

**GRAND LAKE FIRE PROTECTION DISTRICT  
FINANCIAL STATEMENTS  
WITH  
INDEPENDENT AUDITOR'S REPORT  
DECEMBER 31, 2021**

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# Green & Associates LLC

Certified Public Accountants & Business Consultants

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Grand Lake Fire Protection District

### Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of Grand Lake Fire Protection District as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Grand Lake Fire Protection District'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 and the major fund of Grand Lake Fire Protection District 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 Grand Lake Fire Protection 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 opinion.

### 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 Grand Lake Fire Protection 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 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 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, including omissions, 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.

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Certified Public Accountants & Business Consultants

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 of 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 Grand Lake Fire Protection 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 Grand Lake Fire Protection 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, Schedule of Revenues, Expenditures and Changes in Fund balances – Budget and Actual General Fund, Schedule of Contributions – Multiyear, Schedule of Changes in Net Pension Liability / (Asset) and Related Ratios Multiyear, Schedule of the District's Proportionate Share of the Net Pension Liability – FPPA SWDB, Schedule of Pension Contributions – FPPA SWDB, as listed in the table of contents, 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. 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Grand Lake Fire Protection District's basic financial statements as a whole. The Schedule of Revenues, Expenditures and Changes in Fund balances – Budget and Actual Debt Service Fund as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Revenues, Expenditures and Changes in Fund balances – Budget and Actual Debt Service Fund is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

*Gunn + Associates LLC*

Longmont, Colorado  
June 8, 2022

## **Management's Discussion and Analysis**

# **Grand Lake Fire Protection District**

## **Management's Discussion and Analysis**

### **Introduction:**

Management's Discussion and Analysis is intended to provide the reader and user of our financial statements with a narrative overview of the District's financial activities. Management's Discussion and Analysis (MD&A) should be read in conjunction with the District's financial statements and notes to the financial statements, beginning on page 7.

### **Overview of the Financial Statements of the District:**

The audited financial statements of the District are:

- Statement of Net Position
- Statement of Activities
- Balance Sheet – Governmental Fund
- Statement of Revenues, Expenditures, and Changes in Fund Balance-Governmental Fund
- Notes to the Financial Statements

The financial statements of the District are presented as a special purpose government engaged in government type activities. These financial statements distinguish between the functions of the District that will be principally supported by taxes. The functions of the District include the provision of fire protection services and emergency services.

The **Statement of Net Position** is prepared using the full accrual basis of accounting, provides information about what is owned (assets) by the District, what is owed (liabilities) by the District, and what is the District's equity in its assets (Net Position). Over time, the comparison of changes in Net Position may provide a useful method of evaluating whether the financial position of the District is improving, deteriorating, or maintaining a status quo.

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

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

The **Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds** presents the activities of the District's funds using the modified accrual method of accounting which includes expenditures for capital assets and debt service obligations. This method approximates the reporting on a cash basis and closely follows the budgetary method.

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

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

**Condensed Comparative Financial Information:**  
**Condensed Statement of Net Position**

	<u>2021</u>	<u>2020</u>
Current Assets		
Cash and cash equivalents	\$ 1,875,944	\$ 900,657
Other current assets	1,846,452	2,504,356
	<u>3,722,396</u>	<u>3,405,013</u>
Non Current Assets		
Capital assets – net	5,248,763	5,356,131
Other	882,839	651,043
Total Assets	<u>9,853,998</u>	<u>9,412,187</u>
Deferred Outflows of Resources	492,409	287,106
Current Liabilities	332,717	144,685
Long Term Liabilities	1,845,596	2,271,887
Total Liabilities	<u>2,178,313</u>	<u>2,416,572</u>
Deferred Inflows of Resources	<u>2,404,179</u>	<u>1,768,557</u>
Net Position		
Net investment in capital assets	2,987,850	3,194,908
Restricted	954,139	709,743
Unrestricted	1,600,142	1,609,509
Total Net Position	<u>\$ 5,542,131</u>	<u>\$ 5,514,160</u>

**Condensed Statement of Activities**

	<u>2021</u>	<u>2020</u>
Program Expenses		
Fire protection and emergency services	2,363,605	3,372,376
Total Program Expenses	<u>2,363,605</u>	<u>3,372,376</u>
Program Revenues		
Charges for services	394,887	918,627
Grants & contributions	142,936	427,139
Total Program Revenue	<u>537,823</u>	<u>1,345,766</u>
Net Program Expense	<u>1,825,782</u>	<u>2,026,610</u>
General Revenues	<u>1,853,753</u>	<u>1,826,562</u>
Change in Net Position	27,971	(200,048)
Net Position, Beginning of Year	5,514,160	5,714,208
Net Position, End of Year	<u>\$ 5,542,131</u>	<u>\$ 5,514,160</u>

This foregoing information is a summary of the financial information contained in the District's financial statements. For more about the information contained in this condensed, comparative financial information, we recommend a close review of the accompanying audited financial statements beginning on page 7.

### **Discussion of Financial Position and Operating Activities**

The District's Net Position as of December 31, 2021 was \$5,542,131. This is an increase of \$27,971 from 2020. Capital expenditures are not expensed in this statement.

Unrestricted cash and cash equivalents of the District at December 31, 2021, totaled \$1,875,944, which is an increase from the previous year.

Capital Assets, net of accumulated depreciation, of the District at December 31, 2021, totaled \$5,248,763 which includes additions of \$0.

General revenues were \$1,853,753 and relate primarily to taxes and earnings on investments. See page 6 of the accompanying Financial Statements for details of these revenues and expenses.

