

GRAND VALLEY FIRE PROTECTION DISTRICT

—

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S REPORT

—

DECEMBER 31, 2023

FINANCIAL STATEMENTS - 2023

GRAND VALLEY FIRE PROTECTION DISTRICT

2023 BOARD OF DIRECTORS

Bill Nelson, President

Shirley Barrick, Vice President

Ed Baker, Secretary/Treasurer

Michelle Foster, Director

Dave Rousseau, Director

ADMINISTRATIVE STAFF

Barbara (Kim) Reeves, Administrative Specialist

Chris Jackson, Fire Chief

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Grand Valley Fire Protection District

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Grand Valley Fire Protection District, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Grand Valley 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 the Grand Valley 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 the Grand Valley 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 the Grand Valley 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.

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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 Grand Valley 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 the Grand Valley Fire Protection District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule – General Fund, budgetary comparison schedule – Capital Projects Fund, schedule of contributions – Volunteer Firefighters' Pension Plan, schedule of changes in net pension liability (asset) and related ratios – Volunteer Firefighters' Pension Plan, schedule of the District's proportionate share of the net pension liability – Statewide FPPA Pension Plan, schedule of the District's contributions – Statewide FPPA Pension Plan, schedule of the District proportionate share of the net pension liability – PERA Pension Plan, schedule of the District's contributions – PERA Pension Plan, schedule of the District proportionate share of the net OPEB liability – PERA OPEB Plan, and schedule of the District's contributions – PERA OPEB 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises of the schedule of General Fund operating expenditures but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

ColoCPA Services, PC

Rangely, Colorado

June 14, 2024

MANAGEMENT DISCUSSION & ANALYSIS

The discussion and analysis of the Grand Valley Fire Protection District's (the "District") financial performance provides readers with an overall review of the financial activities of the District for the year ended December 31, 2023. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

- The District's assets and deferred outflows exceeded liabilities and deferred inflows of resources by \$24,577,447 at December 31, 2023.
- Total District's cash and investments increased by \$3,260,403 or 34 percent from 2022.
- The December 31, 2023 General fund balance is \$2,732,600 more than the previous year. The total fund balance is 258 percent of 2023 General Fund operating expenditures.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements and notes to those statements. These statements are prepared and organized so the reader can understand the District as a financial whole or as an entire operating entity. The statements then proceed to provide an increasingly detailed look at the District's specific financial conditions.

The Statement of Net Position and Statement of Activities provides information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those assets. The Statement of Activities shows a net (expense) revenue and changes to net position related to each department of the District. Fund financial statements tell how services were financed in the short-term as well as what dollars remain for future spending.

OVERVIEW OF THE DISTRICT'S FINANCIAL STATEMENTS

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances. The Statement of Net Position and Statement of Activities include all assets and liabilities using the accrual basis of accounting similar to the accounting method used by the private sector. The basis for this accounting takes into account all of the year's revenues and expenses regardless of when the cash was received or paid.

These two statements report the District's net position and the changes in those positions. This change in position is important because it tells the reader whether, for the District as a whole, the financial position of the District has improved or diminished. However, in evaluating the overall position of the District, non-financial information such as changes in the District's tax base and the condition of District capital assets will also need to be evaluated.

In the Statement of Net Position and Statement of Activities, the District's activities are reported as Governmental Activities.

Fund Financial Statements

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term 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. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17 through 48 of this report.

Budgetary Comparisons. The District adopts an annual appropriated budget for the General Fund and Capital Projects Fund. A budgetary comparison statement has been provided for the General Fund on page 51 through 52 and for the Capital Projects Fund on pages 53 through 54.

REPORTING THE DISTRICT AS A WHOLE

Net Position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position.

The following table provides a summary of the District's net position for 2022 and 2023.

	Governmental Activities	
	<u>2022</u>	<u>2023</u>
Assets		
Current and other assets	\$ 19,283,714	\$ 19,606,154
Capital assets	10,081,838	9,832,984
Total assets	<u>29,365,552</u>	<u>29,439,138</u>
Deferred Outflows of Resources	<u>633,441</u>	<u>1,612,108</u>
Liabilities		
Current and other liabilities	217,550	314,972
Noncurrent liabilities	7,259	234,790
Total Liabilities	<u>224,809</u>	<u>549,762</u>
Deferred Inflows of Resources	<u>7,145,704</u>	<u>5,924,037</u>
Net Position		
Net investment in capital assets	10,081,838	9,832,984
Restricted	123,313	223,653
Unrestricted	12,423,329	14,520,810
Total net position	<u>\$ 22,628,480</u>	<u>\$ 24,577,447</u>

A significant portion of the District's position represents unrestricted net position of \$14,520,810 which may be used to meet the ongoing obligations to patrons and creditors.

