

Genesee Fire Protection District
Jefferson County, Colorado

**Annual Financial Report and
Independent Auditor's Report**

December 31, 2022





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Independent Auditor's Report

To the Board of Directors
Genesee Fire Protection District

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of Genesee 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Genesee Fire Protection District, as of December 31, 2022, and the respective changes in financial position and the 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. 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 Genesee Fire Protection District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Genesee 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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 the Genesee Fire Protection District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Genesee 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.

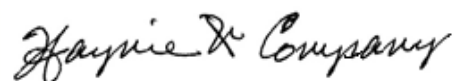
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule for the General Fund and pension schedules, as listed in the table of contents, 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, 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.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Genesee Fire Protection District's financial statements as a whole. The other supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements.

The other supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Littleton, Colorado
July 19, 2023

Genesee Fire Protection District Management's Discussion and Analysis December 31, 2022

This section presents management's analysis of Genesee Fire Protection District (the District) financial condition and activities as of and for the year ended December 31, 2022. Management's Discussion and Analysis (MD&A) is intended to serve as an introduction to the District's basic financial statements.

This information should be read in conjunction with the audited financial statements that follow this section. The District, as the primary governmental entity, includes, within the financial statements, the financial position and activities of the District's Pension Plan as a component unit. The discussion and analysis is designed to provide an analysis of the District's financial condition and operating results and to inform the reader on the District's financial issues and activities.

The information in this MD&A is presented under the following headings:

- I. Overview of the Basic Financial Statements
- II. Financial Analysis
- III. Capital Assets and Lease Administration
- IV. Budgetary Highlights
- V. Economic Factors and Next Year's Budget and Rates
- VI. Requests for Information

I. Overview of the Basic Financial Statements

The District's basic financial statements are comprised of four components: (A.) Government-wide Financial Statements (B.) Fund Financial Statements (C.) Notes to Basic Financial Statements and (D.) Required supplementary information and other supplementary information in addition to the basic financial statements.

A. Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the primary government (the District). These statements include the financial activities of overall District government, except for fiduciary activities. Governmental activities generally are financed through taxes.

B. 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 only in governmental type activities providing fire protection services to District residents.

**Genesee Fire Protection District
Management's Discussion and Analysis
December 31, 2022**

General Fund

The District's General Fund statements include:

The *Balance Sheets* present information on all of the District's assets and liabilities, with the difference between the two reported as fund balance. Over time, increases or decreases in assets and liabilities may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statements of Revenues, Expenditures and Changes in Fund Balance* present information which reflects how the District's fund balance changed during the past year. All changes in assets and liabilities are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in the statements for some items that will only result in cash flows in future fiscal periods.

C. Notes to Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to basic financial statements can be found on pages 6 to 21 of this report.

D. Required Supplementary Information and Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budgetary comparisons presented for legal compliance.

II. Financial Analysis

A. Financial Highlights

- Net Position increased by \$247,853 (13%) when compared to 2021
- District revenues (fund basis) increased by \$67,928 (7%) from 2021 to 2022
- District expenses (fund basis) decreased by \$94,919 (11%) from 2021 to 2022

B. Financial Position

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. In the case of the District, the total net position, was \$2,193,831 and \$1,945,978 for the years ended December 31, 2022 and 2021, respectively.

The largest portion of the District's net position reflects its investment in capital assets, 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, these assets are not available for future spending. Although the District's investment in 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.

**Genesee Fire Protection District
Management's Discussion and Analysis
December 31, 2022**

**Statement of Net Position
December 31, 2022**

	2022
Assets	
Current assets	\$ 1,565,560
Capital assets, net and other non-current assets	1,644,018
Deferred outflows of resources	<u>160,933</u>
Total assets and deferred outflows	<u>3,370,511</u>
Liabilities and Deferred Inflows of Resources	
Current liabilities	18,767
Deferred inflows of resources	<u>1,157,913</u>
Total liabilities and deferred inflows of resources	<u>1,176,680</u>
Net Position	
Net investment in capital assets	1,353,513
Restricted	25,990
Unrestricted	<u>814,328</u>
Total net position	<u><u>\$ 2,193,831</u></u>

C. Results of Operation

The following table shows the changes in the District's Net Position during the year.

