

MONTE VISTA FIRE PROTECTION DISTRICT

FINANCIAL STATEMENTS

December 31, 2021



**Wall,
Smith,
Bateman** Inc.
Certified Public Accountants

MONTE VISTA FIRE PROTECTION DISTRICT

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INDEPENDENT AUDITORS' REPORT



Wall,
Smith,
Bateman Inc.

To the Board of Directors
Monte Vista Fire Protection District
Monte Vista, Colorado

Report on the Audit of the Financial Statements

Qualified and Unmodified Opinions

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

Qualified Opinion on the Governmental Activities and Aggregate Remaining Fund Information

In our opinion, except for the effects of the matter described in the Basis for Qualified and Unmodified opinions section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the of the governmental activities and the aggregate remaining fund information of the District as of December 31, 2021, and the changes in financial position thereof for the year then ended in accordance with principles generally accepted in the United States of America.

Unmodified Opinion on the General Fund and the Capital Acquisition Fund

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the General Fund and the Capital Acquisition Fund, of the 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 Qualified and Unmodified 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Matter Giving Rise to the Qualified Opinion on the Governmental Activities and the Aggregate Remaining Fund Information

The District has not disclosed defined benefit pension plan information required by GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68*. The objective of this statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.

Certified Public Accountants

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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 the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

In performing an audit in accordance with GAAS, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Management has omitted management's 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 opinions on the basic financial statements are not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and the pension information, 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.



Wall, Smith, Bateman Inc.
Alamosa, Colorado

June 6, 2022

MONTE VISTA FIRE PROTECTION DISTRICT

BASIC FINANCIAL STATEMENTS

MONTE VISTA FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION
December 31, 2021

	GOVERNMENTAL ACTIVITIES
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 638,568
Property taxes receivable	446,221
Due from other governments	1,977
Total Current Assets	1,086,766
Noncurrent Assets	
Capital assets	
Land	12,500
Buildings	385,248
Machinery and equipment	357,574
Vehicles	1,792,825
Less: accumulated depreciation	(1,467,837)
Total Noncurrent Assets	1,080,310
TOTAL ASSETS	2,167,076
LIABILITIES	
Current Liabilities	
Accounts payable	4,416
Payroll liabilities	8,466
Total Current Liabilities	12,882
Total Long-Term Liabilities	-
TOTAL LIABILITIES	12,882
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - property taxes	446,221
TOTAL DEFERRED INFLOWS OF RESOURCES	446,221
NET POSITION	
Net investment in capital assets	1,080,310
Restricted for Tabor reserve	16,100
Unrestricted	611,563
TOTAL NET POSITION	\$ 1,707,973

The accompanying notes are an integral part of this financial statement.

MONTE VISTA FIRE PROTECTION DISTRICT

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2021

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenues and Changes in Net Position Primary Government</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Primary Government:					
Governmental Activities:					
Administration	\$ 73,414	\$ -	\$ -	\$ -	\$ (73,414)
Fire Fighting	178,837	-	38,378	-	(140,459)
Total Governmental Activities	<u>\$ 252,251</u>	<u>\$ -</u>	<u>\$ 38,378</u>	<u>\$ -</u>	<u>(213,873)</u>
General Revenues:					
Taxes					318,765
Interest					153
Miscellaneous Income					14,162
Total General Revenues					<u>333,080</u>
Change in Net Position					119,207
Net Position at Beginning of Year					<u>1,588,766</u>
Net Position, End of Year					<u>\$ 1,707,973</u>

The accompanying notes are an integral part of this financial statement.

