

**NORTH ROUTT FIRE PROTECTION DISTRICT**

Financial Statements

December 31, 2023

# NORTH ROUTT FIRE PROTECTION DISTRICT

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## Independent Auditor's Report

The Board of Directors  
North Routt Fire Protection District  
Routt County, Colorado

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities and each major fund of the North Routt Fire Protection District (the District), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2023, and the respective changes in financial position for the year then ended in accordance with U.S. generally accepted accounting principles (GAAP).

#### ***Basis for Opinions***

We conducted our audit in accordance with U.S. generally accepted auditing standards (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

In performing an audit in accordance with GAAS, we:

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

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

## **Report on Summarized Comparative Financial Information**

We have previously audited the District's December 31, 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 20, 2023. In our opinion, the summarized comparative financial information presented herein as of and for the year ended December 31, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Required Supplementary Information**

GAAP requires that the General Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual on page 26, and the defined benefit pension plans’ schedules on pages 27-31 as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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.

Management has omitted Management’s Discussion and Analysis that GAAP requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The Debt Service Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual on page 32 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, this supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Steamboat Springs, Colorado  
June 16, 2024

**NORTH ROUTH FIRE PROTECTION DISTRICT**  
**Statement of Net Position**  
**December 31, 2023**  
(with summarized financial information as of December 31, 2022)

	<u>2023</u>	<u>2022</u>
	Governmental Activities	Governmental Activities
<b>Assets:</b>		
Cash and investments	\$ 676,343	\$ 646,015
Due from other governments	352	2,538
Accounts receivable, net	14,939	18,226
Property taxes receivable	699,904	530,606
Capital assets, net	972,196	978,933
Net pension asset:		
Cost-sharing defined benefit plan	-	96,901
	<u>2,363,734</u>	<u>2,273,219</u>
<b>Total Assets</b>		
<b>Deferred Outflows of Resources:</b>		
Deferred outflows related to pensions	<u>235,089</u>	<u>86,036</u>
<b>Total Deferred Outflows of Resources</b>	<u>235,089</u>	<u>86,036</u>
<b>Liabilities:</b>		
Accounts payable and accrued expenses	42,616	20,715
Noncurrent liabilities:		
General obligation refunding bonds:		
Due within one year	70,000	70,000
Due in more than one year	145,000	215,000
Net pension liability:		
Cost-sharing defined benefit plan	23,752	-
Volunteer firefighters defined benefit plan	<u>86,935</u>	<u>31,060</u>
<b>Total Liabilities</b>	<u>368,303</u>	<u>336,775</u>
<b>Deferred Inflows of Resources:</b>		
Deferred property tax revenues	699,904	530,606
Deferred bond refunding premium	9,201	12,355
Deferred inflows related to pensions	<u>71,734</u>	<u>128,058</u>
<b>Total Deferred Inflows of Resources</b>	<u>780,839</u>	<u>671,019</u>
<b>Net Position:</b>		
Net investment in capital assets	747,995	681,578
Restricted for:		
Cost-sharing defined benefit plan	-	81,827
Emergencies	15,814	15,327
Debt service	71,228	63,378
Unrestricted	<u>614,644</u>	<u>509,351</u>
<b>Total Net Position</b>	<u>\$ 1,449,681</u>	<u>\$ 1,351,461</u>

See accompanying notes to the financial statements.

