

**NORTH-WEST FIRE PROTECTION DISTRICT**

**BASIC FINANCIAL STATEMENTS**

**December 31, 2022**

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## **FINANCIAL SECTION**



# JOHN CUTLER & ASSOCIATES

Board of Directors  
North-West Fire Protection District  
Fairplay, Colorado

## INDEPENDENT AUDITORS' REPORT

### Report on the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities and each major fund, of the North-West Fire Protection District (the "District") as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the North-West Fire Protection District as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

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

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

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

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

#### *Auditor's Responsibilities for the Audit of the Financial Statements*

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement 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 of 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 of the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate 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 and required budgetary and pension information on pages 30-34 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 (GASB) 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.

*John Luttrell & Associates, LLC*

June 28, 2023

## **NORTH-WEST FIRE PROTECTION DISTRICT MANAGEMENT'S DISCUSSION & ANALYSIS**

Our discussion and analysis of North-West Fire Protection District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2022. Please read it in conjunction with the District's financial statements which begin on page 1.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components: 1) the government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

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

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

The Statement of Activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses reported in the government-wide financial statements for some items will result in cash flows in future fiscal periods (i.e. uncollected taxes and earned but unused PTO leave).

The government-wide financial statements detail functions of the District that are principally supported by tax revenues (governmental activities) and charges for services. The governmental activity of the District is public safety – Fire/Emergency Services.

**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 state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District reports governmental and fiduciary funds.

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

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

The governmental fund financial statements can be found on pages 3 through 5 of this report.

The District adopted an annual appropriated budget for the General Fund. A budgetary comparison statement for the General Fund is located on page 30 of this report.

**Fiduciary funds:** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The accounting for fiduciary funds is much like the government-wide financial statements.

**Notes to Financial Statements:** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 6-29 of this report.

**Other Information:** In addition to the basic financial statements, this report also presents required supplementary information consisting of the schedules of revenues, expenditures and changes in fund balance – budget to actual – General Fund and the summary of historical information of the Volunteer Firefighter Pension Plan and Statewide Defined Benefit Plan, which can be found on pages 31-34, of this report.

North-West Fire Protection District  
Condensed Statement of Net Assets  
December 31

	<u>Governmental Activities</u>	
	<u>2022</u>	<u>2021</u>
<b>Assets</b>		
Current assets	\$ 3,027,025	\$ 2,480,540
Capital assets	1,657,673	1,819,515
Total Assets	4,684,698	4,300,055
<b>Deferred Outflows</b>		
SWDB Pension	330,963	311,392
Volunteer Pension	32,102	33,206
Total Liabilities & Deferred Inflows	363,065	344,598
<b>Liabilities</b>		
Current liabilities	155,890	76,897
Long-term liabilities	616,498	840,491
Total Liabilities	772,388	917,388
<b>Deferred Inflows</b>		
Deferred Revenues - Property Taxes	1,861,145	1,527,818
SWDB Pension	429,117	226,116
Volunteer Pension	26,324	21,906
Total Liabilities & Deferred Inflows	2,316,586	1,775,840
<b>Net Assets</b>		
Invested in capital assets, net of related debt	1,362,622	1,327,488
Restricted	52,500	69,000
Unrestricted	543,667	554,937
Total Net Assets	\$ 1,958,789	\$ 1,951,425

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$1,958,789 at the close of the most recent fiscal year.

North-West Fire Protection District  
MD&A

The District's net assets reflect its investment in capital assets (e.g. land, buildings and improvements, equipment and vehicles) 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 its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

From 2021 to 2022, the District's total assets increased \$7,364. The increase is primarily due to the increase in Property Tax revenue receivable and Wildland Fire revenue receivable.

North-West Fire Protection District  
Condensed Statement of Activities  
December 31

	<u>Governmental Activities</u>	
	<u>2022</u>	<u>2021</u>
Revenues		
Program Revenues		
Charges for Services	\$ 12,748	\$ 21,269
Operating Grants	638,752	846,312
Total Program Revenues	<u>651,500</u>	<u>867,581</u>
General Revenues		
Taxes	1,708,209	1,475,305
Investment Earnings	24,757	20,563
Other	-	-
Total General Revenues	<u>1,732,966</u>	<u>1,495,868</u>
Total Revenues	<u>2,384,466</u>	<u>2,363,449</u>
Program Expenses		
General Government	(2,358,046)	(1,974,956)
Interest on Long-Term Debt	(19,056)	(19,056)
Loss on Disposal of Capital Assets	-	-
Total Program Expenses	<u>(2,377,102)</u>	<u>(1,994,012)</u>
Change in Net Assets	<u>7,364</u>	<u>369,437</u>
Net Assets, Beginning, As Restated	<u>1,951,425</u>	<u>1,581,988</u>
Net Assets, Ending	<u>\$ 1,958,789</u>	<u>\$ 1,951,425</u>

The District's overall financial position, as measured by net assets, increased \$7,364, during 2022. This was mainly due to an increase in property tax revenue, the decrease in Wildland revenue received in 2022 and increase in Salaries and Benefits expenditures.

**Financial Analysis of the District's Funds**

As mentioned previously, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A discussion of the District's governmental funds follows.

**Governmental Funds:** The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and the balance of spendable resources. Such information is useful in assessing the District's financial requirements. In particular, unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balance of \$503,834. Of this fund balance, \$52,500 is restricted, meaning it is not available for new spending, because it has already been committed for declared emergencies as required by Article X, Section 20 of the Colorado Constitution, commonly referred to as the Taxpayers' Bill of Rights (TABOR). The \$451,334 remainder of the fund balance is unassigned.

**General Fund Budgetary Highlights**

**Budget Variances:** The District did not need to amend its general fund budget for 2022.

**Capital Asset and Debt Administration**

**Capital Assets:** The District's investment in capital assets on December 31, 2022 amounted to \$1,657,673 (net of accumulated depreciation/amortization). The analysis of changes in capital assets is as follows:

	<b>CAPITAL ASSETS</b>		
	<b>(net of depreciation)</b>		
	<u>2021</u>	<u>Change</u>	<u>2022</u>
Land	\$ 40,048	\$ -	\$ 40,048
Construction in Progress	-	-	-
Buildings	448,277	(30,143)	418,134
Machinery and Equipment	70,984	25,096	96,080
Vehicles	1,260,206	(156,795)	1,103,411
<b>Total</b>	<u>\$ 1,819,515</u>	<u>\$ (161,842)</u>	<u>\$1,657,673</u>

The District purchased new rescue extractor equipment in 2022 in the amount of \$52,485. Additional information on the District's capital assets can be found in Note 4 of this report.