### **Fund Discussion**

The General Fund balance increased from \$1,686,378 in 2020 to \$1,882,441 in 2021. The fund balance includes \$71,300 restricted for emergencies in accordance with TABOR requirements. The assets and liabilities are comprised primarily of cash, investments and property tax revenues to be realized in 2022.

The General Fund revenues exceeded expenditures by \$196,063 see page 8 of the accompanying financial statements for the details of the revenues and expenditures.

### **General Fund Budgetary Discussion**

Actual revenues for 2021 were \$595,124 more than the final budget. Actual expenditures for 2021 were \$255,441 less than the final budgeted expenditures primarily because of lower than expected mitigation services. See page 24 of the accompanying financial statements for more detail. The budget was not amended for the year, as such all numbers are compared to the final budgeted amounts.

### **Capital Assets and Long-term Obligations**

**Capital Assets.** The District's primary capital assets are buildings and fire suppression equipment. There were no capital asset additions in 2021. There was a disposal of equipment that was fully depreciated during the year. See Note 3 of the Notes to the Financial Statements on page 14.

**Long-term Debt.** The only activity in long-term debt was the scheduled payments on the capital leases.

**Economic Factors and Next Year's Budget.** The District is expecting an increase in property taxes in 2022 relating to increases in assessed valuation. The expenses are projected to remain relatively the same. Other revenues of the district are not expected to fluctuate much in the upcoming year.

**Requests for Information.** This financial report is designed to provide a general overview of Grand Lake Fire Protection District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to the District at Grand Lake Fire Protection District, PO Box 1408, 201 W Portal Road, Grand Lake, CO 80447.

## **Basic Financial Statements**

**Grand Lake Fire Protection District  
Statement of Net Position  
December 31, 2021**

**Assets**

**Current Assets**

Cash and cash equivalents	\$ 1,875,944
Investments	22,395
Prepaid expenses	5,876
Cash at county treasurer	13,429
Accounts receivable	27,197
Property taxes receivable	<u>1,777,555</u>
Total Current Assets	<u>3,722,396</u>

**Noncurrent Assets**

Net pension asset - SWDB	280,306
Net pension asset - Volunteer	602,533
Capital assets	
Non-depreciable	90,115
Depreciable	9,129,898
Less: Accumulated depreciation	<u>(3,971,250)</u>
Net Capital Assets	<u>5,248,763</u>
Total Noncurrent Assets	<u>6,131,602</u>

Total Assets 9,853,998

**Deferred Outflows of Resources**

FPPA Volunteer Pension	49,498
FPPA SWDB Pension	<u>442,911</u>
Total Deferred Outflows of Resources	<u>492,409</u>

**Liabilities**

**Current Liabilities**

Accounts payable	6,236
Accrued wages	20,500
Other accrued liabilities	30,490
Accrued compensated absences	81,958
Capital lease - current portion	<u>193,533</u>
Total Liabilities	<u>332,717</u>

Long Term Liabilities

Capital lease - long-term	<u>2,067,380</u>
Total Long Term Liabilities	<u>2,067,380</u>
Total Liabilities	<u>2,400,097</u>

**Deferred Inflows of Resources**

Deferred property taxes	1,777,555
FPPA Volunteer Pension	170,231
FPPA SWDB Pension	<u>456,393</u>
Total Deferred Inflows of Resources	<u>2,404,179</u>

**Net Position**

Net investments in capital assets	2,987,850
Restricted for emergencies	71,300
Restricted - pension	882,839
Unrestricted	<u>1,600,142</u>
Total Net Position	<u>\$ 5,542,131</u>

**Grand Lake Fire Protection District  
Statement of Activities  
For the Year Ended December 31, 2021**

		Program Revenues		Net (Expenses) Revenue and Changes in Net Position
<b>Governmental Activities</b>	Expenses	Charges for Service	Operating Grants and Contributions	Governmental Activities
Fire protection and emergency services	\$ 2,363,605	\$ 394,887	\$ 142,936	\$ (1,825,782)
<b>Total Governmental Activities</b>	<b>\$ 2,363,605</b>	<b>\$ 394,887</b>	<b>\$ 142,936</b>	<b>(1,825,782)</b>
<b>General Revenues</b>				
				1,653,977
				134,627
				4,355
				45,894
				14,900
				<b>1,853,753</b>
				27,971
				5,514,160
				<b>\$ 5,542,131</b>

## **Fund Financial Statements**

**Grand Lake Fire Protection District  
Balance Sheet  
December 31, 2021**

	Major Fund	Non-Major Fund	Total
	General Fund	Debt Service Fund	Governmental Funds
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 1,870,770	\$ 5,174	\$ 1,875,944
Investments	22,395	-	22,395
Prepaid expenses	5,876	-	5,876
Cash at county treasurer	13,429	-	13,429
Accounts receivable	27,197	-	27,197
Property taxes receivable	1,777,555	-	1,777,555
<b>Total Assets</b>	<b>\$ 3,717,222</b>	<b>\$ 5,174</b>	<b>\$ 3,722,396</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts payable	\$ 6,236	\$ -	\$ 6,236
Accrued wages	20,500	-	20,500
Other accrued liabilities	30,490	-	30,490
<b>Total Liabilities</b>	<b>57,226</b>	<b>-</b>	<b>57,226</b>
<b>Deferred Inflows of Resources</b>			
Deferred property tax revenue	1,777,555	-	1,777,555
<b>Total Deferred Inflows of Resources</b>	<b>1,777,555</b>	<b>-</b>	<b>1,777,555</b>
<b>Equity</b>			
Fund Balance			
Restricted	71,300	-	71,300
Nonspendable	5,876	-	5,876
Unassigned	1,805,265	5,174	1,810,439
<b>Total Fund Balance</b>	<b>1,882,441</b>	<b>5,174</b>	<b>1,887,615</b>
<b>Total Liabilities, Fund Balance and Deferred Inflows</b>	<b>\$ 3,717,222</b>	<b>\$ 5,174</b>	<b>\$ 3,722,396</b>

