded as income or expenses on the statement of activities

Principal payments on lease purchase obligations	89,076
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in compensated absences	(77,345)
Change in pension related items	(51,768)
Interest expense - change in accrued interest	<u>2,270</u>

Change in net position of governmental activities	<u>\$ (88,067)</u>
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The accompanying notes are an integral part of these financial statements.

Cortez Fire Protection District
Statement of Fiduciary Net Position
Pension Trust Fund
December 31, 2021

Assets	<u>2021</u>
Cash and cash equivalents	\$ 137,090
Investments	<u>2,186,839</u>
Total assets	<u>\$ 2,323,929</u>
Liabilities	
Due to general fund	<u>216</u>
Total liabilities	<u>216</u>
Net Position	
Held in trust for pension benefits	<u>\$ 2,323,713</u>

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

Cortez Fire Protection District
Statement of Change in Fiduciary
Net Position - Pension Trust Fund
December 31, 2021

	2021
Additions	
Contributions	
State contributions	\$ 41,791
District contributions	47,000
Interest income	79,951
Total Additions	168,742
Deductions	
Administrative expenses	9,337
Pension payments	185,525
Total Deductions	194,862
Change in Net Position	(26,120)
Net Position - Beginning of year	2,349,833
Net Position - End of year	\$ 2,323,713

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

Cortez Fire Protection District

Notes to Financial Statements

December 31, 2021

1. Definition of Reporting Entity

The Cortez Fire Protection District (the District) was formed on June 25, 1986, for the purpose of providing fire protection and emergency services to Cortez, Colorado and the surrounding rural area in Montezuma County, Colorado.

The District has an elected governing board and levies taxes on the property within the District for operations and debt service.

The District's annual financial report includes the accounts of all District operations.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements that provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible 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, which is the primary government, is not considered a component unit of any other government and does not engage in any business-type activities.

2. Summary of Significant Accounting Policies

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

The most significant of the District's accounting policies are described below.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the District. Governmental activities are generally supported by taxes, charges for services and intergovernmental revenues. There are no business-type activities in the District for the year ended December 31, 2021.

The government-wide focus is on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

Cortez Fire Protection District
Notes to Financial Statements (continued)
December 31, 2021

2. Summary of Significant Accounting Policies (continued)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type.

The District reports the following major governmental fund:

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

Additionally, the District reports the following fund type:

Pension Trust Fund – The Pension Trust Fund is a *Fiduciary Fund* that accounts for the activities of the volunteer fire defined benefit pension plan. Fiduciary Funds are used to report assets held in a trustee capacity for others outside the government. These activities are reported in a separate statement of fiduciary net assets. The District excludes this activity from government-wide financial statements because the District cannot use these assets to finance its operations.

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.

The governmental fund financial statements are accounted for using the current financial resources measurement focus, whereby only current assets and liabilities generally are included in the balance sheet, and the statement of revenues, expenditures and changes in fund balance present increases and decreases in those net current assets. These funds use the modified accrual basis of accounting whereby 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.

Cortez Fire Protection District

Notes to Financial Statements (continued)

December 31, 2021

2. Summary of Significant Accounting Policies (continued)

Expenditures generally are recognized when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims, and judgments are recorded only when payment is due.

Property taxes, intergovernmental grants, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

Because governmental fund statements are presented using a measurement focus and basis of accounting different from that used in the government-wide statements, a reconciliation is presented that briefly explains the adjustments necessary to reconcile the ending net position and the change in net position.

In accordance with GASB, the corresponding assets (receivables) in non-exchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source. Property taxes attach an enforceable lien on property as of January 1. Taxes are levied in December, payable in the following year in full by April 30, or in two equal installments due on the last day of February and June 15.

Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with an original maturity of three months or less.

Capital Assets

Capital assets used in governmental activities of the District are recorded at cost. Depreciation is computed on a straight-line basis over the following estimated useful lives:

Buildings	50 years
Equipment and Vehicles	8 - 15 years
Improvements	7 - 30 years

Capital assets, which include property, plant and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of more than one year. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair market value on the date donated.

Cortez Fire Protection District

Notes to Financial Statements (continued)

December 31, 2021

2. Summary of Significant Accounting Policies (continued)

Interfund Receivables and Payables

During the course of operations, transactions occur between individual funds. The resulting receivables and payables are classified on the Balance Sheet as Due from Other Funds and Due to Other Funds because they are short-term in nature.

Net Position and Fund Balance

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

- *Net Investment in Capital Assets* – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.
- *Restricted Net Position* – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Position* – This category represents the net position of the District, which are not restricted for any project or other purpose. A deficit will require future funding.