**Statement of Activities
December 31, 2022**

	2022
Revenue	
Property taxes	\$ 805,090
Specific ownership taxes	55,652
Investment income	11,498
Other income	<u>177,886</u>
Total revenue	<u>1,050,126</u>
Expenses	
Public safety	<u>802,273</u>
Total program expenses	<u>802,273</u>
Change in Net Position	247,853
Net Position - Beginning of Year	<u>1,945,978</u>
Net Position - End of Year	<u><u>\$ 2,193,831</u></u>

**Genesee Fire Protection District
Management's Discussion and Analysis
December 31, 2022**

District Revenue and Expense Analysis:

Revenues

District revenues as of December 31, 2022 increased by \$67,928 over the year ended December 31, 2021. The increase was due mainly to increased outsourced revenue.

Expenditures/Expenses

District expenditures/expenses as of December 31, 2022 decreased by \$94,919 over the year ended December 31, 2021.

General Fund:

The General Fund was established and continually funded to provide for the general and administrative expenses and operating costs of the District. This Fund provides for the functional areas of the organization: Administration, Firefighting, Fire Prevention, Training, Communications, Apparatus and Facilities Maintenance and Replacement. The primary funding source for the General Fund is taxation of real and personal property. Other sources of income for the General Fund include interest income on reserve funds and fees from plan reviews and inspections, grants and payments for reimbursable out-of-district responses. The primary projects or program efforts for establishing funding during 2022 were:

- Support and improve upon the training programs which enable us to provide quality emergency services to the community.
- Maintain competitive salaries and benefits for all existing full-time and temporary personnel of the District.
- Normally incurred operational expenses of the District and Department.
- Maintain established fire prevention, educational and safety programs as well as the development of new programs.
- Continue with an aggressive preventive maintenance program focused on maintaining peak performance for all District apparatus and equipment.
- Maintain a replacement program to continually upgrade aging equipment and apparatus.
- Continue with the building maintenance and upgrade program for the fire station.

**Genesee Fire Protection District
Management's Discussion and Analysis
December 31, 2022**

III. Capital Assets and Leases Payable

A. Capital Assets

The District's investment in capital assets at December 31, 2022 amounts to \$1,353,513 (net of accumulated depreciation). This investment in capital assets includes land, buildings, apparatus, equipment and furnishings. An analysis of changes in capital assets is as follows:

Capital Assets December 31, 2022 and 2021				
	2022	2021	Variance	Percentage Change
Land	\$ 50,000	\$ 50,000	\$ -	0.00%
Building and improvements	1,041,933	1,038,553	3,380	0.33%
Communications equipment	304,310	298,929	5,381	1.80%
Apparatus	1,484,122	1,485,122	(1,000)	-0.07%
Protective and other equipment	397,979	334,678	63,301	18.91%
Office equipment and IT	115,773	88,571	27,202	30.71%
Total capital assets	3,394,117	3,295,853	98,264	
Less: accumulated depreciation	(2,040,604)	(1,823,315)	(217,289)	
Capital assets, net of accumulated depreciation	\$ 1,353,513	\$ 1,472,538	\$ (119,025)	

The District's significant investments in capital during 2022 are as follows:

- The outfitting of an apparatus
- Tools and equipment
- IT upgrades

Additional information on the District's capital assets can be found in Note 5 of this report.

IV. General Fund Budgetary Highlights

The District's annual budgets are prepared according to Colorado law and they are based on accounting for certain transactions on a basis of cash receipts and disbursements. It should be noted that the 2022 budget was monitored to more closely align expenses with the areas of responsibility.

The difference between the final budgeted expenditures of \$925,017 and the actual expenditures of \$866,329 resulted in a favorable variance of \$58,688.

Additional information on the District's detailed budget can be found in page 22 of this report.