MONTE VISTA FIRE PROTECTION DISTRICT
GOVERNMENTAL FUND BALANCE SHEET
December 31, 2021

	GENERAL FUND	CAPITAL ACQUISITION FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS			
Cash and cash equivalents	\$ 267,114	\$ 371,454	\$ 638,568
Property taxes receivable	303,567	142,654	446,221
Due from other governments	1,977	-	1,977
TOTAL ASSETS	\$ 572,658	\$ 514,108	\$ 1,086,766
LIABILITIES			
Accounts payable	\$ 4,416	\$ -	\$ 4,416
Payroll liabilities	8,466	-	8,466
TOTAL LIABILITIES	12,882	-	12,882
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	303,567	142,654	446,221
FUND BALANCES			
Restricted			
Tabor reserve	16,100	-	16,100
Unassigned	240,109	371,454	611,563
TOTAL FUND BALANCES	256,209	371,454	627,663
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 572,658	\$ 514,108	\$ 1,086,766

The accompanying notes are an integral part of this financial statement.

**MONTE VISTA FIRE PROTECTION DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUND
BALANCE SHEET TO THE STATEMENT
OF NET POSITION
December 31, 2021**

Total Governmental Fund Balance	\$ 627,663
Amounts reported for governmental activities in the statement of activities are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	<u>1,080,310</u>
Net position of governmental activities	<u><u>\$ 1,707,973</u></u>

MONTE VISTA FIRE PROTECTION DISTRICT
GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
For the Year Ended December 31, 2021

	GENERAL FUND	CAPITAL ACQUISITION FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES			
Property Taxes, Net	\$ 147,052	\$ 130,393	\$ 277,445
Specific Ownership Taxes	21,144	18,746	39,890
Delinquent Taxes and Interest	1,430	-	1,430
Contributions	38,378	-	38,378
Dispatch	962	-	962
Interest	21	132	153
Other	8,964	4,236	13,200
TOTAL REVENUES	217,951	153,507	371,458
EXPENDITURES			
Public Safety			
Administration	73,414	-	73,414
Fire Fighting	98,349	38,176	136,525
TOTAL EXPENDITURES	171,763	38,176	209,939
Excess (Deficiency) of Revenues Over Expenditures	46,188	115,331	161,519
Fund Balance, Beginning of year	210,021	256,123	466,144
Fund Balance, End of year	\$ 256,209	\$ 371,454	\$ 627,663

The accompanying notes are an integral part of this financial statement.

**MONTE VISTA FIRE PROTECTION DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2021**

Net change in fund balances - total governmental funds \$ 161,519

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

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

Capital Asset Additions	28,339	
Depreciation Expense	<u>\$ (70,651)</u>	<u>(42,312)</u>

Change in net position of governmental activities \$ 119,207

MONTE VISTA FIRE PROTECTION DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIREMEN'S PENSION FUND
December 31, 2021

	FIREMEN'S PENSION FUND
ASSETS	
Cash and cash equivalents	\$ 64,790
Investments	3,873,421
Property taxes receivable	44,793
Due from other governments	25,705
	4,008,709
TOTAL ASSETS	4,008,709
 LIABILITIES	
Payroll liabilities	7,931
	7,931
TOTAL LIABILITIES	7,931
 DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - property taxes	44,793
	44,793
 NET POSITION - RESTRICTED FOR PENSION BENEFITS	\$ 3,955,985

The accompanying notes are an integral part of this financial statement.

MONTE VISTA FIRE PROTECTION DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIREMEN'S PENSION FUND
For the Year Ended December 31, 2021

	FIREMEN'S PENSION FUND
ADDITIONS	
Contributions	
Property Taxes, Net	\$ 40,915
Specific Ownership Taxes	5,886
Delinquent Taxes and Interest	16
State Contribution	25,705
Total Contributions	72,522
Investment Income (Loss)	
Investment Income	184,248
Unrealized Gain/(Loss)	111,619
Realized Gain/(Loss)	29,382
Net Investment Income (Loss)	325,249
TOTAL ADDITIONS	397,771
DEDUCTIONS	
Pension Payments	52,172
TOTAL DEDUCTIONS	52,172
NET INCREASE (DECREASE) in Net Position	345,599
Net Position, Beginning of Year	3,610,386
Net Position, End of Year	\$ 3,955,985

The accompanying notes are an integral part of this financial statement.