**Long-Term Obligations:** At the end of the current fiscal year, the District had total outstanding Capital Lease obligations of \$295,051. The analysis of changes in lease payable is as follows:

	<b>LONG-TERM OBLIGATIONS</b>		
	<u>2021</u>	<u>Change</u>	<u>2022</u>
Capital Leases	<u>\$ 492,027</u>	<u>\$(196,976)</u>	<u>\$ 295,051</u>

In 2022 the District continued to make the scheduled principal and interest payments on the leases.

Additional information on the District's long-term obligations can be found in Note 5 of this report.

### **Economic Factors and Next Year's Budgets and Rates**

The District's property tax revenues are expected to increase due to a significant increase in the assessed valuation and a voter approved mill levy increase for the District. The mill levy increase was approved by the District's voters in November 2022, and will phase in at a rate of 2.000 mills per year in years 2022 through 2025, for a total of an 8.000 mill increase. The District's expenditures are expected to increase due to growth in staffing.

### **Request for Information**

The financial report is designed to provide a general overview of the District's finances for all those interested in the government's finances. Questions concerning any of the information provided in the report or additional financial information should be addressed to: North-West Fire Protection District, PO Box 1090, 21455 Highway 285, Fairplay, CO 80440-1090.

## **BASIC FINANCIAL STATEMENTS**

NORTH-WEST FIRE PROTECTION DISTRICT

STATEMENT OF NET POSITION

As of December 31, 2022

	<u>GOVERNMENTAL ACTIVITIES</u>
<b>ASSETS</b>	
Cash and Investments	\$ 348,718
Receivables	
Property Taxes	1,861,145
Accounts Receivable	252,569
Net Pension Asset - SWDB Pension	564,593
Capital Assets, Not Depreciated	40,048
Capital Assets, Depreciated	
Net of Accumulated Depreciation	<u>1,617,625</u>
 TOTAL ASSETS	 <u>4,684,698</u>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Related SWDB Pension	330,963
Related to Volunteer Pension	<u>32,102</u>
 TOTAL DEFERRED OUTFLOWS OF RESOURCES	 <u>363,065</u>
 Accounts Payable	 97,453
Accrued Compensated Absences	58,437
Net Pension Liability - Volunteer Pension	321,447
Noncurrent Liabilities	
Due within One Year	145,645
Due in More Than One Year	<u>149,406</u>
 TOTAL LIABILITIES	 <u>772,388</u>
 <b>DEFERRED INFLOWS</b>	
Deferred Revenues - Property Taxes	1,861,145
Related SWDB Pension	429,117
Related to Volunteer Pension	<u>26,324</u>
 TOTAL DEFERRED INFLOWS OF RESOURCES	 <u>2,316,586</u>
 <b>NET POSITION</b>	
Net Investment in Capital Assets	1,362,622
Restricted for Emergencies	52,500
Unrestricted	<u>543,667</u>
 TOTAL NET POSITION	 <u>\$ 1,958,789</u>

The accompanying notes are an integral part of the financial statements.

NORTH-WEST FIRE PROTECTION DISTRICT

STATEMENT OF ACTIVITIES  
Year Ended December 31, 2022

<u>FUNCTIONS/PROGRAMS</u>	<u>Program Revenues</u>			<u>NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION</u>
<u>PRIMARY GOVERNMENT</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
<b>Governmental Activities</b>				
General Government	\$ 2,358,046	\$ 12,748	\$ 638,752	\$ (1,706,546)
Interest on Long-Term Debt	19,056	-	-	(19,056)
	<u>\$ 2,377,102</u>	<u>\$ 12,748</u>	<u>\$ 638,752</u>	<u>(1,725,602)</u>
	GENERAL REVENUES			
				1,532,189
				176,020
				<u>24,757</u>
				<u>1,732,966</u>
				7,364
				<u>1,951,425</u>
				<u>\$ 1,958,789</u>

The accompanying notes are an integral part of the financial statements.

NORTH-WEST FIRE PROTECTION DISTRICT

BALANCE SHEET  
GOVERNMENTAL FUNDS  
As of December 31, 2022

	GENERAL FUND
<b>ASSETS</b>	
Cash and Investments	\$ 348,718
Property Taxes Receivable	1,861,145
Accounts Receivable	252,569
<b>TOTAL ASSETS</b>	<b>\$ 2,462,432</b>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND EQUITY</b>	
<b>LIABILITIES</b>	
Accounts Payable	\$ 97,453
<b>TOTAL LIABILITIES</b>	<b>97,453</b>
<b>DEFERRED INFLOWS</b>	
Deferred Revenues - Property Taxes	1,861,145
<b>FUND EQUITY</b>	
Fund Balance	
Restricted for Emergencies	52,500
Unassigned	451,334
<b>TOTAL FUND EQUITY</b>	<b>503,834</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND EQUITY</b>	<b>\$ 2,462,432</b>
Amounts reported for governmental activities in the statement of net position are different because:	
Fund Equity, Governmental Funds	503,834
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	1,657,673
Long-term liabilities and related assets are not due and payable in the current period and, not reported in the funds. This includes capital lease payable (\$295,051), compensated absences (\$58,437), net pension asset of \$243,146, deferred outflows related to pensions of \$363,065, and deferred inflows related to pensions of (\$455,441).	(202,718)
Net position of governmental activities	<b>\$ 1,958,789</b>

The accompanying notes are an integral part of the financial statements.

