

De BEQUE FIRE PROTECTION DISTRICT

Financial Statements and
Report of Independent Auditors
For the Year Ended December 31, 2023

De BEQUE FIRE PROTECTION DISTRICT

TABLE OF CONTENTS
December 31, 2023

	<u>Page Number</u>
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT DISCUSSION AND ANALYSIS	3
FINANCIAL STATEMENTS	
Statement of Net Position and Governmental Fund Balance Sheet	6
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund and Statement of Activities	7
Reconciliation of Statement of Revenues, Expenditures and Change in the Fund Balances of the Governmental Fund to the Statement of Activities	8
Notes to the Financial Statements	9 – 20
REQUIRED SUPPLEMENTAL INFORMATION	
Schedule of the Department's Proportionate Share of the Net Pension Liability/ (Asset) Fire & Police Statewide Defined Benefit Plan As of December 31,	20
Schedule of Department Contributions Fire & Police Statewide Defined Benefit Plan As of December 31,	21
Schedule of Revenues, Expenses, and Change in Fund Balance Budget and Actual	22



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
De Beque Fire Protection District
4580 I-70 Frontage Road
De Beque, Colorado 81630

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of De Beque Fire Protection District, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise De Beque Fire Protection 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, each major fund, and the aggregate remaining fund information of De Beque Fire Protection District, as of December 31, 2023, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of De Beque Fire Protection District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 De Beque Fire Protection District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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.

Certified Public Accountants

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

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

Required Supplementary Information

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

Blair and Associates, P.C.

Cedaredge, Colorado
August 9, 2024

**Management's Discussion and Analysis
De Beque Fire Protection District
Fiscal Year 2023**

The discussion and analysis are designed to provide an analysis of the District's financial condition and operating results and to inform the reader on District financial issues and activities. Please read it in conjunction with the District's financial statements that follow the Management's Discussion and Analysis.

USING THIS ANNUAL REPORT

The financial statements included in this annual report are those of a special-purpose government engaged only in a government-type activity. The following statements and schedules are included:

- Statement of Net Position and governmental fund balance sheet – reports the District's current financial resources (short-term spendable resources with capital assets and short and long-term obligations). (See page 6)
- Statement of revenue, expenditures, and changes in fund balances – governmental and statement of activities – reports the District operating and non-operating revenues by major source along with operating and non-operating expenditures. (See page 7)
- Statement of revenues, expenditures, and change in fund balance actual and budget – compares the District's budgeted and actual revenues and expenditures for the year ended December 31, 2023 (See pages 21)

STATEMENT OF NET POSITION

The following table shows the condensed statement of Net Position for the past two years.

Years ended December 31,	2023	2022
Current assets	\$ 4,580,621	\$ 3,228,380
Capital assets (net of depreciation)	5,345,720	5,525,661
Net Pension Asset SWDB	-	294,279
Deferred Outflow of Resources-SWDB Pension	391,016	226,614
Total assets	10,317,357	9,274,934
Current liabilities	179,205	48,045
Deferred Inflow of Resources	2,873,265	1,888,812
Net Position		
Invested in capital assets	5,345,720	5,525,661
Restricted for Tabor emergency	48,030	55,939
Restricted for FPPA SWDB Pension	322,312	317,081
Nonspendable	8,836	8,023
Committed	-	-
Unrestricted	1,539,990	1,431,373
Total Net Position	\$ 7,264,888	\$ 7,338,077

The net position of the District decreased \$73,189 from \$7,338,077 in 2022 to \$7,264,888 in 2023. The decrease is a result of pension activity, compensated absences, and depreciation. The District's total assets increased from \$9,274,934 in 2022 to \$10,317,357 in 2023 for a difference of \$1,042,423. This increase is partially due to a receivable for deployment revenue receivable of \$296,752, and an increase in property taxes receivable of \$1,180,754. The District's total liabilities and deferred inflows increased in 2023 by \$987,453. This is due to pension activity and the increase in deferred inflow of resources.

Management's Discussion and Analysis
De Beque Fire Protection District
Fiscal Year 2023

REVIEW OF REVENUES

Years ended December 31,	2023	2022
Operating revenue		
Charges for services	\$ 23,321	\$ 69,223
Total	23,321	69,223
Non-operating revenue		
Specific ownership tax	125,385	71,637
General property tax	1,723,830	868,420
Interest income	29,220	4,707
Other revenue	393,990	784,846
Grants	-	33,905
Total	2,272,425	1,763,515
Total revenue	\$ 2,295,746	\$ 1,832,738

The District's total revenues increased in 2023 by \$463,008 from 2022. The increase in revenue was due mainly to an increase in tax revenue and interest income.

