Foothills Fire Protection District

BASIC FINANCIAL STATEMENTS

December 31, 2022

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Foothills Fire Protection District

Opinion

We have audited the financial statements of governmental activities and each major fund of the Foothills Fire Protection District (the "District), as of and for the year ended December 31, 2022 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 present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the Foothills Fire Protection District as of December 31, 2022, 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 Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("US 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 opinion.

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 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

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

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

Other Matters

Omission of the Management's Discussion and Analysis

The Board of Directors has elected to omit the management's discussion and analysis, information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of the 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 the omitted information.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedule of changes in net pension liability and related ratios on pages 32 and 33 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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 this required supplementary information in accordance with US GAAS, which consist of inquires 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 this information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Logan, Thomas & Johnson, LLC

Broomfield, Colorado
November 3, 2023

GOVERNMENT – WIDE FINANCIAL STATEMENTS

Foothills Fire Protection District

STATEMENT OF NET POSITION

December 31, 2022

ASSETS		
Cash and cash equivalents	$	2,094,080
Intergovernmental accounts receivable		4,572
Property taxes receivable		1,061,187
Capital assets, net of accumulated depreciation of $2,050,655		
Capital assets not being depreciated		
Land		138,180
Capital assets being depreciated		
Buildings		421,636
Apparatus		712,581
Equipment		108,600
Total capital assets		1,380,997
Net pension asset - volunteer firefighter pension plan		450,732
Total assets		4,991,568
DEFERRED OUTFLOWS OF RESOURCES		
Volunteer firefighters' pension		100,800
LIABILITIES		
Accounts payable		12,556
Accrued expenses		18,458
Total liabilities		31,014
DEFERRED INFLOWS OF RESOURCES		
Property taxes		1,061,187
Volunteer firefighters' pension		282,524
Total deferred inflows of resources		1,343,711
NET POSITION		
Invested in capital assets		1,380,997
Net pension asset		450,732
Restricted for emergencies		28,800
Unrestricted		1,857,114
Total net position	$	3,717,643

The accompanying notes are an integral part of this statement.

Foothills Fire Protection District

STATEMENT OF ACTIVITIES

For the Year ended December 31, 2022

Program expenses	
Public safety	
Administration	$ 687,970
Emergency medical services support	2,070
Fleet maintenance	30,257
Fuel	20,590
Communications	24,645
Equipment maintenance	5,195
Stations, buildings and grounds	88,387
Training	28,557
Durable equipment	52,948
Pension expense	(178,831)
Depreciation	148,375
Total program expenses	910,163
Program revenues	
Response and permit fees	6,704
Total program revenues	6,704
Net program expenses	903,459
General revenue (expense)	
Property taxes	1,026,841
Specific ownership taxes	70,988
Investment income	35,358
Donations and other	7,906
Total general revenue	1,141,093
CHANGE IN NET POSITION	237,634
NET POSITION - beginning of the year	3,480,009
NET POSITION - end of the year	$ 3,717,643

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

Foothills Fire Protection District

BALANCE SHEET - GENERAL FUND

December 31, 2022

ASSETS	
Cash and cash equivalents	$ 2,094,080
Restricted cash	-
Intergovernmental accounts receivable	4,572
Property taxes receivable	1,061,187
Total assets	$ 3,159,839
LIABILITIES	
Accounts payable	$ 12,556
Accrued liabilities	18,458
Total liabilities	31,014
DEFERRED INFLOWS OF RESOURCES	
Property taxes	1,061,187
FUND BALANCE	
Restricted	33,500
Committed	600,000
Assigned	752,535
Unassigned	681,603
Total fund balance	2,067,638
Total liabilities, deferred inflows of resources and fund balance	$ 3,159,839

RECONCILIATION TO STATEMENT OF NET POSITION

Total fund balance	$ 2,067,638
Amounts reported for governmental activities in the Statement of Net Position are different due to:	
The net pension asset reflected in the Statement of Net Position is not an asset and available in the current period and therefore is not reported in the general fund,	450,732
Net deferred outflows and deferred inflows associated with the recording of the net pension asset in the Statement of Net Position are not resources or liabilities in the general fund and therefore are not reported in the general fund,	(181,724)
Capital assets reflected in the Statement of Net Position are not financial resources in the general fund and therefore are not reported in the general fund, net of accumulated depreciation of $2,050,655	1,380,997
Total net position	$ 3,717,643

The accompanying notes are an integral part of this statement.

