

**MONTE VISTA FIRE PROTECTION DISTRICT**

**FINANCIAL STATEMENTS**

**December 31, 2022**



Wall,  
Smith,  
Bateman Inc.  
Certified Public Accountants

# MONTE VISTA FIRE PROTECTION DISTRICT

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# INDEPENDENT AUDITORS' REPORT



Wall,  
Smith,  
Bateman Inc.

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

## Report on the Audit of the Financial Statements

### *Qualified and Unmodified Opinions*

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Monte Vista Fire Protection District (the District), as of and for the year ended December 31, 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.

### *Qualified Opinion on the Governmental Activities and Aggregate Remaining Fund Information*

In our opinion, except for the effects of the matter described in the Basis for Qualified and Unmodified opinions section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the of the governmental activities and the aggregate remaining fund information of the District as of December 31, 2022, and the changes in financial position thereof for the year then ended in accordance with principles generally accepted in the United States of America.

### *Unmodified Opinion on the General Fund and the Capital Acquisition Fund*

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the General Fund and the Capital Acquisition Fund, of the District, as of December 31, 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 Qualified and Unmodified Opinions*

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

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

The District has not recorded the net pension liability and deferred inflow and outflows of resources related to the Pension Fund, in addition the District has not disclosed defined benefit pension plan information required by GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68*. The objective of this statement is to improve the

**Certified Public Accountants**

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usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.

### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, we

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

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

***Required Supplementary Information***

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

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Pension Fund budgetary comparison information is presented for purpose of additional analysis and is not a required part of the basic financial statements. Such information 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Pension Fund budgetary comparison information and the combining schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Wall, Smith, Bateman Inc.  
Alamosa, Colorado

August 21, 2023

**MONTE VISTA FIRE PROTECTION DISTRICT**

**BASIC FINANCIAL STATEMENTS**

**MONTE VISTA FIRE PROTECTION DISTRICT**  
**STATEMENT OF NET POSITION**  
**December 31, 2022**

	<b>GOVERNMENTAL ACTIVITIES</b>
<b>ASSETS</b>	
<b>Current Assets</b>	
Cash and cash equivalents	\$ 769,893
Accounts receivable	962
Property taxes receivable	446,221
Due from other governments	1,978
Prepaid expense	423,553
<b>Total Current Assets</b>	<b>1,642,607</b>
<b>Noncurrent Assets</b>	
Capital assets	
Land	12,500
Buildings	385,248
Machinery and equipment	393,574
Vehicles	1,792,825
Less: accumulated depreciation	(1,547,018)
<b>Total Noncurrent Assets</b>	<b>1,037,129</b>
<b>TOTAL ASSETS</b>	<b>2,679,736</b>
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Accounts payable	911
Payroll liabilities	12,541
Financed purchase agreement	108,070
<b>Total Current Liabilities</b>	<b>121,522</b>
<b>Noncurrent Liabilities</b>	
Financed purchase agreement	195,483
<b>Total Long-Term Liabilities</b>	<b>195,483</b>
<b>TOTAL LIABILITIES</b>	<b>317,005</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable revenue - property taxes	446,221
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>446,221</b>
<b>NET POSITION</b>	
Net investment in capital assets	1,037,129
Restricted for Tabor reserve	30,503
Unrestricted	848,878
<b>TOTAL NET POSITION</b>	<b>\$ 1,916,510</b>

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

**MONTE VISTA FIRE PROTECTION DISTRICT**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended December 31, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position Primary Government
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary Government:</b>					
<b>Governmental Activities:</b>					
Administration	\$ 79,710	\$ -	\$ -	\$ -	\$ (79,710)
Fire Fighting	267,563	-	38,350	25,000	(204,213)
<b>Total Governmental Activities</b>	<b>\$ 347,273</b>	<b>\$ -</b>	<b>\$ 38,350</b>	<b>\$ 25,000</b>	<b>(283,923)</b>
<b>General Revenues:</b>					
Taxes					490,129
Interest					170
Miscellaneous Income					2,161
<b>Total General Revenues</b>					<b>492,460</b>
Change in Net Position					208,537
<b>Net Position at Beginning of Year</b>					<b>1,707,973</b>
<b>Net Position, End of Year</b>					<b>\$ 1,916,510</b>

