

UPPER PINE RIVER FIRE PROTECTION DISTRICT

FINANCIAL STATEMENTS

AND

REQUIRED SUPPLEMENTARY INFORMATION

AND

SUPPLEMENTARY INFORMATION

WITH

INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2022

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Upper Pine River Fire Protection District
Bayfield, Colorado

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major 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 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.

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.

INDEPENDENT AUDITORS' REPORT – CONTINUED

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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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) and Actual – General Fund, the Schedule of the District's Proportionate Share of the Net Pension Liability/(Asset) Statewide Defined Benefit Plan, the Schedule of the District's Contributions – SWDBP, the Schedule of the District's Proportionate Share of the Net Pension Liability/(Asset) Statewide Hybrid Defined Benefit Plan, and the Schedule of the District's Contributions - SWHDBP 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

INDEPENDENT AUDITORS' REPORT – CONTINUED

PAGE 3

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 Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) and Actual – Debt Service Fund is presented for purposes 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 Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) and Actual – Debt Service Fund is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Erickson, Brown & Kloster, LLC

Colorado Springs, Colorado
September 29, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

**UPPER PINE RIVER FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED DECEMBER 31, 2022**

As management of Upper Pine River Fire Protection District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2022.

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 are composed of three components:

- 1) Government-wide financial statements,
- 2) Fund financial statements, and
- 3) Notes to the financial statements.

This report also contains other supplementary information in addition to the financial statements. Comparative data is presented when available.

Government-Wide Financial Highlights

- The District's net position at the end of 2022 is \$7,477,965 compared to \$7,102,237 at the end of 2021.
- Total Governmental fund revenues for the year ended December 31, 2022 were \$5,335,704 compared to total revenues of \$6,133,839 in 2021; a decrease of \$798,135 due primarily to a substantial decrease in intergovernmental revenue from fewer wildland fire and contract ambulance responses.
- The District made use of grant monies awarded from State and Federal funding sources in the amount of \$1,062,303.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances as a whole, in a manner similar to a private-sector business. The governmental activity of the District is primarily providing fire protection and emergency medical services for the Town of Bayfield, the Upper Pine River, and Upper Florida River Valleys.

The Statement of Net Position presents information on all the District's assets, liabilities, deferred outflows, and deferred inflows with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 are reported in this statement for some items that will only result in cash flows in future fiscal periods. (e.g., earned but not used vacation leave).

The government-wide financial statements can be found on pages 12 and 13 of this report.

**UPPER PINE RIVER FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED DECEMBER 31, 2022**

OVERVIEW OF THE FINANCIAL STATEMENTS – Continued

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 had two funds in 2022, the General Fund and Debt Service funds, which are governmental funds.

Governmental Funds - Governmental funds are used to account for essentially the same function 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 expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing 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 financing decisions. A reconciliation of the fund balance as reported in the governmental funds to the net change in fund balance to the change in net position has been provided to facilitate the comparison between governmental funds and governmental activities.

The District adopts an annual appropriated budget for its General and Debt Service funds. A budgetary comparison statement has been provided for these funds to demonstrate compliance with this budget.

The governmental fund financial statements are presented on pages 14 through 17 of this report.

Notes to the Financial Statements - The notes provided 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 18 through 45 of this report.

**UPPER PINE RIVER FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED DECEMBER 31, 2022**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position - Two-Year Comparison

| | <u>2022</u> | <u>2021</u> | <u>Change</u> |
|--|----------------------|----------------------|-------------------|
| Assets | | | |
| Current and Other Assets | \$ 6,348,318 | \$ 5,135,373 | \$ 1,212,945 |
| Capital Assets | 5,405,042 | 5,628,493 | (223,451) |
| Total Assets | <u>11,753,360</u> | <u>10,763,866</u> | 989,494 |
| Deferred Outflows of Resources | 824,269 | 851,088 | (26,819) |
| Total Assets and Deferred Outflows | <u>\$ 12,577,629</u> | <u>\$ 11,614,954</u> | <u>\$ 962,675</u> |
| Liabilities | | | |
| Current Liabilities | \$ 717,676 | \$ 680,879 | \$ 36,797 |
| Long-Term Liabilities | 481,629 | 961,062 | (479,433) |
| Total Liabilities | <u>1,199,305</u> | <u>1,641,941</u> | (442,636) |
| Deferred Inflows of Resources | 3,900,359 | 2,870,776 | 1,029,583 |
| Total Liabilities and Deferred Inflows | <u>\$ 5,099,664</u> | <u>\$ 4,512,717</u> | <u>\$ 586,947</u> |
| Net Position | | | |
| Net Investment in Capital Assets | \$ 4,457,574 | \$ 4,217,206 | \$ 240,368 |
| Restricted | 334,675 | 341,256 | (6,581) |
| Unrestricted | 2,685,716 | 2,543,775 | 141,941 |
| Total Net Position | <u>\$ 7,477,965</u> | <u>\$ 7,102,237</u> | <u>\$ 375,728</u> |

The decrease in capital assets is due to downsizing the fleet.

Statement of Activities

The statement of activities reflects the cost of operation and the charges for services and receipt of grants offsetting those services. The following detail reflects the total cost of services supported by operating revenues and property taxes, as well as other general revenues, resulting in the overall change in net position for the fiscal years 2022 and 2021.

**UPPER PINE RIVER FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED DECEMBER 31, 2022**

GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued

The following is a condensed comparative summary of the District's revenues and expenses for the year ended December 31:

| | Expenses | Charges for Services | Operating Grants and Contributions | Net (Expense) Revenue and Changes in Net Position | |
|---|-------------|-------------------------|--|---|---------------|
| Primary Government | | | | | |
| Government Activities: | | | | | |
| Public Safety | | | | | |
| | <u>2022</u> | \$5,020,204 | \$ 390,514 | \$ 1,521,529 | \$(3,108,161) |
| | 2021 | \$4,754,666 | \$ 477,245 | \$ 2,091,292 | \$(2,186,129) |
| Interest | | | | | |
| | <u>2022</u> | \$ 37,822 | \$ - | \$ - | \$ (37,822) |
| | 2021 | \$ 42,134 | \$ - | \$ - | \$ (42,134) |
| Total Governmental Activities | | | | | |
| | <u>2022</u> | \$5,058,026 | \$ 390,514 | \$ 1,521,529 | \$(3,145,983) |
| | 2021 | \$4,796,800 | \$ 477,245 | \$ 2,091,292 | \$(2,228,263) |
| | | | <u>2022</u> | <u>2021</u> | <u>Change</u> |
| General Revenues | | | | | |
| Property Taxes | | \$ 2,780,516 | \$ 2,897,252 | \$ (116,736) | |
| Specific Ownership Tax | | 309,347 | 316,208 | (6,861) | |
| Gain on Sale of Capital Assets | | 98,050 | 326,000 | (227,950) | |
| Investment Income (Loss) | | 2,636 | (7,208) | 9,844 | |
| Other | | 331,162 | 359,050 | (27,888) | |
| Total General Revenues | | <u>3,521,711</u> | <u>3,891,302</u> | <u>(369,591)</u> | |
| Change in Net Position | | 375,728 | 1,663,039 | (1,287,311) | |
| Net Position - Beginning of Year | | <u>7,102,237</u> | <u>5,439,198</u> | <u>1,663,039</u> | |
| Net Position - End of Year | | <u>\$ 7,477,965</u> | <u>\$ 7,102,237</u> | <u>\$ 375,728</u> | |

**UPPER PINE RIVER FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED DECEMBER 31, 2022**

GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued

Financial Analysis

In 2022 our property tax revenues decreased slightly from the prior year due to continued declines in oil and gas revenues. Fire District management was alerted by the Assessor's office that oil and gas values would see declines starting in fiscal 2012. In preparation for the projected decline the District committed most of the excess revenue from 2010 to reserves, did not fill several open administrative positions, froze wages and reduced spending where appropriate without reducing services.

The District offset property tax decreases with grant monies received including **\$66,000** for staffing, **\$54,000** for mitigation expenses and **\$227,000** for reimbursement of medical expenses. The wildland fire program continued to have a positive impact on the finances of the District as serving as a cooperator to local state and national fires provided the District with **\$263,000** in additional revenues. Further, the District administered vaccination clinics for COVID-19 receiving over **\$196,000** in reimbursements for the services provided. These additional revenues allowed the District to increase services to national standards and stabilize the financial positions and cash reserves of the District.

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the District's financing requirements. At the end of the current fiscal year, the District's governmental funds reported an ending fund balance of **\$1,718,555** in the general fund and an ending funding balance of **\$85,424**, in the debt service fund. Reserved fund balance of **\$144,187** is not available for new spending because it has been reserved by TABOR.

Capital Assets

The District's investment in capital assets for its governmental activities as of December 31, 2022, amounted to **\$5,405,042** (net accumulated depreciation). This investment in capital assets includes land, buildings, equipment, and vehicles. Additional information can be found in Note 5 to the financial statements.

Long-term Debts

At the end of the year the District had long-term debt outstanding of **\$481,629** comprised of series 2013 G.O. Bonds, equipment lease payable and compensated absences. Additional information on the District's debt can be found in Note 6 of the financial statements. In 2013, the 2004 General Obligation Bonds were refunded with the 2013 General Obligation Bonds. The new bonds have an interest rate of 2.67%, compared to a maximum rate of 5.00% with old bonds. The maturity date of the new bonds is the same date as the old bonds. In 2020, the District retired the 2014 Lease Refunding Bonds early.

**UPPER PINE RIVER FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED DECEMBER 31, 2022**

BUDGET ANALYSIS

The Fire District continues to use best practices in managing the finances and assets of the District. We continue to seek opportunities to enhance our revenue stream through aggressively pursuing grants and participation in revenue generating functions such as response to wildland fires. These opportunities continue to enhance our capabilities and service delivery. In 2022, the general fund realized gross revenues of **\$4,941,482**. We continue to recover direct costs of personnel, fuel as well as the additional income from rental rates of our equipment.