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

- *Nonspendable fund balance* - The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.
- *Restricted fund balance* - The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.
- *Committed fund balance* - The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

Cortez Fire Protection District

Notes to Financial Statements (continued)

December 31, 2021

2. Summary of Significant Accounting Policies (continued)

- *Assigned fund balance* - The portion of fund balance that is constrained by the government's intent to be used for specific purposes but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

- *Unassigned fund balance* – amounts that are available for any purpose; positive amounts are reported only in the general fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

Pensions

For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Statewide Defined Benefit Plan administered by the Fire and Police Pension Association of Colorado (FPPA) and additions to/deductions from the pension plan's net position have been determined on the same basis as they are reported by FPPA. 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. Additionally, similar amounts are recorded for the Cortez Fire Protection District Pension Plan (CFPDPP) provided for volunteer firefighters of the District

Revenue Recognition/Property Taxes

Property taxes attach an enforceable lien on property as of January 1. Taxes are levied in December, payable in the following year in full by April 30, or in two equal installments due on the last day of February and June 15. The county treasurer bills and collects property taxes for all taxing entities within the county. Property tax receipts collected by the county treasurer each month are remitted to the District by the tenth day of the subsequent month. Property tax revenues are recognized in the government-wide financial statements in the year that the property taxes are used to fund the operations of the District.

In the fund financial statements, property taxes are recognized in the year for which levied provided they become available and measurable. Property tax revenues are considered available when they become due or past due and are received by the District within 60 days of the end of the fiscal year.

Cortez Fire Protection District
Notes to Financial Statements (continued)
December 31, 2021

2. Summary of Significant Accounting Policies (continued)

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Budgets and Budgetary Accounting

The District Board follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In accordance with State statutes, prior to October 15, the proposed operating budget is submitted to the District Board for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the two preceding years. State statutes require a more detailed line-item budget be submitted in summary form. In addition, more detailed line-item budgets are included for administration control.
2. Public hearings are conducted to obtain taxpayer comment.
3. Prior to December 31, the budget is legally enacted through passage of a resolution.
4. The District bookkeeper is required to present a monthly report to the District Board explaining any variance from the approved budget.
5. Formal budgetary integration is employed as a management control device during the year.
6. Budgets for the Governmental and Fiduciary Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse at the end of each calendar year.
8. The District Board may authorize supplemental appropriations during the year

Compensated Absences

Full-time employees of the District are allowed to accumulate unused paid time off and sick leave. Upon termination of employment with the District, an employee is compensated for all accrued paid time off and sick leave on a sliding scale if these benefits have matured. As of December 31, 2021, there was \$106,255 accrued for compensated absences.

Cortez Fire Protection District
Notes to Financial Statements (continued)
December 31, 2021

4. Deposits and Investments

Deposits with banks are comprised of the following at December 31, 2021:

	Carrying Amount	Bank Balance	Insured	Collateralized
Bank deposits	\$ 242,820	\$ 270,643	\$ 250,000	\$ 20,643

Cash and cash equivalents as of December 31, 2021, consist of the following:

Bank deposits	\$ 242,820
Petty cash	198
	\$ 243,018

Cash and cash equivalents as of December 31, 2021, are classified in the accompanying financial statements as follows:

Statement of Net Position	\$ 105,928
Statement of Fiduciary Net Position	137,090
	\$ 243,018

Investment balances presented in the financial statements are comprised of the following at year end:

	Statement of Net Position	Statement of Fiduciary Net Position
Money market deposits	\$ 624,925	\$ 6,100
Franklin Managed Income Fund FBLAX		62,743
Franklin Co Tax-Free Income Fund FRCOX		455,043
Franklin High Income Fund FHAIX		106,553
Franklin Mutual Shares Fund TESIX		58,028
Franklin Rising Dividends Fund FRDPX		186,000
Franklin Total Return Fund FKBAX		182,531
Franklin U.S. Government Securities Fund FKUSX		167,288
Invesco Core Plus Bond Fund ACPSX		240,824
Invesco Corporate Bond Fund ACCBX		259,175
Invesco High Yield Fund AMHYX		246,878
Invesco Quality Income Fund VKMGX		215,676
	\$ 624,925	\$ 2,186,839

Cortez Fire Protection District

Notes to Financial Statements (continued)

December 31, 2021

4. Deposits and Investments

Custodial Credit Risks – Deposits

Colorado state statutes govern the entity's deposits of cash. For deposits in excess of federally insured limits, Colorado Revised Statutes (CRS) require the depository institution to maintain collateral on deposit with an official custodian (as authorized by the State Banking Board). The Colorado Public Deposit Protection Act (PDPA) requires state regulators to certify eligible depositories for public deposit. PDPA requires the eligible depositories with public deposits in excess of the amounts insured by the Federal Deposit Insurance Corporation (FDIC) to create a single institutional collateral pool of 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 uninsured public deposits as a group. The market value of the assets in the pool must be at least 102% of the uninsured deposits.