REVIEW OF EXPENDITURES

	2023	2022
Operating expenditures:		
Fire & ambulance operations	\$ 2,172,885	\$ 1,658,852
Depreciation	214,251	210,019
Pension	50,425	(141,578)
Capital Outlay	(34,310)	(25,382)
Total Expenditures	\$ 2,403,251	\$ 1,701,911

The District's total expenditures increased in 2023 by \$701,340. This was mainly due to an increase in employee wages and benefits.

The major capital asset purchased, which is included in the \$34,310 total for 2023, was as follows:

Cabinets for kitchen remodel of \$11,407, and, \$22,903 for hot water heater.

Management's Discussion and Analysis
De Beque Fire Protection District
Fiscal Year 2023

ECONOMIC AND OTHER FACTORS

De Beque Fire Protection District became an independent District in January 2009. The District purchased fire and emergency equipment in the first few years of operation and completed construction of a fire station in 2016.

The local economy experienced a decline in the early operating years of the District due to a decrease in oil and gas production and a general decline on the national and local levels. The economy has not fully recovered from that decline.

FINANCIAL CONTACT

The District's financial statements are designed to present users (service users, taxpayers, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. If you have any questions concerning this report or need additional financial information, please contact the Fire Chief, De Beque Fire Protection District, 4580 I-70 Frontage Road, De Beque, Colorado 81630, or 970-283-8632.

DeBeque Fire Protection District
Statement of Net Position and Governmental Fund Balance Sheet
December 31, 2023

	General Fund	Adjustments	Statement of Net Position
ASSETS			
Cash and cash equivalents	\$ 461,000	\$ -	\$ 461,000
Investments	818,254	-	818,254
Accounts receivable rescue (less allowance of \$54,000)	60,206	-	60,206
Property taxes receivable	2,865,754	-	2,865,754
Other current receivables	366,571	-	366,571
Prepaid Expenses	8,836	-	8,836
Capital Assets (net of accumulated depreciation):			
Land and building	-	5,195,220	5,195,220
Administrative equipment	-	26,433	26,433
Fire trucks and equipment	-	91,532	91,532
Rescue vehicles and equipment	-	32,535	32,535
DEFERRED OUTFLOW OF RESOURCES			
Deferred Outflow of Resources-Pension SWDE	-	391,016	391,016
TOTAL ASSETS	\$ 4,580,621	5,736,736	10,317,357
LIABILITIES			
Accounts payable	\$ 16,841	-	16,841
Other current liabilities	24,373	-	24,373
Net pension liability SWDB		61,193	61,193
Compensated absences	-	76,798	76,798
TOTAL LIABILITIES	41,214	137,991	179,205
DEFERRED INFLOW OF RESOURCES			
Property taxes	2,865,754	-	2,865,754
Pension FPPA SWDB	-	7,511	7,511
TOTAL INFLOW OF RESOURCES	2,865,754	7,511	2,873,265
FUND BALANCE			
Emergency reserve - TABOR	48,030	(48,030)	-
Nonspendable	8,836	(8,836)	-
Unassigned	1,616,787	(1,616,787)	-
TOTAL FUND BALANCE	1,673,653	(1,673,653)	-
TOTAL LIABILITIES AND FUND BALANCE	\$ 4,580,621	5,736,736	10,317,357
NET POSITION			
Invested in capital assets, net of related debt	\$ -	5,345,720	5,345,720
Restricted for:			
TABOR emergency	-	48,030	48,030
Pension FPPA SWDB	-	322,312	322,312
Nonspendable	-	8,836	8,836
Unassigned	-	1,539,990	1,539,989
TOTAL NET POSITION	\$ -	\$ 7,264,888	\$ 7,264,887

Adjustments to reconcile the governmental fund balance sheet to the statement of net assets are as follows:

Fund balance per general fund balance sheet	\$ 1,673,653
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	5,345,720
Compensated absences	(76,798)
GASB 68 Pension Adjustment	322,312
Net Position	\$ 7,264,887

The notes to the financial statement are an integral part of this statement.