**NORTH ROUTT FIRE PROTECTION DISTRICT**  
**Statement of Activities**  
**For the Year Ended December 31, 2023**

(with summarized financial information for the year ended December 31, 2022)

Functions/Programs	2023				2022	
	Expenses	Charges for Services	Program Revenues Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Change in Net Position	Net (Expense) Revenue and Change in Net Position
<b>Governmental Activities:</b>						
Public safety:						
Personnel and volunteers	\$ 370,354	\$ -	\$ -	\$ -	\$ (370,354)	\$ (385,686)
Operations	119,584	14,823	21,901	125,453	42,593	44,490
Administration and general	57,484	-	-	-	(57,484)	(53,251)
Interest	1,406	-	-	-	(1,406)	(2,525)
Unallocated depreciation	91,155	-	-	-	(91,155)	(88,395)
Pension expense (revenue)	14,039	-	-	-	(14,039)	68,735
Total Governmental Activities	\$ 654,022	\$ 14,823	\$ 21,901	\$ 125,453	\$ (491,845)	\$ (416,632)
<b>General Revenues:</b>						
Taxes:						
Property					512,882	512,302
Specific ownership					37,215	35,811
Gain on sale of capital assets					3,854	-
Other					36,114	7,856
Total General Revenues					590,065	555,969
Change in Net Position					98,220	139,337
Net Position, Beginning of Year					1,351,461	1,212,124
Net Position, End of Year					\$ 1,449,681	\$ 1,351,461

See accompanying notes to the financial statements.

**NORTH ROUTH FIRE PROTECTION DISTRICT**  
**Governmental Funds**  
**Balance Sheet**  
**December 31, 2023**  
(with summarized financial information as of December 31, 2022)

	2023			2022
	General Fund	Debt Service Fund	Total Governmental Funds	Total Governmental Funds
<b>Assets:</b>				
Cash and investments	\$ 672,652	\$ 3,691	\$ 676,343	\$ 646,015
Due from other governments	-	352	352	2,538
Accounts receivable:				
Ambulance services, net	14,939	-	14,939	18,226
Property taxes receivable	621,773	78,131	699,904	530,606
Due from other fund	-	67,185	67,185	29,824
<b>Total Assets</b>	<b>\$ 1,309,364</b>	<b>\$ 149,359</b>	<b>\$ 1,458,723</b>	<b>\$ 1,227,209</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable and accrued expenses	\$ 42,616	\$ -	\$ 42,616	\$ 20,715
Due to other fund	67,185	-	67,185	29,824
<b>Total Liabilities</b>	<b>109,801</b>	<b>-</b>	<b>109,801</b>	<b>50,539</b>
<b>Deferred Inflows of Resources:</b>				
Deferred property tax revenue	621,773	78,131	699,904	530,606
<b>Total Deferred Inflows of Resources</b>	<b>621,773</b>	<b>78,131</b>	<b>699,904</b>	<b>530,606</b>
<b>Fund Balances:</b>				
Restricted for:				
Emergencies	15,814	-	15,814	15,327
Debt service	-	71,228	71,228	63,378
Assigned	8,783	-	8,783	8,783
Unassigned	553,193	-	553,193	558,576
<b>Total Fund Balances</b>	<b>577,790</b>	<b>71,228</b>	<b>649,018</b>	<b>646,064</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 1,309,364</b>	<b>\$ 149,359</b>	<b>\$ 1,458,723</b>	<b>\$ 1,227,209</b>

See accompanying notes to the financial statements.

**NORTH ROUNT FIRE PROTECTION DISTRICT**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
**December 31, 2023**

Governmental funds total fund balance	\$	649,018
<p style="margin-left: 40px;">Amounts reported for governmental activities in the statement of net position are different because:</p>		
Capital assets used in governmental activities are not financial resources and, therefore are not reported in governmental funds.		972,196
<p style="margin-left: 40px;">Long-term liabilities within governmental activities are not due and payable in the current period and therefore, are not reported in governmental funds:</p>		
Bonds payable		(215,000)
Unamortized deferred bond refunding premium		(9,201)
<p style="margin-left: 40px;">Net pension asset and net pension liability are not financial resources and, therefore are not reported as assets and liabilities in the governmental funds:</p>		
Net pension liabilities		(110,687)
Deferred outflows related to pensions		235,089
Deferred inflows related to pensions		<u>(71,734)</u>
Governmental activities net position	\$	<u><u>1,449,681</u></u>

See accompanying notes to the financial statements.