Investments

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

- obligations of the United States and certain U.S. government agency securities,
- certain international agency securities,
- general obligation and revenue bonds of U.S. local government entities,
- bankers' acceptances of certain banks,
- commercial paper,
- written repurchase agreements collateralized by certain authorized securities,
- certain money market funds,
- guaranteed investment contracts, and
- local government investment pools.

Investments are reported at fair value which is determined using selected bases. Short term investments are reported at cost which approximates fair value. Securities traded on a national or international exchange are valued at the last quoted market price. Cash deposits and money market mutual funds are reported at cost which reasonably approximates fair value.

Credit risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The District does not hold any debt securities at year end.

Custodial Credit Risk - Investments

For investments, custodial credit risk is the risk that in the event of a failure of a counter party, the District would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have a specific policy for custodial credit risk.

Cortez Fire Protection District
Notes to Financial Statements (continued)
December 31, 2021

4. Deposits and Investments

Concentration of credit risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District places no limit on the amount the District may invest in any one issuer.

Interest Rate Risk

Colorado Revised Statutes limit investment maturities to five years or less from the date of purchase. This limit on investments is the means of limiting exposure to fair value losses arising from increasing interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Colorado statutes limit authorized investments to those having a maturity of five years or less, unless the entity's governing body specifically authorizes longer maturities.

Cortez Fire Protection District
Notes to Financial Statements (continued)
December 31, 2021

5. Capital Assets

The following table presents capital assets activity of the District for the year ended December 31, 2021:

	Balance December 31, 2020	Transfers/ Additions	Transfers/ Retirements	Balance December 31, 2021
Capital assets, not being depreciated:				
Land	\$ 38,439	\$ -	\$ -	\$ 38,439
Total capital assets, not being depreciated	<u>38,439</u>	<u>-</u>	<u>-</u>	<u>38,439</u>
Capital assets, being depreciated:				
Buildings	5,484,426	-	(142,901)	5,341,525
Equipment & vehicles	4,571,274	59,501	(1,359,561)	3,271,214
Improvements	<u>23,671</u>	<u>20,204</u>	<u>-</u>	<u>43,875</u>
Total capital assets, being depreciated	<u>10,079,371</u>	<u>79,705</u>	<u>(1,502,462)</u>	<u>8,656,614</u>
Less accumulated depreciation for:				
Buildings	(527,504)	(112,646)	77,756	(562,394)
Equipment & vehicles	(3,790,076)	(107,397)	1,355,446	(2,542,027)
Improvements	<u>(9,750)</u>	<u>(1,578)</u>	<u>-</u>	<u>(11,328)</u>
Total accumulated depreciation	<u>(4,327,330)</u>	<u>(221,621)</u>	<u>1,433,202</u>	<u>(3,115,749)</u>
Total capital assets, being depreciated, net	<u>5,752,041</u>	<u>(141,916)</u>	<u>(69,260)</u>	<u>5,540,865</u>
Capital assets, net	<u>\$ 5,790,480</u>	<u>\$ (141,916)</u>	<u>\$ (69,260)</u>	<u>\$ 5,579,304</u>

Depreciation expense totaling \$221,621 was charged to fire protection and emergency services during the year.

Cortez Fire Protection District
Notes to Financial Statements (continued)
December 31, 2021

6. Long-term Debt

The following is a summary of long-term debt transactions for the governmental activities of the District for the year ended December 31, 2021:

	Balance December 31, 2020	Additions	Reductions	Balance December 31, 2021	Due Within One Year
HSE Leasing, LLC 2017 Lease	\$ 62,149	\$ -	\$ (19,949)	\$ 42,200	\$ 20,503
HSE Leasing, LLC 2013 Lease	1,073,427	-	(50,017)	1,023,410	51,357
Community First National Bank 2020 Lease	<u>355,000</u>	<u>-</u>	<u>(19,110)</u>	<u>335,890</u>	<u>19,680</u>
Total long-term leases	<u>\$ 1,490,576</u>	<u>\$ -</u>	<u>\$ (89,076)</u>	<u>\$ 1,401,500</u>	<u>\$ 91,540</u>
Compensated Absences	28,911	129,286	(51,942)	106,255	62,351
Total long-term obligations	<u>\$ 1,519,487</u>	<u>\$ 129,286</u>	<u>\$ (141,018)</u>	<u>\$ 1,507,755</u>	<u>\$ 153,891</u>

