
Delta County Fire Protection District # 1
Delta, Colorado
Basic Financial Statements
December 31, 2021

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Basic Financial Statements	
Combined Government-Wide and Fund Financial Statements	
Governmental Fund Balance Sheet and Statement of Net Position	3
Reconciliation of the Balance Sheet-Governmental Funds to the Statement of Net Position	4
Statement of Revenue, Expenditures and Changes in Fund Balance/ Net Position-Governmental Fund and Statement of Activities	5
Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balance-Governmental Fund to the Statement of Activities	6
Statement of Fiduciary Net Position-Fiduciary Fund	7
Statement of Changes in Fiduciary Net Position-Fiduciary Fund	8
Notes to the Financial Statements	9
Required Supplemental Information	
Schedule of Revenue, Expenditures and Changes in Fund Balance Budget and Actual-General Fund	22
Schedule of Changes in Net Pension Liability	23
Schedule of Contributions	24
Other Supplemental Information	
Schedule of Revenues and Expenditures- Budget and Actual-Capital Replacement Fund	25
Schedule of Revenues and Expenditures- Budget and Actual-Pension Fund	26



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Delta County Fire Protection District #1

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information Delta County Fire Protection District #1, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise Delta County Fire Protection District #1's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Delta County Fire Protection District #1, as of December 31, 2021, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Delta County Fire Protection District #1, 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 the 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 Delta County Fire Protection District #1'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 opinions. 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Delta County Fire Protection District #1's internal control. Accordingly, no such opinion is expressed.

Certified Public Accountants

- 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 Delta County Fire Protection District #1'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 budgetary comparison information (page 22, 25, and 26) be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. Management has omitted the management, discussion, and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Schedule of Revenue, Expenditures and Changes in Fund Balance – Budget and Actual for the Capital Replacement and Pension Funds. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Blair and Associates, P.C.

Cedaredge, Colorado
August 5, 2022

Basic Financial Statements

Delta County Fire Protection District No. 1
Combined Governmental-Wide and Fund Financial Statements
Governmental Fund Balance Sheet and Statement of Net Position
December 31, 2021

	<u>Governmental Funds</u>			<u>Statement of Net Position</u>
	<u>General Fund</u>	<u>Capital Replacement Fund</u>	<u>Adjustments (See below)</u>	
Assets				
Cash and cash equivalents	\$ 646,110	\$ 855,102	\$ -	\$ 1,501,212
Accounts receivable	1,213	-	-	1,213
Taxes receivable	462,523	157,532	-	620,055
Due from other funds	9,758	-	(9,758)	-
Capital assets	-	-	1,620,897	1,620,897
Total	<u>\$ 1,119,604</u>	<u>\$ 1,012,634</u>	<u>\$ 1,611,139</u>	<u>\$ 3,743,377</u>
Liabilities and Fund Equity				
Liabilities				
Accounts payable	\$ 5,014	\$ -	\$ -	\$ 5,014
Accrued liabilities	12,079	-	3,519	15,598
Net Pension Liability	-	-	186,479	186,479
Due to other funds	2,308	9,758	(9,758)	2,308
Total liabilities	<u>19,401</u>	<u>9,758</u>	<u>180,240</u>	<u>209,399</u>
Deferred inflow of resources				
Deferred revenues taxes receivable	462,523	157,532	-	620,055
Pension deferrals	-	-	128,466	128,466
	<u>462,523</u>	<u>157,532</u>	<u>128,466</u>	<u>748,521</u>
Fund balance				
Restricted	-	845,344	(845,344)	-
Reserved for emergencies	17,900	-	(17,900)	-
Unassigned	619,780	-	(619,780)	-
Total fund equity	<u>637,680</u>	<u>845,344</u>	<u>(1,483,024)</u>	<u>-</u>
Total	<u>\$ 1,119,604</u>	<u>\$ 1,012,634</u>		
Net position:				
Invested in capital assets net of related debt			\$ 1,620,897	\$ 1,620,897
Restricted for emergencies			17,900	17,900
Unrestricted			1,146,660	1,146,660
Total net position			<u>\$ 2,785,457</u>	<u>\$ 2,785,457</u>

The financial statements should be read only in connection with the accompanying notes to financial statements.