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

**MONTE VISTA FIRE PROTECTION DISTRICT**  
**GOVERNMENTAL FUND BALANCE SHEET**  
**December 31, 2022**

	<b>GENERAL FUND</b>	<b>CAPITAL ACQUISITION FUND</b>	<b>TOTAL GOVERNMENTAL FUNDS</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 438,673	\$ 331,220	\$ 769,893
Accounts receivable	962	-	962
Property taxes receivable	303,567	142,654	446,221
Due from other governments	1,978	-	1,978
Prepaid Expenses	-	423,553	423,553
<b>TOTAL ASSETS</b>	<b>\$ 745,180</b>	<b>\$ 897,427</b>	<b>\$ 1,642,607</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 911	\$ -	\$ 911
Payroll liabilities	12,541	-	12,541
<b>TOTAL LIABILITIES</b>	<b>13,452</b>	<b>-</b>	<b>13,452</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property taxes	303,567	142,654	446,221
<b>FUND BALANCES</b>			
Nonspendable	-	423,553	423,553
Restricted			
Tabor reserve	30,503	-	30,503
Unassigned	397,658	331,220	728,878
<b>TOTAL FUND BALANCES</b>	<b>428,161</b>	<b>754,773</b>	<b>1,182,934</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 745,180</b>	<b>\$ 897,427</b>	<b>\$ 1,642,607</b>

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

**MONTE VISTA FIRE PROTECTION DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUND  
BALANCE SHEET TO THE STATEMENT  
OF NET POSITION  
December 31, 2022**

<b>Total Governmental Fund Balance</b>	\$ 1,182,934
Amounts reported for governmental activities in the statement of activities are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,037,129
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Financed Purchase Agreement	<u>(303,553)</u>
<b>Net position of governmental activities</b>	<u><u>\$ 1,916,510</u></u>

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

**MONTE VISTA FIRE PROTECTION DISTRICT**  
**GOVERNMENTAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE**  
**For the Year Ended December 31, 2022**

	<b>GENERAL FUND</b>	<b>CAPITAL ACQUISITION FUND</b>	<b>TOTAL GOVERNMENTAL FUNDS</b>
<b>REVENUES</b>			
Property Taxes, Net	\$ 296,654	\$ 136,648	\$ 433,302
Specific Ownership Taxes	36,418	18,617	55,035
Delinquent Taxes and Interest	1,792	-	1,792
Contributions	38,350	-	38,350
Grants	25,000	-	25,000
Dispatch	1,009	-	1,009
Interest	167	3	170
Other	717	435	1,152
<b>TOTAL REVENUES</b>	<b>400,107</b>	<b>155,703</b>	<b>555,810</b>
<b>EXPENDITURES</b>			
Public Safety			
Administration	79,710	-	79,710
Fire Fighting	137,446	50,937	188,383
Capital Outlay	11,000	25,000	36,000
Debt Service	-	120,000	120,000
<b>TOTAL EXPENDITURES</b>	<b>228,156</b>	<b>195,937</b>	<b>424,093</b>
Excess (Deficiency) of Revenues Over Expenditures	171,951	(40,234)	131,717
<b>OTHER FINANCING SOURCES (USES)</b>			
Debt Proceeds	-	423,553	423,553
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>423,553</b>	<b>423,553</b>
Net Change in Fund Balance	171,951	383,319	555,270
<b>Fund Balance, Beginning of year</b>	<b>256,210</b>	<b>371,454</b>	<b>627,664</b>
<b>Fund Balance, End of year</b>	<b>\$ 428,161</b>	<b>\$ 754,773</b>	<b>\$ 1,182,934</b>

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

**MONTE VISTA FIRE PROTECTION DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND  
TO THE STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2022**

**Net change in fund balances - total governmental funds** \$ 555,270

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

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

Capital Asset Additions	36,000	
Depreciation Expense	<u>\$ (79,180)</u>	(43,180)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Lease Proceeds	(423,553)	
Lease Payments	<u>120,000</u>	<u>(303,553)</u>

**Change in net position of governmental activities** \$ 208,537

**MONTE VISTA FIRE PROTECTION DISTRICT**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIREMEN'S PENSION FUND**  
**December 31, 2022**