Our EMS billing and revenues were under budget in 2022. The amount collected helps fund the EMS Operations which can be described as vehicles, fuel, medical supplies, insurance, and training. The Ground Emergency Medical Transportation (GEMT) Uncompensated Cost Reimbursement Program is a voluntary program that allows for the reimbursement of uncompensated costs to eligible GEMT providers who provide qualifying emergency ambulance services to Department of Social Services, Colorado Medicaid population. The District received GEMT monies for Medicaid patients in 2022.

During the year, the original general budget was amended to account for differences in anticipated revenues and expenses and actual revenue and expenses. Increases to revenues included additional medical billing of approximately \$196,000 due to COVID-19 responses, and additional Medicaid reimbursement income of \$182,000. Total budgeted revenue increased by \$340,000 from the original budget. Decreases to expenses were realized by deferring capital purchases to 2023. Total budgeted expenditures were \$186,000 more than the original budget and the total budgeted excess expenditures over revenue was decreased by \$154,000.

Variances in the final actual numbers versus the amended budget included additional medical write-offs and expenses of \$27,000 and additional vehicle expenses of \$17,000. Overall, the final excess revenue over expenses was approximately \$329,000 higher than the amended budgeted amount.

**UPPER PINE RIVER FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED DECEMBER 31, 2022**

BUDGET ANALYSIS - Continued

A condensed schedule of the general fund budget depicting original budgeted amounts and final amended is as follows:

| | Budgeted Amounts | | Change |
|-----------------------------------|-------------------------|---------------------|---------------------|
| | Original | Final | |
| Revenues | | | |
| Property Taxes | \$ 2,409,321 | \$ 2,369,321 | \$ 40,000 |
| Specific Ownership Tax | 280,000 | 270,000 | 10,000 |
| Intergovernmental | 600,000 | 265,000 | 335,000 |
| Medical Billings | 620,000 | 1,142,000 | (522,000) |
| Other | 671,000 | 874,000 | (203,000) |
| Total Revenues | 4,580,321 | 4,920,321 | (340,000) |
| Expenditures | | | |
| Public Safety | | | |
| Fire Administration | 4,023,780 | 3,880,780 | 143,000 |
| Fire Fighting | 109,500 | 112,500 | (3,000) |
| Fire Training | 48,000 | 178,000 | (130,000) |
| Wildland Fire Expenses | 29,000 | 55,000 | (26,000) |
| Fire Communications | 43,000 | 41,500 | 1,500 |
| Medical Services | 128,500 | 142,000 | (13,500) |
| Station and Grounds | 134,674 | 150,674 | (16,000) |
| Capital Outlay | 387,600 | 524,600 | (137,000) |
| Debt Service | 100,000 | 105,000 | (5,000) |
| Total Expenditures | 5,004,054 | 5,190,054 | (186,000) |
| Excess of Revenues (Under) | | | |
| Over Expenditures | \$ (423,733) | \$ (269,733) | \$ (154,000) |

The bond fund reported only small variances from the original budgeted amounts and no amendment was necessary.

**UPPER PINE RIVER FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED DECEMBER 31, 2022**

Economic Factors, Trends and Future Plans

In the General Fund 2022 tax revenue decreased overall by 4% due to a decrease in oil and gas assessed value of 32% in the District. Increases in residential assessed value and new homes helped offset the decrease in oil and gas revenues. As supply drops and the buildable land in the central part of the county becomes expensive, significant increases are anticipated in residential property values in the District with the next property valuation.

Buildable lots in the eastern La Plata County are now at a premium which is expected to send property values up significantly as inventory declines. Three large parcels that could result in as many as 300 additional homes are possible in Mesa Meadows, Homestead and a recently acquired parcel on the east side of Bayfield that has an existing master plan. As inventory decreases and pricing elevates it is anticipated that growth in housing will shift to the eastern side of the county in Bayfield and Forrest Lakes.

Factors that have allowed us to continue to fully operate with no reduction in service have been our continued response to national wildfires. That program brought \$263,000 in gross revenue to the District in 2022. We were also awarded approximately \$65,000 from a FEMA grant for staffing.

Request for information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Upper Pine River Fire Protection District
Attn: Bruce Evans, Fire Chief
515 Sower Drive
Bayfield, CO 81122
Tel: (970)-884-9508
Fax: (970)-884-2444

FINANCIAL STATEMENTS

**UPPER PINE RIVER FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2022**

| | Governmental Activities |
|---|------------------------------------|
| Assets | |
| Cash, Cash Equivalents, and Investments | \$ 1,526,407 |
| Cash Held With County Treasurer | 25,720 |
| Receivables: | |
| Property taxes | 2,987,269 |
| Medical Billings, Net of Allowance for Doubtful Accounts | 176,480 |
| Other | 108,964 |
| Inventory | 4,392 |
| Prepaid Items | 105,449 |
| Net Pension Assets | 1,413,637 |
| Nondepreciable Capital Assets | 377,753 |
| Depreciable Capital Assets, Net of Accumulated Depreciation | 5,027,289 |
| Total Assets | 11,753,360 |
| Deferred Outflows of Resources | |
| Deferred Outflows Pensions | 824,269 |
| Total Deferred Outflows of Resources | 824,269 |
| Liabilities | |
| Accounts Payable | 55,007 |
| Accrued Expenses | 88,426 |
| Accrued Interest Payable | 1,670 |
| Noncurrent Liabilities: | |
| Due within one year | 572,573 |
| Due in more than one year | 481,629 |
| Total Liabilities | 1,199,305 |
| Deferred Inflows of Resources | |
| Deferred Property Tax Revenue | 2,987,269 |
| Deferred Inflows Pensions | 913,090 |
| Total Deferred Inflows of Resources | 3,900,359 |
| Net Position | |
| Net Investment in Capital Assets | 4,457,574 |
| Restricted for: | |
| TABOR | 144,187 |
| Debt Service | 190,488 |
| Unrestricted | 2,685,716 |
| Total Net Position | \$ 7,477,965 |

See Notes to Financial Statements

**UPPER PINE RIVER FIRE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022**

| | <u>Program Revenues</u> | | | <u>Net (Expense)</u> |
|--------------------------------------|-------------------------|---------------------------------|--|--|
| | <u>Expenses</u> | <u>Charges for Services</u> | <u>Operating Grants and Contribution</u> | <u>Revenue and Changes in Net Position</u> |
| Primary Government | | | | |
| Governmental Activities | | | | |
| Public Safety | \$ 5,020,204 | \$ 390,514 | \$ 1,521,529 | \$ (3,108,161) |
| Interest on Long-Term Debt | 37,822 | - | - | (37,822) |
| Total Governmental Activities | <u>\$ 5,058,026</u> | <u>\$ 390,514</u> | <u>\$ 1,521,529</u> | <u>\$(3,145,983)</u> |

General Revenues

| | |
|--------------------------------|------------------|
| Property Taxes | 2,780,516 |
| Specific Ownership Tax | 309,347 |
| Gain on Sale of Capital Assets | 98,050 |
| Investment Income | 2,636 |
| Other | 331,162 |
| Total General Revenues | <u>3,521,711</u> |

Change in Net Position

375,728

Net Position - Beginning

7,102,237

Net Position - Ending

\$ 7,477,965

See Notes to Financial Statements

**UPPER PINE RIVER FIRE PROTECTION DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022**

| | <u>General Fund</u> | <u>Debt Service Fund</u> | <u>Total</u> |
|---|---------------------|------------------------------|---------------------|
| Assets | | | |
| Current Assets | | | |
| Cash, Cash Equivalents, and Investments | \$ 1,444,264 | \$ 82,143 | \$ 1,526,407 |
| Cash Held With County Treasurer | 22,439 | 3,281 | 25,720 |
| Receivables: | | | |
| Property Taxes | 2,635,157 | 352,112 | 2,987,269 |
| Medical Billings, Net | 176,480 | - | 176,480 |
| Other | 108,964 | - | 108,964 |
| Inventory | 4,392 | - | 4,392 |
| Prepaid Items | 105,449 | - | 105,449 |
| Total Assets | <u>\$ 4,497,145</u> | <u>\$ 437,536</u> | <u>\$ 4,934,681</u> |
| Liabilities | | | |
| Accounts Payable | \$ 55,007 | \$ - | \$ 55,007 |
| Accrued Expenses | 88,426 | - | 88,426 |
| Total Liabilities | <u>143,433</u> | <u>-</u> | <u>143,433</u> |
| Deferred Inflow of Resources | | | |
| Unavailable Revenue - Property Taxes | 2,635,157 | 352,112 | 2,987,269 |
| Total Deferred Inflow of Resources | <u>2,635,157</u> | <u>352,112</u> | <u>2,987,269</u> |
| Fund Balances | | | |
| Nonspendable: | | | |
| Inventory | 4,392 | - | 4,392 |
| Prepaid Items | 88,524 | - | 88,524 |
| Restricted: | | | |
| TABOR | 144,187 | - | 144,187 |
| Capital Replacement | 316,000 | - | 316,000 |
| Debt Service | 105,064 | 85,424 | 190,488 |
| Unrestricted | 1,060,388 | - | 1,060,388 |
| Total Fund Balances | <u>1,718,555</u> | <u>85,424</u> | <u>1,803,979</u> |
| Total Liabilities, Deferred Inflow of Resources, and Fund Balances | <u>\$ 4,497,145</u> | <u>\$ 437,536</u> | <u>\$ 4,934,681</u> |

See Notes to Financial Statements

**UPPER PINE RIVER FIRE PROTECTION DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2022**

Fund Balances - Total Governmental Funds \$ 1,803,979

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:

| | | |
|--------------------------|-------------|-----------|
| Capital Assets | 13,960,591 | |
| Accumulated Depreciation | (8,555,549) | 5,405,042 |
| | | |

Pension plan accounts, such as deferred inflows/outflows and net pension asset (liability), are not receivable or payable in the current period and, therefore, are not reported in the governmental funds:

| | | |
|--------------------------------|--|-----------|
| Net Pension Assets | | 1,413,637 |
| Deferred Outflows of Resources | | 824,269 |
| Deferred Inflows of Resources | | (913,090) |