**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position**

Amounts reported for governmental funds in the Statement of Net Position are different because:

Total fund balance	1,887,615
Capital Assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	5,248,763
Net pension liability, asset, and the related deferred inflows and outflows of resources are not current financial resources and are therefore not reported in the fund financial statements.	748,624
Capital leases are not due and payable in the current period and therefore are not reported as liabilities in the fund financial statements	(2,260,913)
Accrued compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the fund financial statements	(81,958)
<b>Total Net Position</b>	<b>\$ 5,542,131</b>

**Grand Lake Fire Protection District**  
**Statement of Revenue, Expenditures and Changes in Fund Balance**  
**For the Year Ended December 31, 2021**

	Major Fund	Non-Major Fund	Total
	General Fund	Debt Service Fund	Governmental Funds
<b>Revenues</b>			
Property taxes	\$ 1,653,977	\$ -	\$ 1,653,977
Specific ownership taxes	134,627	-	134,627
Earnings on investments	4,355	-	4,355
Contributions	62,081	-	62,081
Charges for services	394,887	-	394,887
Grants	80,855	-	80,855
Other	45,894	-	45,894
Total Revenue	<u>2,376,676</u>	<u>-</u>	<u>2,376,676</u>
<b>Expenditures</b>			
Wages and benefits	1,533,435	-	1,533,435
Administration	193,969	-	193,969
Firefighting and rescue operations	148,556	-	148,556
County treasurer fees	82,896	-	82,896
Capital lease payments - principal	122,094	-	122,094
Capital lease payments - interest	114,563	-	114,563
Total Expenditures	<u>2,195,513</u>	<u>-</u>	<u>2,195,513</u>
Revenue Over (Under) Expenditures	<u>181,163</u>	<u>-</u>	<u>181,163</u>
<b>Other Financing Sources</b>			
Proceeds from sale of capital assets	14,900	-	14,900
Total Other Financing Sources	<u>14,900</u>	<u>-</u>	<u>14,900</u>
Net Change in Fund Balance	196,063	-	196,063
Fund Balance, beginning of year	<u>1,686,378</u>	<u>5,174</u>	<u>1,691,552</u>
Fund Balance, end of year	<u>\$ 1,882,441</u>	<u>\$ 5,174</u>	<u>\$ 1,887,615</u>
Total Change in Fund Balance Governmental Fund			\$ 196,063
Depreciation expense reported in the Statement of Activities does not require the			(329,152)
Accrued vacation does not require the use of current financial resources and therefore is not reported in the fund financial statements.			28,706
Changes arising from the change in Net pension liability and the related deferred inflows and outflows of resources are not current financial resources and are therefore not reported in the fund financial statements.			(54,120)
The change in accrued interest does not use current financial resources and therefore is not reported on the governmental funds statements			64,380
Payments on capital leases are reported as expenditures on the governmental fund statements but are reported as a reduction of long-term debt on the Statement of Net Position			122,094
Change in Net Position of Governmental Activities			<u>\$ 27,971</u>

**Grand Lake Fire Protection District**  
**Notes to Financial Statements**  
**December 31, 2021**

**Note 1 Summary of Significant Accounting Policies**

**Financial Reporting Entity**

In conformance with Governmental Accounting and Financial Reporting Standards, Grand Lake Fire Protection District, (the "District"), is the reporting entity for financial reporting purposes. The District is the primary government financially accountable for all activities of the District within the geographical area organized as the Grand Lake Fire Protection District. The District meets the criteria of a primary government: its Board of Directors is the publicly elected governing body; it is a legally separate entity; and it is fiscally independent.

In accordance with governmental accounting standards, the District has considered the possibility of inclusion of additional entities in its financial statements. The definition of the reporting entity is based primarily on financial accountability. No other entities have been included in the District's financial statements.

***Basis of Presentation***

The District's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements which provide a more detailed level of information.

***Government-wide Financial Statements***

The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include the financial activities of the primary government and exclude the activity of funds that are fiduciary in nature.

The Statement of Net Position presents the financial position of the governmental activities at the end of the year. The Statement of Activities presents a comparison between program expenses and the program revenue for each program or function of the District's governmental activities. Program expenses are those that are specifically associated with a service, program or department; and therefore, clearly identifiable to a particular function. Program revenue includes charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenue are presented as general revenue of the District, with certain limited exceptions. The comparison of program expenses with program revenue identifies the extent to which each governmental function is self-financing or draws from the general revenue of the District.

***Fund Financial Statements***

During the year the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds.

**Grand Lake Fire Protection District**  
**Notes to Financial Statements (Continued)**  
**December 31, 2021**

**Note 1 Summary of Significant Accounting Policies (Continued)**

***Fund Accounting***

The accounts of the District are organized on the basis of funds which are considered a separate accounting entity. The District reports the following major governmental fund.

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

**Measurement Focus and Basis of Accounting**

***Government-wide Financial Statement***

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. All assets and liabilities associated with the District are included in the Statement of Net Position.

***Fund Financial Statements***

All governmental funds are accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet and only revenues that are available within 60 days are recorded in the Statement of Revenues, Expenditures and Changes in Fund Balance. The Statement of Revenues, Expenditures, and Changes in Fund Balance reports on the sources and uses of current financial resources. This approach differs from the manner in which the activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

***Revenue***

Revenue resulting from exchange transactions, in which each party gives and receives essentially the same value, is recorded on the accrual basis, when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are both measurable and available to finance expenditures, which is typically within sixty days of realization. The transactions are classified as operating revenues.