The District has entered into two leases with HSE Leasing, LLC for the purchase of equipment in 2013 and for the financing of a fire station and related equipment in 2017. The 2013 equipment lease requires annual lease payments of \$21,708 through May, 2023, bears interest at 2.78% per annum, and is collateralized by fire equipment. The 2017 building and equipment lease requires semi-annual lease payments of \$42,607 through February 2037, bears interest at 3.35% per annum, and is collateralized by a fire station and related equipment.

The District entered into a lease agreement with Community First National Bank for the purchase of equipment in 2020. The lease requires annual lease payments of \$29,703 through December 2035, bears interest at 2.984% per annum, and is collateralized by fire equipment.

Lease purchase payments to maturity are as follows:

	Principal	Interest	Total
2022	\$ 91,540	\$ 45,066	\$ 136,606
2023	94,460	42,166	136,626
2024	75,744	39,173	114,918
2025	78,221	36,697	114,918
2026	80,778	34,139	114,918
2027-2031	445,290	129,298	574,588
2032-2036	493,352	67,246	560,598
2037	42,113	702	42,814
Total	<u>\$ 1,401,500</u>	<u>\$ 394,486</u>	<u>\$ 1,795,986</u>

Cortez Fire Protection District
Notes to Financial Statements (continued)
December 31, 2021

7. Fire Protection Employee Retirement Plan

State Fire and Police Pension Plan (FPPA)

The District contributes to the Statewide Defined Benefit Plan, a cost-sharing multiple-employer defined benefit pension plan administered by the Colorado Fire and Police Pension Association (FPPA). The Statewide Defined Benefit Plan (SWDB) provides retirement benefits for members and beneficiaries. Death and disability coverage is provided for members hired prior to January 1, 1997 through the Statewide Death and Disability Plan, which is also administered by the FPPA. This is a noncontributory plan. All full-time, paid firefighters of the District are members of the Statewide Defined Benefit Plan and the Statewide Death and Disability Plan. Local revenue sources are responsible for funding of the Death and Disability benefits for firefighters hired on or after January 1, 1997.

Colorado statutes assign the authority to establish benefit provisions to the state legislature. FPPA issues a publicly available annual financial report that includes financial statements and required supplementary information for both the Statewide Defined Benefit Plan and the Statewide Death and Disability Plan. FPPA issues a publicly available comprehensive annual financial report that can be obtained on FPPA's website at <http://www.fppaco.org>.

Description of Benefits

A member is eligible for a normal retirement pension once the member has completed twenty-five years of credited service and has attained the age of 55. Effective January 1, 2021, a member may also qualify for a normal retirement pension if the member's combined years of service and age equals at least 80, with a minimum age of 50 (Rule of 80).

The annual normal retirement benefit is 2 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 Statewide Defined Benefit Plan. Benefits paid to retired members are evaluated and may be re-determined every October 1. The amount of any increase is based on the Board's discretion and can range from 0 to the higher of 3 percent or the Consumer Price Index.

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

Cortez Fire Protection District
Notes to Financial Statements (continued)
December 31, 2021

7. Fire Protection Employee Retirement Plan (continued)

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 the SWDB plan are set by state statute. Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or election of the membership.

Members of the SWDB plan and their employers are contributing at the rate of 11.5 percent and 8.5 percent, respectively, of base salary for a total contribution rate of 20.0 percent in 2021. Member contribution rates will increase 0.5 percent annually through 2022 to a total of 12 percent of pensionable earnings. Employer contributions will increase 0.5 percent annually beginning in 2021 through 2030 to a total of 13 percent of pensionable earnings. Contributions to the SWDB plan from the District were \$50,853 for the year ended December 31, 2021.

Pension Liabilities (Assets), Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

At December 31, 2021, the District reported a pension asset of \$169,716 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2020, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2021. The District's proportion of the net pension asset was based on District's share of contributions to the pension plan relative to the contributions of all participating entities. At December 31, 2020, the District's proportion was .078174 percent, which was a decrease of .002594 percent from its proportion measured as of December 31, 2019.