NORTH-WEST FIRE PROTECTION DISTRICT

STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
Year Ended December 31, 2022

	<u>GENERAL FUND</u>
REVENUES	
Property Taxes	\$ 1,532,189
Specific Ownership Taxes	176,020
Charges for Services	12,748
Interest	24,757
Grants and Donations	<u>638,752</u>
 TOTAL REVENUES	 <u>2,384,466</u>
EXPENDITURES	
Salaries and Benefits	1,730,368
Professional Services	27,435
Firefighting and Prevention	373,559
General and Administrative	204,804
Capital Outlay	60,395
Debt Service	
Principal	191,345
Interest and Fiscal Charges	<u>19,056</u>
 TOTAL EXPENDITURES	 <u>2,606,962</u>
 NET CHANGE IN FUND BALANCES	 (222,496)
 FUND BALANCES, Beginning	 <u>726,330</u>
 FUND BALANCES, Ending	 <u>\$ 503,834</u>

The accompanying notes are an integral part of the financial statements.

NORTH-WEST FIRE PROTECTION DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
Year Ended December 31, 2022

Amounts Reported for Governmental Activities in the Statement of Activities  
are Different Because:

Net Changes in Fund Balances - Total Governmental Funds	\$ (222,496)
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 amount that depreciation expense (\$214,327) exceeded capital outlay \$52,485 for the year.	(161,842)
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. These are the capital lease payments of \$196,976 and increase in compensated absences (\$14,880).	182,096
Deferred Charges related to pension are not recognized in the governmental funds. However, for the government-wide funds that amount is capitalized and amortized.	<u>209,606</u>
Change in Net Position of Governmental Activities	<u><u>\$ 7,364</u></u>

The accompanying notes are an integral part of the financial statements.

# NORTH-WEST FIRE PROTECTION DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022

### NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The North-West Fire Protection District (the “District”) was formed in 1981 to provide fire protection services for the Towns of Fairplay and Alma, Colorado and the surrounding areas. The District is governed by a five-member Board of Directors elected by the eligible electors of the District.

The accounting policies of the District conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

#### **Reporting Entity**

In accordance with governmental accounting standards, the District has considered the possibility of inclusion of additional entities in its financial statements.

The definition of the reporting entity is based primarily on financial accountability. The District is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if District officials appoint a voting majority of the organization’s governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the District. The District may also be financially accountable for organizations that are fiscally dependent upon it.

Based on the application of these criteria, the District does not include additional organizations in its reporting entity.

#### **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 nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

NORTH-WEST FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Government-Wide and Fund Financial Statements** (Continued)

Major individual governmental funds are reported as separate columns in the fund financial statements.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

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

Property taxes, specific ownership taxes, grants, and interest 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.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

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

In the fund financial statements, the District reports the following major governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

NORTH-WEST FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Investments**

Investments are recorded at fair value.

**Capital Assets**

Capital assets, which include property and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at 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.

Property and equipment of the District is depreciated using the straight line method over the following estimated useful lives:

Buildings	15 - 40 years
Machinery and Equipment	5 - 20 years
Vehicles	7 - 15 years

**Unearned Revenues**

The District reports unearned revenues on its fund financial statements. Unearned revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period (fund financial statements). When both revenue recognition criteria are met, the liability for unearned revenue is removed from the applicable financial statement and revenue is recognized.

**Compensated Absences**

Employees of the District are allowed to accumulate unused paid time off (PTO) up to an accrual amount ("cap") as stated in the District Member Handbook. Upon termination of employment with the District, an employee is compensated for one-half of the employee's accrued but unused PTO, if any, at the employee's current rate of pay.

These compensated absences are recognized when due in the governmental funds types. A liability has been recorded in the government-wide financial statements for accrued compensated absences.

NORTH-WEST FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Long-Term Obligations**

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the governmental activities fund type statement of net positions.

The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position and balance sheets will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position and fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to the liabilities, the statement of financial position and balance sheets will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position and fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

**Property Taxes**

The District certifies its property taxes expressed as a mill levy, on or before December 15. Property taxes attach as an enforceable lien on property on January 1. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The County Treasurer's office collects property taxes and remits to the District on a monthly basis.

Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred revenue are recorded at December 31. As the tax is collected in the succeeding year, the deferred revenue is recognized as revenue and the receivable is reduced.

NORTH-WEST FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Net Position**

The government-wide and business-type fund financial statements utilize a net position presentation. Net position is categorized as investment in capital assets, restricted, and unrestricted.

Investment in Capital Assets is intended to reflect the portion of net position which are associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost.

Restricted Net Position are liquid assets, which have third party limitations on their use.

Unrestricted Net Position represent assets that do not have any third party limitation on their use. While District management may have categorized and segmented portions for various purposes, the Board of Directors has the unrestricted authority to revisit or alter these managerial decisions.

**Fund Balance Classification**

In the government-wide financial statements, net positions are restricted when constraints placed on the net positions are externally imposed.

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable – This classification includes amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact. The District did not have nonspendable resources as of December 31, 2022.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District has classified its Emergency Reserves as being restricted because their use is restricted by the Taxpayers Bill of Rights (TABOR) amendment to the State Constitution for declared emergencies only.

NORTH-WEST FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (motion or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District did not have any committed resources as of December 31, 2022.
- Assigned – These amounts do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. As of December 31, 2022, the District had no assigned fund balance.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The District would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources.

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

**Budgets and Budgetary Accounting**

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- Before October 15, the Board of Directors appoints District Management and the Fire Chief as the District's Budget Committee.
- On or before October 15, District Management and the Fire Chief, acting as the Budget Committee, submits to the Board of Directors a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- At least one public hearing is conducted to obtain taxpayer comments.
- On or before December 15, the budget is legally adopted through passage of a resolution.

NORTH-WEST FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022

**NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY** (Continued)

- District Management and the Fire Chief are authorized to transfer budgeted amounts between one or more line items within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the Board of Directors.
- Budgets are legally adopted for all funds of the District on a basis consistent with generally accepted accounting principles (GAAP).
- Budgeted amounts in the financial statements are as originally adopted or as amended by the Board of Directors. All appropriations lapse at year end.

**NOTE 3: CASH DEPOSITS**

A summary of deposits and investments as of December 31, 2022 follows:

Petty Cash	\$ 905
Cash Deposits	187,561
Investments	<u>160,252</u>
Total	<u><b>\$ 348,718</b></u>

**Deposits**

Custodial Credit Risk -Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At December 31, 2022, State regulatory commissioners have indicated that all financial institutions holding deposits for the District are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is 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 102% of the uninsured deposits.

The District has no policy regarding custodial credit risk for deposits.