Non-exchange transactions, in which the District receives value without directly giving value in return, include property taxes, grants, entitlements and donations. Revenue from property tax is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. These transactions are classified as non-operating revenues.

***Property Taxes***

The County Treasurer collects and remits property taxes to the District monthly. Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied for the current year prior to December 31 and are payable in full on April 30 of the subsequent year, or in two installments on February 28 and June 15. Property taxes are recorded as receivables and deferred revenue when levied. As taxes are collected, the receivable and deferral are reduced and income is recognized.

**Grand Lake Fire Protection District**  
**Notes to Financial Statements (Continued)**  
**December 31, 2021**

**Note 1 Summary of Significant Accounting Policies (Continued)**

***Expenses/Expenditures***

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

Cash and cash equivalents- The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with maturities of 90 days or less at the date of their acquisition.

Investments – investments are recorded at fair value, which approximates cost.

Receivables – all receivables are reported at their book value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. No allowance for doubtful accounts has been established since the District has the right to place a lien on the property to collect the balance due.

***Assets and Liabilities***

Capital assets –Capital assets are stated at cost or estimated cost. The capitalization threshold for fixed assets is \$5,000. Depreciation over the estimated useful lives of the assets is computed using the straight-line method. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Estimated useful lives are as follows:

<u>Description</u>	<u>Estimated Lives</u>
Land	N/A
Buildings and improvements	20-50 years
Vehicles	10-20 years
Equipment	5-10 years

These assets are reported in the government-wide Statement of Net Position but are not reported in the fund financial statements.

***Accrued Liabilities and Long-Term Obligations***

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. Long-term debt obligations are not recognized as a liability on the governmental fund financial statements but instead are recorded when paid.

Compensated absences represent the accumulated unpaid vacation time accrued by the employees. Upon termination of employment each employee will be compensated for their unused vacation time at their current rate of pay up to a maximum of 240 hours. There is no payment for sick time upon termination of employment. In the government fund unpaid vacation is not expected to be paid from current resources and therefore is not accrued. Unpaid vacation is reported as a liability on the government-wide financial statements.

**Grand Lake Fire Protection District**  
**Notes to Financial Statements (Continued)**  
**December 31, 2021**

**Note 1 Summary of Significant Accounting Policies (Continued)**

**Deferred Outflows / Inflows of Resources**

The District implemented the provisions of GASB No. 63 Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position (GASB 63) and the provisions of GASB No. 65 Items Previously Reported as Assets and Liabilities (GASB 65). As a result in addition to assets, liabilities and net position, the statement of net position will sometimes report a separate section for deferred outflows of resources and deferred inflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period (deferred outflow) or the acquisition of net position that applies to future periods (deferred inflows).

***Net Position***

Equity is classified as net position and displayed in three components:

- a. Net investments in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted Net Position – consists of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The District utilizes restricted net position before utilizing unrestricted net position when an expense is incurred for both purposes.
- c. Unrestricted Net Position – all other net position that do not meet the definition of “restricted” or “net investment in capital assets.” These net position are available for future operations or distributions.

***Fund Balance***

*Nonspendable*- consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The nonspendable fund balance was \$5,876 as of December 31, 2021.

*Restricted* - General Fund - Article X, Section 20 of the Constitution of the State of Colorado (TABOR) requires the District to establish Emergency reserves (see Note 5). A reservation of \$71,300 of the General Fund balance has been made in compliance with this requirement.

*Committed- General Fund* - Committed fund balance includes those items which can be used for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. Those committed amounts cannot be used for any other purpose unless the Board of Directors formally removes or changes the specified uses. The District had a committed fund balance of \$0 as of December 31, 2021.

*Assigned* – Includes all amounts that are constrained by the District’s intent to be used for a specific purpose but are neither committed nor restricted. The assignment of these balances must occur through a formal action of the Board of Directors. As of December 31, 2021, the assigned fund balance was \$0.

**Grand Lake Fire Protection District**  
**Notes to Financial Statements (Continued)**  
**December 31, 2021**

**Note 1 Summary of Significant Accounting Policies (Continued)**

Unassigned- consists of the residual classification for the fund. This represents amounts that have not been assigned to other funds and that has not been restricted, committed, or assigned for specific purposes.

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.

**Budgets and Budgetary Accounting**

Budgets are adopted on a cash basis except for accrual of current vendor invoices. Annual appropriated budgets are adopted for the fund. All annual appropriations lapse at fiscal year-end.

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

- Budgets are required by state law for all funds. The budget includes proposed expenditures and the means of financing them. All appropriations lapse at year-end.
- Prior to December 31, the budget is adopted by formal resolution.
- Budgets are required to be filed with the State of Colorado within thirty days after the beginning of the fiscal year.
- Expenditures may not legally exceed appropriations at the fund level.
- The District Board must approve revisions that alter the total expenditures of any fund.
- Budgeted amounts reported in the accompanying financial statements are as originally adopted by the District Board or revised by the District Board.

**Use of Estimates in the Preparation of Financial Statements**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Note 2 Cash and Investments**

**Cash Deposits**

As of December 31, 2021, the District's cash deposits had a carrying balance of \$243,426 with corresponding bank balance of \$245,597 of which \$245,597 is federally insured. The District had deposits in the amount of \$0 which are in excess of FDIC coverage. These deposits are collateralized under the Colorado Public Deposit Protection Act. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is specified under the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

The Colorado Divisions of Banking and Financial Services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

**Grand Lake Fire Protection District**  
**Notes to Financial Statements (Continued)**  
**December 31, 2021**

**Note 2 Cash and Investments (Continued)**

**Investments**

Colorado statutes specify in which investment instruments the units of local government may invest:

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

The District had \$22,395 invested in certificates of deposit with United Business Bank with maturities ranging from 12 – 24 months as of December 31, 2021. These certificates' were not rated.

