
Norwood Fire Protection District
Norwood, Colorado
Basic Financial Statements
December 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Norwood Fire Protection District

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Norwood Fire Protection District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 Norwood Fire Protection District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Norwood Fire Protection District's internal control. Accordingly, no such opinion is expressed.

Certified Public Accountants

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Norwood Fire Protection District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedule of contributions (page 17 and 18) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Management has omitted the management, discussion, and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

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

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

Blair and Associates, P.C.

Cedaredge, Colorado
September 6, 2022

Basic Financial Statements

Norwood Fire Protection District
 Combined Government-Wide and Fund Financial Statements
 Governmental Fund Balance Sheet and Statement of Net Position
 December 31, 2021

	General Fund	Adjustments (See Below)	Statement Of Net Position
Assets			
Cash and investments	\$ 287,213	\$ -	\$ 287,213
Property tax receivable	265,000	-	265,000
Accounts Receivable	59,985	-	59,985
Net Pension Asset	-	398,669	398,669
Capital assets			
Non-depreciable assets			
Land	-	13,000	13,000
Depreciable assets			
Buildings	-	312,338	312,338
Vehicles and Equipment	-	1,359,908	1,359,908
Less; Accumulated Depreciation	-	(980,295)	(980,295)
Total capital assets	<u>-</u>	<u>704,951</u>	<u>704,951</u>
Total assets	<u>612,198</u>	<u>1,103,620</u>	<u>1,715,818</u>
Deferred outflow of resources			
Pension deferrals	<u>-</u>	<u>20,457</u>	<u>20,457</u>
Liabilities			
Accounts payable	13,331	-	13,331
Accrued Payroll and Related Liabilities	13,683	-	13,683
Long-term liabilities			
Portion due within one year	-	23,778	23,778
Portion due after one year	<u>-</u>	<u>219,209</u>	<u>219,209</u>
Total liabilities	<u>27,014</u>	<u>242,987</u>	<u>270,001</u>
Deferred inflows of resources			
Deferred property taxes	265,000	-	265,000
Pension deferrals	<u>-</u>	<u>152,528</u>	<u>152,528</u>
Total deferred inflows of resources	<u>265,000</u>	<u>152,528</u>	<u>417,528</u>
Fund balance			
Restricted emergency reserve	18,314	(18,314)	-
Unassigned	<u>301,870</u>	<u>(301,870)</u>	<u>-</u>
Total fund balances	<u>320,184</u>	<u>(320,184)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 612,198</u>		
Net position:			
Investment in capital assets net of related debt		461,964	461,964
Restricted for emergencies		18,314	18,314
Restricted for pension plan		266,598	266,598
Unrestricted		<u>301,870</u>	<u>301,870</u>
Total net position		<u>\$ 1,048,746</u>	<u>\$ 1,048,746</u>

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

Norwood Fire Protection District
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
December 31, 2021

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

Total fund balance-governmental funds	\$ 320,184
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund balance sheet	704,951
Some liabilities, including leases payable, are not due and payable in the current period and therefore are not reported in the fund balance sheet	(242,987)
Net pension assets and related deferred outflows and inflows are not reported in the funds.	266,598
 Total net position-governmental activities	 <u>\$ 1,048,746</u>

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

Norwood Fire Protection District
Statement of Revenue, Expenditures and Changes in Fund Balance/Net Position
Governmental Fund and Statement of Activities
For the Year Ended December 31, 2021

	General Fund	Adjustments (See Next Page)	Statement of Activities
Expenditures/Expenses			
Public safety - fire protection			
Administration	\$ 510,362	\$ (44,960)	\$ 465,402
Public safety	197,116	-	197,116
Depreciation expense	-	121,151	121,151
Debt service:			
Principal	23,053	(23,053)	-
Interest	8,365	-	8,365
Capital outlay	148,197	(136,390)	11,807
Total expenditures/expenses	<u>887,093</u>	<u>(83,252)</u>	<u>803,841</u>
General Revenues			
Property taxes	316,985	-	316,985
S. O. taxes	23,535	-	23,535
Miscellaneous	47,858	-	47,858
Investment gain (loss)	(2,492)	-	(2,492)
Charges for Services	393,637	-	393,637
Grants	66,475	-	66,475
Total general revenue	<u>845,998</u>	<u>-</u>	<u>845,998</u>
Change in net position	(41,095)	83,252	42,157
Fund balances/Net position:			
Beginning of the year	361,279	645,310	1,006,589
End of the year	<u>\$ 320,184</u>	<u>\$ 728,562</u>	<u>\$ 1,048,746</u>

