

NORTH FORK FIRE PROTECTION DISTRICT

FINANCIAL STATEMENTS

With Independent Auditor's Report

December 31, 2021

NORTH FORK FIRE PROTECTION DISTRICT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
North Fork Fire Protection District
Jefferson and Douglas Counties, Colorado

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risk 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 judgement, 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 to 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 on pages i through vi and pension information on pages 25 through 27 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.

Fiscal Focus Partners, LLC

Greenwood Village, Colorado
April 14, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of North Fork Fire Protection District (the District) financial statements for the year ended December 31, 2021 provides a narrative overview of the District's financial activities. Please consider the information here in conjunction with the accompanying financial statements and notes to the financial statements.

Financial Highlights

- The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$1,723,539 (net position) for the year reported. This compares to the previous year when assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,646,570.
- Total net position at December 31, 2021 was comprised of the following:
 1. Net investment in capital assets of \$867,207 includes property and equipment, net of accumulated depreciation.
 2. Net position of \$16,400 is restricted for emergencies as required by Article X, Section 20 of the Constitution of the State of Colorado.
 3. Unrestricted net position of \$839,932 representing the portion available to maintain the District's continuing obligations to citizens and creditors.
- The District's governmental activities reported a total ending fund balance of \$781,737 this year. This compares to the prior year ending fund balance of \$642,753 showing an increase of \$138,984 during the current year.
- Effective January 1, 2015, the District and all other state and local governments throughout the nation that provide their employees with pension benefits, are required to apply GASB Statement No. 68 to their financial statements. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. The District provides its employees with pension benefits through a multiple employer cost-sharing defined benefit pension plan and a volunteer pension plan that is an agent multiple-employer defined benefit plan both administered by the Colorado Fire and Police Pension Association (FPPA). It is important to note that the District does not receive any benefit from the amount shown as the District's net pension liability. The District has a direct liability limited to the annually required contributions established by the State Legislature. In addition, the District does not have any control over the investment policies associated with FPPA investments. These responsibilities lie solely with the FPPA board and administration. Decisions regarding the plan benefit design and the funding policies lie solely with the State Legislature. Please refer to Note 6 within the Notes to Financial Statements section of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Overview of the Financial Statements

Management's Discussion and Analysis introduces the District's basic financial statements. The District's basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to financial statements. The District also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, and with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating.

The *Statement of Activities* presents information showing how the District's net position changed during the current year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs; regardless of the timing of related cash flows.

The District's government-wide financial statements may be divided into governmental activities and business-type activities. Governmental activities are generally financed through taxes, intergovernmental revenues, and other non-exchange revenues, while business-type activities are financed to some degree by charging outside parties for the goods or services acquired from the District. Governmental activities of the District include general government, firefighting, emergency medical services, training, and communications. The District does not report any business-type activities.

Fund Financial Statements A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other special purpose governments, uses fund accounting to ensure and demonstrate compliance with financial-related legal requirements. The basic financial statements of the District are presented as a special purpose government engaged in governmental type activities providing fire protection services to District residents.

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)**

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

A budgetary comparison statement is included in the basic financial statements for the general fund. This statement demonstrates compliance with the District's adopted budget.

Notes to the Financial Statements. The accompanying notes to the financial statements provide additional information essential to a full understanding of the government-wide and fund financial statements.

Financial Analysis of the District as a Whole

The following table provides a summary of the District's net position at December 31:

	Net Position		
	Governmental Activities		
	2021	2020	2019
Current assets	\$ 1,030,866	\$ 858,870	\$ 804,254
Capital assets, net	867,207	964,676	1,034,303
Net pension asset - FPPA	79,919	5,280	-
Total assets	1,977,992	1,823,546	1,838,557
Deferred outflows of resources	71,492	95,832	121,042
Current liabilities	7,765	4,477	6,838
Long-term liabilities	-	11,614	68,971
Total liabilities	7,765	16,091	75,809
Deferred inflows of resources	318,180	261,997	240,301
Net position:			
Net investment in capital assets	867,207	964,676	1,034,303
Restricted	16,400	15,400	18,200
Unrestricted	839,932	666,494	590,986
Net position	\$ 1,723,539	\$ 1,646,570	\$ 1,643,489

The District has 51.9% of its net position invested in capital assets (e.g., property, plant, and equipment); less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, this net position

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)**

is not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net position (1.0%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$839,932 (47.1%) may be used to meet the District's ongoing obligations to citizens and creditors.