MONTE VISTA FIRE PROTECTION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the Monte Vista Fire Protection District (the District) reflected in the accompanying financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Accounting principles generally accepted in the United States of America for local governments are those promulgated by the Governmental Accounting Standards Board (GASB) in *Governmental Accounting and Financial Reporting Standards*.

REPORTING ENTITY

Primary Government

The Monte Vista Fire Protection District was organized in accordance with Colorado Statutes 32-1-101. The entity's purpose is to provide volunteer fire protection services in Rio Grande County.

Component Units

The District's combined financial statements include the accounts of all District operations. The criteria for including organizations as component units within the District's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- The organization is legally separate (can sue and be sued in their own name)
- The District holds the corporate powers of the organization
- The District appoints a voting majority of the organization's board
- The District is able to impose its will on the organization
- The organization has the potential to impose a financial benefit/burden on the District
- There is fiscal dependency by the organization on the District
- The organization is financially accountable to the District
- The organization receives or holds funds that are for the benefit of the District; and the District has access to a majority of the funds held; and the funds that are accessible are also significant to the District

Based on the aforementioned criteria, the District has no component units.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. Government-wide statements report information on all of the activities of the District, except for fiduciary activity. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Mainly taxes and intergovernmental revenues support governmental activities.

The statement of activities reflects the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Program revenues include:

- 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 in program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements.

MONTE VISTA FIRE PROTECTION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2021

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. This measurement is also used for fiduciary fund financial statements. 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 are recognized as revenue when all applicable eligibility requirements imposed by the provider are 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 available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The District reports the following major governmental funds:

- The **General Fund** is the general operating fund of the District. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The **Capital Acquisition Fund** is used to account for aggregation of monies for future capital purchases.

Fiduciary fund financial statements consist of the Firemen's Pension Fund established to account for the accumulation of resources to be used for retirement payments for the District's fire fighters.

ASSETS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash in bank, certificates of deposit, and liquid investments with maturity of three months or less.

Investments

All investments are measured at fair market value on a recurring basis.

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1 each year. The taxes are payable in two installments on February 28 and June 15 or in full on April 30. The District's property taxes are collected by the County Treasurer who remits monthly receipts to the District. Property tax revenue is recognized by the District to the extent it results in a current receivable. The 2021 property tax levy due January 1, 2022, has been recorded in the financial statements as a receivable and corresponding deferred inflow of resources.

Capital Assets

Capital assets, which include land, buildings, machinery and equipment, and vehicles, are reported in the applicable governmental activities column in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$5,000 and have a life of more than one year. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market 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.

MONTE VISTA FIRE PROTECTION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2021

Capital assets are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	50-75
Machinery and Equipment	5-10
Vehicles	8-30

Unearned Grant Revenue

Revenue on grants, which are restricted by the grant document for specific purposes, are recognized as revenue only after eligible grant costs have been incurred. Grant funds received in excess of grant expenditures are recorded as unearned revenues.

Deferred Inflows of Resources

In addition to liabilities, the Statement of Net Position and Governmental Funds Balance Sheet reports a separate section of deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

Compensated Absences

The District does not have any liability for compensated absences at year end because payments to volunteers are made as service is performed.

Long-Term Obligations

Long-term debt and other long term obligations are recorded as liabilities in the government-wide financial statements. In the fund financial statements for governmental fund types, debt proceeds are reported as an other financing source and debt payments are reported as debt service expenditures.