DeBeque Fire Protection District
Statement of Revenue, Expenditures, and Change in Net Position-Governmental
and Statement of Activities
For the Year Ended December 31, 2023

	General Fund	Adjustments (See Page 4)	Statement of Activities
EXPENDITURES/EXPENSES			
Fire & ambulance-operation	\$ 2,083,123	\$ 55,452	\$ 2,138,575
Capital outlay	34,310	(34,310)	-
Pension Activity	-	50,425	50,425
Depreciation	-	214,251	214,251
Total expenditures/expenses	<u>2,117,433</u>	<u>285,818</u>	<u>2,403,251</u>
PROGRAM REVENUES			
Charges for services	23,321	-	23,321
Net program (expenses) revenue	<u>(2,094,112)</u>	<u>(285,818)</u>	<u>(2,379,930)</u>
GENERAL REVENUES			
Property taxes	1,723,830	-	1,723,830
Specific ownership	125,385	-	125,385
Interest income	29,220	-	29,220
Miscellaneous income	393,990	-	393,990
Total general revenues	<u>2,272,425</u>	<u>-</u>	<u>2,272,425</u>
Excess of Revenue over (Under) expenditures	178,313	(285,818)	
Change in net position			(107,505)
NET POSITION			
Beginning of the year	1,495,336	5,842,742	7,338,078
End of the year	<u>\$ 1,673,649</u>	<u>\$ 5,556,924</u>	<u>\$ 7,230,573</u>

The notes to the financial statement are an integral part of this statement.

DeBeque Fire Protection District
Statement of Revenue, Expenditures, and Change in Net Position-Governmental
and Statement of Activities
For the Year Ended December 31, 2023

Amounts reported for the governmental activities in the statement of activities (page 6) are different because:

Excess of expenditures over revenues - general funds (page 7)	<u>\$ 178,313</u>
Governmental funds report capital outlay as expenditures. However, in the Statement of Activity the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:	
Capital outlay	34,310
Depreciation	<u>(214,251)</u>
	<u>(179,941)</u>
Compensated absences	(55,452)
GASB 68 Activity	<u>(50,425)</u>
Change in net position of governmental activities (page 7)	<u><u>\$ (107,505)</u></u>

The notes to the financial statement are an integral part of this statement.

De BEQUE FIRE PROTECTION DISTRICT
Summary of Significant Accounting Policies
December 31, 2023

The De Beque Fire Protection District is a special service district governed pursuant to provisions of the Colorado Special District Act. The District was established to provide fire protection and ambulance services within and surrounding the area of De Beque in 2008.

The District operates under the Board of Directors elected by the voters of the District. The District's financial statements include the accounts and operations of all the District's functions.

The District's boundaries cover a portion of two Colorado counties, Mesa, and Garfield. The District maintains fire and rescue at one location, De Beque, Colorado.

The more significant of the District's accounting policies are described below:

A. Financial Reporting Entity

The De Beque Fire Protection District is a special district as defined by Colorado Statutes and is governed by an elected board of directors. The Board of Directors has oversight, responsibility, and control over all activities within its boundaries.

The basic financial statements include only the District, as there are no component units required to be included in accordance with GASB Statement No. 14, as amended by GASB Statement No. 39, based on their operational or financial relationships with the District.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of Net Position and statement of activities) report information on all the non-fiduciary activities of the District.

Governmental activities are supported by taxes, and charges for services. The district has no *business-type activities*, which rely to a significant extent on user charges for support.

The statement of governmental activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with the specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as *general revenues*.

C. Risk of Loss

The District is exposed to various risk of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the District carries commercial insurance coverage for vehicles, commercial property, commercial umbrella, commercial general liability, and management liability through the Volunteer Firemen Insurance Services.

D. Subsequent Events

The District's management has reviewed subsequent events through the date of the audit report.

E. Fund Financial Statements

The accounts of the District are organized based on 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, liabilities, fund equity, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

De BEQUE FIRE PROTECTION DISTRICT

Summary of Significant Accounting Policies

December 31, 2023

E. Fund Financial Statements-Continued

All governmental funds are accounted for on a flow of current financial resources basis. Balance sheets for these funds generally include only current assets and current liabilities. Reported fund balances are considered a measure of available, spendable resources. Operating statements for these funds present a summary of available, spendable resources and expenditures for the period. The District has only one governmental fund, the *General Fund*, which is the general operating fund of the District. The District has no financial resources required to be accounted for in a separate fund.