The following table provides a summary of the District's changes in net position for the year ended December 31:

Change in Net Position			
Governmental Activities			
For the Years Ended December 31,			
	2021	2020	2019
Revenues			
Program revenues			
Operating grants and contributions	\$ 4,330	\$ 19,574	\$ 3,000
Capital grants and contributions	25,038	-	92,430
Charges for services	89,840	105,935	135,509
General revenues			
Property taxes	208,421	207,237	173,609
Specific ownership taxes	16,759	15,835	15,294
Intergovernmental - PILT	142,561	118,713	105,192
Interest and other	59,343	45,538	80,292
Total revenues	546,292	512,832	605,326
Expenses			
General government	253,812	278,455	301,882
Public safety	215,511	231,296	279,216
Total expenses	469,323	509,751	581,098
Change in net position	76,969	3,081	24,228
Net position - beginning	1,646,570	1,643,489	1,619,261
Net position - ending	\$ 1,723,539	\$ 1,646,570	\$ 1,643,489

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)**

Property tax, specific ownership tax revenues, and intergovernmental PILT revenues make up 70% of government-wide revenue and increased \$25,956 in 2021 from 2020. The main driver of the increase was the result of increased assessed valuation in Jefferson County.

The major expenses of the District's government-wide activities include general government (54%) and public safety (46%). Total expenses decreased \$40,428 in 2021 from 2020.

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

As of December 31, 2021, the District's general fund reported an ending fund balance of \$781,737, an increase of \$138,984 in comparison with the prior year.

Budgetary Highlights

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The Board of Directors can only amend appropriation resolutions upon completion of notification and publication requirements. The District did not need to amend its budget for 2021.

Capital Asset and Debt Administration

Capital Assets. The District's investment in capital assets, net of accumulated depreciation, for governmental activities as of December 31, 2021, was \$867,207.

Capital assets, net of Depreciation

	December 31,		
	2021	2020	2019
Building and improvements	\$ 910,949	\$ 910,949	\$ 910,949
Equipment	2,577,751	2,533,856	2,441,077
Accumulated depreciation	<u>(2,621,493)</u>	<u>(2,480,129)</u>	<u>(2,317,723)</u>
Total	<u>\$ 867,207</u>	<u>\$ 964,676</u>	<u>\$ 1,034,303</u>

Long-term Debt

The District currently has no long-term debt obligations.

Economic Environment and Next Year's Budget

- As is its annual practice, the District revised and adopted a Five Year Plan for 2019-2024 in an effort to appropriately plan for the immediate future. However, whether the 2022 operations, and those in subsequent years, will be similar to 2021, will primarily

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)**

depend on whether catastrophic fires occur in 2022 and on the number of medical and rescue calls.

- The District is planning some capital improvements in 2022 including replacing a utility vehicle and upgrading medical equipment. The need to save for replacement of aging equipment and building maintenance is ongoing. The District purchased a new cardiac monitor and Lucas CPR device in 2021.
- The District has received funds from Denver Water for approximately 20 years pursuant to contracts with the District to provide services both inside and outside the District to cover Denver Water's properties (all non-taxable). From 2011 to 2018, Denver Water has paid the District \$30,000 per year. During 2020, the Denver Water Board agreed to donate \$30,000 per year to the District for the next five years. There is no formal agreement between the entities.
- Of continuing concern to the District are the declining reimbursements for medical, emergency and rescue services. Regardless of the District's invoices, reimbursement is set by law for the emergency and medical transportation services incurred by beneficiaries of governmental programs such as Medicare and Medicaid. Further, underinsured individuals receiving such services pay only a portion of invoices. While the District's policies are formulated to collect as much as possible for these services, it is rarely possible to collect the total billed and the percentage of write-offs and adjustments continues to increase. The District has contracted with a private agency in hopes of realizing higher collection rates.
- The COVID-19 pandemic continued to impact fundraising activities in 2021. Although the pandemic appears to be slowing there are still surges occurring that can impact planned fundraising activities should physical distancing requirements be implemented again in 2022.

Requests for Information

This report is designed to provide a general overview of the 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 requests for additional information should be addressed to:

Chief Curt Rogers
North Fork Fire Protection District
19384 County Road 126
Pine, CO 80470

BASIC FINANCIAL STATEMENTS

NORTH FORK FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION
December 31, 2021