Liabilities not due and payable in the current period are not reported in the governmental funds:

| | | |
|--------------------------|-----------|-------------|
| Accrued Interest Payable | (1,670) | |
| Compensated Absences | (202,690) | |
| Lease Purchases Payable | (101,125) | |
| Bonds Payable | (750,387) | (1,055,872) |
| | | |

Total Net Position - Governmental Activities \$ 7,477,965

**UPPER PINE RIVER FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2022**

| | <u>General Fund</u> | <u>Debt Service Fund</u> | <u>Total</u> |
|---|---------------------|------------------------------|---------------------|
| Revenues | | | |
| Property Taxes | \$ 2,426,027 | \$ 354,489 | \$ 2,780,516 |
| Specific Ownership Taxes | 269,885 | 39,462 | 309,347 |
| Intergovernmental | 263,226 | - | 263,226 |
| Other Local Sources: | | | |
| Medical Billings, Net | 390,514 | - | 390,514 |
| Investment Income | 2,365 | 271 | 2,636 |
| Grants | 1,258,303 | - | 1,258,303 |
| Miscellaneous | 331,162 | - | 331,162 |
| Total Revenues | <u>\$ 4,941,482</u> | <u>\$ 394,222</u> | <u>\$ 5,335,704</u> |
| Expenditures | | | |
| Current: | | | |
| Fire Administration | \$ 3,885,730 | \$ 10,517 | \$ 3,896,247 |
| Fire Fighting | 113,052 | - | 113,052 |
| Fire Training | 78,147 | - | 78,147 |
| Wildland Fire Expenses | 55,058 | - | 55,058 |
| Fire Communications | 25,793 | - | 25,793 |
| Medical Services | 115,662 | - | 115,662 |
| Station and Grounds | 164,402 | - | 164,402 |
| Capital Outlay | 339,749 | - | 339,749 |
| Debt Service: | | | |
| Principal | 96,905 | 360,622 | 457,527 |
| Interest | 8,158 | 29,664 | 37,822 |
| Total Expenditures | <u>4,882,656</u> | <u>400,803</u> | <u>5,283,459</u> |
| Excess of Revenues Over (Under) Expenditures | 58,826 | (6,581) | 52,245 |
| Other Financing Sources | | | |
| Proceeds From Sale of Capital Assets | 98,050 | - | 98,050 |
| Net Change in Fund Balances | 156,876 | (6,581) | 150,295 |
| Fund Balances - Beginning | <u>1,561,679</u> | <u>92,005</u> | <u>1,653,684</u> |
| Fund Balances - Ending | <u>\$ 1,718,555</u> | <u>\$ 85,424</u> | <u>\$ 1,803,979</u> |

See Notes to Financial Statements

**UPPER PINE RIVER FIRE PROTECTION DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
DECEMBER 31, 2022**

Net Change in Fund Balances - Total Governmental Funds \$ 150,295

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 capitalized and depreciated over their estimated useful lives.

| | | |
|----------------|-----------|-----------|
| Capital Outlay | 219,007 | |
| Depreciation | (442,458) | (223,451) |
| | | |

| | |
|---|----------|
| Pension expense does not provide current financial resources and, therefore, is not reported as income in governmental funds. | (26,150) |
|---|----------|

The issuance of long-term debt (i.e., bonds and leases) provides current financial resources to governmental funds, while repayment of the principle of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities. The amount is the net effect of these differences in the treatment of long-term debt and related items.

| | | |
|-----------------------------------|---------|---------|
| Compensated Absences | 16,706 | |
| Accrued Interest Payable | 801 | |
| Bond Principal Payments | 96,905 | |
| Capital Leases Principal Payments | 360,622 | 475,034 |
| | | |

| | |
|---|-------------------|
| Change in Net Position - Governmental Activities | \$ 375,728 |
| | |

NOTES TO FINANCIAL STATEMENTS

**UPPER PINE RIVER FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Upper Pine River Fire Protection District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting policies that are described below. The following is a summary of the significant accounting policies.

Reporting Entity - The District was established on November 26, 1974, as a special district as defined by Colorado State Statutes. The District was formed for the purpose of providing fire protection services for the town of Bayfield, Colorado and the Upper Pine River and Upper Florida River valleys. The District has its own elected governing board (the Board) and levies a tax on the property within the District for operations.

The District follows U.S. generally accepted accounting principles, including Governmental Accounting Standards Board accounting pronouncements that provide guidance for determining which governmental activities, organizations, and functions should be included within the financial reporting entity.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

Basis of Presentation

The District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities. The government-wide financial statements report information for the District as a whole. Individual funds are not displayed at this financial reporting level.

The statement of net position presents the financial position of the governmental activities of the District.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are specifically associated with a function and, therefore, clearly identifiable to that particular function. The District does not allocate indirect expenses to functions in the statement of activities.

**UPPER PINE RIVER FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include:

- 1) Charges for services, which report fees and other charges to users of the District's services.
- 2) Operating grants and contributions, which finance annual operating activities, including restricted investment income.
- 3) Capital grants and contributions, which fund the acquisition, construction or rehabilitation of capital assets.

These revenues are subject to externally imposed restrictions to these program uses. For identifying to which function program revenue pertains, the determining factor for charges for services is which function generates the revenue. For grants and contributions, the determining factor is to which function the revenues are restricted.

Taxes and other revenue sources not included with program revenues are reported as general revenues of the District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund financial statements are designed to present financial information of the District at a more detailed level. Fund financial statements are provided for the District's governmental funds.

Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenues and expenditures, as appropriate. The District reports only governmental funds.

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The District reports the difference between governmental fund assets and deferred outflows of resources and liabilities and deferred inflows of resources as fund balance.

**UPPER PINE RIVER FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

The following are the District's major governmental funds:

General Fund – The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, long-term obligation principal, interest and related costs.

Measurement Focus and Basis of Accounting

The government-wide financial statements are prepared using the economic resources measurement focus under the accrual basis of accounting. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources are included on the statement of net position, and the statement of activities reports revenues and expenses.

All governmental funds are reported using the current financial resources measurement focus under the modified accrual basis of accounting. Within this measurement focus, only current assets, current liabilities, and certain deferred outflows and inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of the deferred outflow of resources and in the presentation of expenses versus expenditures. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are considered to be available if they are collected within 60 days of the end of the current fiscal year. Property taxes, specific ownership taxes, grants and intergovernmental receipts, and medical billings associated with the current fiscal period are susceptible to accrual and so have been recognized as revenues in the current fiscal period. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Use of Estimates

The preparation of financial statements, in conformity with GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**UPPER PINE RIVER FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Budgets and Budgetary Accounting

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

- 1) In accordance with the state statutes, prior to October 15, the Fire Chief submits to the Board a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year and actual amounts for the two preceding years. State statutes require a more detailed line item budget be submitted in summary form. In addition, more detailed line item budgets are included for administrative control.
- 2) Public hearings are conducted to obtain taxpayer comment.
- 3) Prior to December 31, the budget is legally enacted through passage of a resolution.
- 4) Budgets for the governmental funds are adopted on a basis consistent with GAAP.
- 5) Appropriations lapse at the end of each calendar year.
- 6) The Board may authorize supplemental appropriations during the year.

Cash, Cash Equivalents and Investments

The District's deposits include amounts that are readily convertible to known amounts of cash, are not subject to significant risk from changes in interest rates and have a maturity of three months or less from the date of acquisition. Deposits include cash in checking accounts and certificates of deposit.

The District's investment policy, in accordance with Colorado law, authorizes investment in obligations of the U.S. Treasury, the State of Colorado, Colorado counties and school districts, repurchase agreements, financial institutions and local government investment pools. State statutes prohibit investments with a stated maturity date greater than five years, unless allowed by District Charter.

Investments are measured at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*.

Interfund Balances

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources (uses) in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid from them are not presented on the government-wide financial statements.

**UPPER PINE RIVER FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements. Prepaid items of the District consist of expenditures related to insurance. Prepaid items are valued at cost and recorded as expenditures in governmental funds when purchased.

Property Taxes

Annual property taxes are levied and certified by the County Treasurer in December of the current year. On January 1 of the following year, the county Treasurer bills the property owners, thus establishing an enforceable lien on the property. The County Treasurer collects the property taxes and remits the collections to the District, net of a collection fee, on a monthly basis during the year that follows the levy. Since property taxes are levied in December for the next calendar year's operations, the total levy is reported as taxes receivable and a deferred inflow of resources.

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of \$5,000 or more and an estimated useful life of more than one year. Capital assets are recorded at historical cost or estimated historical cost if actual historical cost is not available.

Donated capital assets are recorded at their acquisition value on the date donated.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Property, plant and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

| | <u>Years</u> |
|----------------------------|---------------------|
| Buildings and Improvements | 20 - 40 |
| Equipment | 5 - 10 |
| Vehicles | 10 - 15 |

**UPPER PINE RIVER FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Compensated Absences

Regularly employed, full-time employees of the District accrue vacation time up to a maximum of 576 hours. Employees are considered full-time if they are regularly employed for at least 32 hours per week. Vacation accruals are based on years of service as follows:

| | |
|--------------------------|---------|
| 1 - 12 Months of Service | 5 days |
| 2 - 5 Years of Service | 10 days |
| 6 - 10 Years of Service | 15 days |
| 11 - 20 Years of Service | 24 days |

Fire suppression and emergency medical employees assigned to fire suppression duty and working 24-hour shifts accrue vacation time annually, after completing 6 months of service at the following rate:

| | |
|---------------------------|----------------|
| 1 - 12 Months of Service | 96 Hours/Year |
| 13 - 59 Months of Service | 144 Hours/Year |
| 60+ Months of Service | 192 Hours/Year |

Employees also accrue sick time up to a maximum of 750 hours. Employees are eligible for payment of sick time at the following rate:

| | |
|--------------------------|-----------|
| 0 to 5 Years of Service | 0% Paid |
| 6 to 15 Years of Service | 50% Paid |
| 16+ Years of Service | 100% Paid |

Vacation and sick leave benefits are recorded when earned, and a liability is recorded on the government-wide financial statements. For governmental fund purposes, a liability for these amounts is reported only if the amount is due at fiscal year-end.

Long-Term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Debt premiums and discounts are amortized over the life of the bonds using the effective interest method.