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

Norwood Fire Protection District
 Reconciliation of the Statement of Revenue, Expenditures and Changes
 in the Fund Balance Governmental Fund to the Statement of Activities
 For the Year Ended December 31, 2021

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

Excess of revenues over expenditures - general fund	\$ (41,095)
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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 expenses:

Capital outlay	136,390
Depreciation	(121,151)
Total	<u>15,239</u>

The issuance of capital leases provides current financial resources to governmental funds, while the repayment of the principal of capital leases consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position:

Principal payments - Capital lease	23,053
	<u>23,053</u>

Net change in pension costs	<u>44,960</u>
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Change in net position - Statement of Activities	<u><u>\$ 42,157</u></u>
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Norwood Fire Protection District
Statement of Fiduciary Net Position
Fiduciary Fund
December 31, 2021

Assets	
Investments	
Cash and cash equivalents	\$ 887,144
Investments, at fair market value	-
Total assets	<u>\$ 887,144</u>
Liabilities	
Accounts payable	<u>\$ -</u>
Total liabilities	<u>-</u>
Net position	
Held in trust for volunteer's pension benefits	887,144
Total net position	<u>\$ 887,144</u>

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

Norwood Fire Protection District
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
December 31, 2021

Additions	
Contributions	
State participation contributions	\$ 12,500
Property taxes	26,845
Investment income:	
Net investment return	-
	.
Net increase in fair market value	
Realized gain on investments	113,330
Total income	<u>152,675</u>
Deductions	
Pension benefits paid	17,885
Actuarial Study	1,374
Administrative fees	5,049
Total deductions	<u>24,308</u>
Increase in net position	128,367
Net position beginning	758,777
Net position ending	<u><u>\$ 887,144</u></u>

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

Norwood Fire Protection District
Notes to the Financial Statements
December 31, 2021

Note 1 - Summary of Significant Accounting Policies

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

Financial Reporting Entity

The District is a governmental entity to provided fire protection to the citizens within the West End region of Colorado's San Miguel and Montrose Counties. The District has a six-member board of directors. For reporting purposes, the district, is a governmental stand-alone entity, with no component units. The District was formed in 1932.

Government-Wide and Fund Financial Statements

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

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

Norwood Fire Protection District
Notes to the Financial Statements
December 31, 2021

Note 1 - Summary of Significant Accounting Policies – continued

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

Governmental Funds

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

Fiduciary Fund

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

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

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

Prepaid Expenses

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

Capital Assets

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Vehicles	5-10
Equipment	5-10

Norwood Fire Protection District
Notes to the Financial Statements
December 31, 2021

Note 1 - Summary of Significant Accounting Policies – continued

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

Fund Equity

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

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

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

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

Emergency reserves have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado. A portion of the General Fund equity and net position has been reserved/restricted in compliance with this requirement in the amount of \$18,314.

Budgetary Information

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

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

Norwood Fire Protection District
Notes to the Financial Statements
December 31, 2021

Note 1 - Summary of Significant Accounting Policies – continued

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

Encumbrances

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

Compensated absences

Accumulated unpaid vacation amounts are accrued as a liability as the benefits are earned, if the employees' rights to receive compensation are attributable to services already rendered, and it is probable that the employer will compensate employees for the benefits through paid time off or some other means. The total compensated absence liability is reported on the government-wide financial statements. As of December 31, 2021, there was no amount accrued for compensated absences because it was immaterial in amount.

Fair Value Measurement

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

Note 2 - Deposits and Investments

Deposits - Colorado state statutes govern the entity's deposits of cash. The Public Deposit Protection Acts for banks and savings and loans require the state regulators to certify eligible depositories for public deposits. The acts require the eligible depositories with public deposits in excess of the federal insurance levels to create a single institution collateral pool of defined eligible assets. Eligible collateral includes obligations of the United States, obligations of the State of Colorado or local Colorado governments and obligations secured by first lien mortgages on real property located in the State. The pool is to be maintained by another institution or held in trust for all the un-insured public deposits as a group. The market value of the assets in the pool must be at least equal to the un-insured deposits.

At year-end carrying value of the District's deposits was \$ 287,213 and bank balance was \$ 288,403. All of the bank balances were covered by FDIC insurance.