	Governmental Activities
Assets	
Cash and investments	\$ 710,198
Cash and investments - restricted	16,400
Receivable - County Treasurer	1,067
Accounts receivable	50,531
Prepaid expense	11,306
Property taxes receivable	241,364
Capital assets being depreciated, net	867,207
Net pension asset- FPPA statewide defined benefit plan	19,282
Net pension asset- FPPA volunteer pension fund	60,637
Total assets	1,977,992
 Deferred Outflows of Resources	
Pension related amounts - FPPA volunteer pension fund	35,025
Pension related amounts - FPPA statewide defined benefit plan	36,467
Total deferred outflows of resources	71,492
 Liabilities	
Accounts payable	4,619
Accrued liabilities	3,146
Total liabilities	7,765
 Deferred inflows of resources	
Property tax revenue	241,364
Pension related amounts - FPPA volunteer pension fund	56,934
Pension related amounts - FPPA statewide defined benefit plan	19,882
Total deferred inflows of resources	318,180
 Net position	
Net investment in capital assets	867,207
Restricted	
Emergency reserve	16,400
Unrestricted	839,932
Total net position	\$ 1,723,539

The accompanying Notes to Financial Statements are an integral part of these statements.

NORTH FORK FIRE PROTECTION DISTRICT

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2021

	Program Revenues			Net (Expense) Revenue and Change in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Functions/Programs:					
Primary government					
General government	\$ (253,812)	\$ -	\$ -	\$ -	\$ (253,812)
Public safety	(215,511)	89,840	4,330	25,038	(96,303)
Total primary government	<u>\$ (469,323)</u>	<u>\$ 89,840</u>	<u>\$ 4,330</u>	<u>\$ 25,038</u>	<u>\$ (350,115)</u>
		General Revenues:			
		Property taxes			208,421
		Specific ownership tax			16,759
		Intergovernmental - PILT			142,561
		Net investment income			347
		Other income			58,996
		Total general revenues			<u>427,084</u>
		Change in net position			76,969
		Net position - beginning			<u>1,646,570</u>
		Net position - ending			<u>\$ 1,723,539</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

NORTH FORK FIRE PROTECTION DISTRICT

**BALANCE SHEET
GOVERNMENTAL FUNDS**

December 31, 2021

	General Fund
Assets	
Cash and investments	\$ 710,198
Cash and investments - restricted	16,400
Receivable - County Treasurer	1,067
Accounts receivable	50,531
Prepaid expense	11,306
Property taxes receivable	241,364
Total assets	\$ 1,030,866
Liabilities, deferred inflows of resources and fund balances	
Liabilities	
Accounts payable	\$ 4,619
Accrued liabilities	3,146
Total liabilities	7,765
Deferred inflows of resources	
Property tax revenue	241,364
Total deferred inflows of resources	241,364
Fund balance	
Nonspendable	11,306
Restricted for emergencies	16,400
Unassigned	754,031
Total fund balances	781,737
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,030,866
Total fund balance	\$ 781,737
Amounts reported for governmental activities in the statement of net position are different because:	
Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds:	
Capital assets, net of accumulated depreciation	867,207
Net pension asset - FPPA statewide defined benefit plan	19,282
Net pension asset - FPPA volunteer pension fund	60,637
Deferred outflows and inflows of resources that represent acquisition or consumption of net position that applies to future periods and, therefore, are not reported in the funds	
Deferred Outflows - FPPA volunteer pension fund	35,025
Deferred Outflows - FPPA statewide defined benefit plan	36,467
Deferred Inflows - FPPA volunteer pension fund	(56,934)
Deferred Inflows - FPPA statewide defined benefit plan	(19,882)
Net position of governmental activities	\$ 1,723,539

The accompanying Notes to Financial Statements are an integral part of these statements.

NORTH FORK FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the Year Ended December 31, 2021

	<u>General Fund</u>
Revenues	
Property taxes	\$ 208,421
Specific ownership tax	16,759
Intergovernmental	
Payment in lieu of taxes - Counties	112,561
Payment in lieu of taxes - Denver Water Board	30,000
EMS revenue	89,840
Grants	25,038
Donations	54,810
Fundraising	3,215
Interest income	347
Wildland reimbursements	4,330
Other income	971
Total revenues	<u>546,292</u>
Expenditures	
Administration and fund raising	257,317
Fire fighting	24,617
Emergency medical services	10,372
Training	618
Communications	14,446
Equipment repairs and maintenance	24,094
Stations buildings and grounds maintenance	31,949
Capital outlay	43,895
Total expenditures	<u>407,308</u>
Net change in fund balance	138,984
Fund balances - beginning	<u>642,753</u>
Fund balances - ending	<u><u>\$ 781,737</u></u>

The accompanying Notes to Financial Statements are an integral part of these statements.

NORTH FORK FIRE PROTECTION DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2021

Net change in fund balance - total governmental funds	\$ 138,984
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay 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.	
Capital asset additions	43,895
Depreciation expense	(141,364)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Pension expense	<u>35,454</u>
Change in net position of governmental activities	<u><u>\$ 76,969</u></u>

The accompanying Notes to Financial Statements are an integral part of these statements.