In the fund financial statements, governmental fund types recognize debt premiums and discounts during the current period. The face amount of the 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 are reported as debt service expenditures.

**UPPER PINE RIVER FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statement of net position 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 that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expenditure/expense) until that time. The deferred charge on advanced refunding is recorded as a deferred outflow. A deferred charge on advanced refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The District has also recognized deferred outflows of resources in the government-wide financial statements in accordance with pension reporting presentation requirements.

In addition to liabilities, the statement of net position and governmental funds balance sheet will report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or 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 tax revenue that is related to a future period is recorded as a deferred inflow. These amounts are deferred and will be recognized as an inflow of resources in the period that the amounts become available, at both the governmental fund level and the period the taxes are levied at the government-wide reporting level. The District has also recognized deferred inflows of resources in the government-wide financial statements in accordance with pension reporting presentation requirements.

Fund Balance and Net Position

In the fund financial statements, governmental funds report the following classifications of fund balance:

Non-spendable – Includes amounts that cannot be spent because they are either not spendable in form or because they will not convert to cash soon enough to affect the current period, and resources that must be maintained intact pursuant to legal or contractual requirements.

Restricted – Includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

Committed – Includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board, the District's highest level of decision-making authority. Commitments may be modified or rescinded only through resolutions approved by the Board.

Assigned – Includes amounts the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. The District's adopted policy does not include a specific person designated to assign fund balances.

**UPPER PINE RIVER FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Unassigned – Includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose with the General Fund. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance are available, the District considers restricted funds to have been spent first. Although not included in a formal policy, the District considers decreases in fund balance to first reduce committed, then assigned and then unassigned balances, in that order.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance are available, the District considers restricted funds to have been spent first. Although not included in a formal policy, the District considers decreases fund balance to first reduce committed, then assigned and then unassigned balances, in that order.

Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition or construction of improvements on those assets, excluding unspent bond proceeds. Net position is reported as restricted when there are limitations imposed on its use, either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

Pensions

For the purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions and pension benefit, information about the fiduciary net position of the Statewide Defined Benefit Pension Plan (SWDB Plan) and the Statewide Hybrid Defined Benefit Pension Plan (SWH Plan) and additions to/deductions from SWDB Plan's and SWH Plan's fiduciary net position have been determined on the same basis as they are reported by the plans. 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. The general fund is used to liquidate any pension liabilities.

Change in Accounting Principles – In 2022, the District implemented GASB Statement No. 87, *Leases*. GASB Statement No. 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the District's 2022 financial statements and had no effect on the beginning net position of the General Fund as the lease liabilities and right-to-use assets are unchanged by this standard.

**UPPER PINE RIVER FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – CASH, CASH EQUIVALENTS, AND INVESTMENTS

Deposits

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 regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is specified by PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The State Regulatory Commission for banks is required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

Federal Deposit Insurance Corporation (FDIC) coverage for government accounts is \$250,000 per official custodian. At December 31, 2022, the District’s cash deposits had a book balance of \$1,526,407, and a corresponding bank balance of \$1,662,323. The difference between the book and bank balances is due to outstanding checks and deposits not yet processed by the banks. Of the bank balance, \$332,143 was covered by federal depository insurance. The remainder of the bank balance was collateralized with securities held by the pledging financial institution and covered by eligible collateral as determined by PDPA.

At December 31, 2022, the District had the following cash, cash equivalents, and investments:

| | |
|---------------------------------|---------------------|
| Cash held with County Treasurer | \$ 25,720 |
| Cash on Deposit | 1,526,407 |
| Total | <u>\$ 1,552,127</u> |

Investments

The District is required to comply with state statutes which specify investment instruments meeting defined rating, maturity and concentration risk criteria in which local governments may invest, which include the following:

- Obligations of the United States and certain U.S. agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers’ acceptances of certain banks
- Commercial paper
- Certain securities lending agreements
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds

**UPPER PINE RIVER FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – CASH, CASH EQUIVALENTS, AND INVESTMENTS – Continued

- Guaranteed investment contracts
- Local government investment pools

At December 31, 2022, the District did not hold any investments.

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. As of December 31, 2022, the District had \$1,330,180 of cash deposits exposed to custodial credit risk.

Concentration Risk – It is the policy of the District to diversify its use of investment instruments. Investments shall be diversified to avoid incurring unreasonable risks of loss inherent in over-concentration of assets in a specific maturity, a specific issuer or a specific class of securities. The asset allocation in the portfolio should, however, be flexible, depending on the outlook of the economy, the securities market and the District’s anticipated cash flow needs.

Credit Risk – The District’s investment policy is to apply the prudent person rule where investments are made as a prudent person would be expected to act. The District’s investment policy limits investments in fixed income securities to U.S. Treasury obligations, federal agency securities, federal instrumentality securities, commercial paper, money market funds and the Colorado public investment pools. The investment policy limits investments in commercial paper to be rated in the highest category by at least one nationally recognized rating agency at the time of purchase. Money market funds must be registered as an investment company.

Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from prevailing market interest rates, the District’s investment policy states that the District will structure their investment portfolio so that securities mature to meet ongoing operations, and will invest operating funds in primarily short-term securities, money market mutual funds or similar investment pools. The average maturity of the portfolio will be limited.

Fair Value

The District categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District’s investment in a money market fund has a Level 1 fair value measurement as of December 31, 2022.

Closed-end municipal bond funds are measured at net asset value. Fixed income securities are valued using matrix pricing methods which reflect security prices, yields, maturities and ratings, and are supplemented by dealer and exchange quotes. In determining whether market quotations are readily available for valuation, various factors will be taken into consideration, such as market closures or suspension of trading in a security.

**UPPER PINE RIVER FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 – ACCOUNTS RECEIVABLE

No allowance for uncollectible property taxes has been provided because the County Treasurer is empowered to file liens on properties where delinquencies exist. Accordingly, the District believes any delinquencies will eventually be paid. Other receivables include amounts due from wildland fire billings and grants. All receivables are current and, therefore, due within one year. Management believes the other receivables are fully collectible, and therefore, an allowance for doubtful accounts is not recorded. The District estimates that a portion of its medical billing receivables will be uncollectible, and a reserve for the uncollectible medical billings has been established. This reserve is examined annually and adjusted if appropriate. Medical billings are adjusted for contractual allowances at the time of billing. The allowance at December 31, 2022 is \$185,898.

NOTE 3 – CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2022:

| | <u>Balance January 1,</u> | <u>Additions</u> | <u>Dispositions</u> | <u>Balance December 31,</u> |
|--|-------------------------------|---------------------|---------------------|---------------------------------|
| Capital Assets, Not Being Depreciated | | | | |
| Land | \$ 377,753 | \$ - | \$ - | \$ 377,753 |
| Capital Assets, Being Depreciated: | | | | |
| Building | 5,859,753 | 63,758 | - | 5,923,511 |
| Equipment | 1,202,142 | 62,333 | (18,129) | 1,246,346 |
| Vehicles | 6,635,785 | 92,916 | (315,720) | 6,412,981 |
| Total | <u>13,697,680</u> | <u>219,007</u> | <u>(333,849)</u> | <u>13,582,838</u> |
| Less Accumulated Depreciation For: | | | | |
| Building | (2,178,658) | (153,684) | - | (2,332,342) |
| Equipment | (922,167) | (75,497) | 18,129 | (979,535) |
| Vehicles | (5,346,115) | (213,277) | 315,720 | (5,243,672) |
| Total | <u>(8,446,940)</u> | <u>(442,458)</u> | <u>333,849</u> | <u>(8,555,549)</u> |
| Capital Assets, Being Depreciated, Net | <u>5,250,740</u> | <u>(223,451)</u> | <u>-</u> | <u>5,027,289</u> |
| Total Capital Assets, Net | <u>\$ 5,628,493</u> | <u>\$ (223,451)</u> | <u>\$ -</u> | <u>\$ 5,405,042</u> |

Depreciation expense for the year ended December 31, 2022 was \$442,458 and was charged to public safety.

**UPPER PINE RIVER FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 4 – LONG-TERM LIABILITIES

General Obligation Bonds

The District issued \$5,200,000 of General Obligation Bonds, Series 2004. The bonds were issued on June 1, 2004, with interest payments due June 1 and December 1 of each year, commencing December 1, 2005. The bonds mature in various amounts through 2024 and bear interest from 2.4% to 5.0%. The bonds are general obligations of the District. All of the taxable property within the District is subject to the levy of the general ad valorem property tax to pay principal and interest of the bonds. The bonds were issued to (a) acquire, construct and equip new fire stations; (b) renovate and remodel existing fire stations; (c) acquire fire trucks and general fire equipment; and (d) to refinance the 2002 Wells Fargo Bank Equipment and Building lease. Proceeds of the bonds were used to pay the costs of issuance of the bonds.

On December 27, 2013, the District issued General Obligation Refunding Bonds, Series 2013, in the amount of \$3,685,000, with an interest rate of 2.67%. The bonds were issued to advance refund all of the outstanding Series 2004 general obligation bonds. The net proceeds of the \$3,623,355 (after payment of \$53,525 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payments on the refunded bonds. As a result, the 2004 bonds are considered defeased and have been removed from the statement of net position.

On November 26, 2014, the District issued Tax-Exempt Direct Purchase Lease Revenue Bonds, Series 2014, in the amount of \$2,600,000, with an interest rate of 2.38%. The bonds were issued to refund prior outstanding 2008 and 2009 capital leases with Pine River Valley Bank and resulted in a deferred loss on refunding of \$75,609 in deferred outflows of resources to be amortized over the life of the debt. This was fully amortized during 2021. The net proceeds of \$2,286,868 (after payment of \$76,097 in underwriting fees and other issuance costs) were used to terminate the 2008 and 2009 leases fully as of November 26, 2014.

Lease-Purchase Option Agreements – In 2021, the District entered into a \$300,000 lease purchase agreement for a brush truck. The lease-purchase agreement requires the annual appropriation of funds sufficient to cover the debt service payments. The terms of the lease stipulate an interest rate of 3.99% and matures on July 31, 2023. The total cost of the truck was \$334,866 and as of December 31, 2022, the asset has accumulated depreciation in the amount of \$50,230 and a net book value of \$284,636.