At December 31, 2022, the District had deposits with financial institutions with a carrying amount of \$187,561. The bank balances with the financial institutions were \$208,128. All of these amounts were covered by federal depository insurance.

NORTH-WEST FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022

**NOTE 3: CASH DEPOSITS** (Continued)

**Investments**

Interest Rate Risk

The District has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Colorado statutes specify in which instruments units of local government may invest which include:

- Obligations of the United States and certain U.S. government agency securities
- General obligation and revenue bonds of U.S. local government entities
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

The above investments are authorized for all funds and fund types used by Colorado local governments.

The District had invested \$160,252 in the Colorado Government Liquid Asset Trust (ColoTrust) which has a credit rating of AAAM by Standard and Poor's. ColoTrust is an investment vehicle established for local government entities in Colorado to pool surplus funds and is regulated by the State Securities Commissioner. It operates similarly to a money market fund and each share is equal in value to \$1.00. Investments consist of U.S. Treasury and U.S. Agency securities, and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the entities.

ColoTrust is not a 2a7-like external investment pool. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. The government-investor does not "look through" the pool to report a pro rata share of the pool's investments, receivables, and payables.

NORTH-WEST FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022

**NOTE 4: CAPITAL ASSETS**

Capital assets activity for the year ended December 31, 2022, is summarized below:

	<u>Balances</u> <u>12/31/2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>12/31/2022</u>
<b>Governmental Activities</b>				
Capital Assets, not depreciated				
Land	\$ 40,048	\$ -	\$ -	\$ 40,048
Total Capital Assets, not depreciated	<u>40,048</u>	<u>-</u>	<u>-</u>	<u>40,048</u>
Capital Assets, depreciated				
Buildings	899,756	-	-	899,756
Machinery and Equipment	297,321	52,485	-	349,806
Vehicles	<u>2,499,772</u>	<u>-</u>	<u>-</u>	<u>2,499,772</u>
Total Capital Assets, depreciated	<u>3,696,849</u>	<u>52,485</u>	<u>-</u>	<u>3,749,334</u>
Less Accumulated Depreciation				
Buildings	451,479	30,143	-	481,622
Machinery and Equipment	226,337	27,389	-	253,726
Vehicles	<u>1,239,566</u>	<u>156,795</u>	<u>-</u>	<u>1,396,361</u>
Total Accumulated Depreciation	<u>1,917,382</u>	<u>214,327</u>	<u>-</u>	<u>2,131,709</u>
Total Capital Assets, depreciated, Net	<u>1,779,467</u>	<u>(161,842)</u>	<u>-</u>	<u>1,617,625</u>
Governmental Activities, Capital Assets, Net	<u>\$ 1,819,515</u>	<u>\$ (161,842)</u>	<u>\$ -</u>	<u>\$ 1,657,673</u>

Depreciation expense was charged to the fire protection and emergency services program of the District.

**NOTE 5: LONG-TERM DEBT**

Following is a summary of long-term debt transactions for the governmental activities for the year ended December 31, 2022.

	<u>Balance</u> <u>12/31/2021</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>12/31/2022</u>	<u>Due In</u> <u>One Year</u>
Capital Leases	<u>\$ 492,027</u>	<u>\$ -</u>	<u>\$ 196,976</u>	<u>\$ 295,051</u>	<u>\$ 145,645</u>

NORTH-WEST FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022

**NOTE 5: LONG-TERM DEBT (Continued)**

**Other General Obligations**

**2018 Capital Lease**

On March 16, 2018, the District entered into a capital lease for the purchase of equipment. The lease was secured by the equipment financed, and, in the event that the District defaults on the lease, the title to the equipment would have transferred back to the Lessor. The lease required five annual payments of \$57,138 including principal and interest, at 3.89% through March 16, 2022. This lease was paid in full in 2022.

**2020 Mobile Equipment Lease**

On March 24, 2020, the District entered into a capital lease for the purchase of equipment. The lease is secured by the equipment financed, and, in the event that the District defaults on the lease, the title to the equipment will transfer back to the Lessor. The lease requires five annual payments of \$66,198 including principal and interest, at 2.77% through April 1, 2024.

**2020 Equipment Lease**

On August 31, 2020, the District entered into a capital lease for the purchase of equipment. The lease is secured by the equipment financed, and, in the event that the District defaults on the lease, the title to the equipment will transfer back to the Lessor. The lease requires five annual payments of \$87,065 including principal and interest, at 2.44% through September 1, 2024.

**Future Debt Service Requirements**

Total annual debt service requirements for the capital leases at December 31, 2022, are as follows.

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 145,644	\$ 7,618	\$ 153,262
2024	<u>149,407</u>	<u>3,858</u>	<u>153,265</u>
Total Debt Service Requirements	<u><b>\$ 295,051</b></u>	<u><b>\$ 11,476</b></u>	<u><b>\$ 306,527</b></u>

# NORTH-WEST FIRE PROTECTION DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022

### NOTE 6: 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 volunteers; and natural disasters. The District maintains insurance through a commercial carrier for these risks of loss. Settled claims have not exceeded insurance coverage in the last three years.

### NOTE 7: COMMITMENTS AND CONTINGENCIES

TABOR Amendment - Colorado voters passed the Taxpayer's Bill of Rights (TABOR), which amended the State Constitution to add Article X, Section 20, which imposes several limitations and requirements, including those related to revenue raising, spending abilities, and other specific requirements of state and local government. In 1998 the District's voters exempted the District from TABOR's revenue and spending limits, and the annual revenue limits imposed by Section 29-1-301 of the Colorado Revised Statutes.

The District has established an emergency reserve, representing 3% of fiscal year spending (excluding debt service), as required by TABOR. At December 31, 2022, the emergency reserve of \$52,500 was recorded in the General Fund. TABOR is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of TABOR.

Revenue Stabilization - In 1982, Colorado's voters passed an amendment to Article X, section 3(1)(b) of the Colorado Constitution, which commonly was referred to as the "Gallagher Amendment". The purpose of the Gallagher Amendment was to permanently establish a ratio between total statewide assessed values of residential property ("RAR") and all other types of property, which are collectively referred to as "non-residential". As originally conceived, the Gallagher Amendment required the Colorado General Assembly to adjust the RAR up or down, as necessary, in order to maintain the Gallagher ratio, while the nonresidential assessment rate remained fixed. However, due to TABOR's requirement of holding a statewide election in order to increase the RAR, following the passage of TABOR, the Gallagher Amendment functionally resulted in only downward adjustments to the RAR over time, resulting in significant and unpredictable revenue loss to the District.