For the year ended December 31, 2021, the District recognized pension expense of \$49,982. The District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Cortez Fire Protection District
Notes to Financial Statements (continued)
December 31, 2021

7. Fire Protection Employee Retirement Plan (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected experience	\$ 143,936	\$ 675
Changes in assumptions	72,183	-
Net difference between projected and actual earnings on pension plan investments	-	174,323
Change in proportionate share	16,744	-
Contributions subsequent to the measurement date	50,853	-
Total	\$ 283,716	\$ 174,998

The \$50,853 in total reported as deferred outflows of resources related to pension resulting from District contributions subsequent to measurement date will be recognized as an addition of the net pension asset in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:

2022	\$ (10,021)
2023	(10,771)
2024	(9,798)
2025	(10,782)
2026	31,891
Thereafter	67,345
	\$ 57,864

Cortez Fire Protection District
Notes to Financial Statements (continued)
December 31, 2021

7. Fire Protection Employee Retirement Plan (continued)

Actuarial Assumptions

The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	Total Pension Liability	Actuarially Determined Contributions
Actuarial Valuation Date	January 1, 2021	January 1, 2020
Actuarial Method	Entry Age Normal	Entry Age Normal
Amortization Method	N/A	Level % of Payroll, Open
Amortization Period	N/A	30 years
Long-Term Investment Rate of Return*	7.0%	7.0%
Projected Salary Increases*	4.25 – 11.25%	4.25 – 11.25%
Cost of Living Adjustments (COLA)	0.0%	0.0%
*Includes Inflation at 2.5%		

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

At least every five years the FPPA’s Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2018 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the FPPA’s actuaries, Gabriel, Roeder, Smith & Co., based upon their analysis of past experience and expectations of the future.

The assumption changes were effective for actuarial valuations beginning January 1, 2019. The actuarial assumptions impact actuarial factors for benefit purposes such as the purchases of service credit and other benefits where actuarial factors are used.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (assumed at 2.5%). Best estimates of arithmetic real rates of return for each major asset class included in the Fund’s target asset allocation as of December 31, 2020, are summarized as follows:

Cortez Fire Protection District
Notes to Financial Statements (continued)
December 31, 2021

7. Fire Protection Employee Retirement Plan (continued)

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Global Equity	39.0%	8.23%
Equity Long/Short	8.0%	6.87%
Private Markets	26.0%	10.63%
Fixed Income	10.0%	4.01%
Absolute Return	5.0%	5.25%
Managed Futures	10.0%	5.60%
Cash	2.0%	2.32%
Total	100.0%	

Discount Rate

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

Sensitivity of the District's Proportionate Share of the Net Pension Asset to Changes in the Discount Rate

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

	1% Decrease (6.00%)	Current Decrease (7.00%)	1% Increase (8.00%)
Proportionate share of the net pension liability (asset)	170,792	(169,716)	(451,699)

Pension Plan Fiduciary Net Position

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

Cortez Fire Protection District
Notes to Financial Statements (continued)
December 31, 2021

8. Defined Benefit Volunteer Pension Plan

Plan Description and Provisions

The District's defined benefit pension plan, Cortez Fire Protection District Pension Plan (CFPDPP), provides pensions for all volunteer firemen with 10 years of service. The plan is a single-employer defined benefit pension plan administered by a Board of Trustees composed of District Board members and firefighters selected in accordance with Colorado State Statutes. Article 15 of the Regulations of the State grants the authority to establish and amend the benefit terms to the Board of Trustees.

Benefits Provided

The Cortez Fire Protection District Pension Plan provides retirement and death benefits. Retirement benefits for volunteer fireman with ten years of volunteer service are calculated as \$27.29 per month per year of volunteer service for a maximum of 20 years. Volunteer firemen with 10 years of service are eligible to retire at age 50. Volunteer firemen with 10 years of service are eligible for death benefits. Death benefits are a lump sum payment of \$600 if death occurs before retirement or 50% of the retiree's benefit if the member is married commencing on the date the deceased member would have turned age 50 for retired members.

Firefighters Covered by Benefit Terms

At December 31, 2021, the following firefighters were covered by the benefit terms:

Retirees and beneficiaries	39
Inactive, non-retired members	6
Active members	-
Total	45

Contributions

Article 15 of the Regulations of the State grants the authority to establish and amend the contribution requirements of the District. The board establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined contribution for the District is ½ mill of the assessed valuation of the District. The State of Colorado's contribution has been established by the legislature and is based upon the amounts contributed by the district. The State currently matches 90% of the District's contributions up to a maximum of 1/2 mill on the assessed valuation. The firefighters do not contribute to the plan.