Delta County Fire Protection District No. 1
Reconciliation of the Statement of Revenue, Expenditures and Changes in the Fund Balance
Governmental Fund to the Statement of Activities
For the Year Ended December 31, 2021

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

Total fund balance-governmental funds	\$ 1,483,024
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund balance sheet	1,620,897
Some liabilities, including leases payable, are not due and payable in the current period and therefore are not reported in the fund balance sheet	(3,519)
Net pension assets and related deferred outflows of resources are not reported in the funds	(314,945)
Total net position-governmental activities	<u>\$ 2,785,457</u>

The financial statements should be read only in connection with the accompanying notes to financial statements.

Delta County Fire Protection District No. 1
Statement of Revenues, Expenditures and Changes in Fund Balance/Net Position
Governmental Fund and Statement of Activities
December 31, 2021

	<u>Governmental Funds</u>			<u>Statement of Net Assets</u>
	<u>General Fund</u>	<u>Capital Replacement Fund</u>	<u>Adjustments (See below)</u>	
Expenditures/Expenses				
Public safety - fire protection	\$ 343,917	\$ 2,829	\$ (17,272)	\$ 329,474
Capital outlay	250,000	232,700	(482,700)	-
Pension costs	-	-	108,009	108,009
Depreciation expense	-	-	133,354	133,354
Total expenditures/expenses	<u>593,917</u>	<u>235,529</u>	<u>(258,609)</u>	<u>570,837</u>
General Revenues				
Taxes	483,784	164,806	106,327	754,917
Interest earnings	2,017	3,163	(4,050)	1,130
State contribution-pension	-	-	24,440	24,440
Miscellaneous	8,083	-	-	8,083
Total general revenue	<u>493,884</u>	<u>167,969</u>	<u>126,717</u>	<u>788,570</u>
Change in net position	(100,033)	(67,560)	385,326	217,733
Fund balance/net position:				
Beginning of the year	737,712	912,904	917,108	2,567,724
End of the year	<u>\$ 637,679</u>	<u>\$ 845,344</u>	<u>\$ 1,302,434</u>	<u>\$ 2,785,457</u>

The financial statements should be read only in connection with the accompanying notes to financial statements.

Delta County Fire Protection District No. 1
Reconciliation of the Statement of Revenue, Expenditures and Changes in the Fund Balance
Governmental Fund to the Statement of Activities
For the Year Ended December 31, 2021

A reconciliation reflecting the difference between the general fund excess of revenues over expenditures and changes in net assets reported for governmental activities in the statement of activities is as follows:

Excess of revenues over expenditure - General Fund \$ (167,593)

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. This is the amount by which depreciation exceeded capital outlay in the current period.

Fixed assets current additions	500,483
Depreciation expense	(133,354)
Excess of depreciation over capital outlay	367,129

Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources and revenues are not recognized until they become both measurable and available. In the statement of activities however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when the financial resources are available.

Pension costs	18,708
Change in compensated absences	(511)
	18,197

Changes in net position - Governmental activities **\$ 217,733**

Delta County Fire Protection District No. 1
Statement of Plan Net Position - Pension Trust Fund
For the Year Ended December 31, 2021

	2021
Assets	
Cash and cash equivalents	\$ 114,283
Investments	
Certificates of deposit	147,644
Treasury and Agency Securities	546,768
Asset and Mortgage Back Securities	1,145,642
Accrued interest receivable	6,018
Due from other funds	2,308
Taxes receivable	101,634
Total assets	\$ 2,064,297
 Liabilities	
Accounts payable	\$ -
Total liabilities	-
 Deferred inflow of resources	
Deferred property taxes	101,634
Total deferred inflows of resources	101,634
 Net position	
Held in trust for pension benefits	1,962,663
Total liabilities and fund equity	\$ 2,064,297

The financial statements should be read only in connection with the accompanying notes to financial statements.