F. Capital Assets and Long-Term Liabilities

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets of the District as a whole. When purchased, such assets are recorded as expenditures in the governmental type fund.

All capital assets are valued at historical cost or estimated historical costs if actual historical cost is not available. The assets have a useful life of 5 to 40 years and are depreciated on the straight-line method. It is the District's policy to capitalize individual items costing \$3,000 or more.

G. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

The modified accrual basis of accounting is used by all governmental funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both determined and "available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter, to be used to pay liabilities of the current period. For this purpose, the District considers revenues available within 60 days of the end of the current fiscal period. Those revenues associated with the current period susceptible to accrual are property taxes, interest revenue, and charges for services. All other revenues are reported when cash is received. Expenditures are recorded when the related fund liability is incurred.

H. Net Position

Net Position represents the difference between assets and liabilities. Net Position invested in capital assets net of related debt consists of capital assets net of accumulated depreciation and related debt. Net Position are reported as restricted when there are constraints placed on their use either by law through constitutional provisions or enabling legislation or through restrictions externally imposed by creditors, grantors, laws, or regulations of other governments.

I. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

J. Disaggregation of Receivables and Payables

Significant components of receivables and payables are disaggregated in the financial statements. All receivables are expected to be collected within one year. All material payables are expected to be paid within one year with the exception of the amounts for the accrual of compensated absences and capital leases.

De BEQUE FIRE PROTECTION DISTRICT

Summary of Significant Accounting Policies

December 31, 2023

K. Budgets and Budgetary Accounting

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

The budget is prepared on the same basis as that of the fund financial statements.

The details of the budget calendar are outlined below:

October 15	–	Deadline for Budget Officer to submit proposed budget to the government board. Governing body must publish "Notice of Budget" upon receiving proposed budget.
December 15	–	Deadline for certification of mill to the Board of County Commissioners.
December 22	–	Deadline for Board of County Commissioners to levy taxes and to certify the levies to the Assessor.
December 31	–	Statutory deadline for local governing body to adopt budget. A certified copy of the adopted budget must be sent to the Division of Local Government within 30 days of adoption.
On or before December 31	–	The District shall enact an ordinance appropriating the budget for the ensuing year.

L. Property Taxes - Receivable

Annual property taxes are levied on December 22 of each year and attached as an enforceable lien as of January 1. They are payable in full April 30, or in two equal installments due February 28 and June 30. The county bills and collects property taxes for the district. Property taxes collected by the county are remitted to the district in the subsequent month. Property taxes are reported as receivable and deferred revenue when levied and as revenue when collected in the following year.

M. Fund Equity

In the fund financial statements governmental funds report reservations of fund balance amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

N. Pensions – Statewide Defined Benefit Plan FPPA.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Fire & Police Statewide Defined Benefit Plan and additions to/deductions from Fire & Police Statewide Defined Benefit Plan's fiduciary net position have been determined on the same basis as they are reported by the Fire & Police Pension Association of Colorado. 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.

De BEQUE FIRE PROTECTION DISTRICT

Notes to Financial Statements

December 31, 2023

Note 1 - Change in Capital Asset

	Balance 12/31/2022	Additions Transfers-in	Deletions Transfer-out	Balance 12/31/2023
Administrative equipment	\$ 206,649	\$ -	\$ -	\$ 206,649
EMS vehicles & equipment	619,929	-	-	619,929
Building	5,930,078	34,310	-	5,964,388
Fire vehicles & equipment	2,179,653	-	-	2,179,653
Total	8,936,309	34,310	-	8,970,619
Less accumulated depreciation	(3,634,798)	(214,251)	-	(3,849,049)
Net depreciable assets	5,301,511	(179,941)	-	5,121,570
Construction-in-process	-	-	-	-
Land	224,150	-	-	224,150
Net Fixed Assets	\$ 5,525,661	\$ (179,941)	\$ -	\$ 5,345,720

In 2023, the Districts depreciation was \$ 0. This was allocated as follows:

Administration	\$ 177,252
EMS vehicles & equipment	15,213
Fire vehicles & equipment	21,786
Total	<u>\$ 214,251</u>