The lease purchase agreement obtained a right of first lien on the asset, including any improvements. The District has agreed to maintain appropriate liability coverage for the asset purchased and to maintain the asset in good repair. The District is in compliance with all reporting requirements and covenanted terms of the agreement as of December 31, 2022.

**UPPER PINE RIVER FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 4 – LONG-TERM LIABILITIES - Continued

The following is a summary of the future maturities for the lease purchase agreement and the bonds:

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------|-------------------|------------------|-------------------|
| 2023 | \$ 471,228 | \$ 24,120 | \$ 495,348 |
| 2024 | 380,136 | 10,150 | 390,286 |
| Total | <u>\$ 851,364</u> | <u>\$ 34,270</u> | <u>\$ 885,634</u> |

The following is a schedule of the changes in long-term liabilities for 2022:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Current Portion</u> |
|--|------------------------------|------------------|---------------------|---------------------------|----------------------------|
| 2013 G.O. | | | | | |
| Refunding Bonds | \$ 1,111,009 | \$ - | \$ (360,622) | \$ 750,387 | \$ 370,103 |
| Loan Payable | 198,029 | - | (96,904) | 101,125 | 101,125 |
| Total | 1,309,038 | - | (457,526) | 851,512 | 471,228 |
| Compensated Absences | 219,396 | 85,008 | (101,714) | 202,690 | 101,345 |
| Total Long-Term Liabilities | <u>\$ 1,528,434</u> | <u>\$ 85,008</u> | <u>\$ (559,240)</u> | <u>\$ 1,054,202</u> | <u>\$ 572,573</u> |

Lease revenue bonds and compensated absence obligations are liquidated through the General Fund and the general obligation refunding bond is liquidated from the Debt Service Fund.

NOTE 5 – PENSION PLANS

The District maintains the following plans for pension benefits:

- Fire & Police Pensions Association of Colorado (FPPA) Statewide Defined Benefit Plan
- FPPA Statewide Hybrid Defined Benefit Plan

A summary of pension related items as of December 31, 2022, is as follows:

| | <u>Net Pension Asset</u> | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> | <u>Pension Benefit (Expense)</u> |
|--------------|----------------------------------|---|--|--|
| SWDBP | \$ (1,252,468) | \$ 748,315 | \$ 867,433 | \$ (211,368) |
| SWHDBP | (161,169) | 75,954 | 45,657 | (6,822) |
| Total | <u>\$ (1,413,637)</u> | <u>\$ 824,269</u> | <u>\$ 913,090</u> | <u>\$ (218,190)</u> |

**UPPER PINE RIVER FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 – PENSION PLANS - Continued

FPPA Statewide Cost-Sharing Defined Benefit Pension Plan

Plan Description - The Statewide Defined Benefit Plan (the SWDBP Plan) is a cost-sharing multiple-employer defined benefit pension plan covering substantially all full-time employees of participating fire or police departments in Colorado hired on or after April 8, 1978, provided that they are not already covered by a statutorily exempt plan. As of August 5, 2003, the SWDB Plan may include clerical and other personnel from fire districts whose services are auxiliary to fire protection. The SWDB Plan became effective January 1, 1980, and as of December 31, 2021, had 244 participating employer fire and police departments.

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).

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. Effective January 1, 2021, a member may also qualify for a normal retirement pension if the member's combined years of service and age equals at least 80, with a minimum age of 50 (Rule of 80).

The annual normal retirement benefit is 2 percent of the average of the member's highest three years' pensionable earnings 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 covered under Statewide Defined Benefit Social Security Component will receive half the benefit when compared to the Statewide Defined Benefit Plan. Benefit adjustments paid to retired members are evaluated annually 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 for Urban Wage Earners and Clerical Workers (CPI-W).

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

A member may elect to participate in the DROP after reaching eligibility for Normal Retirement, Early Retirement, or Vested Retirement and age 55. A member can continue to work while participating in the DROP, but must terminate employment within 5 years of entry into the DROP. The member's percentage of retirement benefit is determined at the time of entry into the DROP. The monthly payments that begin at entry into the DROP are accumulated in a DROP account until the member terminates service, at which time the DROP accumulated benefits can be paid as periodic installments, a lump sum, or if desired a member may elect to convert the DROP to a lifetime monthly benefit with

**UPPER PINE RIVER FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 – PENSION PLANS – Continued

survivor benefits. While participating in DROP, the member continues to make pension contributions, which are credited to the DROP. Effective January 1, 2003, the member shall self-direct the investments of their DROP funds. The DROP balance invested with the asset custodian at December 31, 2021 was \$108,384,487. This amount was not included in the SWDB Plan Net Position.

Contributions - Through December 31, 2020, contribution rates for the SWDB Plan are set by state statute. Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or election of the membership. Effective January 1, 2021, contribution rates for employers and members may be increased equally by the FPPA Board of Directors upon approval through an election by 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 increased 0.5 percent annually through 2022 to a total of 12 percent of pensionable earnings. Employer contributions increase 0.5 percent annually beginning in 2021 through 2030 to a total of 13.0 percent of pensionable earnings. In 2021, members of the SWDB Plan and their employers are contributing at the rate of 11.5 percent and 8.5 percent, respectively, of pensionable earnings for a total contribution rate of 20.0 percent.

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 will increase through 2030 as described above for the 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 5.75 percent and 4.25 percent, respectively, of pensionable earnings for a total contribution rate of 10.0 percent in 2021. 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 percent of pensionable earnings. Employer contributions will increase 0.25 percent annually beginning in 2021 through 2030 to a total of 6.5 percent of pensionable earnings.

Employer contributions are recognized by SWDBP in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to SWDBP. Employer contributions recognized by SWDBP from the District were \$182,440 for the year ended December 31, 2022.

Pension Asset, Pension Benefit, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At December 31, 2022, the District reported a net pension asset of \$1,252,468 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2022. The District's proportion of the net pension asset was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating departments, actuarially determined. At December 31, 2021, the District's proportion was 0.231111 percent, compared to 0.221133 percent measured as of December 31, 2020.

**UPPER PINE RIVER FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 – PENSION PLANS - Continued

For the fiscal year ended December 31, 2022, the District recognized pension expense of \$211,368. At December 31, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to the SWDB Plan from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Differences Between Actual and Expected Experience | \$ 358,648 | \$ 29,211 |
| Changes in Assumptions | 178,611 | - |
| Net Difference Between Actual and Projected Earnings on Pension Plan Investments | - | 838,222 |
| Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions | 28,616 | - |
| District Contributions Subsequent to Measurement Date | 182,440 | - |
| Totals | \$ 748,315 | \$ 867,433 |

The \$182,440 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as an adjustment against 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 pensions will be recognized in pension expense as follows:

| Years Ending December 31, | Amortization |
|----------------------------------|---------------------|
| 2022 | \$ (109,997) |
| 2023 | (196,724) |
| 2024 | (108,864) |
| 2025 | (24,718) |
| 2026 | 82,171 |
| Thereafter | 56,574 |
| | \$ (301,558) |

**UPPER PINE RIVER FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 – PENSION PLANS - Continued

Actuarial Assumptions - The actuarial valuations for the Statewide Defined Benefit Plan were used to determine the total pension liability and actuarially determined contributions for the fiscal year ended December 31, 2021. The valuation used the following actuarial assumption and other inputs:

| | <u>Total Pension Liability</u> | <u>Actuarial Determined Contributions</u> |
|---|---------------------------------------|--|
| Actuarial Valuation Date | January 1, 2022 | January 1, 2021 |
| Actuarial Method | Entry Age Normal | Entry Age Normal |
| Amortization Method | N/A | Level % of Payroll, Open |
| Amortization Period | N/A | 30 Years |
| Long-term Investment Rate of Return, Net* | 7.00% | 7.00% |
| Projected Salary Increases* | 4.25% – 11.25% | 4.25% – 11.25% |
| Cost of Living Adjustment (COLA) | 0.00% | 0.00% |
| *Includes Inflation at | 2.50% | 2.50% |

For determining the total pension liability and actuarially determined contributions, 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 M P-2017 projection scales, and the projected prospectively using the ultimate rates of the scale for all years. The preretirement 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.

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 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).

**UPPER PINE RIVER FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 – PENSION PLANS - Continued

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

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Rate of Return</u> |
|-----------------------|--------------------------|--|
| 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 | <u>100.00%</u> | |

Discount Rate - The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the SWDB Plan fiduciary net position was projected to be available to make all the projected future benefit payments of current SWDB Plan members. Therefore, the long-term expected rate of return on pension SWDB Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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 pension plan investments is 7.00 percent; the municipal bond rate is 1.84 percent (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 percent.

**UPPER PINE RIVER FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 – PENSION PLANS - Continued

Sensitivity of the District’s Proportionate Share of the Net Pension Asset to Changes in the Discount Rate - Regarding the sensitivity of the net pension liability/(asset) to changes in the single discount rate, the following presents the SWDB Plan's net pension liability/(asset), calculated using a single discount rate of 7.00 percent, as well as what the SWDB 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:

| | <u>1% Decrease (6.00%)</u> | <u>Single Discount Rate (7.00%)</u> | <u>1% Increase (8.00%)</u> |
|---|--------------------------------|---|--------------------------------|
| Proportionate Share of Net Pension Liability/(Asset) | \$ (172,723) | \$ (1,252,468) | \$ (2,146,976) |

Pension Plan Fiduciary Net Position - Detailed information about the pension plan’s fiduciary net position is available in the separately issued Fire & Police Pension Association of Colorado financial report.

Statewide Retirement Plan - During 2022, House Bill 22-1034 was signed into law. This legislation combines the assets and liabilities of the Statewide Defined Benefit Plan and Statewide Hybrid Plan to form the Statewide Retirement Plan effective January 1, 2023. The Statewide Hybrid Plan will become the Hybrid Defined Benefit Component of the Statewide Retirement Plan. The merger will result in increased longer term stability for both plans in addition to simplification of administration, operation and communication of benefits. The financial impact of the merger of plans is being determined and will be reported in the December 31, 2022 GASB 68 report.