Another significant portion of the District's net position reflects its investment in capital assets. These assets include land, buildings, and equipment. These capital assets are used to provide services to patrons; consequently, they are not available for future spending.

An additional \$223,653 of the District's net position represents resources that are subject to external restrictions on how they may be used. This is the TABOR emergency reserve.

The following table indicates the changes in net position.

	Governmental Activities	
	2022	2023
Revenues:		
Program revenues:		
Charge for services	\$ 372,237	\$ 501,795
Capital grants and contributions	81,101	17,700
General revenues:		
General property taxes	3,277,752	6,044,525
Specific ownership tax	244,846	389,099
Investment earnings	152,023	575,146
Other	13,215	37,558
Total revenues	4,141,174	7,565,823
Expenses:		
Administration	3,192,721	3,419,312
Firefighting & prevention	141,626	1,724,672
Medical services	404,725	472,872
Total expenses	3,739,072	5,616,856
Increase (decrease) in net position	\$ 402,102	\$ 1,948,967

Governmental Activities. Governmental activities increased the District's net position by \$1,948,967 in 2023. Key elements of this increase are as follows:

The District's investment earnings were up \$423,123 and property tax revenue was up \$2,766,773 from 2022.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental Funds. Information about the District's governmental funds begins on page 11. These funds are accounted for using the modified accrual basis of accounting.

As of December 31, 2023, the total fund balances of the District's governmental funds were \$12,760,955. Approximately 7 percent of this consists of unassigned fund balance, which is available as working capital and for current spending in accordance with the purposes of the District. The remainder of fund balance is reserved to indicate that it is not available for new spending because it is committed for the following purposes: (1) a state-Constitution mandated emergency reserve (\$223,653); (2) assigned for capital projects (\$2,411,518); and (3) assigned for future operating expenses (\$9,261,783). The District had Governmental revenues of \$7,565,823 and expenditures of \$4,303,815.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's budget is prepared according to Colorado statutes.

2023 General Fund Budget

	<u>Original Budget</u>	<u>Amend- ments</u>	<u>Final Budget</u>	<u>Actual</u>
Beginning Fund Balance	\$ 7,499,265	\$ -	\$ 7,499,265	\$ 7,616,837
Revenue and other financing sources	6,828,778	-	6,828,778	7,455,115
Expenditures and other financing uses	(5,101,836)	-	(5,101,836)	(4,722,515)
Ending Fund Balance	<u>\$ 9,226,207</u>	<u>\$ -</u>	<u>\$ 9,226,207</u>	<u>\$ 10,349,437</u>

Actual expenditures and other financing uses were under budget by \$626,337. The difference includes capital outlay and administration expenditures being under budget by \$58,658 and \$485,764, respectively.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The District's investment in capital assets for its governmental activities as of December 31, 2023 totaled \$9,832,984 (net of accumulated depreciation). This investment includes all land, buildings, and equipment.

A major capital asset event during the current fiscal year included an expenditure of \$94,089 for 2 new vehicles and \$78,268 for the purchase of radios.

The District uses the straight-line depreciation method under GASB 34 for its capital assets, except for land which is not depreciated.

Long-term Debt. The District has no long-term debt.

ECONOMIC FACTORS AND OTHER MATTERS

Other Matters. The following factors are expected to have a significant effect on the District's financial position and results of operations and were taken into account in developing the 2024 budget:

- A transfer from the General Fund to the Capital Projects Fund of \$3,533,480.
- Place roof at Station 31 budgeted for \$1,000,000.
- A temporary mill levy reduction of 2.057 mills.

REQUESTS 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 District's finances. Questions concerning any of the information provided or for additional financial information should be addressed to the District, 0124 Stone Quarry Road, Parachute, CO 81635.