Fireman's Pension

The District Pension Trust Fund's financial statements are prepared using the accrual basis of accounting. District contributions are recognized when the District has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position is displayed in the following three components:

- *Net investment in capital assets* – consists of capital assets, net accumulated depreciation, reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt should be included in this component of net position.
- *Restricted* – consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Restricted assets consist of assets that have limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

MONTE VISTA FIRE PROTECTION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2021

- *Unrestricted* – consists of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

Fund Balance

Fund balances are reported by classification based on the extent to which the District is bound to honor constraints for the specific purposes on which amounts in the fund can be spent. Fund balances are classified in one of the following five categories:

- *Nonspendable Fund Balance* – amounts that cannot be spent because they are not in spendable form- such as inventory and prepaid expenditures.
- *Restricted Fund Balance* – amounts restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed Fund Balance* – amounts that can only be used for specific purposes as a result of constraints imposed through adopted resolution by the Board of Directors, the highest level of decision making authority. Committed amounts cannot be used for any other purpose unless the Board removes those constraints by taking the same type of action. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.
- *Assigned Fund Balance* – amounts a government intends to use for a specific purpose; intent can be expressed by the Board of Directors or by an official or body to which the governing body delegates the authority.
- *Unassigned Fund Balance* – amounts that are available for any purpose; these amounts are reported only in the General Fund.

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

Encumbrances

The District does not record purchase orders in the accounting system until invoices are ready for payment. Unfulfilled purchase commitments outstanding at the end of the budget year are rebudgeted in the succeeding year. End of the year fund balance intended to be used in the succeeding year is reported as designated fund balance.

Use of Estimates

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

MONTE VISTA FIRE PROTECTION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2021

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

Monte Vista Fire Protection District follows the procedures set forth in the Colorado Local Government Budget Law when preparing the annual budget for each fund. Budget procedures include:

- 1) Preparation of budget documents by administrative staff shall be submitted to the Board no later than October 15 of each year.
- 2) Publication of a notice stating that the budget is available for public inspection.
- 3) Discussion of the budget in a meeting open to the public.
- 4) Adoption of the budget in a public meeting by appropriate resolution no later than December 31.

Formal budgetary integration is employed as a management control device for all funds of the District. All fund budgets are adopted on a basis consistent with U.S. generally accepted accounting principles (GAAP), except for the General Fund. All budget amounts presented reflect the original budget and the final budget, if applicable.

The total expenditures for each fund cannot exceed the budgeted amount unless a supplemental appropriation is adopted. The District did not adopt supplemental appropriations during fiscal year 2021.

Stewardship

Total expenditures exceeded budgeted appropriations in the General Fund by \$6,163. This may be a violation of state statute.

NOTE 3 CASH, DEPOSITS, AND INVESTMENTS

The carrying amount of cash, deposits, and investments are reflected in the accompanying financial statements as follows:

Cash in Banks	\$	703,358		Governmental Activities	\$	638,568
Investments		3,873,421		Fiduciary Fund - Pension		3,938,211
		<u>\$ 4,576,779</u>				<u>\$ 4,576,779</u>

Cash and Deposits

Colorado State Statutes govern the District's deposits of cash. The statutes specify eligible depositories for public cash deposits, which must be Colorado institutions and must maintain federal insurance (FDIC) on deposits held.

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories, determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized in accordance with the PDPA. PDPA allows the institution to create a single collateral pool for all public funds to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to the aggregate uninsured deposits. All deposits in 2021 were in eligible public depositories, as defined by the Public Deposit Protection Act of 1989.

MONTE VISTA FIRE PROTECTION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2021

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. At December 31, 2021, \$113,862 of the District's bank balance of \$607,487 was exposed to custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institutions through PDPA.

Investments

The District's investments are subject to interest rate risk, credit risk, and concentration of credit risk. The types of investments which are authorized to be made with District funds are controlled by state statute and the investment policies of the District. Colorado statutes and the District's investment policies specify investment instruments meeting defined rating and risk criteria in which the District may invest:

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Local government investment pools
- Repurchase agreements
- Money market funds
- Guaranteed investment contracts
- Corporate or bank debt issued by eligible corporations or banks

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The District does not have a formal policy for custodial risk. The District's investment policy calls for investment diversification within the portfolio to avoid unreasonable risks inherent in over investing in specific instruments, individual financial institutions, or maturities. The policy allows for the investment in local government investment pools.