NORTH FORK FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
GENERAL FUND

For the Year Ended December 31, 2021

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget - Positive (Negative)
REVENUES			
Property taxes	\$ 211,640	\$ 208,421	\$ (3,219)
Specific ownership tax	14,000	16,759	2,759
Intergovernmental	120,000	142,561	22,561
EMS revenue	140,000	89,840	(50,160)
Fund raising, grants, donations	40,000	83,063	43,063
Interest and miscellaneous income	5,000	5,648	648
Total revenues	530,640	546,292	15,652
EXPENDITURES			
Administration and fund raising	316,000	257,317	58,683
Fire fighting	30,000	24,617	5,383
Emergency medical services	20,000	10,372	9,628
Training	5,000	618	4,382
Communications	22,000	14,446	7,554
Equipment repairs and maintenance	30,000	24,094	5,906
Stations building and grounds maintenance	30,000	31,949	(1,949)
Capital outlay	30,000	43,895	(13,895)
Total expenditures	483,000	407,308	75,692
Net change in fund balance	47,640	138,984	91,344
Fund balance - beginning	486,274	642,753	156,479
Fund balance - ending	\$ 533,914	\$ 781,737	\$ 247,823

The accompanying Notes to Financial Statements are an integral part of these statements.

NORTH FORK FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

Note 1 – Reporting entity

North Fork Fire Protection District (District), is a quasi-municipal corporation, is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District does business as North Fork Volunteer Fire Department. The District's service area is located in parts of Jefferson County and of Douglas County, Colorado. The District was established to provide fire protection, rescue operations, and emergency medical services within the District.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

Note 2 – Summary of significant accounting policies

The more significant accounting policies of the District are described as follows:

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the District. The Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of net position reports all financial and capital resources of the District. The difference between the assets, deferred outflows of resources, liabilities and deferred inflows of resources of the District is reported as net position.

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

Separate financial statements are provided for governmental funds.

NORTH FORK FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Property taxes are recognized as revenues in the year for which they are levied. Grants are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Interest associated with the current fiscal period is considered to be susceptible to accrual and so has been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures, other than interest on long-term obligations, generally are recorded when a liability is incurred or the long-term obligation is due.

The District reports the following major governmental fund:

The general fund is the District's primary operating fund. It accounts for all financial resources of the general government.

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.

Property taxes

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

NORTH FORK FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows of resources in the year they are levied and measureable. The property tax revenues are recorded as revenue in the year they are available or collected.

Payment in Lieu of Taxes (PILT) – Counties

The District receives PILT funds from two counties. Jefferson County has traditionally granted an average of \$30,000 per year to the District. Currently, 30% of PILT and Federal Mineral Leasing (FML) funds received by Jefferson County, both of which are subject to variation based on mineral leases in Jefferson County, Congressional federal appropriations, and State of Colorado allotments of FML and Save our Rural Schools (SRC for which the District does not qualify, but may reduce the total of the PILT paid to Jefferson County). Douglas County shares approximately \$100,000 of its PILT funds among the 5 fire departments responding on its Federal lands pro rata based upon the number of calls each fire department has made in the prior year.

Budgets

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

Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental activities column of the government-wide financial statements. Capital assets are defined by the District as those assets with a cost of \$1,500 or greater and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition 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 asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Depreciation expense has been computed using the straight-line method over the following estimated economic useful lives:

Buildings and improvements	39-40 years
Equipment	5-20 years

NORTH FORK FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2021

Deferred outflows and inflows of resources

In addition to assets and liabilities, the Statement of Net Position will sometimes report separate sections for deferred outflows and deferred inflows of resources. A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period, and a deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. Both deferred outflows and inflows are reported in the Statement of Net Position, but are not recognized in the financial statements as revenues and expenses until the period(s) to which they relate.

The District has certain items that relate to its pension plans that qualify for reporting as deferred outflows of resources and deferred inflows of resources. Deferred inflows of resources also consist of deferred property tax revenue. The deferred property tax revenue is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Accounts receivable

At December 31, 2021 accounts receivable of \$70,272 arose from the provision of emergency and medical transportation services and is stated net of an allowance for doubtful accounts of \$42,163. The District recognizes revenue based on the services provided at the time of service. Contractual write-offs and statutory adjustments are recorded when the District receives notice from third-party payers.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires that District management make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosures of contingent assets, deferred outflows of resources, liabilities and deferred inflows of resources at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Fund balances

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

NORTH FORK FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

Non-spendable fund balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as inventory) or is legally or contractually required to be maintained intact.

Restricted fund balance – The portion of fund balance constrained to being used for a specific purpose by external parties (such as grantors or bondholders), constitutional provisions or enabling legislation.