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FINANCIAL STATEMENTS

GRAND VALLEY FIRE PROTECTION DISTRICT

STATEMENT OF NET POSITION
December 31, 2023

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 346,941
Cash with County	101,665
Investments	3,286,429
Accounts receivable, net of uncollectible of \$56,718	79,109
Property taxes receivable	5,493,979
Restricted cash	9,261,783
Noncurrent assets	
Capital assets, nondepreciable	862,945
Capital assets, net	8,970,039
Net pension asset - volunteer fire	1,036,248
	<u>29,439,138</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	1,011,821
Deferred outflows related to OPEB	1,159
Deferred outflows related to volunteer fire pensions	599,128
	<u>1,612,108</u>
LIABILITIES	
Accounts payable	139,436
Accrued liabilities	22,535
Compensated absences	153,001
Noncurrent liabilities	
Net pension liability - PERA	104,504
Net pension liability - FPPA	123,424
Net OPEB liability	6,862
	<u>549,762</u>
DEFERRED INFLOWS OF RESOURCES	
Unearned revenue - property taxes	5,493,979
Deferred inflows related to pensions	13,855
Deferred inflows related to OPEB	2,424
Deferred inflows related to volunteer fire pensions	413,779
	<u>5,924,037</u>
NET POSITION	
Net investment in capital assets	9,832,984
Restricted for TABOR emergencies	223,653
Unrestricted	14,520,810
	<u>24,577,447</u>
TOTAL NET POSITION	<u><u>\$ 24,577,447</u></u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

GRAND VALLEY FIRE PROTECTION DISTRICT

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2023

		<u>Program Revenues</u>		Net (Expense) Revenue and Changes in Net Position
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental activities				
Administration	\$ 3,419,312	\$ -	\$ -	\$ (3,419,312)
Firefighting & prevention	1,724,672	-	17,700	(1,706,972)
Medical services	<u>472,872</u>	<u>501,795</u>	<u>-</u>	<u>28,923</u>
TOTAL GOVERNMENTAL ACTIVITIES	<u><u>\$ 5,616,856</u></u>	<u><u>\$ 501,795</u></u>	<u><u>\$ 17,700</u></u>	<u><u>(5,097,361)</u></u>
General revenues:				
Property taxes				6,044,525
Specific ownership tax				389,099
Investment earnings				575,146
Other income				<u>37,558</u>
Total General revenues				<u>7,046,328</u>
Change in net position				1,948,967
Net position - beginning				<u>22,628,480</u>
Net position - ending				<u><u>\$ 24,577,447</u></u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

GRAND VALLEY FIRE PROTECTION DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2023

	<u>General</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 345,386	\$ 1,555	\$ 346,941
Cash with County	101,665	-	101,665
Investments	876,466	2,409,963	3,286,429
Accounts receivable, net of estimated uncollectible of \$56,718	79,109	-	79,109
Property taxes receivable	5,493,979	-	5,493,979
Restricted investments	9,261,783	-	9,261,783
TOTAL ASSETS	<u>\$ 16,158,388</u>	<u>\$ 2,411,518</u>	<u>\$ 18,569,906</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND EQUITY			
LIABILITIES			
Accounts payable	\$ 139,436	\$ -	\$ 139,436
Accrued liabilities	22,535	-	22,535
Compensated absences	153,001	-	153,001
TOTAL LIABILITIES	<u>314,972</u>	<u>-</u>	<u>314,972</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue - property taxes	5,493,979	-	5,493,979
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>5,493,979</u>	<u>-</u>	<u>5,493,979</u>
FUND EQUITY			
Fund Balance			
Restricted for:			
TABOR emergencies	223,653	-	223,653
Assigned for:			
Capital projects	-	2,411,518	2,411,518
Future operations	9,261,783	-	9,261,783
Unassigned	864,001	-	864,001
TOTAL FUND EQUITY	<u>10,349,437</u>	<u>2,411,518</u>	<u>12,760,955</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND EQUITY	<u>\$ 16,158,388</u>	<u>\$ 2,411,518</u>	<u>\$ 18,569,906</u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