In 2018, the District's voters approved a ballot issue authorizing the District to stabilize its revenue by adjusting its mill levy as necessary to maintain the property tax revenue it would have otherwise lost as a result of changes in the method of calculating assessed valuations, including but not limited to, changes in the RAR due to operation of the Gallagher Amendment, so that, to the extent possible, the actual tax revenues generated by the District's mill levy are the same as the actual tax revenues that would have been received if the method of calculating assessed valuations had not been changed. The operative provisions of the Gallagher Amendment were repealed by the voters of the State of Colorado in 2020; however, the District's revenue stabilization authorization is intended to apply to all other applicable changes in the method of calculating assessed valuations.

NORTH-WEST FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022

**NOTE 8: DEFINED BENEFIT PENSION PLANS**

**Volunteer Firefighter Pension Plan**

**Summary of Significant Accounting Policies**

The District has established the Volunteer Firefighter Pension Plan (the “Volunteer Plan”), an agent multiple-employer defined benefit pension fund administered by the District’s Volunteer Firefighter Pension Fund Board of Trustees (the “Pension Board”) through the Colorado Fire & Police Pension Association (“FPPA”). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the Volunteer Plan have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**General Information about the Volunteer Plan**

*Plan Description.* The Volunteer Plan was closed to new members on March 1, 2011; accordingly, volunteer firefighters must have begun their volunteer service to the District prior to that date in order to be eligible to participate in the Volunteer Plan. Any eligible volunteer firefighter who has both attained the age of fifty and completed twenty years of creditable service shall be eligible for a monthly pension. Additionally, any eligible volunteer firefighter that has reached the age of fifty with at least ten years of creditable service will receive a pension benefit that is prorated for years of creditable service between 10 and 20 years. An eligible volunteer firefighter who is disabled in the line of duty and whose disability is of such character and magnitude as to deprive the firefighter of earning capacity and extends beyond one year, shall be compensated in an amount determined by the Pension Board. The Volunteer Plan also provides for a lump-sum burial benefit upon the death of an active or retired eligible volunteer firefighter. Spouses of deceased eligible volunteer firefighters may receive benefits as authorized by State statute. FPPA issues an annual, publicly-available financial report that includes the assets of the Volunteer Plan. That report may be obtained on FPPA’s website at <http://www.fppaco.org>.

NORTH-WEST FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2022

**NOTE 8: DEFINED BENEFIT PENSION PLANS** (Continued)

**Volunteer Firefighter Pension Plan** (Continued)

**General Information about the Volunteer Plan** (Continued)

*Funding Policy.* An actuary is used to determine the annual required contribution (“ARC”) that would be necessary to maintain the actuarial soundness of the Volunteer Plan. The Volunteer Plan receives contributions from the District in an amount determined by the District Board, and Colorado law requires the State to make a matching contribution to the Volunteer Plan in any year in which the District makes a contribution. The amount of the District’s contribution, if any, is at the sole discretion of the District Board and is separate from the State match.

Because the District’s monthly benefit amount is over \$300, State statute provides that the State’s matching contribution is calculated as the greater of (a) the contribution amount that would have been actuarially required if the District’s monthly benefit amount had been \$300 in the immediately preceding year; or (b) the highest State match made to the District between 1998 and 2001. In either case, the State match is capped at the amount of revenue that would be generated from a one-half mill tax on the District’s net assessed valuation in the immediately preceding year.

The actuarial study as of January 1, 2019, indicated that the current levels of contributions to fund the Volunteer Plan are not adequate to support on an actuarially sound basis the prospective benefits for the present Volunteer Plan. The District believes that by having closed the Volunteer Plan to new members and thereby reducing the number of Volunteer Plan participants, along with market gains, the Volunteer Plan will return to an actuarially sound basis.

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

At December 31, 2022 the District reported a liability of \$321,447. The net volunteer pension liability was measured as of December 31, 2021 and was determined by an actuarial valuation as of January 1, 2021. Standard update procedures were used to roll forward the total volunteer pension liability to December 31, 2022.

NORTH-WEST FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022

**NOTE 8: DEFINED BENEFIT PENSION PLANS** (Continued)

**Volunteer Firefighter Pension Plan** (Continued)

**Volunteer Pension Liabilities, Volunteer Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Volunteer Pensions**  
(Continued)

For the year ended December 31, 2022 the District recognized volunteer pension expense of \$6,505. At December 31, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to volunteer pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	N/A	N/A
Net difference between projected and actual earnings on pension plan investments	\$4,102	\$26,324
Change in assumptions and other inputs	N/A	N/A
Contributions subsequent to the measurement date	\$28,000	N/A
Total	\$32,102	\$26,324

\$28,000 reported as deferred outflows of resources related to volunteer pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to volunteer pensions will be recognized in pension expense as follows:

<b>Year ended December 31,</b>	
2023	(\$4,687)
2024	(\$8,791)
2025	(\$5,356)
2026	(\$3,388)

NORTH-WEST FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022

**NOTE 8: DEFINED BENEFIT PENSION PLANS** (Continued)

**Volunteer Firefighter Pension Plan** (Continued)

**Volunteer Pension Liabilities, Volunteer Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Volunteer Pensions**  
(Continued)

*Actuarial assumptions:* Method, and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method:	Entry Age Normal
Amortization Method:	Level Dollar Open*
Remaining Amortization Period:	20 years*
Asset Valuation Method:	5-Year smoothed fair value
Inflation	2.50%
Salary Increases:	N/A
Investment Rate of Return:	7.00%
Retirement Age:	50% per year of eligibility until 100% at age 65.
Mortality	<b>Pre-retirement:</b> 2006 central rates from the RP-2014 Employee Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years, 50% multiplier for off-duty mortality. <b>Post-retirement:</b> 2006 central rates from the RP-2014 Annuitant Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years. <b>Disabled:</b> 2006 central rates from the RP-2014 Disabled Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years

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

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

NORTH-WEST FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022

**NOTE 8: DEFINED BENEFIT PENSION PLANS** (Continued)

**Volunteer Firefighter Pension Plan** (Continued)

**Volunteer Pension Liabilities, Volunteer Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Volunteer Pensions**  
(Continued)

Best estimates of arithmetic real rates of return for each major asset class included in the Volunteer Plan's target asset allocation as of December 31, 2021 as determined by FPPA are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00%	2.32%
Fixed Income - Rates	10.00%	4.00%
Fixed Income - Credit	5.00%	5.25%
Absolute Return	10.00%	5.60%
Long Short	8.00%	6.87%
Global Equity	39.00%	8.23%
Private Markets	26.00%	10.63%
Total	100.00%	

The discount rate used to measure the total volunteer pension liability was 7.00 percent. The projection of cash flows used by FPPA to determine the discount rate assumed that contributions from participating employers will be made based on their ARCs. Based on those assumptions, the Volunteer 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 payment) to determine the total pension liability.