Foothills Fire Protection District

STATEMENT OF REVENUE, EXPENDITURES AND
CHANGE IN FUND BALANCE - GENERAL FUND

For the Year ended December 31, 2022

Revenue	
Property taxes	$ 1,026,841
Specific ownership taxes	70,988
Response and permit fees	6,704
Interest income	35,358
Grants and donations	7,906
Total revenue	1,147,797
Expenditures	
Public safety	
Administration	687,970
Emergency medical services support	2,070
Fleet maintenance	30,257
Fuel	20,590
Communications	24,645
Equipment maintenance	5,195
Stations, buildings and grounds	88,387
Training	28,557
Durable equipment	52,948
Pension contribution	100,800
Total expenditures	1,041,419
CHANGE IN FUND BALANCE	106,378
FUND BALANCE - beginning of the year	1,961,260
FUND BALANCE - end of the year	$ 2,067,638

The accompanying notes are an integral part of this statement.

Foothills Fire Protection District

RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES AND CHANGE IN FUND BALANCE - GENERAL FUND TO THE STATEMENT OF ACTIVITIES

For the Year ended December 31, 2022

Change in fund balance - general fund	$	106,378
Amounts reported for governmental activities in the Statement of Activities are different due to:		
The difference between the pension expense as reflected in the Statement of Activities and the pension contribution as reflected in the general fund,		279,631
Depreciation expense on capital assets is reported in the Statement of Activities. However, it does not use current financial resources, as such depreciation expense is not reported as an expenditure in the general fund.		(148,375)
Change in net position - statement of activities	$	237,634

The accompanying notes are an integral part of this statement.

Foothills Fire Protection District

STATEMENT OF REVENUE, EXPENDITURES, AND CHANGE
IN FUND BALANCE
BUDGET TO ACTUAL - GENERAL FUND

For the Year ended December 31, 2022

	Original Budget	Amended and Final Budget	Actual	Variance
Revenue				
Property taxes	$ 1,026,624	$ 1,026,624	$ 1,026,841	$ 217
Specific ownership taxes	50,000	72,450	70,988	(1,462)
Response and permit fees	4,000	6,800	6,704	(96)
Donations and other	5,000	8,600	7,906	(694)
Interest income	4,000	31,150	35,358	4,208
Refunds and abatements	7,436	7,436		(7,436)
Proceeds from the sale of capital assets	-	-	-	-
Total revenue	1,097,060	1,153,060	1,147,797	(5,263)
Expenditures				
Operations				
Administration	716,500	696,850	687,970	8,880
Emergency medical services support	-	-	2,070	(2,070)
Fleet maintenance	29,500	37,850	30,257	7,593
Wildland and structural firefighting	-	-	-	-
Fuel	15,000	21,000	20,590	410
Communications	6,000	2,600	24,645	(22,045)
Equipment maintenance	16,000	2,300	5,195	(2,895)
Durable equipment	27,000	31,300	52,948	(21,648)
Stations, buildings and grounds	87,000	92,150	88,387	3,763
Training	30,000	30,000	28,557	1,443
Pension contribution	100,000	100,800	100,800	-
Capital outlay				
Equipment	20,000	28,800	-	28,800
Vehicles	100,000	110,900	-	110,900
Past years' budget approvals expensed	575,000	575,000	-	575,000
Total expenditures	1,722,000	1,729,550	1,041,419	688,131
CHANGE IN FUND BALANCE	(624,940)	(576,490)	106,378	682,868
FUND BALANCE - beginning of the year	1,631,545	1,961,260	1,961,260	-
FUND BALANCE - end of the year	$ 1,006,605	$ 1,384,770	$ 2,067,638	$ 682,868

The accompanying notes are an integral part of this statement.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Foothills Fire Protection District (the "District") conform to the accounting principles generally accepted in the United States of America ("US GAAP") as applicable to governmental entities. The following is a summary of the more significant policies consistently applied in the preparation of the basic financial statements of the District.