**Genesee Fire Protection District
Management's Discussion and Analysis
December 31, 2022**

V. Economic Factors and Next Year's Budget

- Property taxes are budgeted in the amount of \$810,691 for the General Fund based on an assessed valuation of the district of \$84,773,674 with a mill levy of 9.563. \$85,850 has been budgeted for various capital expenditures across all categories.
- The assessed valuation of the district is approximately \$5,527,526 or 6.98% higher than the 2021 budget year and the mill levy increased to 9.563, resulting in increased property taxes of approximately \$57,853 when compared to the prior year budget year.
- Reserve funds are budgeted at \$620,843 which represents about 74% of the 2022 operating budget excluding capital spending.

VI. Requests for Information

This report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Genesee Fire Protection District, 23455 Curren Drive, Golden, CO 80401.

Basic Financial Statements

Genesee Fire Protection District

Notes to Financial Statements

December 31, 2022

1. Definition of Reporting Entity

The Genesee Fire Protection District (the “District”) is a quasi-municipal corporation governed pursuant to provisions in the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located in Jefferson County, Colorado. The District was established to provide firefighting and emergency services to the citizens and their property within its jurisdiction, and to individuals passing through its jurisdiction.

On February 21, 2011, the District was approved as an exempt organization under section 501(c)(3) of the Internal Revenue Code. In an attempt to better serve the taxpayers and maintain low tax mill levy, the District has actively sought grants for capital equipment purchases; many of these grants are given out by private charitable foundations, who will only grant monies to organizations exempt under this code. The District successfully sought this exemption status and is now eligible for private charitable foundation grants.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements that 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, which is the primary government, is not considered a component unit of any other government and does not engage in any business-type activities.

2. Summary of Significant Accounting Policies

The financial statements of the Genesee Fire Protection District (District) have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting.

The most significant of the District's accounting policies are described below.

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. Governmental activities are generally supported by taxes, charges for services and intergovernmental revenues. There are no business-type activities in the District for the year ended December 31, 2022.

Genesee Fire Protection District
Notes to Financial Statements (continued)
December 31, 2022

2. Summary of Significant Accounting Policies (continued)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to those 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.

The fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. The District has one governmental fund, the General Fund.

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 governmental fund financial statements are accounted for using the current financial resources measurement focus, whereby only current assets and liabilities generally are included in the balance sheet, and the statement of revenues, expenditures and changes in fund balance present increases and decreases in those net current assets. These funds use the modified accrual basis of accounting whereby 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 recognized when a liability is incurred, as under accrual accounting.

Property taxes, intergovernmental grants, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have 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.

Because governmental fund statements are presented using a measurement focus and basis of accounting different from that used in the government-wide statements, a reconciliation is presented that briefly explains the adjustments necessary to reconcile the ending net position and the change in net position.

Genesee Fire Protection District
Notes to Financial Statements (continued)
December 31, 2022

2. Summary of Significant Accounting Policies (continued)

In accordance with GASB, the corresponding assets (receivables) in non-exchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source. Property taxes attach an enforceable lien on property as of January 1. Taxes are levied in December, payable in the following year in full by April 30, or in two equal installments due on the last day of February and June 15.

Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with an original maturity of three months or less.

Capital Assets

Capital assets used in governmental activities of the District are recorded at cost. Depreciation is computed on a straight-line basis over the following estimated useful lives:

Buildings	40 years
Improvements	15 – 40 years
Equipment	5 – 7 years
Vehicles	5 – 15 years

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset have not been capitalized. The District's threshold for capitalization is \$500, where the asset's estimated useful life is greater than one year.

Compensated Absences

The District has a policy that allows employees to accumulate unused vacation benefits up to certain maximum hours. Compensated absences are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured. The District's General Fund is used to liquidate compensated absences of the governmental activities.

Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments and the noncurrent portion of long-term liabilities that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year end are considered to have been made with current available financial resources.

Genesee Fire Protection District

Notes to Financial Statements (continued)

December 31, 2022

2. Summary of Significant Accounting Policies (continued)

Net Position and Fund Balance

In the government-wide financial statements, net position is classified in the following categories:

- *Net Investment in Capital Assets* – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.
- *Restricted Net Position* – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Position* – This category represents the net position of the District, which are not restricted for any project or other purpose. A deficit will require future funding.