Credit Risk

The District's investment policy calls for investing in a manner that seeks to ensure the preservation of capital in the overall portfolio.

Fair Value Measurement

Fair value investments classified at Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Fair value investments classified as Level 2 of the fair value hierarchy are valued using the active market rates for the underlying securities. Fair value investments classified as Level 3 of the fair value hierarchy are valued using non-observable inputs.

MONTE VISTA FIRE PROTECTION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2021

As of December 31, 2021, the District has the following recurring fair value measurements:

<u>Investment Type</u>		<u>Fair Value</u>	<u>Up To 120 Days</u>	<u>121 Days to 5 Years</u>	<u>More Than 5 Years</u>	<u>Fair Value Measurements Using:</u>	
						<u>Level 2</u>	<u>Level 3</u>
Money Market	0.0%	\$ 520	\$ 520	\$ -	\$ -	\$ -	\$ -
Total Money Market	0.0%	520	520	-	-	-	-
Fixed Income:							
Mutual Funds	13.8%	532,858	90,252	240,198	202,408	532,858	-
Total Fixed Income	13.8%	532,858	90,252	240,198	202,408	532,858	-
Equities:							
Mutual Funds	51.9%	2,010,885	1,878,828	3,555	128,502	2,010,885	-
Total Equities	51.9%	2,010,885	1,878,828	3,555	128,502	2,010,885	-
Guaranteed							
Investment Contracts	34.3%	1,329,158	-	-	-	-	1,329,158
Total Investments	100%	\$ 3,873,421	\$1,969,600	\$ 243,753	\$ 330,910	\$ 2,543,743	\$1,329,158

As of December 31, 2021, the District's investments were rated as follows:

<u>Quality Rating</u>	<u>Securities by Investment Type</u>					<u>Total</u>
	<u>Fixed Income</u>	<u>Equities</u>	<u>Guaranteed</u>		<u>Money Market</u>	
			<u>Investment Contracts</u>			
Morning Star						
*	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
**	-	90,848	-	-	-	90,848
***	176,599	416,919	-	-	-	593,518
****	226,700	789,075	-	-	-	1,015,775
*****	129,559	714,043	-	-	-	843,602
Unrated	-	-	1,329,158	-	520	1,329,678
Fair Value	\$ 532,858	\$ 2,010,885	\$ 1,329,158	\$ -	\$ 520	\$ 3,873,421

The District invests in certain sectors of the fixed income market through its core plus fixed income managers' commingled fund vehicles. Obligations of the U.S. Government and obligations explicitly guaranteed by the U.S. government are not considered to have credit risk.

The District's investment procedures call for investment diversification within the portfolio to avoid unreasonable risks inherent in over investing in specific instruments, individual financial institutions or maturities.

Interest Rate Risk and Market Risk

The fair value of investments fluctuates in response to changes in market interest rates, generally decreasing in response to increases in market interest rates. Through its investment policy, the District manages exposure to fair value losses arising from increasing interest rates by monitoring the duration and maturity of its portfolio and requiring its fixed income managers to diversify by issuer and by sector or industry.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2021

Duration measures a fixed income security's exposure to price changes arising from changing interest rates. The District invests in various securities with embedded options that affect the sensitivity to changes in interest rates and market rates.

NOTE 4 PROPERTY TAX RECEIVABLE

At December 31, 2021, the District had an estimated property tax receivable as follows:

General Fund	\$	303,567
Capital Project Fund		142,654
Pension Fund		44,793
	\$	<u>491,014</u>