	<b>FIREMEN'S PENSION FUND</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 146,002
Investments	3,473,930
Property taxes receivable	44,793
Due from other governments	25,705
	3,690,430
<b>TOTAL ASSETS</b>	<b>3,690,430</b>
<b>LIABILITIES</b>	
Payroll liabilities	7,931
	7,931
<b>TOTAL LIABILITIES</b>	<b>7,931</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable revenue - property taxes	44,793
	44,793
<b>NET POSITION - RESTRICTED FOR PENSION BENEFITS</b>	<b>\$ 3,637,706</b>

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

**MONTE VISTA FIRE PROTECTION DISTRICT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIREMEN'S PENSION FUND**  
**For the Year Ended December 31, 2022**

	<b>FIREMEN'S PENSION FUND</b>
<b>ADDITIONS</b>	
<b>Contributions</b>	
Property Taxes, Net	\$ 48,372
Specific Ownership Taxes	6,353
Delinquent Taxes and Interest	33
State Contribution	25,705
<b>Total Contributions</b>	<b>80,463</b>
<b>Investment Income (Loss)</b>	
Investment Income	134,502
Unrealized Gain/(Loss)	(478,156)
Realized Gain/(Loss)	-
<b>Net Investment Income (Loss)</b>	<b>(343,654)</b>
<b>TOTAL ADDITIONS</b>	<b>(263,191)</b>
<b>DEDUCTIONS</b>	
Pension Payments	55,088
<b>TOTAL DEDUCTIONS</b>	<b>55,088</b>
<b>NET INCREASE (DECREASE) in Net Position</b>	<b>(318,279)</b>
<b>Net Position, Beginning of Year</b>	<b>3,955,985</b>
<b>Net Position, End of Year</b>	<b>\$ 3,637,706</b>

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

**MONTE VISTA FIRE PROTECTION DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**REPORTING ENTITY**

***Primary Government***

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

***Component Units***

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

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

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

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

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

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

- Grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included in program revenues are reported as general revenues.

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

**MONTE VISTA FIRE PROTECTION DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2022**

**MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The District reports the following major governmental funds:

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

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

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

***Cash and Cash Equivalents***

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

***Investments***

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

***Property Taxes***

Property taxes attach as an enforceable lien on property as of January 1 each year. The taxes are payable in two installments on February 28 and June 15 or in full on April 30. The District's property taxes are collected by the County Treasurer who remits monthly receipts to the District. Property tax revenue is recognized by the District to the extent it results in a current receivable. The 2022 property tax levy due January 1, 2023, has been recorded in the financial statements as a receivable and corresponding deferred inflow of resources.

***Capital Assets***

Capital assets, which include land, buildings, machinery and equipment, and vehicles, are reported in the applicable governmental activities column in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$5,000 and have a life of more than one year. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

**MONTE VISTA FIRE PROTECTION DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2022**

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

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

***Unearned Grant Revenue***

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

***Deferred Inflows of Resources***

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

***Compensated Absences***

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

***Long-Term Obligations***

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

***Fireman's Pension***

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

***Net Position***

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

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

**MONTE VISTA FIRE PROTECTION DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2022**

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

***Fund Balance***

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

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

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

***Encumbrances***

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

***Use of Estimates***

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

***New Accounting Pronouncements***

During fiscal year 2022, the District adopted the provisions of GASB Statement No. 87, *Leases*, that establishes a single model for lease accounting based on the foundational principle that leases are financing of the right to use an underlying asset. The standard requires the recognition of certain leases assets and liabilities for leases that previously

**MONTE VISTA FIRE PROTECTION DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2022**

were classified as operating leases. This standard does not have a material effect on the financial statements of the District.

The District adopted the provisions of GASB Statement No. 84, *Fiduciary Activities* that improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local government. The focus of the criteria general is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component unites and post-employment benefit arrangement that are fiduciary activities. The implementation of this statement has not effect on how the District reports their Pension Trust Fund.

**NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

***Budgets and Budgetary Accounting***

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

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

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

The total expenditures for each fund cannot exceed the budgeted amount unless a supplemental appropriation is adopted. The District adopted supplemental appropriations during fiscal year 2022.

***Stewardship***

Total expenditures exceeded budgeted appropriations in the General Fund and the Capital Acquisition Fund by \$76,656 and \$51,437, respectively. This may be a violation of state statute.