*Sensitivity of the District's net pension liability (asset) to changes in the discount rate.* The following presents the net volunteer pension asset calculated using the discount rate of 7.00 percent, as well as the net volunteer pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net pension liability	\$365,944	\$321,447	\$282,564

NORTH-WEST FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2022

**NOTE 8: DEFINED BENEFIT PENSION PLANS** (Continued)

**Volunteer Firefighter Pension Plan** (Continued)

**Volunteer Pension Liabilities, Volunteer Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Volunteer Pensions**  
(Continued)

*FPPA System Description.* FPPA administers an agent multiple-employer Public Employee Retirement System (PERS). The PERS represents the assets of numerous separate plans that have been pooled for investment purposes. The volunteer pension plans have elected to affiliate with FPPA for plan administration and investment only.

FPPA issues a publicly available comprehensive annual financial report that can be obtained at <http://www.fppaco.org>

**Statewide Defined Benefit Pension Plan**

**Summary of Significant Accounting Policies**

*Pensions.* The District contributes to the Statewide Defined Benefit Pension Plan (“SWDB Plan”), a cost-sharing multiple employer defined benefit pension plan, which is administered by FPPA. The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the SWDB Plan have been determined using the economic resources measurement focus and the accrual basis of accounting.

The SWDB Plan assets are included in the Fire & Police Members’ Benefit Investment Fund and the Fire & Police Members’ Self-Directed Investment Fund (for Deferred Retirement Option Plan (DROP) assets and Separate Retirement Account assets from eligible retired members).

**General Information about the SWDB Plan**

*Plan description.* The SWDB Plan provides retirement benefits for eligible members and beneficiaries according to plan provisions as enacted and governed by FPPA’s Pension Fund Board of Trustees. The Colorado Revised Statutes as amended, establish basic benefit provisions under the SWDB Plan. FPPA issues an annual, publicly-available financial report that includes the assets of the SWDB Plan. That report may be obtained on FPPA’s website at <http://www.fppaco.org>.

*Benefits provided.* 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.

NORTH-WEST FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022

**NOTE 8: DEFINED BENEFIT PENSION PLANS** (Continued)

**Statewide Defined Benefit Pension Plan** (Continued)

**General Information about the SWDB Plan** (Continued)

The annual normal retirement benefit is 2 percent of the average of the member's highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter. The benefit earned prior to January 1, 2007 for members of affiliated Social Security employers will be reduced by the amount of Social Security income payable to the member annually.

Effective January 1, 2007, members currently covered under Social Security will receive half the benefit when compared to the SWDB Plan. Benefits paid to retired members are evaluated and may be re-determined every October 1. The amount of any increase is based on the Board's discretion and can range from 0 to the higher of 3 percent or the Consumer Price Index.

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

*Contributions.* Contribution rates for employers and members may be increased equally by the FPPA Board of Directors upon approval of both the employers and members.

In 2014, the members elected to increase the member contribution rate to the SWDB Plan beginning in 2015. Member contribution rates increase 0.5 percent annually through 2022 to a total of 12 percent of pensionable earnings. Employer contributions were 8 percent in 2022. Per state statute, a similar increase in employer contributions began in 2021. Employer contributions will increase 0.5 percent annually beginning in 2021 through 2030 to a total of 13 percent of pensionable earnings. During 2022, members of the SWDB Plan and their employers contribute at the rate of 12.0 percent and 9.0 percent, respectively, of pensionable earnings for a total contribution rate of 21 percent

NORTH-WEST FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022

**NOTE 8: DEFINED BENEFIT PENSION PLANS** (Continued)

**Statewide Defined Benefit Pension Plan** (Continued)

**General Information about the SWDB Plan** (Continued)

Contributions from members and employers of departments reentering the system are established by resolution and approved by the FPPA Board of Directors. The member and employer contribution rates for reentry departments will increase through 2030 as described above for non-reentering departments. Effective January 1, 2021, reentry departments may submit a resolution to the FPPA Board of Directors to reflect the actual cost of reentry by department. Each reentry department is responsible to remit contributions to the SWDB Plan in accordance with their most recent FPPA Board of Directors approved resolution.

The contribution rate for members and employers of affiliated social security employers is 6.00 percent and 4.50 percent, respectively, of pensionable earnings for a total contribution rate of 10.50 percent in 2022. Per the 2014 member election, members of the affiliate social security group had their required contribution rate increase 0.25 percent annually beginning in 2015 through 2022 to a total of 6.00 percent of pensionable earnings. Per state statute, a similar increase in employer contributions began in 2021. Employer contributions will increase 0.25 percent annually beginning in 2021 through 2030 to a total of 6.50 percent of pensionable earnings.

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

At December 31, 2022 the District reported a net pension asset in the amount of \$564,593 for its proportionate share of the SWDB Plan net pension asset. The SWDB Plan net pension asset was measured as of December 31, 2022, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2022. Standard update procedures were used to roll forward the total pension liability to December 31, 2022. The District's proportion of the SWDB Plan net pension asset was based on the District's contributions to the SWDB Plan for the calendar year 2022 relative to the total contributions of participating employers to the SWDB Plan.

At December 31, 2022, the District's proportion was 0.10418%, which was an increase of 0.01526% from its proportion measured as of December 31, 2021.