1. *Reporting Entity*

The District was established in 1997, under State of Colorado Revised Statutes as a quasi-municipal corporation and is governed by a five-member elected or appointed Board of Directors pursuant to the provisions of the Colorado Special District Act. The District's service area is located in Jefferson County, Colorado and the District provides firefighting, rescue and emergency medical services support ("EMS") to the residents and visitors of the District. As required by US GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local government entities. The District has no component units as defined by Governmental Accounting Standards Board ("GASB"), Statement No. 14, *The Reporting Entity* and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*.

2. *Measurement Focus and Financial Accounting Framework*

<u>*Government-Wide Financial Statements*</u>

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government.

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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of net 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 operation or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenue are reported as general revenues.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2. *Measurement Focus and Financial Accounting Framework - continued*

Governmental Fund Financial Statements

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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Property taxes and specific ownership taxes associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period.

The District has one Governmental Fund, the general fund, which accounts for all of the financial resources of the District.

3. *Cash and Cash Equivalents*

The District considers cash and cash equivalents to include cash on hand, demand deposits, certificates of deposit, money market accounts, and investments with original maturities of three months or less, as applicable.

4. *Fair Value of Financial Instruments*

The District's financial instruments include cash and cash equivalents, accounts receivable, accounts payable and deferred outflows and inflows of resources. The District estimates that the fair value of these financial instruments as of December 31, 2022, do not differ materially from the aggregate carrying values used in the accompanying financial statements. The carrying amount of these financial instruments approximates the fair value due to the short maturity of these financial instruments.

5. *Use of Estimates*

The preparation of financial statements in conformity with US GAAP involves the use of management's estimates that affect the reported amounts of assets and liabilities as of the date of the financial statements, and the reported amounts of revenue and expenditures during the reporting period. These estimates are based upon management's best judgment, after considering past events and assumptions about future events. Actual results could differ from those estimates.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

6. *Property Taxes*

Property taxes are levied on December 15 of each year, and attach as an enforceable lien on subject property as of January 1 of the following year. The property taxes are payable in full on April 30 or if paid in two installments, due on February 28 and June 15. Property taxes are considered to be delinquent as of August 1. Jefferson County bills and collects the property taxes on behalf of the District and remits the collections, less the County Treasurer's fees, to the District on a monthly basis. As the property taxes result in an enforceable lien on the subject property, in the event the property taxes are not paid, the subject property will be sold at public auction to collect the delinquent property taxes. Accordingly, no provision is deemed necessary for uncollected property taxes.

As of December 31, the District has recorded the levied property taxes and the related deferred inflow of resources.

7. *Emergency Medical Services Support and Response Fees*

The District grants credit to residents, visitors and third-party medical payers for EMS and response services provided by the District. Due to uncertainty related to the collection of the EMS and response fees, the District recognizes the revenue when the payment for such services is received.

8. *Capital Assets*

The District's capital assets are recorded at cost if purchased or constructed. Donated capital assets are valued at the estimated fair value at the time of donation. The District's capital assets consist of land, buildings, vehicles and other equipment. The District has a capitalization policy of $5,000. The District's Board of Directors has the option to capitalize items less than $5,000 in certain circumstances. Depreciation is provided in amounts sufficient to relate the cost of depreciable capital assets to operations over the estimated useful lives of the assets. Depreciation is provided under the straight-line method, with estimated service lives of five years to fifty years.