**NORTH ROUTT FIRE PROTECTION DISTRICT**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended December 31, 2023**  
(with summarized financial information for the year ended December 31, 2022)

	2023			2022
	General Fund	Debt Service Fund	Total Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Taxes:				
Property	\$ 436,032	\$ 76,850	\$ 512,882	\$ 512,302
Specific ownership	31,655	5,560	37,215	35,811
Charges for services:				
Ambulance services, net	14,823	-	14,823	35,231
Grants	2,476	-	2,476	3,200
Donations	19,425	-	19,425	74,580
Other	44,614	-	44,614	7,856
<b>Total Revenues</b>	<b>549,025</b>	<b>82,410</b>	<b>631,435</b>	<b>668,980</b>
<b>Expenditures:</b>				
Public safety:				
Personnel and volunteers	413,242	-	413,242	402,416
Operations	83,195	-	83,195	68,521
Administration and general	57,484	-	57,484	53,251
Capital outlay	-	-	-	28,448
Debt service:				
Principal	-	70,000	70,000	70,000
Interest	-	4,560	4,560	5,680
<b>Total Expenditures</b>	<b>553,921</b>	<b>74,560</b>	<b>628,481</b>	<b>628,316</b>
Excess (Deficiency) of Revenues Over Expenditures	(4,896)	7,850	2,954	40,664
Fund Balance, Beginning of Year	582,686	63,378	646,064	605,400
Fund Balance, End of Year	<u>\$ 577,790</u>	<u>\$ 71,228</u>	<u>\$ 649,018</u>	<u>\$ 646,064</u>

See accompanying notes to the financial statements.

**NORTH ROUNT FIRE PROTECTION DISTRICT**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances of Governmental Funds to the Statement of Activities**  
**For the Year Ended December 31, 2023**

Changes in fund balances - governmental funds	\$	2,954
<p style="margin-left: 40px;">Amounts reported for governmental activities in the statement of activities are different because:</p>		
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds.		125,453
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in the governmental funds.		(36,389)
Governmental funds report capital outlays as expenditures; however, they are capitalized and depreciated in the statement of activities.		(95,801)
Repayment of principal on noncurrent liabilities is reported as an expenditure in the governmental funds but reduces noncurrent liabilities in the statement of net position.		70,000
The deferred bond refunding premium is not reported in the governmental funds but is amortized as a component of interest expense in the statement of activities.		3,154
In the governmental funds, expenditures for the defined benefit pension plans are measured by the amount of the financial resources used, whereas in the statement of activities, they are measured as the liability is accrued according to actuarial estimates. This is the amount the net pension asset and liability and the related deferred inflows and outflows changed in the current year.		28,849
Change in net position of governmental activities	\$	98,220

See accompanying notes to the financial statements.

**NORTH ROUTT FIRE PROTECTION DISTRICT**  
**Notes to Financial Statements**  
**December 31, 2023**  
(with summarized financial information as of December 31, 2022 and for the year then ended)

**Note 1: Summary of Significant Accounting Policies**

The North Routt Fire Protection District (the District) was organized in Routt County, Colorado as a local government entity under Colorado Revised Statutes (CRS) to provide fire protection and ambulance services to northern Routt County, Colorado.

The District's financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the standard-setting body for the establishment of GAAP in governmental entities. The following summary of the more significant accounting policies of the District is presented to assist the reader in interpreting these financial statements and should be viewed as an integral part of this report.

*Reporting Entity*

The reporting entity consists of (a) the primary government, i.e., the District, and (b) organizations for which the District is financially accountable. The District has one component unit for which it is financially accountable. The North Routt Fire Station Building Condominiums Owners Association (the Association) is a Colorado not-for-profit common interest realty association established in June 2003 under the Colorado Common Interest Ownership Act. The District owns 83.21% of the allocated interest percentage of the Association. However, the Association has no material net assets as of December 31, 2023 or material revenues and expenses for the year then ended. Therefore, the Association has been excluded from the District's financial statements.