GRAND VALLEY FIRE PROTECTION DISTRICT

RECONCILIATION OF BALANCE SHEET TO THE STATEMENT OF NET POSITION
December 31, 2023

Balance sheet - total fund balances		\$ 12,760,955
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and therefore are not reported in the funds.		
		9,832,984
Long-term assets and liabilities, including net pension assets and liabilities, are not due, payable or receivable in the current period and, therefore, are not reported in the funds.		
Net pension assets	1,036,248	
Net pension liabilities	(227,928)	
Net OPEB liability	<u>(6,862)</u>	
Net pension assets (liability)		801,458
Deferred outflows and inflows of resources related to pension are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	1,610,949	
Deferred outflows of resources related to OPEB	1,159	
Deferred inflows of resources related to pensions	(427,634)	
Deferred inflows of resources related to OPEB	<u>(2,424)</u>	
Net deferred outflows (inflows)		<u>1,182,050</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 24,577,447</u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

GRAND VALLEY FIRE PROTECTION DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2023

	<u>General</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
REVENUES			
Taxes	\$ 6,433,624	\$ -	\$ 6,433,624
Interest	464,438	110,708	575,146
Grants	17,700	-	17,700
User charges	501,795	-	501,795
Other	37,558	-	37,558
	<u>7,455,115</u>	<u>110,708</u>	<u>7,565,823</u>
EXPENDITURES			
Administration	3,277,642	-	3,277,642
Firefighting	200,889	-	200,889
Fire prevention	9,453	-	9,453
Training	47,905	-	47,905
Communications	18,734	-	18,734
Repairs	144,585	-	144,585
Medical services	176,705	-	176,705
Stations, buildings and grounds	133,430	-	133,430
Capital outlay	134,342	160,130	294,472
	<u>4,143,685</u>	<u>160,130</u>	<u>4,303,815</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>3,311,430</u>	<u>(49,422)</u>	<u>3,262,008</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	578,830	578,830
Transfers out	(578,830)	-	(578,830)
	<u>(578,830)</u>	<u>578,830</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)	<u>2,732,600</u>	<u>529,408</u>	<u>3,262,008</u>
FUND BALANCE, BEGINNING OF YEAR	<u>7,616,837</u>	<u>1,882,110</u>	<u>9,498,947</u>
FUND BALANCE, END OF YEAR	<u>\$ 10,349,437</u>	<u>\$ 2,411,518</u>	<u>\$ 12,760,955</u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

GRAND VALLEY FIRE PROTECTION DISTRICT

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2023

Net change in fund balances - total governmental funds	\$ 3,262,008
Amounts reported for governmental activities in the statement of net activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$543,327) exceeded capital outlay (\$294,472) in the current period.	(248,855)
Governmental funds report District pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension (expense) income.	(1,065,288)
Governmental funds recognize District OPEB contributions as expenditures at the time of payment whereas the statement of activities factors in items related to OPEB on a full accrual perspective.	<u>1,102</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 1,948,967</u></u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

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NOTES TO FINANCIAL STATEMENTS

GRAND VALLEY FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS December 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Grand Valley Fire Protection District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and reporting principles. The more significant of the District's accounting policies are described below.

A. Financial Reporting Entity

The District is governed by an elected five member Board of Directors. No additional separate government units, agencies, or nonprofit corporations are included in the financial statements of the District as component units. Component units are legally separate entities for which the District is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the organization's governing body and either (1) the District's ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on the District.

The District provides protection of life and property from fire, including fire prevention and fire code enforcement, and emergency medical assistance to the Town of Parachute, Colorado, and the community of Battlement Mesa, Colorado and surrounding areas.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately for business-type activities, which rely to a significant extent on fees and charges for support.

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

C. 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, as are the proprietary fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

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

GRAND VALLEY FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS December 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Measurement focus, basis of accounting, and financial statement presentation, continued

Property taxes, sales tax, franchise tax, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the District receives cash.

The District reports the following major governmental funds:

General Fund

The General Fund is the District's general operating fund and is used to account for all financial transactions except those required to be accounted for in another fund. The major revenue sources are local property taxes and charges for services. Expenditures include all costs associated with the daily operations of the District.

Capital Projects Fund

The Capital Projects Fund is the District's capital outlay fund. The major revenue sources are interest earned and transfers from the General Fund. Expenditures include all costs for the purchase of capital items by the District.

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

D. Budgets and Budgetary Accounting

The District's Board of Directors follow these procedures in establishing the budgetary data reflected in the financial statements:

Prior to October 15, the Fire Chief submits to the District's Board of Directors a proposed operating budget for the year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.

Public hearings are conducted to obtain the taxpayers' comments.

Prior to December 15, the budget is legally enacted through passage of a resolution.