**NOTE 3 CASH, DEPOSITS, AND INVESTMENTS**

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

Cash in Banks	\$	915,895		Governmental Activities	\$	769,893
Investments		3,473,930		Fiduciary Fund - Pension		3,619,932
		<u>\$ 4,389,825</u>				<u>\$ 4,389,825</u>

**MONTE VISTA FIRE PROTECTION DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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***Cash and Deposits***

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

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories, determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized in accordance with the PDPA. PDPA allows the institution to create a single collateral pool for all public funds to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to the aggregate uninsured deposits. All deposits in 2022 were in eligible public depositories, as defined by the Public Deposit Protection Act of 1989.

***Custodial Credit Risk***

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. At December 31, 2022, \$331,738 of the District's bank balance of \$601,388 was exposed to custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institutions through PDPA.

***Investments***

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

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

***Custodial Credit Risk***

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

**MONTE VISTA FIRE PROTECTION DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2022**

**Credit Risk**

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

**Fair Value Measurement**

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

As of December 31, 2022, the District has the following recurring fair value measurements:

<b>Investment Type</b>		<b>Fair Value</b>	<b>Up To 120 Days</b>	<b>121 Days to 5 Years</b>	<b>More Than 5 Years</b>	<b>Fair Value Measurements Using:</b>	
						<b>Level 2</b>	<b>Level 3</b>
Money Market	0.0%	\$ 525	\$ 525	\$ -	\$ -	\$ -	\$ -
Total Money Market	0.0%	525	525	-	-	-	-
<b>Fixed Income:</b>							
Mutual Funds	13.4%	464,157	-	177,533	268,419	464,157	-
Total Fixed Income	13.4%	464,157	-	177,533	268,419	464,157	-
<b>Equities:</b>							
Mutual Funds	48.8%	1,696,110	-	-	130,067	1,696,110	-
Total Equities	48.8%	1,696,110	-	-	130,067	1,696,110	-
<b>Guaranteed</b>							
Investment Contracts	37.8%	1,313,138	-	-	-	-	1,313,138
Total Investments	100%	\$ 3,473,930	\$ 525	\$ 177,533	\$ 398,486	\$ 2,160,267	\$ 1,313,138

As of December 31, 2022, the District's investments were rated as follows:

<b>Quality Rating</b>	<b>Securities by Investment Type</b>				
	<b>Fixed Income</b>	<b>Equities</b>	<b>Guaranteed Investment Contracts</b>	<b>Money Market</b>	<b>Total</b>
Morning Star					
*	\$ -	\$ -	\$ -	\$ -	\$ -
**	85,345	64,917	-	-	150,262
***	123,573	482,414	-	-	605,987
****	255,238	905,058	-	-	1,160,296
*****	-	243,722	-	-	243,722
Unrated	-	-	1,313,138	525	1,313,663
Fair Value	\$ 464,156	\$ 1,696,111	\$ 1,313,138	\$ 525	\$ 3,473,930

**MONTE VISTA FIRE PROTECTION DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2022**

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

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

***Interest Rate Risk and Market Risk***

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

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

**NOTE 4 PROPERTY TAX RECEIVABLE**

At December 31, 2022, the District had an estimated property tax receivable as follows:

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

**MONTE VISTA FIRE PROTECTION DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2022**

**NOTE 5 CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2022, was as follows:

<i>Governmental Activities:</i>	Balance 12/31/2021	Additions	Deletions	Balance 12/31/2022
Capital assets not being depreciated				
Land	\$ 12,500	\$ -	\$ -	\$ 12,500
Total capital assets not being depreciated	<u>12,500</u>	<u>-</u>	<u>-</u>	<u>12,500</u>
Capital assets being depreciated				
Buildings	385,248	-	-	385,248
Machinery and Equipment	357,574	36,000	-	393,574
Vehicles	1,792,825	-	-	1,792,825
Total capital assets being depreciated	<u>2,535,647</u>	<u>36,000</u>	<u>-</u>	<u>2,571,647</u>
Less accumulated depreciation for:				
Buildings	138,191	6,184	-	144,375
Machinery and Equipment	314,957	16,980	-	331,937
Vehicles	1,014,689	56,017	-	1,070,706
Total accumulated depreciation	<u>1,467,837</u>	<u>79,181</u>	<u>-</u>	<u>1,547,018</u>
Total capital assets being depreciated, net	<u>1,067,810</u>	<u>(43,181)</u>	<u>-</u>	<u>1,024,629</u>
Governmental Activities Capital Assets, Net	<u>\$ 1,080,310</u>	<u>\$ (43,181)</u>	<u>\$ -</u>	<u>\$ 1,037,129</u>