Net Pension Liability

The District's net pension liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022, with procedures applied to update the liability to the measurement date of December 31, 2021.

Cortez Fire Protection District
Notes to Financial Statements (continued)
December 31, 2021

8. Defined Benefit Volunteer Pension Plan (continued)

Actuarial assumptions: The total pension liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar, Open
Remaining Amortization Period	20 years
Asset Valuation Method	Market Value
Inflation	Implicit
Salary Increases	N/A
Investment Rate of Return	4.50%
Retirement Age	Earlier of age 50 and 20 years of service or age 60 and 10 years of service
Mortality	RP-2014 Mortality Tables for annuitants, adjusted back to 2006 with Scale MP-2104 and projected forward to 2018 with Scale MP-2017, fully generational using the ultimate rates from Scale MP-2017.

A Single Discount Rate of 4.50% was used to measure the total pension liability. This Single Discount Rate was based on an expected rate of return on pension plan investments of 4.50% and a municipal bond rate of 1.84%. The projection of cash flows used to determine this Single Discount Rate assumed that the State contributions will be made at the current contribution rate and the District contribution will be made at rates equal to the difference between actuarially determined contribution rates and the State rate.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and in-active firemen. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Cortez Fire Protection District
Notes to Financial Statements (continued)
December 31, 2021

8. Defined Benefit Volunteer Pension Plan (continued)

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at 12/31/2020	\$ 2,502,004	\$ 2,349,833	\$ 152,171
Changes for the year:			
Interest	108,550	-	108,550
Differences between expected and actual experience	(48)	-	(48)
Change of benefit terms	126,779	-	126,779
Service costs	3,965	-	3,965
Contributions - State	-	41,791	(41,791)
Contributions - District	-	47,000	(47,000)
Net investment income	-	79,951	(79,951)
Benefit payments	(185,525)	(185,525)	-
Administrative expenses	-	(9,337)	9,337
Net Changes	53,721	(26,120)	79,841
Balances at 12/31/2021	\$ 2,555,725	\$ 2,323,713	\$ 232,012

Sensitivity of the Net Pension Liability (Asset) to the changes in the discount rate

The following table presents the net pension liability (asset) of the District, calculated using the discount rate of 4.50% as well as what the District's net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (3.50%) or one percentage point higher (5.50%) than the current rate.

	1% Decrease (3.50%)	Current Decrease (4.50%)	1% Decrease (5.50%)
District's net pension liability (asset)	541,560	232,012	(22,027)

Cortez Fire Protection District
Notes to Financial Statements (continued)
December 31, 2021

8. Defined Benefit Volunteer Pension Plan (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2021, the district recognized pension expense of \$99,638 for the Single Employer Pension Plan. At December 31, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to this pension plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 47,351	\$ 78,496
Total	\$ 47,351	\$ 78,496

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as follows:

Year ended December 31:	
2022	\$ (1,789)
2023	(30,395)
2024	(3,648)
2025	4,687
	\$ (31,145)

Payable to the Pension Plan

At December 31, 2021, the District did not have a payable for its contributions to the Plan. All required contributions to the pension plan were paid prior to year-end.

9. Risk Management

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God. The District carries commercial insurance coverage for all risks of loss. Claims have not exceeded commercial coverage since inception.

Cortez Fire Protection District
Notes to Financial Statements (continued)
December 31, 2021

10. Restatement

The District has restated the prior year financial statements to correctly record accrued liabilities for the General Fund. This was done to properly reflect prior year General fund liabilities by removing long-term compensated absences accrued and accrued interest that are only reported in Government-Wide financial statements. The restatement is summarized as follows:

Restatement to General Fund Balance Sheet and Revenues, Expenditures and Changes in Fund Balance

	December 31, 2020 As Originally Stated	Restatement	December 31, 2021 As Restated
Accrued liabilities	110,559	(46,161)	64,398
Total expenditures	2,615,565	(46,161)	2,569,404
Net change in fund balance	(112,344)	46,161	(66,183)
Fund balance, End of the year	655,574	46,161	701,735

11. TABOR Compliance

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer’s Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations, which apply to the State of Colorado and all local governments. During 2013, the District passed a ballot question authorizing the District to collect, retain, and spend for any lawful purpose the revenues generated from all sources in each fiscal year thereafter.