Committed fund balance – The portion of fund balance constrained for specific purposes according to limitations imposed by the District's highest level of decision making authority, the Board of Directors, prior to the end of the current fiscal year. The constraint may be removed or changed only through formal action of the Board of Directors.

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

Unassigned fund balance – The residual portion of fund balance that does not meet any of the above criteria.

If more than one classification of fund balance is available for use when expenditure is incurred, it is the District's policy to use the most restrictive classification first.

Fire Protection Postemployment Benefits Plan

The Governmental Accounting Standards Board (GASB) released Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions that was effective for the District for fiscal year ending December 31, 2018. This statement details the reporting requirements for employers regarding other post-employment benefit (OPEB) plans.

FPPA administers the Statewide Death & Disability Plan discussed in Note 6, which qualifies as a cost sharing multiple-employer defined benefit OPEB plan under the standard. This plan covers substantially all active full-time (and some part-time) employees of fire and police departments in Colorado. As it pertains to the requirements in Statement No. 75 regarding the FPPA Statewide Death & Disability Plan and the District, FPPA concluded that because all contributions to the plan are considered member contributions (and not employer), the employers' proportionate share of any Net OPEB liability (asset) is \$-0-.

NORTH FORK FIRE PROTECTION DISTRICT

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2021

Note 3 – Cash and investments

Cash and investments are reflected on the December 31, 2021 statement of net position as follows:

Cash and investments	\$	710,198
Cash and investments- restricted		16,400
	\$	<u>726,598</u>

Deposits with financial institutions

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 regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. As of December 31, 2021, the federal insurance limit was \$250,000. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the 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 102% of the aggregate uninsured deposits.

The State Commissioners for banks 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.

At December 31, 2021, the District's cash deposits had a bank balance of \$268,471 and a carrying balance of \$262,229.

Investments

The District has not adopted a formal investment policy but follows state statutes regarding investments.

The District primarily limits its investments to money market funds, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk disclosure requirements or subject to custodial credit risk for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

NORTH FORK FIRE PROTECTION DISTRICT

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2021

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

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

As of December 31, 2021, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted Average Under 60 Days	<u>\$ 464,419</u>

Colostrust

The District 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 and Poor's. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

NORTH FORK FIRE PROTECTION DISTRICT

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2021

Cash and investments - restricted

Article X, Section 20 of the Constitution of the State of Colorado requires the District to establish emergency reserves (see Note 8). At December 31, 2021, \$16,400 of cash and investments were restricted in compliance with this requirement.

Note 4 – Capital assets

An analysis of the changes in capital assets for the year ended December 31, 2021 are as follows:

	Balance at December 31, 2020	Additions	Deletions	Balance at December 31, 2021
Capital assets, not being depreciated				
Land	\$ 40,024	\$ -	\$ -	\$ 40,024
Total capital assets, not being depreciated	40,024	-	-	40,024
Capital assets, being depreciated				
Buildings	870,925	-	-	870,925
Equipment	2,533,856	43,895	-	2,577,751
Total capital assets, being depreciated	3,404,781	43,895	-	3,448,676
Less accumulated depreciation for				
Buildings	435,558	22,090	-	457,648
Equipment	2,044,571	119,274	-	2,163,845
Total accumulated depreciation	2,480,129	141,364	-	2,621,493
Total capital assets being depreciated, net	924,652	(97,469)	-	827,183
Capital assets, net	\$ 964,676	\$ (97,469)	\$ -	\$ 867,207

Depreciation expense of \$141,364 for the year ended December 31, 2021 was charged to the Public Safety function.

Note 5 – Net position

The District reports net position consisting of three components – net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of leases, bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

As of December 31, 2021 the District had net investment in capital assets of \$867,207.

NORTH FORK FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2021

Restricted net position is restricted for use either externally imposed by creditors, grantors, contributors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. As of December 31, 2021 the District has restricted net position of \$16,400.

The District had unrestricted net position of \$839,932 as of December 31, 2021.

Note 6 – Employee retirement plan

State Fire and Police Pension Plan (FPPA)

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

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

Description of Benefits

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

The annual normal retirement benefit is 2 percent of the average of the member's highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter. The benefit earned prior to January 1, 2007 for members of affiliated Social Security employers will be reduced by the amount of Social Security income payable to the member annually. Effective January 1, 2007, members currently covered under Social Security will receive half the benefit when compared to the Statewide Defined Benefit Plan. Benefits paid to retired members are evaluated and may be re-determined every October 1. The amount of any increase is based on the Board's discretion and can range from 0 to the higher of 3 percent or the Consumer Price Index or the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W)..