Norwood Fire Protection District
Notes to the Financial Statements
December 31, 2021

Note 3 - Property Taxes

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

Note 4 - Capital Assets

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

	Balance 1/1/2021	Additions	Retirements	Balance 12/31/2021
Government activities				
Capital assets, not being depreciated				
Land	\$ 13,000	\$ -	\$ -	\$ 13,000
Capital assets being depreciated				
Building and improvements	312,338	-	-	312,338
Vehicles and equipment	1,223,517	136,390	-	1,359,907
Total capital assets being depreciated	<u>1,535,855</u>	<u>136,390</u>	<u>-</u>	<u>1,672,245</u>
Less accumulated depreciation for				
Building and improvements	(164,237)	(4,252)	-	(168,489)
Vehicles	(694,907)	(116,899)	-	(811,806)
Total accumulated depreciation	<u>(859,144)</u>	<u>(121,151)</u>	<u>-</u>	<u>(980,295)</u>
Total capital assets being depreciated, net	<u>676,711</u>	<u>15,239</u>	<u>-</u>	<u>691,950</u>
Governmental capital assets, net	<u>\$ 689,711</u>	<u>\$ 15,239</u>	<u>\$ -</u>	<u>\$ 704,950</u>

Depreciation costs for 2021 for the government activities was \$ 121,151.

Note 5 - Contingent Liabilities

Risk management

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

Norwood Fire Protection District
Notes to the Financial Statements
December 31, 2021

Note 6 - Tax, Spending and Debt Limitations

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

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

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

Note 7 – Long-term Liabilities

Norwood Fire Protection District has an obligation to Community First National Bank bearing interest at 3.10%. The loan is payable in annual installments of \$ 31,417.63, including interest, starting May 15, 2021, and ending May 15, 2030. The loan is collateralized by the financed equipment, a Fouts Brothers 2,000-gallon tanker. Principal and interest payments for the years following December 31, 2021, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 23,778	\$ 7,639	\$ 31,417
2023	24,526	6,892	31,418
2024	25,297	6,121	31,418
2025	26,092	5,325	31,417
2026	26,912	4,505	31,417
2027-3031	116,382	9,289	125,671
	<u>\$ 242,987</u>	<u>\$ 39,771</u>	<u>\$ 282,758</u>

Norwood Fire Protection District
Notes to the Financial Statements
December 31, 2021

Note 8 - Defined Benefit Pension Plans

All volunteer fire fighters participate in the Defined Benefit Pension Plan administrated by the FPPA for plan administration and investment only. The plan has a plan document, actuarial valuation and is governed by the local pension board.

Any fire fighter, who has reached the age of 50 years and completed 20 years of active service, is eligible for \$175 per month. In addition, there are survivor benefits of \$87.50 per month and a one-time only lump sum death benefit of \$175.

At December 31, 2021, the District reported an asset of \$398,669 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2021, and the total pension asset used to calculate the net pension asset was determined by an actuarial study as of December 31, 2021. Standard update procedures were used to roll forward the total pension liability to December 31, 2020. The District's proportion of the net asset was based on District's contributions to FPPA for the calendar year 2021 relative to the total contributions of participating employers to FPPA.

For the year ended December 31, 2021, the District recognized pension income of \$44,960. At December 31, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 86,525
Net difference between projected and actual earnings on pension plan investments	17,054	66,003
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	<u>3,403</u>	<u>-</u>
Total	<u>\$ 20,457</u>	<u>\$ 152,528</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31</u>	<u>Net Deferred Outflows/ (Inflows) of Resources</u>
2022	\$ (42,132)
2023	(32,542)
2024	(41,070)
2025	(16,327)
2026	-
Thereafter	<u>-</u>
Total	<u>\$ (132,071)</u>

Actuarial assumptions. The total pension asset on December 31, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Norwood Fire Protection District
Notes to the Financial Statements
December 31, 2021

Note 8 - Defined Benefit Pension Plans – (continued)

Actuarially determined contribution rates are calculated as of January 1 of odd numbered years. The contribution rates have a one-year lag, so the actuarial valuation as of January 1, 2021, determines the contribution amounts for 2020.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open*
Remaining Amortization Period	20 years*
Asset Valuation Method	5-Year smoothed market
Inflation	2.50%
Salary Increases	N/A
Investment Rate of Return	7.00%
Retirement Age	50% per year of eligibility until 100% at age 65
Mortality	Pre-retirement: RP-2000 Combined Mortality Table with Blue Collar Adjustment, 40% multiplier for off-duty mortality. Post-retirement: RP-2000 Combined Mortality Table with Blue Collar Adjustment. Disabled: RP-2000 Disabled Mortality Table All tables projected with Scale AA

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

Regarding the sensitivity of the net pension liability/ (asset) to changes in the Single Discount Rate, the following presents the plan's net pension liability/ (asset), calculated using a Single Discount Rate of 7.00%, as well as what the plan's net pension liability/ (asset) would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

Sensitivity of Net Pension Liability/(Asset)
to the Single Discount Rate Assumption

Current Single Discount		
1% Decrease	Rate Assumption	1% Increase
6.00%	7.00%	8.00%
\$ (362,541)	\$ (398,669)	\$ (429,220)

The Fire & Police Pension Association (FPPA) administers an agent multiple-employer Public Employee Retirement System (PERS). The PERS represents the assets of numerous separate plans that have been pooled for investment purposes. The pension plans have elected to affiliate with FPPA for plan administration and investment only. FPPA issues a publicly available comprehensive annual financial report that can be obtained at: <http://www.fppaco.org>.