The cost of normal maintenance and repairs that do not add to the value of, or materially extend the life of, the related capital asset, are charged to expense as incurred.

NOTE B – BUDGET INFORMATION

The District's annual budget is prepared on a Non-GAAP basis for the District's general fund. An annual appropriated budget is adopted for the general fund. The annual appropriation lapses at the end of the District's fiscal year.

The District conforms to the following procedures, in accordance with the State of Colorado revised Statutes, in the establishment of the budgetary information reflected in the accompanying financial statements.

Prior to October 15, the District's Treasurer submits a proposed operating budget for the subsequent fiscal year to the District's Board of Directors. The Board of Directors may change the proposed budget prior to the publication of the notice of budget. Within ten days of the submission, a notice of the proposed budget is published. The operating budget includes proposed expenditures and the means of financing the expenditures.

Public hearings are held at the regular District Board of Director's meetings to obtain taxpayer input on the proposed operating budget.

On or before December 15, the operating budget is legally adopted through passage of a budget resolution. Upon adoption, the District's Treasurer is authorized to transfer the budgeted amounts within the function and objects of the Fund. The District's Board of Directors must approve revisions that change the total expenditures of the Fund.

Appropriations are controlled and the budget can be only amended in accordance with the State of Colorado Revised Statutes that allows the District to amend the budget and adopt a supplemental appropriation, if funds for a specific purpose, other than ad valorem taxes, become available.

State of Colorado Revised Statutes requires a balanced budget. For 2022, the District's Board of Directors amended the District's annual budget and as such, budgeted expenditures exceeded budgeted revenue by $576,490. It was anticipated the excess of budgeted expenditures over budgeted revenues would be offset by the use of prior year surpluses.

NOTE C – CASH AND INVESTMENTS

The Colorado Public Deposit Protection Act ("PDPA") requires that all units of local government deposit cash in eligible public depositories. State regulators determine the eligibility. Amounts on deposit in excess of the Federal Deposit Insurance Corporation ("FDIC") insurance levels must be collateralized. The eligible collateral is determined by the PDPA. The PDPA allows institutions to create a single collateral pool for all public funds. The pool is to be maintained by another institution, or held in trust for all uninsured public deposits. The market value of the collateral must be equal to 102% of the aggregate uninsured public deposits. The Colorado Division of Banking for banks and savings associations is required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

As of December 31, 2022, all of the District's deposits were either insured by the FDIC or held in eligible depositories.

At December 31, 2022, the District had $1,806,796 invested in the Colorado Local Government Liquid Trust ("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 repurchase agreements collateralized by certain obligations of the U.S. government agencies. The District's investments are in the COLOTRUST PLUS+ portfolio. COLOTRUST is rated AAAm by Standard & Poor's.

COLOTRUST determines the net asset value ("NAV") of the shares of each portfolio as of the close of business of each day. The NAV per share of each portfolio is computed by dividing the total value of the securities and other assets of the portfolios, less any liabilities, by the total outstanding shares of the portfolios. Liabilities, which include all expenses and fees of COLOTRUST, are accrued daily. The NAV is calculated at fair value using various inputs to determine value in accordance with GASB guidance. It is the goal of the Trust to maintain a NAV of $1.00 per share, however changes in interest rates may affect the fair value of the securities held by COLOTRUST and there can be no assurance that the NAV will not vary from $1.00 per share.

NOTE D – CAPITAL ASSETS

The changes in the District's capital assets for the year ended December 31, 2022 are as follows:

	Balance January 1, 2022	Additions	Disposals	Balance December 31, 2022
Capital assets				
Land	$ 138,180	$ -	$ -	$ 138,180
Buildings	609,362	-	-	609,362
Apparatus	1,929,397	-	-	1,929,397
Equipment	754,713	-	-	754,713
Total	3,431,652	-	-	3,431,652
Accumulated depreciation				
Buildings	(170,805)	(16,922)	-	(187,727)
Apparatus	(1,139,682)	(77,133)	-	(1,216,815)
Equipment	(591,793)	(54,320)	-	(646,113)
Total	(1,902,280)	(148,375)	-	(2,050,655)
Net capital assets	$ 1,529,372	$ (148,375)	$ -	$ 1,380,997

The District considers all depreciation expense to be associated with the District's firefighting and EMS operations.