Formal budgetary integration is employed as a management control device during the year.

A budget is adopted for the General Fund, Capital Projects Fund, and Fiduciary Fund. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). Appropriations lapse at the end of each calendar year.

The District may authorize supplemental appropriations during the year. No supplemental appropriations were made during the year.

GRAND VALLEY FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

E. Property Taxes

Property taxes are levied on December 22 of each year and attach as an enforceable lien on property as of January 1. Taxes are due as of January 1 of the following year and are payable in full by June 15 if paid in installments, or April 30 with a single payment. Taxes are delinquent as of June 16. If the taxes are not paid within subsequent statutory periods, the property will be sold at public auction. The County bills and collects the property taxes and remits collections to the District on a monthly basis. No provision has been made for uncollected taxes, in that the District's experience indicates that all material amounts will be collected and paid to the District.

F. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, trails, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Infrastructure assets have been capitalized on a prospective basis, from 2004. Infrastructure prior to 2004 will not be capitalized. Capital assets are defined by the District as assets with an initial, individual cost of \$500 or more and an estimated useful life in excess of four years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

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

<u>Assets</u>	<u>Years</u>
Buildings	50
Building improvements	7-10
Fire vehicles	10-20
Ambulances	15
Equipment	5-20

G. Encumbrances

The District does not use encumbrance accounting. Accordingly, no encumbrances have been recorded in the financial statements.

H. Use of Estimates

The presentation 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 the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - CASH AND INVESTMENTS

The District's bank accounts and certificates of deposit at year-end were entirely covered by federal depository insurance or by collateral held by the District's custodial banks under provisions of the Colorado Public Deposit Protection Act.

GRAND VALLEY FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 2 - CASH AND INVESTMENTS, Continued

The Colorado Public Deposit Protection Act requires financial institutions to pledge collateral having a market value of at least 102% of the aggregate public deposits not insured by federal depository insurance. Eligible collateral included municipal bonds, U.S. government securities, mortgage, and deeds of trust.

State statutes authorized the District to invest in obligation of the U.S. Treasury and U.S. agencies, obligations of the State of Colorado or of any county, Local Government, authority, and certain towns and cities therein, notes or bonds secured by insured mortgages or trust deeds, obligations of national mortgage associations, and certain repurchase agreements.

The District's investment policy is not more restrictive than State statutes. The District's investments are concentrated in local government investment pools, U.S. government and agency securities, and bank CDs.

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

Investments held are as follows:

	<u>Fair Value</u>	<u>Cost</u>
December 31, 2023		
COLOTRUST	<u>\$ 11,572,699</u>	<u>\$ 11,572,699</u>

Included in cash and cash equivalents are amounts held in the Colorado Local Government Liquid Asset Trust (the Trust), and investment vehicle established for local government entities in Colorado to pool surplus funds. The Trust offer shared in three portfolios, COLOTRUST Prime, COLOTRUST Plus+, and COLOTRUST EDGE. COLOTRUST Prime and COLOTRUST Plus+ operates similarly to a money market fund and each share is equal in value to \$1.00. COLOTRUST EDGE is a variable NAV fund managed to approximate a \$10.00 transactional share price, calculated and publishing a fair value NAV on a daily basis. 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 function 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 investments owned by COLOTRUST. At December 31, 2023, the District invested \$11,572,699 in COLOTRUST Plus+. The District's investment in the COLOTRUST Plus+ is rated AAAM by S&P Global Ratings and COLOTRUST EDGE is rated AAAs/S1 by FitchRatings.

Summary of Cash

Cash and Cash Equivalents	
Cash deposits in bank – General Fund	\$ 1,288,110
Cash deposits in bank – Capital Projects Fund	34,105
Investments – COLOTRUST – General Fund	9,195,287
Investments – COLOTRUST – Capital Projects Fund	2,377,413
Cash on hand	238
Cash with County	<u>101,665</u>
Total cash and investments	<u>\$ 12,996,818</u>

GRAND VALLEY FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 3 - PROPERTY TAXES

Property taxes for 2023, collectible in 2024, are certified by the Board of Directors by December 15, 2023. Property taxes attached as an enforceable lien on January 1, 2024, are due in total April 30, 2024, or in equal installments February 28, 2024 and June 15, 2024, at the option of the taxpayer. The County Treasurer remits taxes collected to the District by the 10th day of the month following collection.