NORTH FORK FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2021

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

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. Effective January 1, 2021, contribution rates for employers and members may be increased annually by the FPPA Board of Directors upon approval through an election by both the employers and members.

Members of the SWDB plan and their employers are contributing at the rate of 11.5 percent and 8.5 percent, respectively, of base salary for a total contribution rate of 20.0 percent in 2021. In 2014, the members elected to increase the member contribution rate to the SWDB plan beginning in 2015. Member contribution rates will increase 0.5 percent annually through 2022 to a total of 12 percent of pensionable earnings. Employer contributions will increase 0.5 percent annually beginning in 2021 through 2030 to a total of 13.0 percent of pensionable earnings. Contributions to the SWDB plan from the District were \$6,618 for the year ended December 31, 2021.

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

At December 31, 2021, the District reported an asset of \$19,282 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2020, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. The District's proportion of the net pension asset 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 0.00889 percent, which was a decrease of 0.00046 percent from its proportion measured as of December 31, 2019.

For the year ended December 31, 2021, the District recognized pension expense of \$(7,081). At December 31, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NORTH FORK FIRE PROTECTION DISTRICT

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2021

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Experience	\$16,353	\$77
Changes of Assumptions or other Inputs	8,201	-
Net Difference between Projected and Actual		
Earnings on Pension Plan Investments	-	19,805
Changes in Proportion and Differences between		
Contributions Recognized and Proportionate Share		
Share of Contributions	5,295	-
Contributions Subsequent to the Measurement Date	6,618	-
Total	\$36,467	\$19,882

\$6,618 in total reported as deferred outflows of resources related to pension resulting from District contributions subsequent to measurement date will be recognized as a reduction of the net pension asset in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Amount
2022	(1,357)
2023	1,211
2024	(2,121)
2025	1,248
2026	4,287
Thereafter	6,699

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NORTH FORK FIRE PROTECTION DISTRICT

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2021

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:

	<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%
*Includes Inflation at	2.5%	2.5%

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 projections scales, and projected prospectively using the ultimate rates of the scales for all years. The pre-retirement off-duty mortality tables are adjusted to 50% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00015.

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

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

NORTH FORK FIRE PROTECTION DISTRICT

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2021

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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
Total	100.00	

Discount Rate

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

Sensitivity of the District's Proportionate Share of the Net Pension 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:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate Share of the Net Pension Liability (Asset)	\$ 19,404	\$ (19,282)	\$ (51,319)

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NORTH FORK FIRE PROTECTION DISTRICT

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2021

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>.

Changes Between the Measurement Date of the Net Pension Asset and December 31, 2021

During 2020, legislation was passed effective January 1, 2021 that amended the Statewide Defined Benefit Plan. The stabilization reserve accounts (SRA) of the Defined Benefit System became self-directed accounts with assets of \$123.6 million transferred from the FPPA Members' Self-Directed Investment Fund after the January 1, 2021 actuarial valuation date. This transfer does not impact the net pension asset of the plan as the transfer of assets will reduce both the total pension liability and the plan fiduciary net position.

Volunteer Pension Fund

Plan Descriptions and Provisions

The District, on behalf of its volunteer firefighters, contributes to a single-employer defined benefit pension plan (the Plan). The plan provides retirement benefits for members and beneficiaries according to the plan provisions as enacted and governed by the Pension Fund Board of Trustees. Colorado Revised Statutes (CRS), as amended, establishes basic benefit provisions for such plans. The Plan is included as a Pension Trust fund of the District and the Pension Trust does not issue separate statements.

Volunteers Covered by Benefit Terms

As of the December 31, 2020 measurement date, the following employees were covered by the benefit terms:

Retirees and Beneficiaries	12
Inactive, Non-retired Members	0
Active Members	<u>22</u>
Total	<u><u>34</u></u>

Benefits provided

The Plan provides retirement, survivor, death and funeral benefits. Retirement benefit for a member is \$160 a month for 20 or more years of service. Those members with a minimum of 20 years of service receive \$8.00 per month for every year of service. Survivor's death benefits are \$0 following death before being eligible for retirement and \$80 following death after normal retirement. Funeral benefit to the family members is a one-time payment of \$320

NORTH FORK FIRE PROTECTION DISTRICT

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2021

Funding policy

The contributions are not actuarially determined. An actuary is used to determine the adequacy of contributions. The Actuarial study as of January 1, 2021, indicated that the current level of contributions to the fund are adequate to support, on an actuarially sound basis, the prospective benefits for the present plan.

Contributions

For the year ended December 31, 2021, the District contributed \$30,000 to the plan.