The District assesses potential impairments to its long-lived assets, including the District's capital assets, when there is evidence that an event or changes in circumstances took place. When the carrying value of the asset exceeds the current estimated fair value of an asset, an impairment loss is recognized to reduce the asset's carrying value to its estimated fair value.

NOTE E – FUND BALANCE/NET POSITION

Fund Balance

The District utilizes the fund balance presentation as required under GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions for the District's fund financial statements. Fund balances are categorized as nonspendable, restricted, committed, assigned or unassigned.

Nonspendable – represents amounts that cannot be spent because they are either in nonspendable form or legally required to remain intact,

Restricted – represents amounts with external constraints placed on the use of these resources or imposed by enabling legislation,

Committed – represents amounts that can only be used for specific purposes imposed by a formal action of the District's highest level of decision-making authority, the District's Board of Directors. Committed resources cannot be used for any other purpose unless the District's Board of Directors removes or changes the specific use by the same type of action used to commit those amounts, either by resolution or by ordinance,

Assigned – represents amounts that the District intends to use for specific purposes as expressed by the District's Board of Directors or an official delegated the authority to assign amounts,

Unassigned – represents the residual classification for the general fund or deficit balances in other funds, as applicable.

Amounts are considered to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available. Unrestricted amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of these unrestricted fund balances classifications could be used.

NOTE E – FUND BALANCE/NET POSITION - Continued

Fund Balance - continued

As of December 31, 2022, the District's general fund balance consisted of the following:

Fund balances:		
Restricted		
TABOR reserve	$	33,500
Committed - Apparatus		600,000
Assigned		
Station improvements		667,061
Communication equipment		24,398
Protective equipment		30,538
Self-contained breathing equipment		30,538
Total assigned		752,535
Unassigned		681,603
Total fund balance	$	2,067,638

Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District reports three categories of net position, as follows:

Net investment in capital assets – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows or resources related to those assets.

Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the District will use the most restrictive net position first.

NOTE F – PENSION PLANS

Volunteer Firefighters' Pension Plan

Description of the Plan and Benefits Provided

The District, on behalf of its volunteer firefighters, contributes to the District's Volunteer Firefighters' Pension Plan, an agent multiple employer defined benefit pension plan (the "Plan") which is affiliated with the Colorado Fire and Police Pension Association ("FPPA").

Under the amended District Volunteer Firefighters' Pension Plan By-Laws, a volunteer firefighter as of or before February 21, 2014 who has obtained the appropriate number of years of service and has not reached the age of 50 or becomes a volunteer firefighter after February 21, 2014 and has the appropriate number of years of service and has not reached the age of 62, upon application to and consent of the Board of Directors, may be granted vested status. As such the volunteer firefighter shall retain all rights to benefits as provided under the District Volunteer Firefighter's Pension Plan. However, the volunteer firefighter will be unable to receive benefits until such time the volunteer firefighter reaches age 50 if the volunteer firefighter was a volunteer firefighter on or before February 21, 2014 or age 62 if the volunteer firefighter became a volunteer firefighter after February 21, 2014. The FPPA Annual Comprehensive Financial Report can be obtained on FPPA's website at www.fppaco.org/annual-reports.html.