Required Supplemental Information

Norwood Fire Protection District
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Fund
For the Year Ended December 31, 2021

	Budget		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Revenues				
Current property taxes	\$ 290,000	\$ 290,000	\$ 316,985	\$ 26,985
Specific ownership taxes	18,000	18,000	23,535	5,535
Investment gain (loss)	500	500	(2,492)	(2,992)
Miscellaneous	2,400	2,400	47,858	45,458
Charges for Services	220,600	270,600	393,637	123,037
Grants	110,000	60,000	66,475	6,475
Total revenues	<u>641,500</u>	<u>641,500</u>	<u>845,998</u>	<u>204,498</u>
Expenditures				
Administration:				
Payroll	294,700	294,700	403,559	(108,859)
Office Expenses	10,750	10,750	28,913	(18,163)
Insurance	16,000	16,000	16,035	(35)
Utilities	14,550	14,550	17,364	(2,814)
Treasurer fees	-	-	8,827	(8,827)
Pension expense	-	-	7,350	(7,350)
Pension contribution	-	-	26,845	(26,845)
Miscellaneous	5,200	5,200	1,469	3,731
Total administration	<u>341,200</u>	<u>341,200</u>	<u>510,362</u>	<u>(169,162)</u>
Public safety				
Training & Education	8,350	8,350	15,023	(6,673)
EMS expenses	59,500	59,500	71,896	(12,396)
Firefighting Expenses	19,500	19,500	-	19,500
Wildfire Fighting Expenses	15,000	15,000	9,935	5,065
Maintenance and repairs	37,400	37,400	32,784	4,616
Travel, Meals, Lodging	2,000	2,000	23,008	(21,008)
Small Tools	12,000	12,000	44,470	(32,470)
Total public safety	<u>153,750</u>	<u>153,750</u>	<u>197,116</u>	<u>(43,366)</u>
Capital outlay	<u>89,882</u>	<u>89,882</u>	<u>148,197</u>	<u>(58,315)</u>
Debt service	<u>31,418</u>	<u>31,418</u>	<u>31,418</u>	<u>-</u>
Total expenditures	<u>616,250</u>	<u>616,250</u>	<u>887,093</u>	<u>(270,843)</u>
Excess revenues over (under) expenditures	25,250	25,250	(41,095)	(66,345)
Beginning fund balance	350,915	350,915	361,279	10,364
Ending fund balance	<u>\$ 376,165</u>	<u>\$ 376,165</u>	<u>\$ 320,184</u>	<u>\$ (55,981)</u>

Schedule of Contributions For Purposes of Building a 10-Year History

Year Ending December 31,	Actuarially Determined Contribution	Actual Contribution*	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
(a)	(b)	(c)	(d) = (b) - (c)	(e)	(f)
2020	\$ 0	\$ 30,410	\$ (30,410)	N/A	N/A

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

Information for the measurement periods ending December 31, 2014 through December 31, 2019 should be obtained from the prior years' reports for purposes of building the 10-year history.



Norwood Fire Protection District
Pension Fund
Schedule of Revenues and Expenditures
Budget and Actual
For the Year Ended December 31, 2021

	Budget		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Revenues				
General fund contribution	\$ -	\$ -	\$ 26,845	\$ 26,845
State matching funds	15,000	15,000	12,500	(2,500)
Total revenues	<u>15,000</u>	<u>15,000</u>	<u>39,345</u>	<u>24,345</u>
Expenditures				
Pension benefits	26,750	26,750	17,885	8,865
Actuarial study	-	-	1,374	(1,374)
Miscellaneous	-	-	5,049	(5,049)
Total expenditures	<u>26,750</u>	<u>26,750</u>	<u>24,308</u>	<u>2,442</u>
Excess revenues over (under) expenditures	(11,750)	(11,750)	15,037	26,787
Beginning fund balance	758,777	758,777	758,777	-
Gain on Investments	-	-	113,330	113,330
Ending fund balance	<u>\$ 747,027</u>	<u>\$ 747,027</u>	<u>\$ 887,144</u>	<u>\$ 140,117</u>