Net Pension Asset

The total pension liability is based on an actuarial valuation performed as of January 1, 2021 and a measurement date of December 31, 2020. This measurement date is within two years of the plan sponsor's fiscal year-end of December 31, 2021 and may be used for December 31, 2021 reporting purposes.

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 measurements:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open*
Remaining Amortization Period	20 years*
Asset Valuation method	5-year smoothed fair value
Inflation	3.00%
Salary Increases	N/A
Investment Rate of Return	7.50%
Retirement Age	50% per year of eligibility until 100% at age 65

Mortality:

Pre-retirement: 2006 central rates from the RP-2014 Employee 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.

Post-retirement: 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.

NORTH FORK FIRE PROTECTION DISTRICT

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2021

Disabled: 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.

For the purpose of this valuation, the long-term expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 2.00% (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%.

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). Being that the plan's fiduciary net position is projected to be sufficient to pay benefits, the long-term expected rate of return of 7.00% was used as the discount rate.

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total	Plan	Net
	Pension	Fiduciary	Pension
	Liability	Net	Liability
	(Asset)	Position	(Asset)
Balance at 12/31/20	\$ 411,071	\$ 399,457	\$ 11,614
Changes for the Year			
Service Cost	5,052	-	5,052
Interest	28,110	-	28,110
Net Investment Income	-	52,277	(52,277)
Benefit Payments, Including Refunds of Employee Contributions	(24,384)	(24,384)	-
Administrative Expenses	-	(5,662)	5,662
Other Changes	-	-	-
Net Changes	(20,020)	52,231	(72,251)
Balance at 12/31/21	\$ 391,051	\$ 451,688	\$ (60,637)

Sensitivity of the net pension liability (asset) to the changes in the discount rate. The following table presents the net pension liability (asset) of the District, calculated using the discount rate of 7.00% as well as what the District's net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate.

NORTH FORK FIRE PROTECTION DISTRICT

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2021

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
District's Net Pension Liability (Asset)	\$ (18,354)	\$ (60,637)	\$ (96,224)

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

For the year ended December 31, 2021, the district recognized pension expense of (\$4,991) for the Volunteer Pension Plan. At December 31, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 29,589
Changes of Assumptions	5,025	-
Difference between expected and actual earnings	-	27,345
Contributions subsequent to measurement	30,000	-
Total	<u>\$ 35,025</u>	<u>\$ 56,934</u>

\$30,000 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a decrease in the pension liability in the year ended December 31, 2022. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December	Deferred Amounts
2022	\$ (18,346)
2023	(13,031)
2024	(15,669)
2025	(4,863)
Total	<u>\$ (51,909)</u>

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued FPPA financial report.

NORTH FORK FIRE PROTECTION DISTRICT

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2021

Note 7 – Risk management

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God. The District maintains commercial insurance for all risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

Note 8 – Tax, spending and debt limitations

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR) contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

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

On November 6, 2018 District voters authorized the District to adjust the mill levy as is necessary to offset the decreases in the Gallagher residential assessment rate to generate the same tax rate as the current rate, allowing such revenue to be collected, retained and spent as voter approved for the District's general operations and capital expenses related to fire protection, ambulance, and emergency medical and rescue services without regard to constitutional or statutory limitations including those contained in Article X, Section 20 of the Colorado Constitution.