**Custodial Credit Risk – Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's deposit policy is in accordance with State statute. As of December 31, 2021, none of the District's bank deposits were exposed to custodial credit risk.

At December 31, 2021 District had \$1,632,518 invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAM by Standard & Poor's and is measured at net asset value (NAV). There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

**Interest Rate Risk**

Colorado statutes require that no investment may have a maturity in excess of five years from the date of purchase, unless an available active market exists. The District's investment portfolio does not contain investments that exceed that limitation of five years. A summary of cash and cash equivalents at December 31, 2021, is as follows:

**Grand Lake Fire Protection District**  
**Notes to Financial Statements (Continued)**  
**December 31, 2021**

**Note 2 Cash and Investments (Continued)**

Cash deposits	\$ 243,426
Colostrust	1,632,518
	<u>                    </u>
Total cash and cash equivalents	<u>\$ 1,875,944</u>

**Note 3 Capital Assets**

	Balance at 12/31/2020	Additions	Deletions	Balance at 12/31/2021
Non-Depreciable				
Land	\$ 90,115	\$ -	\$ -	\$ 90,115
Total Non-Depreciable	<u>90,115</u>	<u>-</u>	<u>-</u>	<u>90,115</u>
Depreciable				
Buildings and improvements	3,794,700	-	-	3,794,700
Firetrucks and equipment	<u>5,335,198</u>	<u>-</u>	<u>-</u>	<u>5,335,198</u>
Total Depreciable	<u>9,129,898</u>	<u>-</u>	<u>-</u>	<u>9,129,898</u>
Less Accumulated Depreciation				
Buildings and improvements	(1,537,846)	(82,418)	-	(1,620,264)
Firetrucks and equipment	<u>(2,104,252)</u>	<u>(246,734)</u>	<u>-</u>	<u>(2,350,986)</u>
Total Accumulated Depreciation	<u>(3,642,098)</u>	<u>(329,152)</u>	<u>-</u>	<u>(3,971,250)</u>
Net Capital Assets	<u>\$ 5,577,915</u>	<u>\$ (329,152)</u>	<u>\$ -</u>	<u>\$ 5,248,763</u>

Depreciation expense has been allocated to the various activities as follows:

Firefighting and rescue operations	\$ 329,152
Total depreciation charged to expense	<u>\$ 329,152</u>

**Note 4 Long-Term Obligations**

On January 29, 2020, the District entered into a lease-purchase agreement with TCF National Bank (lessor) in the principal amount of \$197,655. Proceeds were used to acquire a Type-1 Ambulance. Payments including interest calculated at 3.68%, in the amount of \$21,426 are due semiannually in February and August through 2024. The lease is secured by the ambulance, which transfers to the District following fulfillment of the lease terms. The lease contains various covenants and representations that are usual and customary for municipal financing. Events of default include failure to pay lease payments when due, and a substantial deterioration in the District's financial condition. The lessor's remedies include declaring the entire unpaid portion of the lease to be immediately paid, and requiring return of the ambulance and the attached equipment.

On February 18, 2020, and subsequently amended on December 8, 2020, the District entered into a lease-purchase agreement with PNC Equipment Finance, LLC (lessor) in the principal amount of \$2,224,962. Proceeds were used to acquire a rescue pumper, aerial ladder truck, and related equipment (the equipment). Payments, including interest calculated at 3.68%, in the amount of \$172,691 are due annually in February through 2035. The lease is secured by the equipment, which transfers to the District following fulfillment of the lease terms. The lease contains various covenants and representations that are usual and customary

**Grand Lake Fire Protection District  
Notes to Financial Statements (Continued)  
December 31, 2021**

**Note 4 Long-Term Obligations (Continued)**

for municipal financing. Events of default include failure to pay lease payments when due, declaration of bankruptcy by the District, or violation of any covenant. The lessor's remedies include declaring the entire unpaid portion of the lease to be immediately paid, sale of the equipment with proceeds paid to lessor, and requiring return of the pumper and attached equipment.

The future minimum payments on the long-term obligations are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 193,533	\$ 40,820	\$ 234,353
2023	164,200	70,154	234,354
2024	169,909	64,444	234,353
2025	132,570	58,931	191,501
2026	137,078	54,424	191,502
2027-2031	758,549	198,958	957,507
2032-2035	705,074	60,934	766,008
Total	<u>\$2,260,913</u>	<u>\$ 548,665</u>	<u>\$2,809,578</u>

**Note 5 Tax, Spending, and Debt Limitation**

Article X, Section 20 of the Colorado Constitution, The Taxpayer's Bill of Rights (TABOR), contains several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. TABOR is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of TABOR.

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

TABOR requires local governments to establish emergency reserves, which 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. This District had an emergency reserve of \$71,300 as of December 31, 2021.

**Note 6 Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster. The District maintains commercial insurance to mitigate their risks of loss. Settled claims have not exceeded commercial coverage in any of the past three fiscal years.