The Plan provides retirement benefits for Plan participants and beneficiaries according to the Plan provisions as enacted and governed by the Plan Board of Trustees as follows:

Normal Retirement Benefit at Age 50 with 20 years of service (monthly)	$	400
Vested Retirement Benefit with 10 to 20 years of services (monthly per year)		20
Disability Retirement Benefit (monthly)		
Short-term disability for line of duty injury, not to exceed 1 year		200
Long-term disability for line of duty injury, lifetime benefit		200
Survivor Benefits (monthly)		
Death in the line of duty, before retirement eligible		200
Death after normal retirement		200
Death after disability retirement		100
Funeral Benefit, lump sum, one-time only		500

NOTE F – PENSION PLANS - Continued

Volunteer Firefighters' Pension Plan – continued

Contributions

The District makes contributions based upon the District's established benefits, as previously presented and funding requirements based upon the actuarial study. Plan participants do not make contributions. The State of Colorado also may make a supplemental discretionary contribution to the Plan in an amount established by statute. The actuarial study as of January 1, 2021, indicated that the current level of contributions to the fund is adequate to support on an actuarially sound basis, the prospective benefits for the present Plan. For the year ended December 31, 2022, the District and State contributions were $100,800 and $66,240, respectively.

Plan Participants Covered by the Plan as of January 1, 2021

Retirees and beneficiaries	46
Inactive, Non-retired	10
Active	28
Total Participants	84

Net Pension Asset

At December 31, 2022, the District reported a net pension asset of $450,732. The net pension asset was measured as of December 31, 2021. The total pension liability used to calculate the net pension asset was determined based upon the January 1, 2021 actuarial valuation.

Actuarial Assumptions

The January 1, 2021 actuarial valuation based on the most recent experience study completed in 2018 used the following:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	5-Year Smoothed Fair Value
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.

NOTE F – PENSION PLANS - Continued

Volunteer Firefighters' Pension Plan – continued

Actuarial Assumptions - continued

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. **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.

No changes in assumptions.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic nominal rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2021 are summarized in the following table:

Asset Class	Target Allocation	Expected Rate of Return
Cash	2.0%	2.32%
Fixed Income - Rates	10.0%	4.00%
Fixed Income - Credit	5.0%	5.25%
Absolute Return	10.0%	5.60%
Long Short	8.0%	6.87%
Global Equity	39.0%	8.23%
Private Markets	26.0%	10.63%
Total	100.0%	

NOTE F – PENSION PLANS - Continued

Volunteer Firefighters' Pension Plan – continued

Single Discount Rate

A single discount rate of 7.00% was used to measure the total pension liability. The single discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%. The projection of cash flows used to determine this single discount rate assumes that all actuarially determined contributions will be made. The plan's fiduciary net position was projected to be available to make all projected future benefit payments. 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.

Changes in Net Pension Asset

Total Pension Liability		
Service Cost	$	24,292
Interest on the Total Pension Liability		136,290
Benefit Payments		(164,038)
Net Change in Total Pension Liability		(3,456)
Total Pension Liability - Beginning		2,015,691
Total Pension Liability - Ending	$	2,012,235
Plan Fiduciary Net Pension		
Employer Contribution	$	100,800
Net Investment Income		318,292
Benefit Payments		(164,038)
Pension Plan Administrative Expenses		(16,622)
State of Colorado Supplemental Discretionary Payment		66,240
Net Change in Plan Fiduciary Net Position		304,672
Plan Fiduciary Net Position – Beginning (Market value of assets at beginning of year)		2,158,295
Plan Fiduciary Net Position – Ending (Market value of assets at end of year)	$	2,462,967
Net Pension Asset	$	(450,732)

NOTE F – PENSION PLANS - Continued

Volunteer Firefighters' Pension Plan – continued

Changes in Net Pension Asset – continued

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

1% Decrease 6.00%	Single Discount Rate Assumption 7.00%	1% Increase 8.00%
$ (233,694)	$ (450,732)	$ (632,264)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued FPPA financial reports online at www.fppaco.org/annual-reports.html.

Pension Income

For the year ended December 31, 2022, the District recognized pension income of $178,831.