To complete the merger of the plans equitably, the funded status of the Statewide Hybrid Plan will be reduced to match the Statewide Defined Benefit Plan. To complete this action, a one-time benefit adjustment on all service accrued prior to the merger date of 1/1/2023 for current retirees, deferred vested, vested and active members will be applied. Member that have not started to receive a retirement benefit payment will receive a 1.9 percent benefit factor for service earned prior to January 1, 2023. Service earned after the merger date will continue to earn a 1.5 percent benefit factor. Retired members receiving benefit payments as of the merger date will received a one-time benefit increase of 26.66 percent to implement the increase in the benefit factor.

As part of this legislation, effective January 1, 2023, a member may also qualify for a normal retirement pension if the member's combined years of service and age equals at least 80, with a minimum age of 50 (Rule of 80).

Additionally, the required minimum contributions to the Hybrid Defined Benefit Component will increase to 9% for members and 9% for employers. The increase will take effect January 1, 2023 at a rate of 0.125 percent per year through 2030. Employer departments with contribution rates that meet or are in excess of this amount will not be impacted by this change.

Actuarial Experience Study - During 2022, FPPA engaged Gabriel, Roeder Smith & Co. to complete an actuarial experience study. The FPPA Board of Directors accepted the findings of the study at its July 28, 2022 meeting. These assumptions will be included in the Statewide Retirement Plan valuation as of January 1, 2023.

**UPPER PINE RIVER FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 – PENSION PLANS - Continued

FPPA Statewide Hybrid Defined Benefit Pension Plan

Plan Description - The Statewide Hybrid Plan (SWH Plan) was established January 1, 2004 as a cost-sharing multiple-employer pension plan covering full-time firefighters and police officers from departments that elect coverage. The Plan may also cover clerical staff, other fire district personnel whose services are auxiliary to fire protection, or chiefs who have opted out of the Statewide Defined Benefit Plan. The Plan is comprised of two components: Defined Benefit and Money Purchase. With the latter component, members have the option of choosing among various investment options offered by an outside investment manager. Employers may not withdraw from the Plan once affiliated.

The SWH Plan is comprised of two components: Defined Benefit and Money Purchase. The Plan assets associated with the Defined Benefit Component are included in the Fire & Police Members' Benefit Investment Fund and the Plan assets associated with the Money Purchase Component and Deferred Retirement Option Plan (DROP) assets are included in the Fire & Police Members' Self-Directed Investment Fund.

The plan is administered by the Fire & Police Pension Association of Colorado. FPPA issues a publicly available annual comprehensive financial report which can be obtained on FPPA's website at www.FPPAco.org.

Benefits Provided - The SWH Plan document states that any member may retire from further service and become eligible for a normal retirement pension at any time after age 55, if the member has at least 25 years of service.

The annual normal pension of the Defined Benefit Component is 1.5 percent of the average of the member's highest three years' pensionable earnings for each year of credited service. Benefits paid to retired members of the Defined Benefit Component are evaluated and may be re-determined annually on October 1. The amount of any increase is based on the Board's discretion and can range from 0 to 3 percent.

A member is eligible for early retirement within the Defined Benefit Component after completion of 30 years of service or attainment of age 50 with at least five years of credited service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, a member may elect to have all contributions, along with 5 percent as interest, returned as a lump sum distribution from the Defined Benefit Component. Alternatively, a member with at least five years of accredited service may leave contributions with the Defined Benefit Component of the SWH Plan and remain eligible for a retirement pension at age 55 equal to 1.5 percent of the average of the member's highest three years' pensionable earnings for each year of credited service.

Contributions - The SWH Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. The members of the SWH Plan and their employers are currently each contributing at the rate determined by the individual employer, however, the rate for both employer and members must be at least 8 percent of the member's pensionable earnings. The amount allocated to the Defined Benefit Component is set annually by the FPPA Board of Directors. Excess contributions fund the Money Purchase Component of the SWH Plan. The Defined Benefit Component contribution rate from July 1, 2020 through June 30, 2021 was 13.80 percent. The Defined Benefit Component contribution rate from July 1, 2019 through June 30, 2020 was 13.80 percent. Effective July 1, 2021 the Defined Benefit Component contribution rate is set at 14.10 percent.

**UPPER PINE RIVER FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 – PENSION PLANS - Continued

Within the Money Purchase Component, members are always fully vested in their own contributions, as well as the earnings on those contributions. Vesting in the employer’s contributions within the Money Purchase Component, and earnings on those contributions occurs according to the vesting schedule set by the SWH Plan document at 20 percent per year after the first year of service to be 100 percent vested after 5 years of service. Employer and member contributions are invested in funds at the discretion of members. Employer contributions recognized by SWH Plan from the District were \$9,600 for the year ended December 31, 2022.

Pension Assets, Pension Benefit, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At December 31, 2022, the District reported a net pension asset of \$161,169 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2021, and the total pension asset was determined by an actuarial valuation as of January 1, 2022. The District’s proportion of the net pension asset was based on District contributions to SWH Plan for the calendar year 2021 relative to the total contributions of participating employers to SWH Plan based upon the January 1, 2021 actuarial valuation. At December 31, 2021, the District’s portion was 0.425028 percent, compared to 0.466305 percent measured as of December 31, 2020.

For the fiscal year ended December 31, 2022, the District recognized a pension expense of \$6,822. At December 31, 2022, the District reported deferred outflows and inflows of resources related to SWH Plan from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Differences Between Actual and Expected Experience | \$ 32,188 | \$ - |
| Changes in Assumptions | 3,965 | - |
| Net Difference Between Actual and Projected Earnings on Pension Plan Investments | - | 45,657 |
| Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions | 30,201 | - |
| District Contributions Subsequent to Measurement Date | 9,600 | - |
| Totals | <u>\$ 75,954</u> | <u>\$ 45,657</u> |

**UPPER PINE RIVER FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 – PENSION PLANS - Continued

The amount of \$9,600 reported as deferred outflows of resources related to SWH Plan, resulting from contributions subsequent to the measurement date, will be recognized as an increase of the net pension asset in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources related to SWH Plan will be recognized in pension expense as follows:

| Years Ending December 31, | Amortization |
|----------------------------------|---------------------|
| 2022 | \$ 12,293 |
| 2023 | 4,736 |
| 2024 | (1,390) |
| 2025 | 669 |
| 2026 | 3,611 |
| Thereafter | 778 |
| | \$ 20,697 |

Actuarial Assumptions - The actuarial valuations for the SWH Plan - Defined Benefit Component were used to determine the total pension liability and actuarially determined contributions for the fiscal year ending December 31, 2021. The valuations used the following actuarial assumption and other inputs:

| | Total Pension Liability | Actuarial Determined Contributions |
|---|--------------------------------|---|
| Actuarial Valuation Date | January 1, 2022 | January 1, 2021 |
| Actuarial Method | Entry Age Normal | Entry Age Normal |
| Amortization Method | N/A | Level % of Payroll, Open |
| Amortization Period | N/A | 30 Years |
| Long-term Investment Rate of Return, Net* | 7.00% | 7.00% |
| Projected Salary Increases* | 4.25% – 11.25% | 4.25% – 11.25% |
| Cost of Living Adjustment (COLA) | 0.00% | 0.00% |
| *Includes Inflation at | 2.50% | 2.50% |

For determining the total pension liability and actuarially determined contributions, 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 preretirement 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.

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.

**UPPER PINE RIVER FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 – PENSION PLANS - Continued

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of 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 Fund’s target asset allocation as of December 31, 2021 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Rate of Return</u> |
|-----------------------|--------------------------|--|
| Global Equity | 39.00% | 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 | <u>100.00%</u> | |

Discount Rate - The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board’s funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the SWH Plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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 pension plan investments is 7.00 percent; the municipal bond rate is 1.84 percent (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 percent.

**UPPER PINE RIVER FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 – PENSION PLANS - Continued

Sensitivity of the District’s Proportionate Share of the Net Pension Asset to Changes in the Discount Rate - Regarding the sensitivity of the net pension liability/(asset) to changes in the single discount rate, the following presents the SWH Plan’s net pension liability/(asset), calculated using a single discount rate of 7.00 percent, as well as what the SWH 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%) | Single Discount Rate (7.00%) | 1% Increase (8.00%) |
|---|--------------------------------|---|--------------------------------|
| Proportionate Share of Net Pension Liability/(Asset) | \$ (122,979) | \$ (161,169) | \$ (193,056) |

Pension Plan Fiduciary Net Position - Detailed information about the pension plan’s fiduciary net position is available in the separately issued Fire & Police Pension Association of Colorado financial report.

Statewide Retirement Plan - During 2022, House Bill 22-1034 was signed into law. This legislation combines the assets and liabilities of the Statewide Defined Benefit Plan and Statewide Hybrid Plan to form the Statewide Retirement Plan effective January 1, 2023. The Statewide Hybrid Plan will become the Hybrid Defined Benefit Component of the Statewide Retirement Plan. The merger will result in increased longer term stability for both plans in addition to simplification of administration, operation and communication of benefits. The financial impact of the merger of plans is being determined and will be reported in the December 31, 2022 GASB 68 report.

To complete the merger of the plans equitably, the funded status of the Statewide Hybrid Plan will be reduced to match the Statewide Defined Benefit Plan. To complete this action, a one-time benefit adjustment on all service accrued prior to the merger date of 1/1/2023 for current retirees, deferred vested, vested and active members will be applied. Member that have not started to receive a retirement benefit payment will receive a 1.9 percent benefit factor for service earned prior to January 1, 2023. Service earned after the merger date will continue to earn a 1.5 percent benefit factor. Retired members receiving benefit payments as of the merger date will received a one-time benefit increase of 26.66 percent to implement the increase in the benefit factor.

As part of this legislation, effective January 1, 2023, a member may also qualify for a normal retirement pension if the member's combined years of service and age equals at least 80, with a minimum age of 50 (Rule of 80).

Additionally, the required minimum contributions to the Hybrid Defined Benefit Component will increase to 9% for members and 9% for employers. The increase will take effect January 1, 2023 at a rate of 0.125 percent per year through 2030. Employer departments with contribution rates that meet or are in excess of this amount will not be impacted by this change.