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:

- *Nonspendable fund balance* - The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.
- *Restricted fund balance* - The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.
- *Committed fund balance* - The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. 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.

Genesee Fire Protection District

Notes to Financial Statements (continued)

December 31, 2022

2. Summary of Significant Accounting Policies (continued)

- *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 balances are 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 the Board has provided otherwise in its commitment or assignment actions.

The District establishes fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget.

Revenue Recognition/Property Taxes

Property taxes attach an enforceable lien on property as of January 1. Taxes are levied in December, payable in the following year in full by April 30, or in two equal installments due on the last day of February and June 15. The county treasurer bills and collects property taxes for all taxing entities within the county. Property tax receipts collected by the county treasurer each month are remitted to the District by the tenth day of the subsequent month. Property tax revenues are recognized in the government-wide financial statements in the year that the property taxes are used to fund the operations of the District.

In the fund financial statements, property taxes are recognized in the year for which levied provided they become available and measurable. Property tax revenues are considered available when they become due or past due and are received by the District within 60 days of the end of the fiscal year.

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

3. Stewardship, Compliance and Accountability

Budgetary Information

Budgetary Policy – The District Board appoints the Budget Officer. The Budget Officer prepares the budget in accordance with Budget Law, observing legal requirements for content, and format. Prior to October 15, the District Budget Officer submits a proposed operating budget for the fiscal year commencing the following January 1 to the Board of Directors. At this time a copy of the budget is made available for inspection by the public and notice of the proposed budget is published. Public hearings are held at the regular Board of Directors meetings to obtain taxpayer input.

Genesee Fire Protection District

Notes to Financial Statements (continued)

December 31, 2022

3. Stewardship, Compliance and Accountability (continued)

No later than December 15th of the prior year for the ensuing fiscal year, the Board of Directors must formally adopt the budget, which is legally enacted through passage of a Resolution to Adopt its budget and a Resolution to Appropriate. In 2022, the budget for the General Fund was adopted, on a basis consistent with GAAP. After adopting its budget, but not earlier than December 1st and no later than December 15th the Board of Directors must certify its property tax levy to the Board of County Commissioners.

Appropriations are controlled and the budget is only amended in conformity with Colorado Revised Statutes, which defines three bases for budget amendments; 1) budgetary transfers; 2) adopt a supplemental appropriation, (if there is receipt of unanticipated revenue, other than ad valorem taxes and it is available to meet a contingency); and 3) a downward revision of the appropriation.

Budgetary Data – Budget amounts presented in the General Fund “Statement of Revenues, Expenditures, and Change in Fund Balance – Budget and Actual” reflect the original budget and the amended budget (which has been adjusted for legally authorized revision to the annual budget during the year). All annual appropriations lapse at fiscal year-end.

4. Deposits and Investments

Custodial Credit Risks – Deposits

Colorado state statutes govern the entity’s deposits of cash. For deposits in excess of federally insured limits, Colorado Revised Statutes (CRS) require the depository institution to maintain collateral on deposit with an official custodian (as authorized by the State Banking Board). The Colorado Public Deposit Protection Act (PDPA) requires state regulators to certify eligible depositories for public deposit. PDPA requires the eligible depositories with public deposits in excess of the amounts insured by the Federal Deposit Insurance Corporation (FDIC) to create a single institutional collateral pool of 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 uninsured public deposits as a group. The market value of the assets in the pool must be at least 102% of the uninsured deposits. As of December 31, 2022, the District had cash deposits with a bank balance of \$743,720 and a carrying balance of \$747,304.

Investments

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

- obligations of the United States and certain U.S. government agency securities,

Genesee Fire Protection District
Notes to Financial Statements (continued)
December 31, 2022

4. Deposits and Investments (continued)

- certain international agency securities,
- general obligation and revenue bonds of U.S. local government entities,
- bankers' acceptances of certain banks,
- commercial paper,
- written repurchase agreements collateralized by certain authorized securities,
- certain money market funds,
- guaranteed investment contracts, and
- local government investment pools.