Deferred Outflows and Inflows of Resources

At December 31, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ -	$ (232,066)
Differences between expected and actual experience	-	(50,458)
District contributions subsequent to the measurement date	100,800	-
Total	$ 100,800	$ (282,524)

NOTE F – PENSION PLANS - Continued

Volunteer Firefighters' Pension Plan – continued

Deferred Outflows and Inflows of Resources – continued

The $100,800 reported as deferred outflows of resources related to the Volunteer pension plan resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2023.

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

Year ended December 31,		
2023	$	(107,637)
2024		(83,308)
2025		(58,043)
2026		(33,536)
Total	$	(282,524)

Statewide Fire and Police Defined Benefit Pension Plan

Description of the Plan and Benefits Provided

The District's full-time employees participate in the Fire and Police Pension Association of Colorado's Statewide Defined Benefit Plan (SWDB). The SWDB covers all full-time firefighter and police officer employees of the participating fire and police departments in Colorado hired after April 8, 1978. The SWDB is a multi-employer plan administered by the FPPA. Members of the SWDB may receive a monthly lifetime benefit upon meeting the eligibility requirements for normal, early, vested or deferred retirement. 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.

The annual normal retirement benefit is 2% 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% 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 SWDB. 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% or the Consumer Price Index.

NOTE F – PENSION PLANS - Continued

Statewide Fire and Police Defined Benefit Pension Plan - continued

Description of the Plan and Benefits Provided – continued

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

Contributions

Members of the SWDB and employers are contributing at the rate of 12.0% and 9.0%, respectively, of base salary for a total contribution rate of 21.0% in 2022. In 2014, the members of the SWDB voted to increase the member contribution to the SWDB beginning in 2015. Member contribution rates will increase by 0.5% annually through 2022 to a total of 12% of base salary. Employer contributions remained at 8% resulting in a combined contribution rate of 20% for 2020. Employer contributions will increase by 0.5% annually starting in 2021 through 2030 to a total of 13% resulting in a combined contribution rate of 25% in 2030.

The District's contribution to the Statewide Defined Benefit Plan for the year ending December 31, 2022, was $59,160.

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

The SWDB is also subject to the provisions of GASB 68 which provide guidance for the potential recognition of the District's proportionate share of the SWDB's net pension liability/(asset) and any related deferred outflows or deferred inflows. The District has evaluated the impact of GASB 68 and has determined the District's proportionate share of the SWDB's net pension liability /(asset) and any related deferred outflows or deferred inflows is immaterial. As such, as permitted under GAAP, the District's proportionate share of the SWDB's net pension liability/(asset) and any related deferred outflows or deferred inflows are not reflected.

NOTE F – PENSION PLANS - Continued

Fire and Police Pension Association

The Fire and Police Pension Association 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 affiliated pension plans have elected to use FPPA for plan administration investment services only. FPPA issues a publicly available comprehensive annual financial report. That report may be obtained through the FPPA website at www.fppaco.org.

Deferred Compensation Pension Plan

The District also established a deferred compensation pension plan in accordance with Internal Revenue Code Section 457, which is being administered by the FPPA. The District has no administration or fiduciary responsibilities for this plan. Neither the assets nor corresponding liabilities of this plan are reflected in these financial statements.

NOTE G – TAX, SPENDING AND DEBT LIMITATIONS

Taxpayers' Bill of Rights

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

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. Cash equal to the required emergency reserve is reflected as restricted.

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 the calculation of the fiscal year spending limits will require judicial interpretation.

NOTE H - COMMITMENTS

Dispatch Agreement

The District has an intergovernmental agreement with Jefferson County Communications Center Authority under which the Jefferson County Communications Center will provide dispatch service to the District.

At the end of each term, the agreement shall automatically renew for a period of one year, unless ninety (90) days advance notice is provided by either party of intent to terminate the agreement.

NOTE I – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft, damage to, or destruction of assets; errors or omissions; injuries to volunteers; or acts of God for which the District carries commercial insurance. The District's claims have not exceeded its coverage during the preceding three years.