Delta County Fire Protection District No. 1
Statement of Changes in Plan Net Position
For the Year Ended December 31, 2021

	2021
Additions	
Taxes	\$ 106,327
Intergovernmental	24,440
Earnings on deposits and investments	(51,253)
Gain on investments	47,203
Total additions	126,717
 Deductions	
Benefits	106,200
Administrative	1,809
Total deductions	108,009
 Net increase (decrease)	 18,708
 Held in trust for pension benefits	
Beginning fund balance	1,943,955
Ending fund balance	\$ 1,962,663

The financial statements should be read only in connection with the accompanying notes to financial statements.

Delta County Fire Protection District # 1
Notes to the Financial Statements
December 31, 2021

Note 1 - Summary of Significant Accounting Policies

The basic financial statements of the Delta County Fire Protection District # 1 (the District), have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following is a summary of the more significant principles:

Financial Reporting Entity

The District is a governmental entity formed to provide fire protection to the citizens within the Delta area. The District has a five-member board of directors. For reporting purposes, the district, is a governmental stand-alone entity, with no component units. The District was formed in 1944.

Government-Wide and Fund Financial Statements

The government-wide financial statement (i.e. the statement of net position and the statement of activities) reports information on all of the non-fiduciary activities of the government. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all the eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. The major source of revenue susceptible to accrual is property tax. All other revenue items are considered to be measurable and available only when cash is received by the district.

Delta County Fire Protection District # 1
Notes to the Financial Statements
December 31, 2021

Note 1 - Summary of Significant Accounting Policies – continued

Governmental Funds

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the district except those required to be accounted for in another fund.

The *Capital Replacement Fund* accounts for long-term capital equipment purchases and capital construction projects of the district.

Fiduciary Fund

The *Pension Trust Fund* accounts for pension benefits for the volunteer fire department, the financial statements for the Pension Trust Fund is reported on an accrual basis of accounting.

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

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

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. For the District these include payments on insurance policies.

Capital Assets

Capital assets, which include land, buildings, vehicles and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000. Such assets are recorded at cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

All depreciable assets of the District are being depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	25-40
Vehicles	5-10
Equipment	5-10

Delta County Fire Protection District # 1
Notes to the Financial Statements
December 31, 2021

Note 1 - Summary of Significant Accounting Policies – continued

Measurement Focus, Basis of Accounting and Financial Statement Presentation – continued

Fund Equity

This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Non-spendable fund balance amounts that are not in spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balance-amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions or by enabling legislation;
- Committed fund balance-amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint;
- Assigned fund balance-amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- 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 balance is 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 Board of Directors has provided otherwise in its commitment or assignment actions.

The District's considers all unreserved fund balances to be reserves for future operations or capital replacement as defined within Article X, Section 20 of the Constitution of the State of Colorado.

Emergency reserves have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado. A portion of the General Fund equity and net position has been reserved/restricted in compliance with this requirement in the amount of \$17,900.

Budgetary Information

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements.

The budget includes each fund on its basis of accounting unless otherwise indicated.

Delta County Fire Protection District # 1
Notes to the Financial Statements
December 31, 2021

Note 1 - Summary of Significant Accounting Policies – continued

Measurement Focus, Basis of Accounting and Financial Statement Presentation – continued

Encumbrances

Encumbrances accounting, under which purchase orders, contracts, and other commitments for the expenditures of money are recorded in order to reserve that portion of the applicable appropriation, is not employed by the District because it is at present considered not necessary to assure effective budgetary control or facilitate effective cash planning and control.

Compensated absences

Accumulated unpaid vacation amounts are accrued as a liability as the benefits are earned, if the employees' rights to receive compensation are attributable to services already rendered, and it is probable that the employer will compensate employees for the benefits through paid time off or some other means. The total compensated absence liability is reported on the government-wide financial statements. Governmental funds report the compensated liability at the fund reporting level only when due. Proprietary funds report the liability when incurred.