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

REQUIRED SUPPLEMENTAL INFORMATION

**NORTH FORK FIRE PROTECTION DISTRICT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
STATE FIRE AND POLICE PENSION PLAN (FPPA) - VOLUNTEER PENSION FUND**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability							
Service Cost	\$ 5,052	\$ 5,052	\$ 6,046	\$ 6,046	\$ 4,653	\$ 4,653	\$ 3,294
Interest	28,110	27,536	29,492	28,706	27,156	26,236	25,491
Differences Between Expected and Actual Experience	(28,798)	-	(26,126)	-	(1,817)	-	(897)
Changes of Assumptions	-	-	15,603	-	11,333	-	-
Benefit Payments, Including Refunds of Employee Contributions	(24,384)	(24,384)	(24,384)	(24,150)	(18,624)	(18,624)	(18,624)
Net Change in Total Pension Liability	(20,020)	8,204	631	10,602	22,701	12,265	9,264
Total Pension Liability - Beginning of Year	411,071	402,867	402,236	391,634	368,933	356,668	347,404
Total Pension Liability - End of Year	<u>\$ 391,051</u>	<u>\$ 411,071</u>	<u>\$ 402,867</u>	<u>\$ 402,236</u>	<u>\$ 391,634</u>	<u>\$ 368,933</u>	<u>\$ 356,668</u>
Plan Fiduciary Net Position							
Contributions - Employer	\$ 30,000	\$ 30,000	\$ 35,000	\$ 30,000	\$ 30,500	\$ 18,000	\$ 18,000
Net Investment Income	52,277	48,778	(998)	41,832	14,015	4,456	15,639
Benefit Payments, Including Refunds of Employee Contributions	(24,384)	(24,384)	(24,384)	(24,150)	(18,624)	(18,624)	(18,624)
Administrative Expenses	(5,662)	(8,784)	(8,389)	(8,618)	(689)	(1,593)	(1,246)
State of Colorado supplemental discretionary payment	-	7,393	6,725	6,693	5,727	5,756	6,513
Net Change in Plan Fiduciary Net Position	52,231	53,003	7,954	45,757	30,929	7,995	20,282
Plan Fiduciary Net Position - Beginning of Year	399,457	346,454	338,500	292,743	261,814	253,819	233,537
Plan Fiduciary Net Position - End of Year	<u>\$ 451,688</u>	<u>\$ 399,457</u>	<u>\$ 346,454</u>	<u>\$ 338,500</u>	<u>\$ 292,743</u>	<u>\$ 261,814</u>	<u>\$ 253,819</u>
Net Pension Liability (Asset) - End of Year	<u>\$ (60,637)</u>	<u>\$ 11,614</u>	<u>\$ 56,413</u>	<u>\$ 63,736</u>	<u>\$ 98,891</u>	<u>\$ 107,119</u>	<u>\$ 102,849</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	115.51%	97.17%	86.00%	84.15%	74.75%	70.97%	71.16%
Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's Net Pension Liability as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years information is available.

**NORTH FORK FIRE PROTECTION DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
STATE FIRE AND POLICE PENSION PLAN (FPPA) - VOLUNTEER PENSION FUND**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 15,071	\$ 14,042	\$ 14,042	\$ 13,575	\$ 13,575	\$ 14,999	\$ 14,999
Contributions in Relation to the Actuarially Determined Contribution	<u>30,000</u>	<u>37,393</u>	<u>41,725</u>	<u>36,693</u>	<u>36,227</u>	<u>23,756</u>	<u>24,513</u>
Contribution Deficiency (Excess)	<u>\$ (14,929)</u>	<u>\$ (23,351)</u>	<u>\$ (27,683)</u>	<u>\$ (23,118)</u>	<u>\$ (22,652)</u>	<u>\$ (8,757)</u>	<u>\$ (9,514)</u>
Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years information is available.

**NORTH FORK FIRE PROTECTION DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY/(ASSET)
STATE FIRE AND POLICE PENSION PLAN (FPPA) - STATEWIDE DEFINED BENEFIT PLAN**

Measurement Date	2021	2020	2019	2018	2017	2016	2015	2014
	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013
District's Proportion of the Net Pension Liability/(Asset)	0.008881563%	0.0093364%	0.0099331%	0.0110505%	0.0123685%	0.0126709%	0.0131943%	0.0132142%
District's Proportionate Share of the Net Pension Liability/(Asset)	\$ (19,282)	\$ (5,280)	\$ 12,558	\$ (15,898)	\$ 4,469	\$ (223)	\$ (14,890)	\$ (11,816)
District's Covered Payroll	\$ 71,338	\$ 74,559	\$ 66,537	\$ 64,640	\$ 63,294	\$ 61,425	\$ 59,333	\$ 57,393
District's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of Covered Payroll	-27.03%	-7.08%	18.87%	-24.59%	7.06%	-0.36%	-25.10%	-20.59%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/(Asset)	106.7%	101.90%	95.20%	106.30%	98.21%	100.10%	106.80%	105.80%

The amounts presented for each fiscal year were determined as of December 31 based on the measurement date of the Plan. Covered payroll is presented based on the fiscal year. Information earlier than 2014 was not available.

**NORTH FORK FIRE PROTECTION DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
STATE FIRE AND POLICE PENSION PLAN (FPPA) - STATEWIDE DEFINED BENEFIT PLAN**

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 6,618	\$ 5,707	\$ 5,964	\$ 5,323	\$ 5,171	\$ 5,064	\$ 4,914	\$ 4,747
Contributions in Relation to the Contractually Required Contribution	\$ 6,618	\$ 5,707	\$ 5,964	\$ 5,323	\$ 5,171	\$ 5,064	\$ 4,914	\$ 4,747
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 78,212	\$ 71,338	\$ 74,559	\$ 66,537	\$ 64,640	\$ 63,294	\$ 61,425	\$ 59,333
Contributions as a Percentage of Covered Payroll	8.5%	8%	8%	8%	8%	8%	8%	8%

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