NORTH-WEST FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022

**NOTE 8: DEFINED BENEFIT PENSION PLANS** (Continued)

**Statewide Defined Benefit Pension Plan** (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (Continued)

For the year ended December 31, 2022 the District recognized SWDB pension income of \$99,336. At December 31, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to SWDB pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$161,673	\$13,168
Net difference between projected and actual earnings on pension plan investments	N/A	\$377,858
Changes in proportion and differences between contributions recognized and proportionate share of contributions	N/A	\$38,091
Change in assumptions and other inputs	\$80,515	N/A
Contributions subsequent to the measurement date	\$88,775	N/A
Total	\$330,963	\$429,117

\$88,775 reported as deferred outflows of resources related to SWDB pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to SWDB pensions will be recognized in pension expense as follows:

<b>Year ended December 31</b>	
2023	(\$55,405)
2024	(\$94,489)
2025	(\$54,965)
2026	(\$18,623)
2027	\$29,230
Thereafter	\$7,323

NORTH-WEST FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022

**NOTE 8: DEFINED BENEFIT PENSION PLANS** (Continued)

**Statewide Defined Benefit Pension Plan** (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and  
Deferred Inflows of Resources Related to Pensions** (Continued)

*Actuarial assumptions.* The actuarial valuations for the SWBP Plan were used to determine the total pension liability and actuarially determined contributions for the fiscal year ending December 31, 2022. The valuations used the following actuarial assumptions and other inputs:

Total Pension Liability:

Actuarial Valuation Date	January 1, 2022
Actuarial Method	Entry Age Normal
Amortization Method	N/A
Amortization Period	N/A
Long-term investment Rate of Return*	7.00 percent
Projected salary increases*	4.25 – 11.25 percent
Cost of Living Adjustments (COLA)	0.00 percent
*Includes Inflation at 2.5%	

Actuarially Determined Contributions:

Actuarial Valuation Date	January 1, 2021
Actuarial Method	Entry Age Normal
Amortization Method	Level % of Payroll, Open
Amortization Period	30 Years
Long-term investment Rate of Return*	7.00 percent
Projected salary increases*	4.25 – 11.25 percent
Cost of Living Adjustments (COLA)	0.00 percent
*Includes Inflation at 2.5%	

For determining the total pension liability, the post-retirement mortality tables for non-disabled retirees uses the 2006 central rates from the RP-2014 Annuitant Mortality Tables projected to 2018 using the MP-2017 projection scales, and the projected prospectively using the ultimate rates of the scale for all years. The pre-retirement off-duty mortality tables are adjusted to 50% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00015.

NORTH-WEST FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022

**NOTE 8: DEFINED BENEFIT PENSION PLANS** (Continued)

**Statewide Defined Benefit Pension Plan** (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (Continued)

At least every five years the FPPA’s Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2018 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the FPPA’s actuaries, Gabriel, Roeder, Smith & Co., based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2019. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

The long-term expected rate of return on SWDB pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (assumed at 2.5 percent).

Best estimates of arithmetic real rates of return for each major asset class included in the SWDB Plan’s target asset allocation as of December 31, 2021 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Global Equity	39.00%	8.23%
Equity Long/Short	8.00%	6.87%
Private Markets	26.00%	10.63%
Fixed Income – Rates	10.00%	4.01%
Fixed Income – Credit	5.00%	5.25%
Absolute Return	10.00%	5.60%
Cash	2.00%	2.32%
Total	100.00%	

NORTH-WEST FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022

**NOTE 8: DEFINED BENEFIT PENSION PLANS** (Continued)

**Statewide Defined Benefit Pension Plan** (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (Continued)

The discount rate used to measure the total SWDB pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the FPPA Board of Director'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 payment) to determine the total pension liability.

*Discount rate.* Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate, based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits).

For the purpose of this valuation, the expected rate of return on SWDB pension plan investments is 7.00%; the municipal bond rate is 1.84% (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.00%.

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate share of the net pension liability (asset)	(\$77,861)	(\$564,593)	(\$967,824)

*Pension plan fiduciary net position.* Detailed information about the SWDB Plan's fiduciary net position is available in FPPA's comprehensive annual financial report which can be obtained at <http://www.fppaco.org>.

NORTH-WEST FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2022

**NOTE 9: SUBSEQUENT EVENT**

Potential subsequent events were considered through June 28, 2023. It was determined that no events are required to be disclosed through this date.

**REQUIRED SUPPLEMENTAL INFORMATION**

NORTH-WEST FIRE PROTECTION DISTRICT

GENERAL FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended December 31, 2022

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Property Taxes	\$ 1,527,818	\$ 1,532,189	\$ 4,371
Specific Ownership Taxes	198,616	176,020	(22,596)
Charges for Services	13,438	12,748	(690)
Interest and Other	10,000	24,757	14,757
Grants and Donations	206,339	638,752	432,413
 TOTAL REVENUES	 <u>1,956,211</u>	 <u>2,384,466</u>	 <u>428,255</u>
EXPENDITURES			
Current			
Salaries and Benefits	1,611,304	1,730,368	(119,064)
Professional Services	36,000	27,435	8,565
Firefighting and Prevention	351,710	373,559	(21,849)
General and Administrative	161,333	204,804	(43,471)
Debt Service	210,401	210,401	-
Capital Outlay	380,000	60,395	319,605
 TOTAL EXPENDITURES	 <u>2,750,748</u>	 <u>2,606,962</u>	 <u>143,786</u>
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	 <u>(794,537)</u>	 <u>(222,496)</u>	 <u>572,041</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from Lease	300,000	-	(300,000)
 TOTAL OTHER SOURCES (USES)	 <u>300,000</u>	 <u>-</u>	 <u>(300,000)</u>
 CHANGE IN FUND BALANCE	 (494,537)	 (222,496)	 272,041
FUND BALANCE, Beginning	<u>769,022</u>	<u>726,330</u>	<u>(42,692)</u>
FUND BALANCE, Ending	<u>\$ 274,485</u>	<u>\$ 503,834</u>	<u>\$ 229,349</u>

See the accompanying independent auditors' report.