Fair Value Measurement

The District adopted GASB Statement No. 72, Fair Value Measurement and Application, which generally requires state and local governments to measure assets and liabilities at fair value. GASB's goal is to enhance comparability of governmental financial statements by requiring fair value measurement for certain assets and liabilities using a consistent definition and accepted valuation techniques. This standard expands fair value disclosure to provide comprehensive information for financial statement users about the impact of fair value measurements on a government's financial position.

Note 2 - Deposits and Investments

Deposits - Colorado state statutes govern the entity's deposits of cash. The Public Deposit Protection Acts for banks and savings and loans require the state regulators to certify eligible depositories for public deposits. The acts require the 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 un-insured public deposits as a group. The market value of the assets in the pool must be at least equal to the un-insured deposits.

At year-end carrying value of the District's deposits was \$ 1,639,255 and bank balance was \$ 1,639,743. Of this amount \$ 397,644 were covered by FDIC insurance. The remaining \$ 1,242,099 is collateralized under PDPA.

Investments - The District policy is to invest only in notes or bonds secured by mortgage or trust deed insured pursuant to Title II of the "National Housing Act", and obligations of national mortgage associations or similar credit institutions organized under Title III of the "National Housing Act". The District has authorized those types of investments for maturity over five years.

Delta County Fire Protection District # 1
Notes to the Financial Statements
December 31, 2021

Note 2 - Deposits and Investments – continued

Credit Risk

Pension Investments

Investments	Fair Market	Credit Rating
Government and Agency Securities		
Tennessee Valley Authority	\$ 349,344	No Rating
US Treasury Strips	197,424	AAA
Total	<u>546,768</u>	
Asset and Mortgage Backed Securities		
Federal National Mortgage Assoc.	53,521	AAA
GNMA	756,869	No Rating
Ginnie Mae	335,252	No Rating
Total	<u>1,145,642</u>	
Money Market Account- Raymond James	114,283	No Rating
Total Investments	<u>\$ 1,806,693</u>	

Interest rate risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The District does not have a formal policy limiting investment maturities, other than that established by the state statute of five years, which would help manage its exposure to fair value losses from increasing interest rates.

Note 3 - Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the taxpayers' election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Delta County Fire Protection District # 1
Notes to the Financial Statements
December 31, 2021

Note 4 - Capital Assets

Capital asset activity for the year ended December 31, 2021 is as follows:

	<u>Balance 1/1/21</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 12/31/21</u>
Government activities				
Capital assets, not being depreciated				
Land	\$ 216,421	\$ -	\$ -	\$ 216,421
Construction in progress	176,131	-	(176,131)	-
Total capital assets not being depreciated	<u>392,552</u>	<u>-</u>	<u>(176,131)</u>	<u>216,421</u>
Capital assets being depreciated				
Building and improvements	380,641	615,308	-	995,949
Vehicles	2,496,984	40,000	-	2,536,984
Equipment	210,225	21,306	-	231,531
Total capital assets being depreciated	<u>3,087,850</u>	<u>676,614</u>	<u>-</u>	<u>3,764,464</u>
Less accumulated depreciation for				
Building and improvements	(276,208)	(10,466)	-	(286,674)
Vehicles	(1,790,064)	(113,918)	-	(1,903,982)
Equipment	(160,362)	(8,970)	-	(169,332)
Total accumulated depreciation	<u>(2,226,634)</u>	<u>(133,354)</u>	<u>-</u>	<u>(2,359,988)</u>
Total capital assets being depreciated, net	<u>861,216</u>	<u>543,260</u>		<u>1,404,476</u>
Governmental capital assets, net	<u><u>1,253,768</u></u>	<u><u>543,260</u></u>	<u><u>(176,131)</u></u>	<u><u>1,620,897</u></u>

Depreciation costs for 2021 for the government activities was \$ 133,354.

Delta County Fire Protection District # 1
Notes to the Financial Statements
December 31, 2021

Note 5 - Retirement Plan

Defined Benefit Plan

Administration

The plan is administered by a Board of Trustees composed of District members and firefighters selected in accordance with Colorado State Statutes.

District Contributions

The District can contribute to the Fund an annual amount, with a tax levy not to exceed one mill on the assessed valuation of the District. The District is currently contributing to the fund a level annual dollar amount of \$106,327.