NOTE 5 CAPITAL ASSETS

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

	Balance 12/31/2020	Additions	Deletions	Balance 12/31/2021
<i>Governmental Activities:</i>				
Capital assets not being depreciated				
Land	\$ 12,500	\$ -	\$ -	\$ 12,500
Total capital assets not being depreciated	<u>12,500</u>	<u>-</u>	<u>-</u>	<u>12,500</u>
Capital assets being depreciated				
Buildings	385,248	-	-	385,248
Machinery and Equipment	365,436	18,641	26,503	357,574
Vehicles	1,890,225	9,700	107,100	1,792,825
Total capital assets being depreciated	<u>2,640,909</u>	<u>28,341</u>	<u>133,603</u>	<u>2,535,647</u>
Less accumulated depreciation for:				
Buildings	132,007	6,184	-	138,191
Machinery and Equipment	333,036	8,451	26,530	314,957
Vehicles	1,069,295	56,017	110,623	1,014,689
Total accumulated depreciation	<u>1,534,338</u>	<u>70,652</u>	<u>137,153</u>	<u>1,467,837</u>
Total capital assets being depreciated, net	<u>1,106,571</u>	<u>(42,311)</u>	<u>(3,550)</u>	<u>1,067,810</u>
Governmental Activities Capital Assets, Net	<u>\$ 1,119,071</u>	<u>\$ (42,311)</u>	<u>\$ (3,550)</u>	<u>\$ 1,080,310</u>

Depreciation expense was charged to the functions/programs of the primary government as follows:

<i>Governmental Activities:</i>	
Fire Fighting	\$ 70,652
Total governmental activities depreciation expense	<u>\$ 70,652</u>

MONTE VISTA FIRE PROTECTION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2021

NOTE 6 FIRE PENSION

Plan Description

Plan administration

Title 31, Article 30 of the Colorado revised statutes provides for the creation and administration of a Firemen's Pension Fund, which is a single employer defined benefit plan. A volunteer fireman who has attained the age of 50 and has earned 20 years of active service may be granted a pension not to exceed \$350 per month. In the event of injury or death, an annuity not to exceed \$150 per month may be granted to the fireman or his survivors. If at any time there is not sufficient money in the Fund to pay the full amount that each beneficiary is entitled to, an equal percentage of such monthly payment shall be made to each beneficiary until the Fund is replenished as to permit full payment.

Funding Policy

The District funds this pension plan with proceeds from a local mill levy, contributions from the State of Colorado Firemen's Pension Fund and interest earnings from assets in the fund. The volunteer firemen do not contribute to this plan.

Annual Pension Cost and Net Pension Obligation

During 2021 gross revenues of the fund were \$397,771 from the above sources. At year-end, current pensions being paid were \$350 per month for 9 retirees, \$175 per month for 6 retirees, \$50 per month for 2 retirees, \$25 per month for 2 retirees, and \$7.50 for one retiree.

The District's annual pension cost and net obligation to the plan for the current year was \$52,172.

NOTE 7 TABOR EMERGENCY RESERVE

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of this amendment.

Fiscal year spending and revenue limits are determined based on the prior years' spending adjusted for inflation and local growth. Revenue in excess of the limit must be refunded unless the voters approve retention of such revenue.

The voters of Monte Vista Fire Protection District passed a ballot issued in 2002 authorizing the District to collect, retain, and expend the full proceeds of the county taxes, grants, fees and other revenues and other funds collected, notwithstanding Article X, Section 20 of the Colorado Constitution from the date of January 1, 2001, provided that no local tax rate or mill levy shall be increased without further voter approval.

The amendment also requires that Emergency Reserves be established. These reserves must be at least three percent of fiscal year spending. This Emergency Reserve has been presented as a restricted fund balance in the General Fund and a restricted net position in the government-wide Statement of Net Position. The District is not allowed to use the Emergency Reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

NOTE 8 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 disasters. These risks are covered by commercial insurance

MONTE VISTA FIRE PROTECTION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2021

purchased from independent third parties. There have been no significant reductions in insurance coverage. Settled claims from these risks have not exceeded commercial insurance coverage for the current year or the three prior years.