Actuarial Experience Study - During 2022, FPPA engaged Gabriel, Roeder Smith & Co. to complete an actuarial experience study. The FPPA Board of Directors accepted the findings of the study at its July 28, 2022 meeting. These assumptions will be included in the Statewide Retirement Plan valuation as of January 1, 2023.

**UPPER PINE RIVER FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 – PENSION PLANS - Continued

Section 457 Deferred Compensation Plan

Plan Description - The District offers its paid responder personnel an additional voluntary deferred compensation plan created in accordance with Internal Revenue Code Section 457 (the 457 Plan). All compensation deferred under the 457 Plan, together with all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are to be held in trust for exclusive benefit of the participants and their designated beneficiaries. Compensation deferred under the 457 Plan is not available to participants until termination, retirement, death, or unforeseeable emergency. The 457 Plan is administered by FPPA.

Contributions - Employees may elect to defer any percentage of their annual compensation, provided that the total annual contribution does not exceed limitations established by the Internal Revenue Service. For the year ended December 31, 2022, employer and employee contributions were \$35,115 and \$63,753, respectively.

The individual participants determine investment decisions within the 457 Plan and, therefore, the 457 Plan's investment concentration varies between the participants. The District, as trustee of the 457 Plan, has the duty of due care that would be required of an ordinary prudent investor, but has no liability for losses under the 457 Plan. Consequently, the 457 Plan is not part of the District's financial statements.

Statewide Death and Disability Plan

Plan Description - The District contributes to the Statewide Death and Disability Plan (D&D Plan) administered by the FPPA. The D&D Plan is a cost-sharing multiple-employer defined benefit death and disability plan covering full-time employees of substantially all fire and police departments in Colorado. As of August 5, 2003, the D&D Plan may include part-time police and fire employees. Contributions to the D&D Plan are used for the payment of death and disability benefits. Employers who are covered by Social Security may elect supplementary coverage by the D&D Plan. As of January 1, 2020, Colorado police and sheriff departments who participate in Social Security have the option of affiliating for coverage under the Defined Benefit System and the Statewide Death & Disability Plan. The D&D Plan was established in 1980 pursuant to Colorado Revised Statutes and currently has 268 participating employer departments. Included in that number are 7 contributing employers as of December 31, 2021, who are covered by Social Security and have elected supplementary coverage by the D&D Plan.

The D&D Plan assets are included in the Fire & Police Members' Benefit Investment Fund Long-Term Pool. The Long-Term Pool is designed primarily for open plans with a longer time horizon, higher risk tolerance, and lower liquidity needs. The investment return assumption is 7.0 percent.

D&D Plan benefits provide 24-hour coverage, both on- and off-duty and are available for members not eligible for normal retirement under a defined benefit plan, or members who have not met 25 years of accumulated service and age 55 under a money purchase plan. In the case of an on-duty death, benefits may be payable to the surviving spouse or dependent children of active members who were eligible to retire, but were still working. Death and disability benefits are free from state and federal taxes in the event that a member's disability is determined to be the result of an on-duty injury or an occupational disease. The FPPA issues a publicly available financial report that may be obtained at www.fppaco.org.

**UPPER PINE RIVER FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 – PENSION PLANS - Continued

Benefits Provided – Benefits are established by Colorado statute. If a member dies prior to normal retirement eligibility while off-duty, the surviving spouse shall receive a benefit equal to 40 percent of the monthly base salary paid to the member prior to death. An additional 10 percent of base salary is payable if a surviving spouse has two or more dependent children. If there is no surviving spouse, but the member had one or two dependent children, the benefit payable is 40 percent of the member's monthly base salary. If there is no spouse but three or more dependent children, the benefit equals 50 percent of the member's monthly base salary.

As of October 15, 2002, if a member dies prior to retirement while on-duty; the surviving spouse shall receive a benefit equal to 70 percent of the member's monthly base salary regardless of the number of dependent children. If there is no spouse but one or more dependent children living in the member's household the benefit equals 70 percent of the member's monthly base salary. If there are dependent children without a surviving spouse, and they do not live in the household, the benefit is 40 percent for the first child and 15 percent for each additional child, but not greater than 70 percent in total of the member's monthly base salary. Benefits will be paid to the spouse until death and to dependent children until age 23, death, marriage or other termination of dependency. Benefits may be extended for an incapacitated child.

For purposes of the D&D Plan, a spouse includes a partner in a civil union. These benefits are offset by Money Purchase account balances, Stabilization Reserve Accounts (SRA) and Deferred Retirement Option Plan (DROP) accounts, converted to annuities.

The D&D Plan provides the members with two types of disability: occupational and total.

Occupational Disability means a member is unable to perform their assigned duties due to a medical condition that is expected to last at least one year. Assigned duties are those specific tasks or job duties that a member is required to regularly perform. Within the Occupational Disability category, there are two sub-categories: Temporary Occupational Disability and Permanent Occupational Disability.

Temporary Occupational Disability is an occupational disability for which there is prognosis for improvement or recovery through surgical treatment, counseling, medication, therapy or other means.

Permanent Occupational Disability is an occupational disability caused by a condition that is permanent or degenerative and for which there is no prognosis for improvement or recovery through surgical treatment, counseling, medication, therapy or other means.

Total Disability means the member is unable to engage in any substantial gainful activity due to a medically determined physical or mental impairment that may be expected to result in death or that has lasted or is expected to last at least 1 year.

A member who becomes disabled prior to normal retirement eligibility shall be eligible for disability benefits. If the member is totally disabled, the member shall receive 70 percent of their base salary preceding disability.

**UPPER PINE RIVER FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 – PENSION PLANS - Continued

If the member is occupationally disabled and their disability is determined to be a permanent occupational disability, the member shall receive 50 percent of their base salary preceding disability regardless of their family status. If the member is occupationally disabled and the disability is determined to be a temporary occupational disability, the member shall receive 40 percent of their base salary preceding disability regardless of their family status for up to five years.

Total disability and permanent occupational disability benefits are offset by the Money Purchase, SRA or DROP balances, converted to annuities. For member's who also participate in Social Security, disability benefits are reduced by Social Security disability benefits derived from employment as a member, if applicable.

Temporary Occupational Disability benefits are payable for a maximum of five years. Permanent Occupational and Total Disability benefits are payable as long as the member remains disabled.

A benefit adjustment of up to 3 percent may be granted to members and spouses by the Fire & Police Pension Association Board of Directors annually. Totally disabled members and their beneficiaries receive an automatic benefit adjustment each year of 3 percent. The benefit adjustment is effective October 1. A benefit adjustment may begin after receiving benefits for at least 12 calendar months prior to October 1.

Contributions – Prior to 1997, the D&D Plan was primarily funded by the State of Colorado, whose contributions were established by Colorado statute. In 1997 the State made a one-time contribution of \$39,000,000 to fund past and future service costs for all firefighters and police officers hired prior to January 1, 1997.

Members hired on or after January 1, 1997, began contributing 2.4 percent of base salary to this D&D Plan as of January 1, 1997. Through December 31, 2020, contributions could be increased 0.1 percent biennially by the FPPA Board. The contribution rate increased to 2.8 percent of base salary as of January 1, 2019. Effective January 1, 2021, the contribution rate increased to 3.0 percent of base salary and may be increased 0.2 percent annually by the FPPA Board. This percentage can vary depending on actuarial experience. All contributions are made by members or on behalf of members. The contribution may be paid entirely by the employer or member, or may be split between the employer and the member as determined at the local level. District contributions to the D&D Plan were \$62,453 for the year ended December 31, 2022.

NOTE 6 – TAX, SPENDING AND DEBT LIMITATIONS

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, otherwise known as the Taxpayer Bill of Rights (TABOR), which has several limitations, including revenue raising, spending abilities and other specific requirements of state and local governments. TABOR is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of TABOR. However, the District has made certain interpretations of TABOR's language in order to determine its compliance. In May 1998, the District voters approved the District to collect, retain and spend all revenues and other funds collected from any source not excluded from fiscal year spending, effective January 1, 1998, and continuing thereafter. Fund balance in the General Fund in the amount of \$144,187 at December 31, 2022, is restricted in accordance with TABOR.

**UPPER PINE RIVER FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 – RISK OF LOSS

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries and natural disasters. The District carries commercial insurance for all risks of loss, including workers' compensation and employee health and accident insurance. The District retains no risk of loss. There have been no settled claims resulting from these risks that have exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage.

NOTE 8 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date of the Independent Auditors' Report, which is the date the financial statements were available to be issued. In 2023 the district purchased an ambulance for \$131,658 using reserve funds and a fire truck for \$220,433, half of which was paid for with reserve funds and the other half with a DOLA grant.