As of December 31, 2022, the District had the following investments:

COLOTRUST	\$ <u>705,585</u>
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Custodial Credit Risk - Investments

For investments, custodial credit risk is the risk that in the event of a failure of a counter party, the District would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have a specific policy for custodial credit risk.

Interest Rate Risk

Colorado Revised Statutes limit investment maturities to five years or less from the date of purchase. This limit on investments is the means of limiting exposure to fair value losses arising from increasing interest rates.

COLOTRUST –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 currently offers three portfolios – COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund and each share is equal in value to \$1.00, offer daily liquidity. 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.

Genesee Fire Protection District
Notes to Financial Statements (continued)
December 31, 2022

4. Deposits and Investments (continued)

COLOTRUST EDGE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$10.00 transactional share price. COLOTRUST EDGE may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, 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 PRIME and COLOTRUST PLUS+ are rated AAAM by Standard & Poor's. COLOTRUST EDGE is rated AA Af/S1 by Fitch Ratings. 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 or weekly, and there is no redemption notice period.

Genesee Fire Protection District
Notes to Financial Statements (continued)
December 31, 2022

5. Capital Assets

The following table presents capital assets activity of the District for the year ended December 31, 2022:

	Balance December 31, 2020	Additions	Transfers/ Retirements	Balance December 31, 2021
Capital assets, not being depreciated:				
Land	\$ 50,000	\$ -	\$ -	\$ 50,000
Total capital assets, not being depreciated	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>50,000</u>
Capital assets, being depreciated:				
Buildings and improvements	1,038,553	3,380	-	1,041,933
Apparatus	1,485,122	-	(1,000)	1,484,122
Communications equipment	298,929	3,037	2,344	304,310
Protective equipment	90,625	15,894	-	106,519
Other response equipment	244,053	49,832	(2,425)	291,460
Office furnishings and equipment	<u>88,571</u>	<u>27,121</u>	<u>81</u>	<u>115,773</u>
Total capital assets, being depreciated	<u>3,245,853</u>	<u>99,264</u>	<u>(1,000)</u>	<u>3,344,117</u>
Less accumulated depreciation for:				
Buildings and improvements	(606,395)	(36,723)	-	(643,118)
Apparatus	(687,452)	(107,737)	-	(795,189)
Communications equipment	(217,283)	(33,407)	-	(250,690)
Protective equipment	(54,500)	(9,397)	-	(63,897)
Other response equipment	(195,356)	(15,435)	-	(210,791)
Office furnishings and equipment	<u>(62,329)</u>	<u>(14,590)</u>	<u>-</u>	<u>(76,919)</u>
Total accumulated depreciation	<u>(1,823,315)</u>	<u>(217,289)</u>	<u>-</u>	<u>(2,040,604)</u>
Total capital assets, being depreciated, net	<u>1,422,538</u>	<u>(118,025)</u>	<u>(1,000)</u>	<u>1,303,513</u>
Capital assets, net	<u>\$ 1,472,538</u>	<u>\$ (118,025)</u>	<u>\$ (1,000)</u>	<u>\$ 1,353,513</u>

Genesee Fire Protection District
Notes to Financial Statements (continued)
December 31, 2022

6. Lease-Purchase Agreement

In July 2019, the District entered into a lease-purchase agreement to purchase Motorola radio equipment. The total price of the equipment was \$130,991. The District paid \$20,000 of the total price at the time of purchase. The remaining amount of \$110,991 requires three annual payments of \$40,246, beginning August 2020. The remaining payment was made during 2022 leaving no balance owed.

The following is an analysis of the changes in long-term obligations of the lease-purchase liability for the year ended December 31, 2022:

Balance at December 31, 2021	Additions	Reductions	Balance at December 31, 2022	Due Within One Year
\$ 38,576	\$ -	\$ 38,576	\$ -	\$ -

7. Pensions

The District currently maintains two separate pension plans. One plan is maintained for the volunteer firefighters and another plan for paid personnel.

	Net Pension Asset	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources
Volunteer Plan	123,973	-	66,238	216,288
SWDB Plan	166,532	-	94,695	135,581
	\$ 290,505	\$ -	\$ 160,933	\$ 351,869

In the Statement of Net Position, all net pension liabilities have been aggregated and separately reported from the net pension asset.