Revenue Recognized in 2023

Local property taxes levied in 2022 and collected in 2023 are recognized as revenue in these financial statements as shown below:

	Garfield County				
	<u>Assessed Valuation</u>	<u>Mill Levy</u>	<u>Amount Levied</u>	<u>of Taxes Collected</u>	<u>Percent Collected</u>
General Fund	\$ 956,915,310	6.233	\$5,964,453	\$5,965,707	100.0%

	Mesa County				
	<u>Assessed Valuation</u>	<u>Mill Levy</u>	<u>Amount Levied</u>	<u>of Taxes Collected</u>	<u>Percent Collected</u>
General Fund	\$ 372,970	6.233	\$ 2,325	\$ 2,325	100.0%

Property Taxes Receivable and Unearned Revenue

Local property taxes levied in 2023 but not collectible until 2024 are shown as property taxes receivable and unearned revenue on the balance sheet in the amount of the assessed taxes less estimated uncollectible amounts.

	Garfield County				
	<u>Assessed Valuation</u>	<u>Mill Levy</u>	<u>Estimated Percent Collectible</u>	<u>Property Taxes Receivable</u>	<u>Deferred Revenue</u>
General Fund	\$1,315,162,650	4.176	100.0%	\$5,492,119	\$ 5,492,119

	Mesa County				
	<u>Assessed Valuation</u>	<u>Mill Levy</u>	<u>Estimated Percent Collectible</u>	<u>Property Taxes Receivable</u>	<u>Deferred Revenue</u>
General Fund	\$ 445,310	4.176	100.0%	\$ 1,860	\$ 1,860

GRAND VALLEY FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 4 - CAPITAL ASSETS

A. Governmental Activities

A summary of changes in capital assets during the year ended December 31, 2023 is as follows:

	Balance 1/1/2023	Additions	Deletions	Balance 12/31/2023
Capital assets not being depreciated:				
Land	\$ 862,945	\$ -	\$ -	\$ 862,945
Total assets not being depreciated	<u>862,945</u>	<u>-</u>	<u>-</u>	<u>862,945</u>
Capital assets being depreciated:				
Buildings	10,842,906	-	-	10,842,906
Equipment	6,698,001	294,472	-	6,992,473
Total assets being depreciated	<u>17,540,907</u>	<u>294,472</u>	<u>-</u>	<u>17,835,379</u>
Less accumulated depreciation:				
Buildings	(3,287,534)	(217,326)	-	(3,504,860)
Equipment	(5,034,480)	(326,001)	-	(5,360,481)
Total accumulated depreciation	<u>(8,322,014)</u>	<u>(543,327)</u>	<u>-</u>	<u>(8,865,341)</u>
Total assets being depreciated, net	<u>9,218,893</u>	<u>(248,855)</u>	<u>-</u>	<u>8,970,038</u>
Governmental activities capital assets, net	<u>\$ 10,081,838</u>	<u>\$ (248,855)</u>	<u>\$ -</u>	<u>\$ 9,832,983</u>

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

Governmental activities:	
Administration	\$ 100,214
Firefighting & prevention	297,035
Medical services	<u>146,078</u>
Total depreciation expense – governmental activities	<u>\$ 543,327</u>

NOTE 5 – LEASES

Dry hydrants

The District has leased property from four homeowners in the District for the location of dry hydrants to increase firefighting capability. The District is not paying for the use of the property; in exchange the property owners will have increased fire protection. Three of the leases are for terms of 50 years each. One of the 50 year lease properties became District owned property with the Rulison land purchase/fire station construction project. The fourth lease is for 10 years. Two of the leases became effective during 1997, the others during 1999.

GRAND VALLEY FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 6 – VOLUNTEER FIREFIGHTERS PENSION PLAN

Summary of Significant Accounting Policies

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

General Information about the Pension Plan

Plan Description. Any firefighter who has both attained the age of fifty and completed twenty years of active services shall be eligible for a monthly pension. Additionally, any firefighter that has reached the age of fifty with at least ten years of service will receive a pension benefit that is prorated for year of creditable volunteer service between 10 and 20 years. A firefighter who is disabled in the line of duty whose disability is of such character and magnitude as to deprive the firefighter of earning capacity and extends beyond one year, shall be compensated in an amount determined by the Pension Board. The Volunteer Plan also provides for a lump-sum burial benefit upon the death of an active or retired firefighter. Spouses of deceased firefighters may receive benefits as authorized by State statute. FPPA issues an annual, publicly-available financial report that includes the assets of the Volunteer Plan. That report may be obtained at www.FPPAco.org/annual_reports.htm.