Note 2 - Budget to Actual Comparison

	<u>General Fund</u>	
Revenue & other financing resources		
GAAP Basis	\$	2,295,751
Modification to GAAP Basis:		
Carryover from prior year		1,550,463
Resources budgetary Basis:		3,846,214
2023 Budgetary Resources		2,287,548
Variance Favorable (Unfavorable)	\$	<u>1,558,666</u>
Expenditures GAAP Basis	\$	2,403,251
Modification to GAAP Basis		
Depreciation		(214,251)
Capital Outlays		34,310
Pension Activity		(50,425)
Compensated Absences		(55,452)
Expenditures-Budgeted Basis		2,117,433
2023 Budgeted Expenditures		2,175,520
Variance Favorable (Unfavorable)	\$	<u>58,087</u>

De BEQUE FIRE PROTECTION DISTRICT

Notes to Financial Statements

December 31, 2023

Note 3 – Deposits and Investments

Deposits

The District adopted GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, effective December 31, 2004. This Statement establishes and modifies disclosure requirements related to investment credit risk, including custodial credit risk and concentration of credit risk, interest rate risk and foreign currency risk, as well as deposit custodial credit risk and foreign currency risk.

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 determined by the 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 market value of the collateral must be at least equal to 100% of the uninsured deposits. Collateral in the pool is considered equal to depository insurance pursuant to definitions listed in GASB Statement No. 40. On December 31, 2023, the District's cash deposits were \$460,901 of which all is covered by F.D.I.C. insurance and \$100 is uninsured.

On December 31, 2023, the reconciled balance of the District consisted of the following:

Petty cash	\$ 99
Cash in bank	130,745
Money market	<u>330,156</u>
Cash and Cash Equivalents	<u>\$ 461,001</u>

Investments

Colorado statutes specify in which instruments the units of local government may invest, this includes:

- Repurchase agreements.
- Obligations of the United States or obligations unconditionally guaranteed by the United States.
- Obligations of the State of Colorado and most general obligations of units of local government.
- Federally insured mortgages and student loans.
- Participation with other local governments in pooled investment funds (trusts). These trusts are supervised by participating governments and must comply with the same restrictions on cash deposits and investments.

The District's investment policy follows Colorado statutes.

At year-end, the District had invested \$818,254 in Colorado Government Liquid Assets Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado to pool surplus funds. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00. Investments of COLOTRUST consist of U.S. Treasury bills, notes and note strips, and repurchase agreements collateralized by U.S. Treasury securities. A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal functions of COLOTRUST. Substantially all securities owned by COLOTRUST are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investment owned by COLOTRUST. This pool is not required to and is not registered with the SEC. COLOTRUST funds are rated AAA by Standard and Poor's, Fitch's, and Moody's rating services. This investment is measured at Net Asset Value.

De BEQUE FIRE PROTECTION DISTRICT

Notes to Financial Statements

December 31, 2023

Note 4 - Tax, Spending, and Debt Limitation

In November 1992, the voters of Colorado approved Amendment 1, commonly known as the Taxpayer's Bill of Rights (TABOR), which adds a new Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue, and debt limitations that apply to the State of Colorado and all local governments.

The initial base for local government spending and revenue limits is 1992 Fiscal Year Spending. Future spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 1% of Fiscal Year Spending (excluding bonded debt service) in 1993, 2% in 1994 and 3% thereafter. Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

TABOR requires, with certain exceptions, voter approval prior to imposing new taxes, increasing a tax rate, increasing a mill levy above that for the prior year, extending an expiring tax, or implementing a tax policy change directly causing a net tax revenue gain to any local government.

The District believes it is in compliance with this amendment.

Note 5 – Fund Balance Classification Policies and Procedures

During 2011, the District implemented GASB 54, Fund Balance Classification. With this new GASB, the fund balance is broken into five classifications. (1) Non-spendable – not in spendable form, (2) Restricted funds constrained by external parties, (3) Committed – constraints on use of funds imposed by the highest level of decision-making authority, in the districts case that is the Board of Directors. The funds must be established, modified, or rescinded by use of resolution of the Board. (4) Assigned – funds intended to be used for a specific purpose, where the intent is expressed by an official authorized by the governing board, in the Districts case that is the Fire Chief and (5) Unassigned – which are funds available for any purpose. The District does not have Committed or Assigned fund classification in 2023.

It is the District's policy to spend restricted funds first then unrestricted funds for the purpose for which both funds are available and committed and assigned funds are spent when expenditure are incurred for purposes for which amount in any of those unrestricted fund balance classification could be used.