State Contributions

The contribution by the State of Colorado toward fire pension funds has been a fixed dollar amount established by the legislature and allocated pro rata to all fire pension funds in the State who apply for State matching funds, based upon the amounts contributed by the employer up to a maximum of 1/2 mill on the assessed valuation or 90% of District contributions, whichever is less. If the plan currently offers maximum retirement benefits in excess of \$300 per month, the State will match at the level determined above but no greater than the maximum of: (1) the amount necessary to fund a pension of \$300 per month on an actuarially sound basis, and (2) the amount of State contributions received during 2021 (which was \$24,440 for your Fund).

Retirement Benefits

The Board may pension any firefighter having 20 years of active service and being above the age of 50 years, such pension not to exceed \$550 per month, unless an actuarial review indicates a higher payment can be supported by the contributions. No volunteer firefighter shall receive a pension for service in a fire department while an active member of that department. On and after January 1, 1978, firefighters shall maintain a minimum training participation of 36 hours each year to qualify for retirement benefits.

The Board may, with the consent of the governing body and sixty-five percent of the active and retired volunteer firefighters, authorize a supplemental monthly pension payment to any volunteer firefighter who has attained age 50 and has more than twenty years of active service. The supplemental pension cannot exceed five percent of the normal benefit level (based on twenty years of service) multiplied by the number of years of service in excess of twenty years, up to a maximum of ten years. The supplemental pension can only be granted if an actuarial review indicates that the additional pension can be supported by the contributions.

Delta County Fire Protection District # 1
Notes to the Financial Statements
December 31, 2021

Note 5 - Retirement Plan – continued

Disability Benefits

Temporary

In the event of an injury to a member while in the line of duty as a firefighter, it is the duty of the Board to pay a monthly annuity to the firefighter in an amount that is proper and equitable, the financial condition of the Fund considered, up to the greater of \$275 per month or one-half of the monthly retirement benefit level, for a period of time up to but not to exceed one year.

Permanent

Any firefighter who is disabled in the line of duty as to deprive the firefighter of his earning capacity and whose disability shall extend beyond one year, shall be compensated by the Board in a monthly annuity in such an amount as the Board determines proper and necessary, up to the greater of \$450 per month or the monthly retirement benefit level.

Death Benefits

Duty Death

If a firefighter dies from injuries received while in the line of duty, leaving surviving spouse, the Board shall pay to the surviving spouse a monthly annuity in such an amount as it deems proper and necessary, up to the greater of \$275 per month or one-half of the monthly retirement benefit level, or within limits as are prescribed by municipal ordinance or by rules and regulations of the Board, as long as the surviving spouse remains unmarried.

If there is no surviving spouse but there is a surviving child under 18 years of age the Board shall pay a monthly payment of an annuity in such amount as it deems proper or necessary, up to the greater of \$225 per month or one-half of the monthly retirement benefit level, or within limits as prescribed by municipal ordinance or by rules and regulations of the Board to the guardian of the child for the child, to continue until the child reaches the age of 18 years.

In the event there is no surviving spouse or child but there is a surviving dependent parent, the Board shall pay to the dependent parent a monthly annuity in such an amount as it deems proper and necessary, up to the greater of \$275 per month or one-half of the monthly retirement benefit level, or within limits as are prescribed by municipal ordinance or by rules and regulations of the Board, so long as the dependent parent remains unmarried.

No dissolution of a subsequent marriage shall have the effect of reinstating benefits to the surviving spouse or dependent parent or authorizing the granting of a pension or benefit.

Delta County Fire Protection District # 1
Notes to the Financial Statements
December 31, 2021

Note 5 - Retirement Plan – continued

Non-Duty Death

In the event of the death of an active member not in the line of duty, or any retired, pensioned firefighter, or any other firefighter eligible for retirement under the age of 50 years, who leaves a surviving spouse, the Board may pay an annuity in a sum of money not to exceed 50% of the current pension payment for retired firefighters. The annuity shall remain in effect so long as the surviving spouse remains unmarried. No dissolution of a subsequent marriage shall have the effect of reinstating the pension or benefit.