NORTH-WEST FIRE PROTECTION DISTRICT

SCHEDULE OF CONTRIBUTIONS  
 VOLUNTEER FIREFIGHTERS' PENSION PLAN  
 December 31, 2021

<u>FY Ending December 31</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Actual Contribution as a % of Covered Payrol</u>
2012	\$ 41,785	\$ 33,010	\$ (8,775)	N/A	N/A
2013	41,785	33,010	(8,775)	N/A	N/A
2014	41,785	33,010	(8,775)	N/A	N/A
2015	45,942	35,365	(10,577)	N/A	N/A
2016	45,942	35,365	(10,577)	N/A	N/A
2017	36,278	20,000	(16,278)	N/A	N/A
2018	34,347	37,371	3,024	N/A	N/A
2019	34,347	28,396	(5,951)	N/A	N/A
2020	40,421	36,859	(3,562)	N/A	N/A
2021	40,421	36,859	(3,562)	N/A	N/A

See the accompanying independent auditors' report.

NORTH-WEST FIRE PROTECTION DISTRICT

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

Measurement Period Ending December 31,	2014	2015	2016	2017	2018	2019	2020	2021
<b>Total Pension Liability</b>								
Service Cost	\$ 15,469	\$ 6,485	\$ 6,485	\$ 3,464	\$ 4,114	\$ 1,774	\$ 4,075	\$ -
Interest on the Total Pension Liability	46,273	46,139	803,125	42,187	38,746	43,348	29,631	40,271
Benefit Changes	-	-	-	-	-	-	-	-
Difference Between Expected and Actual Experiences	(66,622)	-	(24,135)	-	31,703	-	(31,848)	
Assumption Changes	(89,580)	-	96,951	52,308	(108,471)	236,915	(199,425)	
Benefit Payments	(53,414)	(55,955)	(55,860)	(58,734)	(61,869)	(62,130)	(63,460)	(66,120)
Net Change in Total Pension Liability	(147,874)	(3,331)	69,333	39,225	(95,777)	219,907	(261,027)	(25,849)
Total Pension Liability - Beginning	787,343	639,469	636,138	705,471	744,696	648,919	868,826	607,799
Total Pension Liability - Ending	<u>\$ 636,138</u>	<u>\$ 636,138</u>	<u>\$ 705,471</u>	<u>\$ 744,696</u>	<u>\$ 648,919</u>	<u>\$ 868,826</u>	<u>\$ 607,799</u>	<u>\$ 581,950</u>
<b>Plan Fiduciary Net Position</b>	158,138							
Employer Contribution	\$ 908,833	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 22,000	\$ 25,000
Pension Plan Net Investment Income	20,379	5,875	14,933	39,533	628	34,557	27,169	33,961
Benefit Payments	(53,414)	(55,955)	(55,860)	(58,734)	(61,869)	(62,130)	(63,460)	(66,120)
Pension Plan Administrative Expenses	(858)	(1,784)	(730)	(4,209)	(4,288)	(6,223)	(3,754)	(6,532)
State of Colorado Supplemental Discretionary Payment	15,365	15,365	8,975	-	17,371	8,396	14,859	14,859
Net Change in Plan Fiduciary Net Position	1,472	(16,499)	(12,682)	(3,410)	(28,158)	(5,400)	(3,186)	1,168
Plan Fiduciary Net Position - Beginning	327,198	328,670	312,171	299,489	296,079	267,921	262,531	259,335
Plan Fiduciary Net Position - Ending	<u>\$ 328,670</u>	<u>\$ 312,171</u>	<u>\$ 299,489</u>	<u>\$ 296,079</u>	<u>\$ 267,921</u>	<u>\$ 262,521</u>	<u>\$ 259,345</u>	<u>\$ 260,503</u>
Net Pension Liability/(Asset)	\$ 310,799	\$ 323,967	\$ 405,982	\$ 448,617	\$ 380,998	\$ 606,305	\$ 348,454	\$ 321,447
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	51.40%	49.07%	42.45%	39.76%	41.29%	30.22%	42.67%	44.76%
Covered Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net Pension Liability/(Asset) as a Percentage of Covered Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

This schedule will report ten years of data when it is available.

See the accompanying independent auditors' report.

NORTH-WEST FIRE PROTECTION DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE  
STATEWIDE DEFINED BENEFIT PLAN

Years Ended December 31,

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
District's proportionate share of the Net Pension Liability (Asset)	0.109%	0.101%	0.096%	0.092%	0.082%	0.077%	0.096%	0.089%	0.104%
District's proportionate share of the Net Pension Liability (Asset)	\$ (97,532)	\$ (114,008)	\$ (1,687)	\$ 33,220	\$(117,701)	\$ 96,808	\$ (54,070)	\$(193,052)	\$ (564,593)
District's covered-employee payroll	\$ 473,752	\$ 454,284	\$ 472,663	\$ 482,438	\$ 527,501	\$ 527,501	\$ 677,900	\$ 891,100	\$ 1,006,437
District's proportionate share of the Net Pension Liability (Asset) as a percentage of its covered payroll	-20.6%	-25.1%	-0.4%	6.9%	-22.3%	18.4%	-8.0%	-21.7%	-56.1%
Plan fiduciary net position as a percentage of the total pension liability	106.8%	105.8%	105.8%	98.2%	106.3%	95.2%	100.9%	106.7%	116.2%

Notes:

This schedule is reported as of December 31, as that is the plan year end.

This schedule will report ten years of data when it is available.

See the accompanying independent auditors' report.

NORTH-WEST FIRE PROTECTION DISTRICT  
 SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS  
 STATEWIDE DEFINED BENEFIT PLAN

Years Ended December 31,

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Statutorily required contributions	\$ 37,900	\$ 36,343	\$ 37,476	\$ 37,813	\$ 38,595	\$ 42,200	\$ 56,371	\$ 54,232	\$ 71,288	\$ 80,515
Contributions in relation to the Statutorily required contributions	<u>37,900</u>	<u>36,343</u>	<u>37,476</u>	<u>37,813</u>	<u>38,595</u>	<u>42,200</u>	<u>56,371</u>	<u>54,232</u>	<u>71,288</u>	<u>80,515</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 473,752	\$ 454,284	\$ 468,450	\$ 472,663	\$ 482,438	\$ 527,501	\$ 704,638	\$ 677,900	\$ 891,100	\$ 1,006,437
Contributions as a percentage of covered payroll	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%

Notes:

This schedule will report ten years of data when it is available.

See the accompanying independent auditors' report.