The District does have fund classification as follows:

- Restricted which is dictated by Colorado State Law
- Non-spendable, which is its prepaid expenses,
- Unassigned.

Note 6 - Employee Retirement Plan

General Information about the Fire & Police Statewide Defined Benefit Plan

Plan Description

The Statewide Defined Benefit Plan (SWDB) 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(New Hires), provided that they are not already covered by a statutorily exempt plan. As of August 5, 2003, the Plan may include clerical and other personnel from fire districts whose services are auxiliary to fire protection. The Plan became effective January 1, 1980.

The Plan assets are included in the Fire & Police Members' Benefit Investment Fund and Assets from the Deferred Retirement Option Plan (DROP), Money Purchase Component, and the Separate Retirement Account assets from eligible retired members are in the Fire & Police Members' Self-Directed Investment Fund.

The Plan is administered by the Fire & Police Pension Association of Colorado (FPPA). FPPA issues a publicly available comprehensive annual financial report that can be obtained on FPPA's website at <http://www.FPPAco.org>.

Note 6 - Employee Retirement Plan-continued

General Information about the Fire & Police Statewide Defined Benefit Plan-continued

Description of Benefits

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, 2022, 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 the 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 zero 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 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 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.

Contributions

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 2022, members of the SWDB plan and their employers are contributing at the rate of 12.0 percent and 9.0 percent, respectively, of pensionable earnings for a total contribution rate of 21.0 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 plan in accordance with their most recent FPPA Board of Directors approved resolution.

The contribution rate for members and employers of affiliated social security employers is 6.0 percent and 4.50 percent, respectively, of pensionable earnings for a total contribution rate of 10.50 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 6.0 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. Contributions to the Plan from the Department were \$32,776 for 2023.

De BEQUE Fire Protection District
Notes to the Financial Statements
December 31, 2023

Note 6 - Employee Retirement Plan-continued

General Information about the Fire & Police Statewide Defined Benefit Plan-continued

Basis of Presentation

The underlying financial information used to prepare the Schedule of Employer Contributions and Schedule of Collective Pension Amounts is based on FPPA's financial statements. FPPA follows the accounting principles and reporting guidelines as set forth by the Governmental Accounting Standards Board. The financial statements are prepared using the accrual basis of accounting and reflect the overall operations of FPPA.

As reported in FPPA's Other Supplementary Schedule of Fiduciary Net Position by Participating Employer in the December 31, 2022, Annual Report, employer contributions to the SWDB plan were \$78,283,012 compared to total employer contributions of \$78,301,240 on the Schedule of Employer Contributions. Adjustments were made to reduce employer contributions to zero for departments that had no remaining members at year end and for known significant adjustments of non-recurring amounts.

The Schedule of Collective Pension Amounts represents total pension amounts for the SWDB plan. This schedule excludes employer-specific deferral amounts that may need to be recognized to comply with Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions. Specifically, this schedule excludes deferral amounts arising from the changes in employer proportion, differences between employer contributions and proportionate share of contributions, and employer contributions subsequent to the measurement date.

Contributions to the Plan from the Department were \$93,605 for the year ended December 31, 2023.

Actuarial Valuation Dates

The collective total pension liability as of December 31, 2022, is based upon the January 1, 2023, actuarial valuation. The actuarially determined contributions as of December 31, 2022, are based upon the January 2022 actuarial valuation.

Collective Net Pension Liability/(Asset)

The components of the calculation of the net pension liability/(asset) of the SWDB plan for participating departments as of December 31, 2022, are shown in the following table:

	Measurement Date
	December 31, 2022
Total Pension Liability / (Asset)	\$ 2,586,741
Plan Fiduciary Net Position	2,525,549
Employers' Net Pension Liability / (Asset)	61,193
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	97.60%

De BEQUE Fire Protection District
Notes to the Financial Statements
December 31, 2020

Note 6 - Employee Retirement Plan-continued

General Information about the Fire & Police Statewide Defined Benefit Plan-continued

Actuarial assumptions

The actuarial valuation for the Statewide Defined Benefit Plan was 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 assumptions and other inputs:

	<u>Total Pension Liability</u>	<u>Actuarial Determined Contribution</u>
Actuarial Valuation Date	January 1, 2023	January 1, 2022
Actuarial Method	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*	7.00%	7.00%
Projected salary Increases*	4.25% - 11.25%	4.25% - 11.25%
Cost of Living adjustments (COLA)	0%	0%
*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 2022 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, 2023. 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). 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, 2022, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Rate of Return
Global Equity	35.0%	8.93%
Equity Long/Short	6.0%	7.47%
Private Markets	34.0%	10.31%
Fixed Income	10.0%	5.45%
Absolute Return	9.0%	6.49%
Managed Futures	5.00%	6.90%
Cash	<u>1.00%</u>	3.92%
Total	<u>100%</u>	

De BEQUE Fire Protection District
Notes to the Financial Statements
December 31, 2023

Note 6 - Employee Retirement Statewide Plan-continued

General Information about the Fire & Police Statewide Defined Benefit Plan-continued

Actuarial assumptions-continued

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

Discount rate

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00 percent; the municipal bond rate is 4.05 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.

Regarding the sensitivity of the net pension liability/(asset) to changes in the single discount rate, the following presents the plan’s net pension liability/(asset), calculated using a single discount rate of 7.00 percent, as well as what the plan’s net pension liability/(asset) would be if it were calculated using a single discount rate that is one percent lower or one percent higher:

	<u>1.00% Decrease*</u>	<u>Current Discount Rate*</u>	<u>1.00% Increase*</u>
Department’s proportionate share of the net pension liability/(asset)	\$ 421,855	\$ 61,193	\$ (237,552)

The following tables present the SWDB collective deferral reconciliations showing beginning deferrals as of December 31, 2020, adding the current year collective deferrals and adjusting for the current year amortization of deferrals to arrive at the ending December 31, 2021, collective deferral amounts:

De BEQUE Fire Protection District
Notes to the Financial Statements
December 31, 2023

Note 6 - Employee Retirement Statewide Plan-continued

General Information about the Fire & Police Statewide Defined Benefit Plan-continued

Reconciliation of Collective Deferred Outflows and Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ 132,462	\$ 7,511
Changes in assumptions	78,397	-
Net difference between actual and projected earnings on pension plan investments	138,478	-
Changes in proportion and difference between Department contributions and proportionate share of contributions	(51,926)	-
Department contributions subsequent to the measurement date	93,605	-
Total	\$ 391,016	\$ 7,511

Net Amount of Collective Deferred Inflows and Outflows of Resources in Collective Net Pension Expense in Subsequent Years

The following table presents the SWDB plan net amounts of collective deferred inflows and outflows of resources that will be recognized in the collective pension expense for each of the subsequent five years and in the aggregate thereafter.

For the Plan Year Ended December 31,	Amounts Recognized in Collective Pension Expense
2023	\$ 32,233
2024	58,388
2025	82,437
2026	114,103
2027	23,611
Thereafter	13,515,500

De BEQUE Fire Protection District
Notes to the Financial Statements
December 31, 2023

Note 6 - Employee Retirement Statewide Plan-continued

General Information about the Fire & Police Statewide Defined Benefit Plan-continued
Collective Pension Expense

	For the Plan Year Ended December 31, 2022
Collective Pension Expense / (Income)	<u>December 31, 2022</u>
Service Cost	\$ 95,576
Interest on the Total Pension Liability	165,399
Current-Period Benefit Changes	4,234
IRC 414(h)(2) Employer paid Member Contributions	(71,829)
Member Purchase of service Credit	(16,685)
Projected Earnings on Plan Investmenets	(189,966)
Pension Plan administrative Expense	3,640
Other Changes in Plan Fiduciary Net Position	(5)
Recognition of Outflow of Resources due to Liabilities	39,539
Recognition fo Outflow of Resources due to Assets	18,558
Total Pension Plan Expense / (Income)	<u>\$ 48,461</u>

Note 7 - Statewide Death and Disability Plan

Plan Description – The District contributes to the Statewide Death and disability Plan (SWD & DP), a cost sharing multiple-employer death and disability plan administered by FPPA. The SWD & DP covers full-time employees of substantially all fire and police departments in Colorado. As of August 1, 2003, the SWD & DP may include part-time police and fire employees. Contributions to the SWD & DP are used solely for the payment of death and disability benefits. Employers who are covered by Social security may elect supplementary coverage by the Plan. The Plan was established in Section 1098 pursuant to Colorado Revised Statutes. FPA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the SWD & DP. That report can be obtained at www.fppaco.org.