As of December 31, 2021, the deferred inflows and outflows of resources resulting from all pension plans are comprised as follows:

Genesee Fire Protection District
Notes to Financial Statements (continued)
December 31, 2022

7. Pensions (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	\$ 71,110	\$ 220,173
Difference between actual and expected experience	-	111,452
Changes in assumptions	23,749	-
Changes in proportionate share	-	20,244
Current-year contributions	66,074	-
Total	\$ 160,933	\$ 351,869

Deferred outflows of resources of \$66,074, related to contributions subsequent to the measurement date, will reduce the net pension liability in the subsequent year.

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

Year ending	
December 31,	
2023	\$ (70,961)
2024	(96,079)
2025	(62,809)
2026	(33,820)
2027	7,400
Thereafter	(741)
Total	\$ (257,010)

FPPA - Statewide Defined Benefit Plan

Plan Description: The District contributes to the Fire and Police Pension Association (FPPA) to provide retirement benefits for paid employees and beneficiaries. Colorado statutes assign the authority to establish benefit provisions to the state legislature. FPPA issues a publicly available financial report that includes financial statements and required supplementary information for the plan, which is available by directly contacting the entity.

Genesee Fire Protection District
Notes to Financial Statements (continued)
December 31, 2022

7. Pensions (continued)

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 two 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 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 defined benefit 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.

The financial statements of the plan are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The plan investments are presented at fair value except for short-term investments, which are recorded at cost, which approximates fair value.

At December 31, 2022, the District reported an asset of \$166,532 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 valuation as of January 1, 2022. The District's proportion of the net pension asset was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At December 31, 2021, the District's proportion was approximately 0.03 percent.

For the year ended December 31, 2022, the District recognized pension income of \$21,253. 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 investment earnings	\$ 47,686	\$ 3,885
Difference between actual and expected experience	-	111,452
Changes in assumptions	23,749	-
Changes in proportionate share	-	20,244
Current-year contributions	23,260	-
Total	\$ 94,695	\$ 135,581

Deferred outflows of resources of \$23,260, related to contributions subsequent to the measurement date, will reduce the net pension liability in the subsequent year.

Genesee Fire Protection District
Notes to Financial Statements (continued)
December 31, 2022

7. Pensions (continued)

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

Year ending December 31,	
2023	\$ (17,564)
2024	(29,092)
2025	(17,434)
2026	(6,715)
2027	7,400
Thereafter	(741)
Total	<u>\$ (64,146)</u>

Actuarial assumptions: The total pension liability as of the measurement date was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	Actuarial Assumptions
Actuarial Valuation Date	January 1, 2022
Actuarial Method	Entry Age Normal
Long-Term Investment Rate of Return	7.0%
Projected Salary Increases	4.25% - 11.25%
Cost of Living Adjustments	0%
Includes Inflation at	2.5%

Sensitivity: The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, as well as what the District's proportionate share of the net pension asset (liability) would be if it were calculated using a discount rate this is 1-percentage-point lower (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate:

	Projected Net Pension (Asset) Liability
1% Decrease to 6% Single Discount Rate	\$ (22,966)
1% Increase to 8%	\$ (166,532)
	\$ (285,468)

Genesee Fire Protection District
Notes to Financial Statements (continued)
December 31, 2022

7. Pensions (continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Global Equity	39.0%	8.23%
Equity Long/Short	8.0%	6.87%
Private Markets	26.0%	10.63%
Fixed Income - Rates	10.0%	4.01%
Fixed Income - Credit	5.0%	5.25%
Absolute Return	10.0%	5.60%
Cash	2.0%	2.32%
Total	<u>100.0%</u>	

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 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.

Volunteer Firefighter’s Pension

Plan Description: The District, on behalf of its volunteer firefighters, contributed to a defined benefit pension plan, which is administered by FPPA. The plan is an agent multiple-employer plan that provides retirement benefits for members and beneficiaries according to the plan provisions. Colorado Revised Statutes (CRS), as amended, establishes basic benefit provisions under the plan.