Funding Policy. An actuary is used to determine the annual required contribution (ARC) necessary to maintain the actuarial soundness of the Volunteer Plan. Colorado law requires the State to make an annual contribution to the Volunteer Plan. Because the District’s monthly benefit amount is over \$300, the State’s annual contribution is calculated as the highest State contribution made between 1998 and 2001. The District may make additional contributions to support the plan.

The actuarial study as of January 1, 2023, indicated that the current levels of contributions to the fund are adequate to support an actuarially sound basis of prospective benefits for the present Volunteer Plan.

Membership. Below is a table of the members as of January 1, 2023:

Number of	
- Retirees and Beneficiaries	20
- Inactive, Nonretired Members	1
- Active Members	<u>7</u>
- Total	<u>28</u>

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

At December 31, 2023, the District reported an asset of \$1,036,248. The net pension asset was measured as of December 31, 2022, and was determined by an actuarial valuation as of January 1, 2023. Standard update procedures were used to roll forward the total pension asset to December 31, 2023.

GRAND VALLEY FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 6 – VOLUNTEER FIREFIGHTERS PENSION PLAN, Continued

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

For the year ended December 31, 2023, the District recognized pension expense of \$1,077,386. At December 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 56,108
Change in assumptions	17,946	-
Net difference between projected and actual earnings on pension plan investments	581,182	357,671
Contribution subsequent to the measurement date	-	-
Total	\$ 599,128	\$ 413,779

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

Year ended December 31:	
2024	\$ (58,324)
2025	21,812
2026	76,567
2027	145,294

Actuarial Assumptions. Method, and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method:	Entry Age Normal
Amortization Method:	Level Dollar, Open*
Remaining Amortization Period:	20 years*
Asset Valuation Method:	5-Year smoothed fair value
Inflation:	2.50%
Salary Increases:	N/A
Investment Rate of Return:	7.00%
Retirement Age:	50% per year of eligibility until 100% at age 65.
Mortality:	Pre-retirement: 2006 central rates from the RP-2014 Employee Mortality for males and females projected to 2018 using the MP-2017 projection scale, and then projected prospectively using the ultimate rates of the scale for all years, 50% multiplier for off-duty mortality. Post-retirement: 2006 central rates from the RP-2014 Annuitant Mortality Tables for males and females projected to 2018 using the MP-17 projection scales, and then projected prospectively using the ultimate rates of the scale for all years. Disable: 2006 central rates from the RP-2014 Disabled Mortality Table for males and females projected to 2018 using the MP-2017 projections scales, and then projected prospectively using the ultimate rates of the scale for all years.

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

GRAND VALLEY FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 6 – VOLUNTEER FIREFIGHTERS PENSION PLAN, Continued

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of 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 addition expected inflation. Best estimates of arithmetic real rates of return for each major assets 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 Nominal Rate of Return
Global Equity	35.0%	8.93%
Long Short	6.0%	7.47%
Private Markets	34.0%	10.31%
Fixed Income - Rates	10.0%	5.45%
Fixed Income - Credit	5.0%	6.90%
Absolute Return	9.0%	6.49%
Cash	1.0%	3.92%
Total	100.00%	

The figures in the above table were supplied by Fire and Police Pension Association staff.

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 funding policy, which establishes the contractual required rates under Colorado statutes. Based on those assumptions, the Volunteer Plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset.

Sensitivity of the District’s Net Pension Asset to Changes in the Discount Rate. The following presents the net pension asset calculation using the discount rate of 7.00 percent as well as the net position asset if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
Net Pension Asset	\$ 721,685	\$ 1,036,248	\$ 1,032,494

FPPA System Description. The FPPA administers an agent multiple-employer Public Employee Retirement System (PERS). The PERS represents the assets of numerous separate plans that have been pooled for investment purposes. The pension plans have elected to affiliate with FPPA for plan administration and investment only. FPPA issues a publicly available comprehensive annual financial report that can be obtained at FPPAco.org. Once in the site, locate the site map at the bottom of the web page and you will find the ‘Annual Report’ link.