Optional Survivor Benefit

In lieu of the survivor benefits available under State statutes, the Board may, with the consent of the governing body and sixty-five percent of the active and retired volunteer firefighters, provide a survivor benefit upon the death of an active member on duty, or if authorized by the Board, for death occurring while off duty. The survivor benefit is a monthly annuity in an amount up to one hundred percent of the pension the member would have been entitled to receive if the member had retired immediately before the member's death.

The monthly annuity shall be paid to a beneficiary designated by the member or to the legal guardian of the designated beneficiary who is a child under the age of 18 as follows:

- Until the death of the designated beneficiary
- If the beneficiary is a child under age 18, until the earlier of the child's death or attainment of age 18
- If the beneficiary is a full-time student, until age 23
- If the beneficiary is a surviving spouse, until the earlier of the death of the surviving spouse or remarriage

Funeral Benefit

In addition, the Board shall pay a lump sum funeral benefit from the Fund in an amount not to exceed two times the monthly benefit level available upon retirement with twenty years of service, but not less than \$100, to be paid to the person who pays the necessary expenses for the deceased member's funeral.

Severance Benefits

Twenty or More Years of Service

Any firefighter who first became a volunteer prior to June 3, 1977, and who has completed 20 years of service shall, upon application to and with the Board's consent, be relieved from further duty and be entitled to receive a monthly pension beginning upon the attainment of age 50.

Any firefighter who first became a volunteer on or after June 3, 1977, and earns 20 years of service as a volunteer by serving more than one department, will be entitled to a benefit from the fund of each department for which he or she served at least five years equal to 1/20 of the monthly retirement benefit being paid by the department the day he or she left the service of that department for each year of service with the department.

Delta County Fire Protection District # 1
Notes to the Financial Statements
December 31, 2021

Note 5 - Retirement Plan – continued

Defined Benefit Plan – continued

Less Than Twenty Years of Service

If the fund is determined to be actuarially sound, the Board of any volunteer firefighters' pension fund may elect to provide vesting of a volunteer's accrued benefit for any volunteer who terminates after ten years of active service. The benefit, payable at age 50, would be equal to the retirement benefit level, prorated based upon the ratio of the number of years of service accrued at termination to 20 years of service.

Plan membership

As of December 31, 2019, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving	18
Inactive plan members entitled to but not yet receiving	-
Active plan members	<u>25</u>
Total	43

Net Pension Liability

The components of the net pension liability at December 31, 2019 were as follows:

Total pension liability	\$	2,149,142
Plan fiduciary net position		<u>(1,962,663)</u>
District's net pension liability/ (asset)	\$	186,479
Plan fiduciary net position as a percentage of the total pension liability		91%

Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2020 using the actuarial assumptions described in Exhibit 11, applied to all periods included in the measurement:

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 and by adding expected inflation. Best estimates of rates of return for each major asset class included in the pension plan's target asset allocation as of the valuation date are summarized in the following table (note that the rates shown below include the inflation component):

Delta County Fire Protection District # 1
Notes to the Financial Statements
December 31, 2021

Note 5 - Retirement Plan – continued

Defined Benefit Plan – continued

Investment Rate of Return at 5% per annum (net of investment expenses), compounded annually.

For the year ended December 31, 2021, the District recognized pension expense of \$106,200. At December 31, 2021, the Entity reported no deferred outflows of resources and deferred inflows of resources related to pensions of \$128,466.

Note 6 - Contingent Liabilities

Risk management

The District is exposed to various risks of loss related to torts; theft of, damages to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases general liability and property insurance through commercial insurers. There have been no significant reductions in insurance coverage in the prior year and no settlement exceeding insurance coverage for each of the past three years.

Note 7 - Tax, Spending and Debt Limitations

In November 1992, Colorado voters passed an amendment (Amendment One) to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of the state and local governments. The limits on property taxes, revenue, and "fiscal year spending" include allowable annual increases tied to inflation and local growth in construction valuation. Fiscal year spending as defined by the amendment excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfers, damage awards and fund reserves (balances).

The amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue earned in excess of the "spending limit" must be refunded or approved to be retained by the District under specified voting requirements by the entire electorate. The amendment also requires that reserves be established for declared emergencies, with 3% of fiscal year spending required in 1994 and thereafter.

On November 6, 2018, the District's electorate authorized the District to increase the mill levy by 1.80 mills to a total of 4.970 mills

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

Delta County Fire Protection District # 1
Notes to the Financial Statements
December 31, 2021

Note 8 - Changes in Long-Term Debt

Summarize of changes in long-term debt is as follows:

	Balance 1/1/2021	Additions	Deletions	Balance 12/31/2021	Due Within One Year
Compensated absenses	\$ 3,008	\$ 511	\$ -	\$ 3,519	\$ 3,519

Note 9 - Interfund Transactions

Interfund receivable and payable balances as of December 31, 2021 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Pension	General	\$ 2,308
General	Capital Replacement	\$ 9,758

Required Supplemental Information

Delta County Fire Protection District No. 1
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
Revenues				
Property taxes	412,171	412,171	411,212	\$ (959)
Specific ownership taxes	40,000	40,000	72,330	32,330
Interest on delinquent taxes	600	600	242	(358)
Miscellaneous				
Earnings on deposit and investments	5,000	5,000	2,017	(2,983)
Other	-	-	8,083	8,083
Total revenues	<u>457,771</u>	<u>457,771</u>	<u>493,884</u>	<u>36,113</u>
Expenditures				
Volunteer call pay	44,000	44,000	44,146	(146)
Volunteer pension expense	25,000	25,000	12,972	12,028
24 Hour shift stipend	26,200	26,200	-	26,200
Paid firemen	83,000	83,000	75,724	7,276
Officer incentive pay	7,200	7,200	6,300	900
Station Manager Pay	52,000	52,000	50,260	1,740
Payroll benefits	19,500	19,500	15,610	3,890
Workmen's compensation	6,500	6,500	6,705	(205)
Legal and professional fees	18,500	18,500	13,548	4,952
Directors' fees	7,000	7,000	6,850	150
Dues and memberships	2,100	2,100	3,931	(1,831)
Education and training	3,000	3,000	747	2,253
Emergency Fire Fund	2,000	2,000	-	2,000
Fuel	5,000	5,000	6,547	(1,547)
Insurance and bonds	18,500	18,500	17,470	1,030
Life, accident and sickness insurance	3,000	3,000	3,263	(263)
Materials for fire prevention week	1,000	1,000	575	425
Medical costs	1,000	1,000	922	78
Miscellaneous	6,620	6,620	6,275	345
Office supplies and postage	3,100	3,100	948	2,152
Operating supplies	4,000	4,000	5,490	(1,490)
Repairs and maintenance				
Building	6,500	6,500	3,875	2,625
Equipment	9,000	9,000	3,926	5,074
Vehicles	17,500	17,500	8,913	8,587
Telephone and communications	3,000	3,000	3,384	(384)
Tools and equipment	4,000	4,000	3,606	394
Travel, meals and lodging	4,000	4,000	4,124	(124)
Treasurers fees - county	9,500	9,500	8,231	1,269
Uniforms	20,000	20,000	21,180	(1,180)
Utilities	9,000	9,000	8,395	605
Total	<u>420,720</u>	<u>420,720</u>	<u>343,917</u>	<u>76,803</u>
Capital Outlay	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>-</u>
Total public safety - fire	<u>670,720</u>	<u>670,720</u>	<u>593,917</u>	<u>76,803</u>
Excess of revenues over expenditures	<u>(212,949)</u>	<u>(212,949)</u>	<u>(100,033)</u>	<u>112,916</u>
Fund Balance				
Beginning fund balance	899,009	899,009	737,712	112,916
Ending fund balance	<u>\$ 686,060</u>	<u>\$ 686,060</u>	<u>\$ 637,679</u>	<u>\$ (48,381)</u>

Delta County Fire Protection District # 1
 Required Supplemental Information
 Schedule of Changes in Net Pension Liability
 For the Year Ended December 31, 2021