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

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

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

Cortez Fire Protection District

Required Supplementary Information

Cortez Fire Protection District
Schedule of Revenues, Expenditures
and Change in Fund Balance
General Fund (Budget and Actual)
December 31, 2021

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property tax	\$ 1,592,148	\$ 1,719,974	\$ 127,826
Grants	82,900	-	(82,900)
Other local sources			
Interest income	3,200	143	(3,057)
Other	420,305	761,417	341,112
	<u>2,098,553</u>	<u>2,481,534</u>	<u>382,981</u>
Expenditures:			
Fire protection and emergency services			
Salaries and benefits	1,548,140	1,606,950	(58,810)
Facilities and utilities	69,030	56,271	12,759
Administration	352,410	135,030	217,380
Vehicle expenses	91,650	79,982	11,668
Training	36,000	32,362	3,638
Other	161,560	193,762	(32,202)
	<u>2,258,790</u>	<u>2,104,357</u>	<u>154,433</u>
Debt service			
Principal	89,147	89,076	71
Interest	47,557	47,519	38
Total debt service	<u>136,704</u>	<u>136,595</u>	<u>109</u>
Capital outlay	<u>204,250</u>	<u>79,705</u>	<u>124,545</u>
Total Expenditures	<u>2,599,744</u>	<u>2,320,657</u>	<u>279,087</u>
Excess Revenue Over (Under)			
Expenditures	<u>(501,191)</u>	<u>160,877</u>	<u>662,068</u>
Net change in fund balances	<u>(501,191)</u>	<u>160,877</u>	<u>662,068</u>
Fund Balance—Beginning of year	<u>11,713</u>	<u>701,735</u>	<u>690,022</u>
Fund Balance—End of Year	<u>\$ (489,478)</u>	<u>\$ 862,612</u>	<u>\$ 1,352,090</u>

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

Cortez Fire Protection District
Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability (Asset) and Related Ratios
Statewide FPPA Pension Plan

<u>Measurement Period Ended*</u>	<u>Proportion of the Net Pension Liability (Asset)</u>	<u>Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Actual Covered Payroll</u>	<u>Net Pension (Asset) as a Percentage of Covered Payroll</u>	<u>Fiduciary Net Position as a Percentage of Total Pension Liability (Asset)</u>
12/31/2021	0.08%	\$ (169,716)	\$ 627,125	-27.1%	106.7%
12/31/2020	0.08%	\$ (46,082)	\$ 595,288	-7.7%	101.9%
12/31/2019	0.09%	\$ 112,220	\$ 596,713	18.8%	95.2%
12/31/2018	0.09%	\$ (131,475)	\$ 534,550	-24.6%	106.3%
12/31/2017	0.08%	\$ 28,368	\$ 401,787	7.1%	98.2%
12/31/2016	0.10%	\$ (1,728)	\$ 400,288	-0.4%	100.1%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

* The data provided in this schedule is based as of the measurement date of the District's net pension liability, which is as of the beginning of the year.

Cortez Fire Protection District
Required Supplementary Information
Schedule of Employer Contributions
Statewide FPPA Pension Plan
As of Measurement Period Ended

<u>Measurement Period Ended*</u>	<u>Actuarially Required Contributions</u>	<u>Actual Employer Contributions</u>	<u>Contribution Excess/ (Deficiency)</u>	<u>Actual Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/2021	\$ 50,583	\$ 50,583	-	\$ 598,271	8%
12/31/2020	\$ 50,170	\$ 50,170	-	\$ 627,125	8%
12/31/2019	\$ 47,623	\$ 47,623	-	\$ 595,288	8%
12/31/2018	\$ 47,737	\$ 47,737	-	\$ 596,713	8%
12/31/2017	\$ 42,764	\$ 42,764	-	\$ 534,550	8%
12/31/2016	\$ 32,143	\$ 32,143	-	\$ 401,787	8%
12/31/2015	\$ 32,023	\$ 32,023	-	\$ 400,288	8%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

Cortez Fire Protection District
Required Supplementary Information
Schedule of Employer Contributions
Volunteer Pension Plan
As of Measurement Period Ended

<u>Measurement Period Ended*</u>	<u>Actuarially Required Contributions</u>	<u>Actual Employer Contributions</u>	<u>Contribution Excess/ (Deficiency)</u>	<u>Actual Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/2021	\$ 34,565	\$ 88,791	\$ 54,226	N/A	N/A**
12/31/2020	\$ 34,565	\$ 88,791	\$ 54,226	N/A	N/A**
12/31/2019	\$ 44,855	\$ 88,971	\$ 44,116	N/A	N/A**
12/31/2018	\$ 44,855	\$ 88,791	\$ 43,936	N/A	N/A**
12/31/2017	\$ 88,791	\$ 88,791	-	N/A	N/A**
12/31/2016	\$ 88,791	\$ 96,000	\$ 7,209	N/A	N/A**
12/31/2015	\$ 72,006	\$ 76,000	\$ 3,994	N/A	N/A**
12/31/2014	\$ 70,309	\$ 81,791	\$ 11,482	N/A	N/A**
12/31/2013	\$ 90,021	\$ 113,616	\$ 23,595	N/A	N/A**
12/31/2012	\$ 85,734	\$ 114,413	\$ 28,679	N/A	N/A**