The financial statements of this Plan are prepared using the accrual basis of accounting. Contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The Plan investments are presented at fair value except for short-term investments, which are recorded at cost, which approximates fair value.

Genesee Fire Protection District
Notes to Financial Statements (continued)
December 31, 2022

7. Pensions (continued)

At December 31, 2022, the District reported a net pension asset of \$123,973 for this Plan. 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 valuation as of January 1, 2021.

For the year ended December 31, 2022, the District recognized pension expense (income) of \$(56,480). 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 investment earnings	\$ 23,424	\$ 216,288
Current-year contributions	42,814	-
Total	\$ 66,238	\$ 216,288

Deferred outflows of resources of \$42,814 related to contributions subsequent to the measurement date will be recognized as a decrease to net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense (income) as follows:

Year ending	
December 31,	
2023	\$ (53,397)
2024	(66,987)
2025	(45,375)
2026	(27,105)
Total	\$ (192,864)

Actuarial assumptions: The total pension liability and actuarially determined contributions as of the measurement date was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Genesee Fire Protection District
Notes to Financial Statements (continued)
December 31, 2022

7. Pensions (continued)

	Actuarially Determined Contributions
Actuarial Valuation Date	January 1, 2019
Actuarial Method	Entry Age Normal
Amortization Method	Level Dollar, Open
Amortization Period	20 years
Long-Term Investment Rate of Return	7.00%
Asset Valuation Method	5-Year smoothed fair value
Retirement Age	50% per year of eligibility until 100% at age 65
Includes Inflation at	2.5%

Sensitivity: The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate:

	Projected Net Pension Liability (Asset)
1% Decrease to 6.0%	\$ 65,113
Single Discount Rate	\$ (123,973)
1% Increase to 8.0%	\$ (283,504)

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

Genesee Fire Protection District
Notes to Financial Statements (continued)
December 31, 2022

7. Pensions (continued)

Best estimates of rates of return for each major asset class included in the pension plan’s target asset allocation as of the valuation date are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.0%	2.32%
Fixed Income – Rates	10.0%	4.01%
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%	

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 the District contributions will continue to follow the current funding policy. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Had there been a point where assets were projected to be depleted, a municipal bond rate of 2.00% would have been used in the development of the blended GASB discount rate after that point. The 2.00% rate is based on the weekly rate closest to but not later than the measurement date of the “state & local bonds” rate from the Federal Reserve statistical release (H.15).

8. 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 carries commercial insurance coverage for all risks of loss. Claims have not exceeded commercial coverage since inception.

Genesee Fire Protection District

Notes to Financial Statements (continued)

December 31, 2022

9. TABOR Compliance

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 revenues.

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.

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 interpretation of how to calculate Fiscal Year Spending limits and qualifications as an Enterprise will require judicial interpretation.

On November 6, 2001, District voters authorized the District to increase property taxes \$67,841 in the first year, and annually thereafter, commencing in the tax year 2004, from a current mill levy of 4.913 mills to a maximum 6.00 mill levy in order to upgrade its fire, rescue, and emergency medical equipment and services to provide improved fire protection, fire suppression, and emergency medical services. Additionally, the District voters approved revenue change to allow the District to retain and spend all revenue, other than ad valorem taxes, in excess of TABOR spending revenue raising or other limitation in 2001 and subsequent years.

On May 6, 2008, the District voters authorized the District to increase taxes by a maximum of \$137,564 in the first year and annually thereafter, commencing with taxes collected in 2009, from a mill levy of up to 8.00 mills to maintain the District's ability to provide fire protection, fire suppression, and emergency medical services.

On May 8, 2018, the District voters authorized the District to increase taxes by \$112,858 in 2019, and by such amounts thereafter from a total mill levy rate of 9.5 mills with the District's total mill levy rate subject to adjustment to offset refunds, abatement and changes to the percentage of actual valuation used to determine assessed valuation to pay the District's general operations, including fire protection, fire suppression, emergency medical services, capital and other expenses.

Genesee Fire Protection District

Required Supplementary Information

Genesee Fire Protection District

Other Supplementary Information