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

<i>Governmental Activities:</i>	
Fire Fighting	\$ 79,181
Total governmental activities depreciation expense	<u>\$ 79,181</u>

**NOTE 6 LONG-TERM LIABILITIES**

***Changes in Long-term Liabilities***

<i>Governmental Activities:</i>	Balance 12/31/2021	Additions	Deletions	Balance 12/31/2022	Due Within One Year
Financed Purchase Agreement	\$ -	\$ 423,553	\$ 120,000	\$ 303,553	\$ 108,070
Total Governmental Activities	<u>\$ -</u>	<u>\$ 423,553</u>	<u>\$ 120,000</u>	<u>\$ 303,553</u>	<u>\$ 108,070</u>

***Financed Purchase Agreement***

During 2022, the District entered into a financed purchase agreement with PNC Equipment Finance, as lessor, and the Monte Vista Fire Protection District, as the lessee. PNC Equipment Finance issued \$423,553 with an interest rate

**MONTE VISTA FIRE PROTECTION DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2022**

of 3.83% for the purchase of a Pierce Dryside Tanker Truck. Payments are due to the lessor in annual installments through July 22, 2025. As of December 31, 2022 the District had not yet received the truck from Pierce and the purchase has been included in prepaid expense on the Statement of Net Position.

The annual debt service for the finance purchase agreement are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 108,070	\$ 11,930	\$ 120,000
2024	95,858	7,682	103,540
2025	99,625	3,915	103,540
	<u>\$ 303,553</u>	<u>\$ 23,527</u>	<u>\$ 327,080</u>

**NOTE 7 FIRE PENSION**

***Plan Description***

*Plan administration*

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

*Funding Policy*

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

*Annual Pension Cost and Net Pension Obligation*

During 2022 gross revenues of the fund were \$214,965 from the above sources. At year-end, current monthly pensions being paid were \$350 for 7 retirees, \$332.50 for 1 retiree, \$297.50 for 1 retiree, \$175 for 6 retirees, \$50 for 1 retiree, \$25 per month for 2 retirees, and \$7.50 for one retiree.

The District's annual pension cost and net obligation to the plan for the current year was \$55,088.

**NOTE 8 TABOR EMERGENCY RESERVE**

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

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

The voters of Monte Vista Fire Protection District passed a ballot issued in 2002 authorizing the District to collect, retain, and expend the full proceeds of the county taxes, grants, fees and other revenues and other funds collected,

**MONTE VISTA FIRE PROTECTION DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2022**

notwithstanding Article X, Section 20 of the Colorado Constitution from the date of January 1, 2001, provided that no local tax rate or mill levy shall be increased without further voter approval.

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

**NOTE 9 RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. There have been no significant reductions in insurance coverage. Settled claims from these risks have not exceeded commercial insurance coverage for the current year or the three prior years.

**MONTE VISTA FIRE PROTECTION DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**

**MONTE VISTA FIRE PROTECTION DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**For the Year Ended December 31, 2022**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
<b>REVENUES</b>				
Property Taxes, Net	\$ 298,567	\$ 298,567	\$ 296,654	\$ (1,913)
Specific Ownership Taxes	20,000	20,000	36,418	16,418
Delinquent Taxes and Interest	-	-	1,792	1,792
Contributions	-	-	38,350	38,350
Grants	-	-	25,000	25,000
Dispatch	3,500	3,500	1,009	(2,491)
Interest	-	-	167	167
Other	-	-	717	717
<b>TOTAL REVENUES</b>	<u>322,067</u>	<u>322,067</u>	<u>400,107</u>	<u>78,040</u>
<b>EXPENDITURES</b>				
Public Safety				
Administration	47,100	47,100	79,710	(32,610)
Fire Fighting	105,400	105,400	137,446	(32,046)
	-	-	11,000	(11,000)
<b>TOTAL EXPENDITURES</b>	<u>152,500</u>	<u>152,500</u>	<u>228,156</u>	<u>(75,656)</u>
Excess (deficiency) of revenues over expenditures	169,567	169,567	171,951	2,384
<b>Fund Balance, Beginning of year</b>	<u>-</u>	<u>-</u>	<u>256,210</u>	<u>256,210</u>
<b>Fund Balance, End of year</b>	<u>\$ 169,567</u>	<u>\$ 169,567</u>	<u>\$ 428,161</u>	<u>\$ 256,210</u>

**Notes to Required Supplementary Information**

The basis of budgeting is the same as GAAP.