REQUIRED SUPPLEMENTARY INFORMATION

**UPPER PINE RIVER FIRE PROTECTION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE,
BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2022**

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance with Final Budget Favorable (Unfavorable) |
|---|-------------------------|------------------|---------------------|---|
| | <u>Original</u> | <u>Final</u> | | <u>(Unfavorable)</u> |
| Revenues | | | | |
| Property Taxes | \$ 2,409,321 | \$ 2,369,321 | \$ 2,426,027 | \$ 56,706 |
| Specific Ownership Tax | 280,000 | 270,000 | 269,885 | (115) |
| Intergovernmental | 600,000 | 265,000 | 263,226 | (1,774) |
| Other Local Sources: | | | | |
| Medical Billings | 620,000 | 1,142,000 | 390,514 | (751,486) |
| Investment Income | 500 | 1,500 | 2,365 | 865 |
| Grants | 500,000 | 694,000 | 1,258,303 | 564,303 |
| Miscellaneous | 170,500 | 178,500 | 331,162 | 152,662 |
| Total Revenues | <u>4,580,321</u> | <u>4,920,321</u> | <u>4,941,482</u> | <u>21,161</u> |
| Expenditures | | | | |
| Public Safety: | | | | |
| Fire Administration | 4,023,780 | 3,880,780 | 3,885,730 | (4,950) |
| Fire Fighting | 109,500 | 112,500 | 113,052 | (552) |
| Fire Training | 48,000 | 178,000 | 78,147 | 99,853 |
| Wildland Fire Expenses | 29,000 | 55,000 | 55,058 | (58) |
| Fire Communications | 43,000 | 41,500 | 25,793 | 15,707 |
| Medical Services | 128,500 | 142,000 | 115,662 | 26,338 |
| Station and Grounds | 134,674 | 150,674 | 164,402 | (13,728) |
| Capital Outlay | 387,600 | 524,600 | 339,749 | 184,851 |
| Debt Service: | | | | |
| Principal | 100,000 | 105,000 | 96,905 | 8,095 |
| Interest | - | - | 8,158 | (8,158) |
| Total Expenditures | <u>5,004,054</u> | <u>5,190,054</u> | <u>4,882,656</u> | <u>307,398</u> |
| Excess of Revenues (Under) Over Expenditures | <u>(423,733)</u> | <u>(269,733)</u> | <u>58,826</u> | <u>328,559</u> |
| Other Financing Sources | | | | |
| Proceeds from Sale of Capital Assets | 50,000 | 98,000 | 98,050 | 50 |
| Total Other Financing Sources | <u>50,000</u> | <u>98,000</u> | <u>98,050</u> | <u>50</u> |
| Net Changes in Fund Balances | <u>(373,733)</u> | <u>(171,733)</u> | <u>156,876</u> | <u>328,609</u> |
| Beginning Fund Balance, January 1 | | | <u>1,561,679</u> | |
| Ending Fund Balance, December 31 | | | <u>\$ 1,718,555</u> | |

See Independent Auditors' Report and Notes to Required Supplementary Information

**UPPER PINE RIVER FIRE PROTECTION DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY/(ASSET) - SWDBP
FOR THE YEAR ENDED DECEMBER 31, 2021 (MEASUREMENT DATE)
EMPLOYEE PENSION PLAN YEAR EIGHT**

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|----------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|
| District's Proportion of the Net Pension (Asset) Liability | 0.231110868% | 0.221133343% | 0.219328785% | 0.233741956% | 0.233470409% | 0.275712800% | 0.2555950700% | 0.2226936500% |
| District's Proportionate Share of the Net Pension (Asset) Liability | \$ (1,252,468) | \$ (480,081) | \$ (124,044) | \$ (295,514) | \$ (335,884) | \$ (99,626) | \$ 4,512 | \$ 256,115 |
| District's Covered Payroll | \$ 2,031,005 | \$ 1,744,330 | \$ 1,547,594 | \$ 1,521,342 | \$ 1,365,638 | \$ 1,362,308 | \$ 1,242,945 | \$ 1,042,849 |
| District's Proportionate Share of the Net Pension (Asset) Liability as a Percentage of its Covered Payroll | 61.67% | 27.52% | 8.02% | 19.42% | 24.60% | 7.31% | 0.36% | 24.56% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/(Asset) | 116.2% | 106.1% | 101.9% | 95.2% | 106.3% | 98.2% | 100.1% | 106.8% |

1. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District is presenting information for those years for which information is available.

**UPPER PINE RIVER FIRE PROTECTION DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS TO THE PENSION PLAN - SWDBP
FOR THE YEAR ENDED DECEMBER 31, 2022
EMPLOYEE PENSION PLAN YEAR EIGHT**

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Contractually Required Contribution | \$ 182,440 | \$ 158,473 | \$ 143,116 | \$ 123,808 | \$ 121,708 | \$ 109,251 | \$ 108,985 | \$ 99,453 |
| Contributions in Relation to the Contractually Required Contribution | \$ (182,440) | \$ 158,473 | \$ 143,116 | \$ 123,808 | \$ 121,708 | \$ 109,251 | \$ 108,985 | \$ 99,453 |
| Contribution Deficiency (Excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| District's Covered Payroll | \$ 2,031,005 | \$ 1,864,392 | \$ 1,788,962 | \$ 1,547,594 | \$ 1,521,342 | \$ 1,365,638 | \$ 1,362,308 | \$ 1,242,945 |
| Contributions as a Percentage of Covered Payroll | 9.00% | 8.50% | 8.00% | 8.00% | 8.00% | 8.00% | 8.00% | 8.00% |

1. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District is presenting information for those years for which information is available.

**UPPER PINE RIVER FIRE PROTECTION DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY/(ASSET) - SWHDBP
FOR THE YEAR ENDED DECEMBER 31, 2021 (MEASUREMENT DATE)
EMPLOYEE PENSION PLAN YEAR EIGHT**

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| District's Proportion of the Net Pension Liability/(Asset) | 0.425028170% | 0.466304770% | 0.477244415% | 0.495175303% | 0.470887387% | 0.578180000% | 0.543779100% | 0.498691900% |
| District's Proportionate Share of the Net Pension Liability/(Asset) \$ | (161,169) | (128,258) | (92,939) | 68,351 | 92,071 | 62,936 | 57,276 | 59,143 |
| District's Covered Payroll | \$ 120,000 | \$ 111,923 | \$ 95,193 | \$ 95,193 | \$ 90,000 | \$ 90,000 | \$ 90,000 | \$ 77,163 |
| District's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll | 134.31% | 114.59% | 97.63% | 71.80% | 102.30% | 69.93% | 63.64% | 76.65% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/(Asset) | 149.0% | 135.0% | 130.1% | 123.5% | 138.9% | 127.5% | 129.4% | 140.6% |

1. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District is presenting information for those years for which information is available.

**UPPER PINE RIVER FIRE PROTECTION DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS TO THE PENSION PLAN - SWHDBP
FOR THE YEAR ENDED DECEMBER 31, 2022
EMPLOYEE PENSION PLAN YEAR EIGHT**

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|------------|------------|------------|-----------|-----------|-----------|-----------|-----------|
| Contractually Required Contribution | \$ 9,600 | \$ 8,954 | \$ 8,225 | \$ 7,616 | \$ 7,616 | \$ 7,200 | \$ 7,120 | \$ 7,200 |
| Contributions in Relation to the Contractually Required Contribution | \$ (9,600) | \$ 8,954 | \$ 8,225 | \$ 7,616 | \$ 7,616 | \$ 7,200 | \$ 7,120 | \$ 7,200 |
| Contribution Deficiency (Excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| District's Covered Payroll | \$ 120,000 | \$ 111,823 | \$ 102,808 | \$ 95,193 | \$ 95,193 | \$ 90,000 | \$ 90,000 | \$ 90,000 |
| Contributions as a Percentage of Covered Payroll | 8.00% | 8.01% | 8.00% | 8.00% | 8.00% | 8.00% | 7.91% | 8.00% |

1. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District is presenting information for those years for which information is available.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

**UPPER PINE RIVER FIRE PROTECTION DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING

The Board adopts an annual budget for the General and Debt Service Funds. Budgeted amounts for all funds are based on legally adopted budgets, including supplemental budget appropriations, if any, which are on a basis consistent with GAAP for each fund type. The Fire Chief is authorized to transfer budgeted amounts within and among departments; however, any revisions that alter total expenditures for any of the funds must be approved by the Board.

The budgetary comparison schedule included in the required supplementary information presents a comparison of budgetary data to actual results of operations for the General Fund, for which an annual operating budget is legally adopted. This fund utilizes the same basis of accounting for both budgetary purposes and actual results. The General Fund recognizes an expenditure for contingencies and capital replacements in its budget-basis expenditures.

Annual budgets are established for all funds of the District as required by Colorado law. Budgets reported in the accompanying financial statements are on the same basis of accounting as described above.

Expenditures may not legally exceed appropriations at the fund level. Budget amounts included in the financial statements are based on the final amended budget. After budget approval, the District Board may approve supplemental appropriations if an occurrence, condition or need exists which was not known at the time the budget was adopted. Certain General Fund expenditures exceeded appropriated amounts, which may be a violation of Colorado Revised Statutes.

On or before October 15 of each year, the District's budget officer must prepare and submit a proposed budget to the Board for the next fiscal year. Thereupon, notice must be published stating, among other things, that the budget is open to inspection by the public and that interested electors may file or register any objection to the budget.

Subject to certain exceptions and exclusions discussed hereafter, the District must submit a request for property tax increases in excess of the statutory limitation to the Division of Local Government (if within TABOR limits) or submit the question of an increased level directly to the electors of the District at a general or special election. State law requires that the District adopt a budget prior to the certification of its mill levy to the County and file a certified copy of its budget with the Division of Local Government within 30 days of such adoption. Failure to do so can result in the County Treasurer's withholding future property tax revenues pending compliance by the District. Budget appropriations lapse at the end of each year. The encumbrance method is not used.

SUPPLEMENTARY INFORMATION

**UPPER PINE RIVER FIRE PROTECTION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE,
BUDGET (GAAP BASIS) AND ACTUAL
DEBT SERVICE FUND
YEAR ENDED DECEMBER 31, 2022**

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Favorable (Unfavorable)</u> |
|--|-------------------------|-------------------|------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Property Taxes | \$ 352,165 | \$ 354,490 | \$ 354,489 | \$ (1) |
| Specific Ownership Taxes | 38,000 | 39,000 | 39,462 | 462 |
| Investment Income | - | - | 271 | 271 |
| Total Revenues | <u>390,165</u> | <u>393,490</u> | <u>394,222</u> | <u>732</u> |
| Expenditures | | | | |
| General Government: | | | | |
| Fire Administration | 11,705 | 10,438 | 10,517 | (79) |
| Debt Service: | | | | |
| Principal | 360,622 | 360,622 | 360,622 | - |
| Interest | 29,664 | 29,664 | 29,664 | - |
| Total Expenditures | <u>401,991</u> | <u>400,724</u> | <u>400,803</u> | <u>(79)</u> |
| Net Changes in Fund Balance | <u>\$ (11,826)</u> | <u>\$ (7,234)</u> | <u>(6,581)</u> | <u>\$ 653</u> |
| Beginning Fund Balance, January 1 | | | <u>92,005</u> | |
| Ending Fund Balance, December 31 | | | <u>\$ 85,424</u> | |

See Independent Auditors' Report