**Note 7 Pension Plans**

*Volunteer Fireman's Pension Plan*

The District has established an single-employer defined benefit pension plan for volunteer firefighters (the "Plan") as authorized by the State of Colorado statute. The Plan is administered by the FPPA. Any firefighter who has both attained the age of 50 and completed 20 years of active service shall be eligible for monthly pension. A lesser

**Grand Lake Fire Protection District  
Notes to Financial Statements (Continued)  
December 31, 2021**

**Note 7 Pension Plans (Continued)**

pension is available after 10 years of active service. A firefighter, who is disabled in the line of duty and whose disability is of such character and magnitude as to deprive the firefighter of earning capacity and extends beyond one year, shall be compensated in an amount determined by the pension Board of Directors. The annual financial report of FPPA may be obtained by contacting FPPA at 5290 DTC Parkway, Suite 100, Greenwood Village, CO 80111-2721. The plan consists of 13 retirees, 10 active members and 0 inactive non-retired members.

The Plan receives contributions from the District based on amounts determined by the pension board. As established by the legislature, the State of Colorado contributes 90% of the District's contribution. The contributions are not actuarially determined. An actuary is used to determine the adequacy of contributions. For the year ended December 31, 2021, the District contributed \$0. For the year ended December 31, 2020 the District contributed \$0 and the State contributed \$0 which was equal or greater than the required contributions to the Plan.

The plan provides retirement benefits as established by the pension fund's board of trustees which is comprised of the five directors of the district and two district volunteer firefighters. The pension board is responsible for establishing and amending benefit terms. Volunteers right to a benefit vests after 10 years and there are no forfeiture rules. Upon retirement, beneficiaries receive \$45 per month for every year of service over 10 years, up to 20 years of service.

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

At December 31, 2021, the Department reported an asset of (\$602,533) for its net pension liability / (asset). The net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. For the year ended December 31, 2021, the Department recognized pension expense / (income) of \$75,182. At December 31, 2021, the Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows Resources</b>	<b>of</b>	<b>Deferred Inflows of Resources</b>
Differences between actual and expected experience	\$0		\$0
Changes in assumptions	0		0
Net difference between actual and projected earnings on pension plan investments	49,498		170,231
Department contributions subsequent to the measurement date	0		0
<b>Total</b>	<b>\$ 49,498</b>		<b>\$ 170,231</b>

**Grand Lake Fire Protection District  
Notes to Financial Statements (Continued)  
December 31, 2021**

**Note 7 Pension Plans (Continued)**

\$0 reported as deferred outflows of resources related to pensions resulting from Department contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Deferred outflows / inflows of resources to be amortized are as follows:

<u>Year Ending</u>	<u>Net Deferred Outflows / (Inflows) of Resources</u>
2022	(40,335)
2023	(18,042)
2024	(42,791)
2025	(19,565)
2026	-
Thereafter	-
<b>Total</b>	<b>(120,733)</b>

*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:

Investment rate of return	7.00 percent, compounded annually net of operating expenses, and including inflation
Projected salary increases	N/A
Cost of Living Adjustment	0.0 percent
Inflation	2.5 percent

On-duty related mortality is assumed to be 0.00020 per year for all members. The actuarial assumptions used in the January 1, 2021 valuation were based on the results of an actuarial experience study for the period ending December 31, 2018. As a result of the 2018 actuarial experience study, the main actuarial factor changes were:

- Decreased investment rate of return from 7.00%
- Revised the mortality rates

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long Term Expected Rate of Return</b>
Cash	2%	2.32%
Fixed Income - Rates	10%	4.01%
Fixed Income - Credit	5%	5.25%
Absolute Return	10%	5.60%
Long Short	8%	6.87%
Global Public Equity	39%	8.23%
Private Capital	26%	10.63%
<b>Total</b>	<b>100%</b>	

**Grand Lake Fire Protection District  
Notes to Financial Statements (Continued)  
December 31, 2021**

**Note 7 Pension Plans (Continued)**

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

*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 Fire & Police Pension Association Board of Director's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the Plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Department's proportionate share of the net pension liability to changes in the discount rate.* The following presents the Department's net pension liability/(asset) calculated using the discount rate of 7.50 percent, as well as what the Department's net pension liability/(Asset) would be if it were calculated using a discount rate that is 1-percentagepoint lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	<b>1.00% Decrease</b>	<b>Current Discount Rate*</b>	<b>1.00% Increase</b>
Department's net pension liability/(asset)	\$(488,867)	\$(602,533)	\$(699,398)

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued Fire & Police Pension Association of Colorado financial report.

**Statewide Defined Benefit Pension Plan**

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 police officers 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.

**Grand Lake Fire Protection District**  
**Notes to Financial Statements (Continued)**  
**December 31, 2021**

**Note 7 Pension Plans (Continued)**

Colorado statutes assign the District 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 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.

**Contributions**

The Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. Contribution rates for 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 contributing at the rate of 10 percent and 8 percent, respectively, of base salary for a total contribution rate of 18 percent in 2020. In 2014, the members elected to increase the member contribution rate to the SWDB plan beginning in 2016. Member contribution rates will increase 0.5 percent annually through 2022 to a total of 12 percent of base salary. Employer contributions will increase .5 percent beginning in 2020 through 2030 until it reaches 13 percent of pensionable earnings. Contributions to the SWDB plan from the District were \$80,273 for the year ended December 31, 2021.