NOTE J – MANAGEMENT'S EVALUATION OF SUBSEQUENT EVENTS

The preparation of the District's financial statements and accompanying footnotes in conformity with generally accepted accounting principles requires management of the District to evaluate transactions and events subsequent to the balance sheet date involving the District. Management has evaluated the subsequent transactions and events of the District through November 3, 2023, which is the date the financial statements and accompanying footnotes were available for issuance.

REQUIRED SUPPLEMENTARY INFORMATION

Foothills Fire Protection District

VOLUNTEER FIREFIGHTERS' PENSION PLAN
SCHEDULE OF CHANGES IN NET PENSION ASSET/(LIABILITY) AND RELATED RATIOS

Measurement period ended December 31,	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Plan Liability								
Service cost	$ 24,292	$ 40,457	$ 40,457	$ 34,794	$ 34,794	$ 31,247	$ 31,247	$ 28,109
Interest on the total pension liability	136,290	146,316	143,436	145,182	143,003	138,690	137,209	133,272
Difference between expected and actual experience of the total pension liability	-	(171,314)	-	(5,988)	-	(28,394)	-	38,557
Assumption changes	-	-	-	84,686	-	62,698	-	-
Benefit payments	(164,038)	(137,890)	(147,440)	(148,680)	(148,800)	(148,170)	(149,232)	(148,743)
Net change in total pension liability	(3,456)	(122,431)	36,453	109,994	28,997	56,071	19,224	51,195
Total pension plan liability - beginning	2,015,691	2,138,122	2,101,669	1,991,675	1,962,678	1,906,607	1,887,383	1,836,188
Total pension plan liability - ending	$ 2,012,235	$ 2,015,691	$ 2,138,122	$ 2,101,669	$ 1,991,675	$ 1,962,678	$ 1,906,607	$ 1,887,383
Pension Plan Fiduciary Net Position								
District contributions	$100,800	$100,800	$108,400	$120,000	$110,000	$100,000	$100,000	$100,000
Pension plan net investment income	318,292	256,360	245,833	277	223,581	78,025	26,484	95,611
Benefit payments	(164,038)	(137,890)	(147,440)	(148,680)	(148,800)	(148,170)	(149,232)	(148,743)
Pension Plan administrative expenses	(16,622)	(15,623)	(22,852)	(20,864)	(18,664)	(2,595)	(3,450)	(2,577)
State of Colorado supplemental discretionary contribution	66,240	33,120	-	33,120	33,120	33,120	33,120	33,120
Net change in Pension Plan fiduciary net position	304,672	236,767	183,941	(16,147)	199,237	60,380	6,922	77,411
Pension plan fiduciary net position - beginning	2,158,295	1,921,528	1,737,587	1,753,734	1,554,497	1,494,117	1,487,195	1,409,784
Pension plan fiduciary net position - ending	2,462,967	2,158,295	1,921,528	1,737,587	1,753,734	1,554,497	1,494,117	1,487,195
Net Pension Asset (Liability)	$ 450,732	$ 142,604	$ (216,594)	$ (364,082)	$ (237,941)	$ (408,181)	$ (412,490)	$ (400,188)
Pension Plan Fiduciary Net Position as a % of Total Pension Plan Liability	122.40%	107.07%	89.87%	82.68%	88.05%	79.20%	78.37%	78.80%

Foothills Fire Protection District

VOLUNTEER FIREFIGHTERS' PENSION PLAN
SCHEDULE OF CONTRIBUTIONS

Measurement period ended December 31	2021	2020	2019	2018	2017	2016	2015	2015
Net Pension Plan Liability as % of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Schedule of Contributions								
Actuarially determined contribution	$ 81,760	$ 81,760	$ 63,966	$ 63,966	$ 65,458	$ 65,458	$ 75,048	$ 75,048
Actual contributions	167,040	133,920	108,400	153,120	143,120	133,120	133,120	133,120
Contribution excess	$ (85,280)	$ (52,160)	$ (44,434)	$ (89,154)	$ (77,662)	$ (67,662)	$ (58,072)	$ (58,072)