NOTE 9 COMMITMENTS AND CONTINGENCIES

COVID-19

In March of 2020, the COVID-19 virus was declared a global pandemic. Business continuity could be severely impacted for months or more, as significant and unprecedented measures to mitigate the consequences of the pandemic are undertaken. The District has a significant amount of assets held in investments which may experience significant losses during this pandemic. No adjustments have been made to these financial statements as the potential impact is unknown at this time.

MONTE VISTA FIRE PROTECTION DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

MONTE VISTA FIRE PROTECTION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2021

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES				
Property Taxes, Net	\$ 148,145	\$ 148,145	\$ 147,052	\$ (1,093)
Specific Ownership Taxes	20,000	20,000	21,144	1,144
Delinquent Taxes and Interest	300	300	1,430	1,130
Contributions	-	-	38,378	38,378
Dispatch	3,500	3,500	962	(2,538)
Interest	-	-	21	21
Other	-	-	8,964	8,964
TOTAL REVENUES	171,945	171,945	217,951	46,006
EXPENDITURES				
Public Safety				
Administration	56,500	56,500	73,414	(16,914)
Fire Fighting	109,100	109,100	98,349	10,751
TOTAL EXPENDITURES	165,600	165,600	171,763	(6,163)
Excess (deficiency) of revenues over expenditures	6,345	6,345	46,188	39,843
Fund Balance, Beginning of year	-	-	210,021	210,021
Fund Balance, End of year	\$ -	\$ -	\$ 256,209	\$ 210,021

MONTE VISTA FIRE PROTECTION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
CAPITAL ACQUISITION FUND
For the Year Ended December 31, 2021

	BUDGETED AMOUNTS			VARIANCE WITH
	ORIGINAL	FINAL	ACTUAL	FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES				
Property Taxes, Net	\$ 130,824	\$ 130,824	\$ 130,393	\$ (431)
Specific Ownership Taxes	25,000	25,000	18,746	(6,254)
Interest	200	200	132	(68)
Other	-	-	4,236	4,236
TOTAL REVENUES	156,024	156,024	153,507	(2,517)
EXPENDITURES				
Public Safety				
Fire Fighting	119,000	119,000	38,176	80,824
TOTAL EXPENDITURES	119,000	119,000	38,176	80,824
Excess (deficiency) of revenues over expenditures	37,024	37,024	115,331	78,307
Fund Balance, Beginning of year	-	-	256,123	256,123
Fund Balance, End of year	\$ 37,024	\$ 37,024	\$ 371,454	\$ 334,430

MONTE VISTA FIRE PROTECTION DISTRICT

SUPPLEMENTARY INFORMATION

MONTE VISTA FIRE PROTECTION DISTRICT
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION - BUDGET AND ACTUAL
FIREMEN'S PENSION FUND
For the Year Ended December 31, 2021

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
ADDITIONS				
Contributions				
Property Taxes, Net	\$ 41,492	\$ 41,492	\$ 40,915	\$ (577)
Specific Ownership Taxes	4,000	4,000	5,886	1,886
Delinquent Taxes and Interest	-	-	16	16
State Contribution	25,000	25,000	25,705	705
Total Contributions	70,492	70,492	72,522	2,030
Investment Income (Loss)				
Investment Income	40,000	40,000	184,248	144,248
Unrealized Gain/(Loss)	-	-	111,619	111,619
Realized Gain/(Loss)	-	-	29,382	29,382
Total Investment Income (Loss)	40,000	40,000	325,249	285,249
TOTAL ADDITIONS	110,492	110,492	397,771	287,279
DEDUCTIONS				
Pension Payments	46,000	46,000	52,172	(6,172)
Life Insurance	8,000	8,000	-	8,000
Other	250	250	-	250
TOTAL DEDUCTIONS	54,250	54,250	52,172	2,078
Net Increase (Decrease)	56,242	56,242	345,599	289,357
NET POSITION, Beginning of year	-	-	3,610,386	3,610,386
NET POSITION, End of year	\$ 56,242	\$ 56,242	\$ 3,955,985	\$ 3,899,743