**Grand Lake Fire Protection District  
Notes to Financial Statements (Continued)  
December 31, 2021**

**Note 7 Pension Plans (Continued)**

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

At December 31, 2021, the District reported a net pension asset of \$(283,336) for its proportionate share of the net pension liability (asset). The net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2021. The District's proportion of the net pension liability was based on the 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 .1291133742 percent, which was an increase of .0626950242 percent from its proportion measured as of December 31, 2019. For the year ended December 31, 2021, the District recognized pension income of \$21,062. At December 31, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between actual and expected experience	\$237,727	\$1,116
Changes in assumptions	119,218	0
Net difference between actual and projected earnings on pension plan investments	0	287,914
Net impact in change in proportionate share	5,693	167,363
Contributions subsequent to the measurement date	80,273	0
<b>Total</b>	<b>\$442,911</b>	<b>\$456,393</b>

\$80,273 in total reported as deferred outflows of resources related to pension resulting from District's contributions subsequent to measurement date will be recognized as a reduction of the net pension liability 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:

<u>Year Ended</u>	<u>Pension Expense</u>
2022	\$ (51,090)
2023	(13,746)
2024	(62,184)
2025	(13,448)
2026	31,302
Thereafter	15,411
<b>Total</b>	<b>\$ (93,755)</b>

**Actuarial Assumptions**

The total pension liability in the January 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

**Grand Lake Fire Protection District  
Notes to Financial Statements (Continued)  
December 31, 2021**

**Note 7 Pension Plans (Continued)**

	<u>Total Pension Liability</u>	<u>Actuarial Determined Contributions</u>
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%

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

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

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	39.00%	8.23%
Equity Long / Short	8.00%	6.87%
Private Markets	26.00%	10.63%
Fixed Income - Rates	10.00%	4.01%
Fixed Income – Credit	5.00%	5.25%
Absolute Return	10.00%	5.60%
Cash	2.00%	2.32%
<b>Total</b>	<b>100.00%</b>	

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 Director reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the FPPA's actuaries, Gabriel, Roder, Smith & Co., based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2019. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

**Grand Lake Fire Protection District  
Notes to Financial Statements (Continued)  
December 31, 2021**

**Note 7 Pension Plans (Continued)**

**Discount Rate**

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00 percent; the municipal bond rate is 2.00 percent (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting single discount rate is 7.00 percent.

**Sensitivity of the District's Proportionate Share of the Net Pension Liability (asset) to Changes in the Discount Rate**

The following presents the District's proportionate share of the net pension liability (asset) calculated using the 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:

<u>Discount Rate:</u> _____	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
Proportionate share of the net pension liability (asset)	<u>\$ 282,084</u>	<u>\$(280,306)</u>	<u>\$(746,034)</u>

**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>.

## **Required Supplementary Information**

**Grand Lake Fire Protection District**  
**Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual General Fund**  
**For the Year Ended December 31, 2021**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with final budget favorable (unfavorable)</u>
<b>Revenues</b>			
Property taxes	\$ 1,663,152	\$ 1,653,977	\$ (9,175)
Specific ownership taxes	50,000	134,627	84,627
Earnings on investments	5,000	4,355	(645)
Contributions	-	62,081	62,081
Charges for services	-	394,887	394,887
Grants and other donations	-	80,855	80,855
Other	78,300	45,894	(32,406)
Sales of assets	-	14,900	14,900
Total Revenue	<u>1,796,452</u>	<u>2,391,576</u>	<u>595,124</u>
<b>Expenditures</b>			
Operations:			
Wages and benefits	1,637,182	1,533,435	103,747
Administration	102,350	193,969	(91,619)
Firefighting and rescue operations	141,250	148,556	(7,306)
County treasurer fees	83,500	82,896	604
Capital lease payments	236,672	236,657	15
Contingency	250,000	-	250,000
Total Expenditures	<u>2,450,954</u>	<u>2,195,513</u>	<u>255,441</u>
Net Change in Fund Balance	<u>\$ (654,502)</u>	<u>196,063</u>	<u>\$ 850,565</u>
Fund Balance, beginning of year		<u>1,686,378</u>	
Fund Balance, end of year		<u>\$ 1,882,441</u>	

**Grand Lake Fire Protection District  
Schedule of Contributions Multiyear  
Last 10 Fiscal Years \*\***

FY Ending December 31, (a)	Actuarially Determined Contribution (b)	Actual Contribution * (c)	Contribution Deficiency (Excess) (d) = (b) - (c)	Covered Payroll (e)	Actual Contribution as a % of Covered Payroll (f)
2020	\$ -	\$ -	\$ -	N/A	N/A
2019	\$ -	\$ -	\$ -	N/A	N/A
2018	\$ -	\$ -	\$ -	N/A	N/A
2017	\$ -	\$ -	\$ -	N/A	N/A
2016	\$ -	\$ -	\$ -	N/A	N/A
2015	\$ -	\$ -	\$ -	N/A	N/A
2014	\$ -	\$ -	\$ -	N/A	N/A
2013	\$ -	\$ -	\$ -	N/A	N/A
2012	\$ -	\$ -	\$ -	N/A	N/A
2011	\$ -	\$ -	\$ -	N/A	N/A

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

**Notes to the Schedule of Contributions**

**Valuation Date**

Actuarially determined contribution rates are calculated as of January 1 of odd numbered years. The contribution rates have a one-year lag, so the actuarial valuation as of January 1, 2021, determines the contribution amounts for 2021 and 2022.