Item	Valuation as of January 1, 2020	Valuation as of January 1, 2018
Membership		
• Number of		
- Active members	25	27
- Retired members	13	14
- Disabled members	0	0
- Beneficiaries	5	4
- Terminated vested members	0	12
- Total	43	57
Assets		
• Market value	\$ 1,807,622	\$ 1,630,018
• Employer contribution for prior year	92,375	80,569
• Employer contribution for prior year minus 1	114,098	65,911
Actuarial Information		
• Employer normal cost	\$ 23,172	\$ 30,058
• Normal cost per active member	927	1,113
• Actuarial accrued liability / (Surplus)	2,149,142	2,180,470
• Unfunded actuarial accrued liability / (Surplus)	341,520	550,452
• Calculated annual contribution	54,757	73,176
• Assumed contribution from department	99,579	89,806
• Assumed contribution from State	24,440	24,440
• Funding period based on assumed contributions	4 years	8 years
• Funded ratio*	84.1%	74.8%
• Is current level of contributions adequate?	Yes	Yes

Note: Total market value of plan at December 31, 2021 was modified to \$1,962,663 and therefore, total unfunded pension liability was \$186,479.

Delta County Fire Protection District # 1
Required Information
Schedule of District Contributions
For the Year Ended December 31, 2021

<u>Year</u>	<u>Contribution</u>
2019	\$ 93,619
2020	\$102,032
2021	\$106,327

Delta County Fire Protection District No. 1
Capital Replacement Fund
Schedule of Revenues , Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2021

Revenues	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
Taxes				
General property taxes	\$ 140,410	\$ 140,410	140,083	\$ (327)
Specific ownership taxes	18,000	18,000	24,640	6,640
Interest on delinquent taxes	400	400	83	(317)
Miscellaneous				
Earnings on deposits and investments	6,000	6,000	3,163	(2,837)
Total revenues	<u>164,810</u>	<u>164,810</u>	<u>167,969</u>	<u>3,159</u>
Expenditures				
Public safety - fire				
Current				
Treasurer's fees - county	4,500	4,500	2,829	1,671
Capital outlay				
Equipment	<u>516,000</u>	<u>516,000</u>	<u>232,700</u>	<u>283,300</u>
Total expenditures	<u>520,500</u>	<u>520,500</u>	<u>235,529</u>	<u>284,971</u>
Excess of revenues over expenditures	(355,690)	(355,690)	(67,560)	288,130
Fund balance				
Beginning fund balance	<u>815,816</u>	<u>815,816</u>	<u>912,904</u>	<u>97,088</u>
Ending fund balance	<u>\$ 460,126</u>	<u>\$ 460,126</u>	<u>\$ 845,344</u>	<u>\$ 385,218</u>

Delta County Fire Protection District No. 1
Pension Trust Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Actual and Budget
For the Year Ended December 31, 2021

Revenues	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
Taxes				
General property taxes	\$ 90,587	\$ 90,587	90,377	\$ (210)
Specific ownership taxes	12,000	12,000	15,897	3,897
Interest on delinquent taxes	300	300	53	(247)
Intergovernmental				
State matching (FPPA)	24,440	24,440	24,440	-
Miscellaneous				
Earnings on deposits and investments	64,000	64,000	(51,253)	(115,253)
Total revenues	<u>191,327</u>	<u>191,327</u>	<u>79,514</u>	<u>(111,813)</u>
Expenditures				
Miscellaneous				
Benefit payments	106,200	106,200	106,200	-
Treasurer's fees - county	2,500	2,500	1,809	691
Total expenditures	<u>108,700</u>	<u>108,700</u>	<u>108,009</u>	<u>691</u>
Excess of revenues over expenditures	82,627	82,627	(28,495)	(111,122)
Beginning fund balance	1,900,728	1,900,728	1,943,955	43,227
Gain on investments	-	-	47,203	47,203
Ending fund balance	<u>\$ 1,983,355</u>	<u>\$ 1,983,355</u>	<u>\$ 1,962,663</u>	<u>\$ (20,692)</u>