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

** Ratio not applicable (N/A) since payroll is zero due to the plan covering volunteers.

Cortez Fire Protection District
Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios
Volunteer Pension Plan Fund
Last 10 Years

Measurement period ended December 31,	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total pension liability						
Service cost	\$ 3,965	\$ 3,965	\$ 7,610	\$ 7,610	\$ 7,610	\$ 8,628
Interest	108,550	111,617	118,965	121,172	123,319	117,550
Changes of benefit terms	126,779	-	-	-	-	-
Difference between expected and actual experience	(48)	-	(83,462)	-	(5,259)	10,375
Changes of assumptions	-	-	(25,377)	-	-	155,478
Benefit Payments	<u>(185,524)</u>	<u>(181,995)</u>	<u>(176,524)</u>	<u>(179,084)</u>	<u>(169,563)</u>	<u>(165,713)</u>
Net change in total pension liability	53,722	(66,413)	(158,788)	(50,302)	(43,893)	126,318
Total pension liability - Beginning	2,502,004	2,568,417	2,727,205	2,777,507	2,821,400	2,695,082
Total pension liability - Ending (a)	2,555,726	2,502,004	2,568,417	2,727,205	2,777,507	2,821,400
Plan fiduciary net position						
Employer contributions	47,000	47,000	47,000	47,000	47,000	60,000
Net investment income	79,951	143,403	229,713	(40,526)	111,534	156,806
Benefit payments	(185,525)	(181,995)	(176,524)	(179,084)	(169,563)	(172,307)
Administrative expense	(9,337)	(14,392)	(8,215)	(14,723)	(2,350)	(5,468)
State of Colorado supplemental discretionary payment	41,791	41,791	41,971	41,791	41,791	36,000
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,606)</u>	<u>12,531</u>	<u>(3,925)</u>
Net change in plan fiduciary net position	(26,120)	35,807	133,945	(154,148)	40,943	71,106
Plan fiduciary net position - beginning	2,349,833	2,314,026	2,180,081	2,334,229	2,293,286	2,222,180
Plan fiduciary net position - end (b)	<u>2,323,713</u>	<u>2,349,833</u>	<u>2,314,026</u>	<u>2,180,081</u>	<u>2,334,229</u>	<u>2,293,286</u>
District's net pension liability - ending (a)-(b)	<u>\$ 232,013</u>	<u>\$ 152,171</u>	<u>\$ 254,391</u>	<u>\$ 547,124</u>	<u>\$ 443,278</u>	<u>\$ 528,114</u>
Plan fiduciary net position as a percentage of the total pension liability	90.92%	93.92%	90.10%	79.94%	84.04%	81.28%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

Note 2: The data provided in this schedule is based as of the measurement date of the District's net pension liability.

Cortez Fire Protection District
Schedule of Investment Returns
Cortez Fire Protection District Pension Plan

Measurement period ended December 31,	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Annual money-weighted rate of return, net of investment expense	4.5%	6.15%	10.47%	-1.87%	5.04%	7.28

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

Cortez Fire Protection District

Other Supplementary Information

Cortez Fire Protection District
Statement of Change in Fiduciary Net Position
Pension Trust Fund (Budget and Actual)
December 31, 2021

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Additions			
Contributions			
State contribution	\$ 41,791	\$ 41,791	\$ -
District contribution	47,000	47,000	-
Investment income	<u>73,200</u>	<u>79,951</u>	<u>6,751</u>
Total Additions	<u>161,991</u>	<u>168,742</u>	<u>6,751</u>
Deductions			
Administrative expenses	16,756	9,337	7,419
Pension payments	<u>188,299</u>	<u>185,525</u>	<u>2,774</u>
Total Deductions	<u>205,055</u>	<u>194,862</u>	<u>10,193</u>
Change in Net Position	<u>(43,064)</u>	<u>(26,120)</u>	<u>16,944</u>
Net Position—Beginning of year	<u>48,482</u>	<u>2,349,833</u>	<u>2,301,351</u>
Net Position—End of Year	<u>\$ 5,418</u>	<u>\$ 2,323,713</u>	<u>\$ 2,318,295</u>

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