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

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

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

**Grand Lake Fire Protection District  
Required Supplementary Information  
Schedule of Changes in Net Pension Liability / (Asset) and Related Ratios Multiyear  
Last 10 Fiscal Years**

Measurement date December 31,	2020	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>							
Service cost	\$ 2,829	\$ 2,829	\$ 9,223	\$ 9,223	\$ 7,752	\$ 7,752	\$ 6,213
Interest	74,668	76,603	81,739	82,379	85,833	85,797	68,349
Changes of benefit terms	128,966	-	-	-	-	-	-
Differences between expected and actual experience	15,167	-	(22,175)	-	(76,044)	-	(17,946)
Changes of assumptions	-	-	41,105	-	36,401	-	-
Benefit payments, including refunds of employee contributions	(111,933)	(102,380)	(102,060)	(98,301)	(103,050)	(83,420)	(87,780)
<b>Net Change in Total Pension Liability</b>	109,697	(22,948)	7,832	(6,699)	(49,108)	10,129	(31,164)
<b>Total Pension Liability -Beginning</b>	1,120,311	1,143,259	1,135,427	1,142,126	1,191,234	1,181,105	1,212,269
<b>Total Pension Liability - Ending</b>	1,230,008	1,120,311	1,143,259	1,135,427	1,142,126	1,191,234	1,181,105
<b>Plan Fiduciary Net Position</b>							
Contributions - Employer	-	-	-	-	-	-	-
Net investment income	215,180	225,559	1,420	227,386	83,709	30,228	110,504
Benefit payments, including refunds of employee contributions	(111,933)	(102,380)	(102,060)	(98,301)	(103,050)	(83,420)	(87,780)
Administrative expense	(4,496)	(5,606)	(4,088)	(4,209)	(2,775)	(4,707)	(2,905)
State of Colorado supplemental discretionary payments	-	-	-	-	-	-	-
<b>Net Change in Plan Fiduciary Net Positions</b>	98,751	117,573	(104,728)	124,876	(22,116)	(57,899)	19,819
<b>Plan Fiduciary Net Position - Beginning</b>	1,733,790	1,616,217	1,720,945	1,596,069	1,618,185	1,676,084	1,656,265
<b>Plan Fiduciary Net Position - Ending</b>	1,832,541	1,733,790	1,616,217	1,720,945	1,596,069	1,618,185	1,676,084
<b>Net Pension liability - Ending</b>	(602,533)	(613,479)	(472,958)	(585,518)	(453,943)	(426,951)	(494,979)
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	148.99%	154.76%	141.37%	151.57%	139.75%	135.84%	141.91%
<b>Covered employee payroll</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Net pension liability as a percentage of covered employees payroll.</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A

\* This report is intended to show 10 years of data. Additional years will be shown as the information becomes available.

**Grand Lake Fire Protection District**  
**Required Supplementary Information**  
**Schedule of the District's Proportionate Share of the Net Pension Liability - FPPA SWDB**  
**Last 10 Fiscal Years \***

	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability / asset	0.1291133742%	0.0664183500%	0.0589957760%	0.0612018110%	0.0587529830%	0.0587027980%	0.0585994720%	0.0634496330%
District's proportional share of the net pension liability (asset)	\$ (280,306)	\$ (37,564)	\$ 74,587	\$ (88,048)	\$ 21,230	\$ (1,035)	\$ (66,134)	\$ (56,736)
District's percentage of net pension liability (asset) as a percent of covered payroll	-26.95%	-3.62%	15.24%	-22.28%	6.71%	-0.40%	-24.13%	-21.53%
District's covered payroll	1,040,263	1,037,050	489,530	395,191	316,588	260,296	274,113	263,550
Total pension liability	3,230,485,701	2,919,378,738	4,653,120,261	2,269,410,684	2,021,526,883	1,846,961,999	1,652,901,084	1,533,631,141
Plan fiduciary net position	3,447,586,098	2,975,935,079	2,526,692,808	2,413,276,447	1,985,393,043	1,848,724,853	1,765,758,630	1,623,049,809
Net pension liability (asset)	\$ (217,100,397)	\$ (56,556,341)	\$ 2,126,427,453	\$ (143,865,763)	\$ 36,133,840	\$ (1,762,854)	\$ (112,857,546)	\$ (89,418,668)
Plan fiduciary net position as a percentage of the total pension	106.7%	101.9%	54.3%	106.3%	98.2%	100.1%	106.8%	105.8%

\* This report is intended to show 10 years of data. Additional years will be shown as the information becomes available.

**Grand Lake Fire Protection District  
Schedule of Contributions Multiyear - FPPA SWDB  
Last 10 Fiscal Years**

<b>FY Ending December 31, (a)</b>	<b>Actuarially Determined Contribution (b)</b>	<b>Actual Contribution * (c)</b>	<b>Contribution Deficiency (Excess) (d) = (b) - (c)</b>	<b>Covered Payroll (e)</b>	<b>Actual Contribution as a % of Covered Payroll (f)</b>
2021	\$ 80,273	\$ 80,273	\$ -	1,003,413	8.00%
2020	83,221	83,221	-	1,040,263	8.00%
2019	82,964	82,964	-	1,037,050	8.00%
2018	39,162	39,162	-	489,530	8.00%
2017	31,615	31,615	-	395,191	8.00%
2016	25,327	25,327	-	316,588	8.00%
2015	20,824	20,824	-	260,296	8.00%
2014	21,929	21,929	-	274,113	8.00%
2013	21,084	21,084	-	263,550	8.00%
2012	22,047	22,047	-	275,588	8.00%

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

**Notes to the Schedule of Contributions**

**Valuation Date**

Actuarially determined contribution rates are calculated as of January 1 of odd numbered years. The contribution rates have a one-year lag, so the actuarial valuation as of January 1, 2021, determines the contribution amounts for 2021 and 2022.

\* This report is intended to show 10 years of data. Additional years will be shown as the information becomes available.

## **Other Supplementary Information**

**Grand Lake Fire Protection District**  
**Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual Debt Service Fund**  
**For the Year Ended December 31, 2021**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with final budget favorable (unfavorable)</u>
<b>Revenues</b>			
Property taxes	\$ -	\$ -	\$ -
Total Revenue	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures</b>			
Debt Service	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balance, beginning of year		<u>5,174</u>	
Fund Balance, end of year		<u>\$ 5,174</u>	