This schedule is presented on the GAAP basis.

**MONTE VISTA FIRE PROTECTION DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**CAPITAL ACQUISITION FUND**  
**For the Year Ended December 31, 2022**

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	FINAL BUDGET
				POSITIVE (NEGATIVE)
<b>REVENUES</b>				
Property Taxes, Net	\$ 121,000	\$ 121,000	\$ 136,648	\$ 15,648
Specific Ownership Taxes	11,000	11,000	18,617	7,617
Interest	200	200	3	(197)
Other	-	-	435	435
<b>TOTAL REVENUES</b>	<u>132,200</u>	<u>132,200</u>	<u>155,703</u>	<u>23,503</u>
<b>EXPENDITURES</b>				
Public Safety				
Fire Fighting	90,000	110,000	50,937	59,063
Capital Outlay	30,500	30,500	25,000	5,500
Debt Service	4,000	4,000	120,000	(116,000)
<b>TOTAL EXPENDITURES</b>	<u>124,500</u>	<u>144,500</u>	<u>195,937</u>	<u>(51,437)</u>
Excess (deficiency) of revenues over expenditures	7,700	(12,300)	(40,234)	(27,934)
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt Proceeds	-	-	423,553	(423,553)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>423,553</u>	<u>(423,553)</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	7,700	(12,300)	383,319	395,619
<b>Fund Balance, Beginning of year</b>	<u>-</u>	<u>-</u>	<u>371,454</u>	<u>371,454</u>
<b>Fund Balance, End of year</b>	<u>\$ 7,700</u>	<u>\$ (12,300)</u>	<u>\$ 754,773</u>	<u>\$ 343,520</u>

**Notes to Required Supplementary Information**

The basis of budgeting is the same as GAAP.

This schedule is presented on the GAAP basis.

**MONTE VISTA FIRE PROTECTION DISTRICT**

**SUPPLEMENTARY INFORMATION**

**MONTE VISTA FIRE PROTECTION DISTRICT**  
**SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION - BUDGET AND ACTUAL**  
**FIREMEN'S PENSION FUND**  
**For the Year Ended December 31, 2022**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE WITH</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		<b>FINAL BUDGET</b>
				<b>POSITIVE</b>
				<b>(NEGATIVE)</b>
<b>ADDITIONS</b>				
<b>Contributions</b>				
Property Taxes, Net	\$ 39,000	\$ 39,000	\$ 48,372	\$ 9,372
Specific Ownership Taxes	4,000	4,000	6,353	2,353
Delinquent Taxes and Interest	-	-	33	33
State Contribution	25,705	25,705	25,705	-
<b>Total Contributions</b>	<b>68,705</b>	<b>68,705</b>	<b>80,463</b>	<b>11,758</b>
<b>Investment Income (Loss)</b>				
Investment Income	25,000	25,000	134,502	109,502
Unrealized Gain/(Loss)	-	-	(478,156)	(478,156)
Realized Gain/(Loss)	-	-	-	-
<b>Total Investment Income (Loss)</b>	<b>25,000</b>	<b>25,000</b>	<b>(343,654)</b>	<b>(368,654)</b>
<b>TOTAL ADDITIONS</b>	<b>93,705</b>	<b>93,705</b>	<b>(263,191)</b>	<b>(356,896)</b>
<b>DEDUCTIONS</b>				
Pension Payments	54,000	54,000	55,088	(1,088)
Life Insurance	8,000	8,000	-	8,000
Other	-	-	-	-
<b>TOTAL DEDUCTIONS</b>	<b>62,000</b>	<b>62,000</b>	<b>55,088</b>	<b>6,912</b>
Net Increase (Decrease)	31,705	31,705	(318,279)	(349,984)
<b>NET POSITION, Beginning of year</b>	<b>-</b>	<b>-</b>	<b>3,955,985</b>	<b>3,955,985</b>
<b>NET POSITION, End of year</b>	<b>\$ 31,705</b>	<b>\$ 31,705</b>	<b>\$ 3,637,706</b>	<b>\$ 3,606,001</b>