Funding Policy – The District and/or employee is required to contribute at a rate of 3.0% of base salary for all members as set by statute. All contributions are made by members or on behalf of members. The 3.0% contribution may be paid entirely by the employer or the member, or it may be split between SWD & DP on behalf of the employees was \$30,183 equal to the required contribution for each year.

REQUIRED SUPPLEMENTAL INFORMATION

**De BEQUE Fire Protection District
Notes to the Financial Statements
For the Year Ended December 31, 2023**

REQUIRED SUPPLEMENTARY INFORMATION

**Schedule of the Department's Proportionate Share of the Net Pension Liability/ (Asset)
Fire & Police Statewide Defined Benefit Plan
As of December 31,**

	2023	2022
Department's proportion of the net pension liability/(asset)	.0543%	.0543%
Department's proportionate share of the net pension liability/(asset)	\$(61,193)	\$(294,279)
Department's covered payroll	\$600,755	\$669,911
Department's proportionate share of the net pension liability/(asset) as a percentage of is covered payroll	10.2%	44.0%
Plan fiduciary net position as a percentage of the total pension liability	97.6%	116.2%

**Schedule of Department Contributions
Fire & Police Statewide Defined Benefit Plan
As of December 31,**

	2023	2022
Contractually required contribution	\$53,982	\$37,157
Contributions in relation to the contractually required contribution	\$53,982	\$44,304
Contribution deficiency (excess)	\$(-)	\$ (7,147)
Department's covered payroll	\$600,755	\$521,222
Contributions as a percentage of covered-employee payroll	9.0%	9.0%

**Notes to Required Supplementary Information
For the Year Ended December 31, 2023**

Subsequent Event – House Bill 20-1044 was signed into law on April 2023, included in the bill is a provision to increase the benefits of the members of the Statewide Defined Benefit Plan through a Rule of 80 provision effective January 1, 2024. This provision provides for a normal retirement as early as age 50 if the member's age combined with years of service totals at least 80. The impact of this change was not included in the Total Pension Liability or the Collective Pension Expense as of the December 31, 2019, measurement period. This will be reflected in the December 31, 2023, measurement period. The impact of the benefit adjustment is approximately \$53 million.

DeBeque Fire Protection District
Statement of Revenues, Expenditures
Actual and Budget
For the Year Ended December 31, 2023

	Amended Budget	Original Budget	Actual	Variance Favorable (Unfavorable)
Revenue:				
General property taxes	\$ 1,721,752	\$ 1,730,200	\$ 1,723,830	\$ 2,078
Specific ownership tax	125,000	71,000	125,385	385
Ambulance	27,000	90,000	23,321	(3,679)
Interest income	30,000	6,720	29,220	(780)
Miscellaneous	383,796	500,000	393,990	10,194
Total Revenues	2,287,548	2,397,920	2,295,746	8,198
Expenditures:				
Administrative:				
Salaries	1,225,000	1,229,000	1,070,006	154,994
Payroll benefits	242,000	237,500	297,977	(55,977)
SWDB Pension expense	-	-	93,605	(93,605)
Insurance	60,400	53,000	57,482	2,918
Office expense	80,340	92,200	51,862	28,478
Professional	15,300	30,000	19,822	(4,522)
Dues and fees	2,000	4,000	1,742	258
Crew supplies & equipment	7,300	5,000	9,564	(2,264)
Treasurers fees	35,500	35,000	35,113	387
Director's fees	-	-	5,900	(5,900)
Equipment repairs	32,550	30,000	25,243	7,307
Bad debt expense	-	44,000	65,226	(65,226)
Deployment expense	183,000	240,000	183,027	(27)
Firefighting expense:				
Supplies and expense	71,630	45,000	52,470	19,160
Communication:				
911 expense	10,000	12,000	9,964	36
Ambulance services:				
Supplies and expense	44,500	146,000	52,295	(7,795)
Building and Grounds:				
Supplies and expense	41,000	43,000	51,825	(10,825)
Total Expenditures	2,050,520	2,245,700	2,083,123	(32,603)
Capital Outlay Major				
Total	125,000	517,500	34,310	90,690
Total	2,175,520	2,763,200	2,117,433	58,087
Revenue Over (Under) Expenditures	112,028	\$ (365,280)	178,313	\$ 66,285
ADJUSTMENTS TO BUDGET BASIS:				
Beginning Net Position	1,550,463		1,495,336	
Ending Net Position	\$ 1,662,491		\$ 1,673,649	