The District has included its share of the fire station building as a capital asset in the statement of net position.

*Measurement Focus and Basis of Accounting*

The government-wide financial statements use a flow of economic resources measurement focus to determine net income and financial position. The accounting principles used are similar to those applicable to businesses in the private sector and maintained on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Governmental fund financial statements use a current financial resources measurement focus and are maintained on the modified accrual basis of accounting. Revenues are recognized when they become susceptible to accrual; that is, when they become both measurable and available to finance expenditures of the current period. 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. The District considers revenues collected within 60 days after year end to be available and thus recognizes them as revenues in the current year.

Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

*Financial Statement Presentation*

Government-Wide Financial Statements

The statement of net position and the statement of activities report information about the nonfiduciary activities of the District. The District's primary activities are categorized as governmental activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are clearly identified with a specific program. Program revenues include (a) charges for services, and (b) grants and contributions that are restricted for the operating or capital requirements of a specific program. All taxes and other revenues not meeting the criteria for classification as program revenues are reported as general revenues.

**NORTH ROUNT FIRE PROTECTION DISTRICT**  
**Notes to Financial Statements**  
**December 31, 2023**  
(with summarized financial information as of December 31, 2022 and for the year then ended)

**Note 1: Summary of Significant Accounting Policies (continued)**

*Financial Statement Presentation (continued)*

Fund Financial Statements

The fund financial statements report information about the District's funds.

The District reports the following major governmental funds:

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

The *Debt Service Fund* is used to account for a mill levy restricted to making principal and interest payments on the District's general obligation refunding bonds.

*Fund Balance Presentation*

Fund balances of the governmental fund are classified as follows:

- Non-spendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- Restricted – includes amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation, or because of constraints that are externally imposed by creditors, grantors, contributors or the laws or regulations of other governments.
- Committed – includes amounts that can be spent only for specific purposes pursuant to constraints imposed by formal action of the District. Such formal action may be in form of an ordinance or resolution and may only be modified or rescinded by a subsequent formal action.
- Assigned – includes amounts that are intended by the District to be used for specific purposes, but are neither restricted nor committed. Assignments may be made only by the Board of Directors.
- Unassigned – represents the residual positive balance within the General Fund, which has not been restricted, committed or assigned.

*Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position*

Cash and Investments

Cash equivalents include investments with original maturities of three months or less. Investments are recorded at fair value.

Accounts Receivable

The District's accounts receivable consists of charges for ambulance services. The District estimates an allowance for uncollectible accounts for ambulance services based on review of collection percentage trends and insurance coverage of the transported persons.

The District's net accounts receivable from ambulance services as of December 31, 2023 and 2022 was as follows:

	2023	2022
Accounts receivable from ambulance services	\$ 55,139	\$ 36,426
Allowance for uncollectible accounts	(40,200)	(18,200)
	\$ 14,939	\$ 18,226

**NORTH ROUNT FIRE PROTECTION DISTRICT**  
**Notes to Financial Statements**  
**December 31, 2023**  
(with summarized financial information as of December 31, 2022 and for the year then ended)

**Note 1: Summary of Significant Accounting Policies (continued)**

*Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)*

Capital Assets

Capital assets include land, buildings, vehicles and equipment. Capital assets are defined by the District as assets with an initial individual cost of \$3,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost. Donated capital assets are recorded at fair value. 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.

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

	Years
Buildings and improvements	20-40
Equipment	10-20
Vehicles	5-10

Deferred Gain on Refunding of Debt

The District's deferred gain on refunding of debt is the difference between the reacquisition price and the net carrying amount of the defeased debt and is reported as a deferred inflow of resources and recognized as a component of interest expense over the remaining life of the new debt.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until that time. The District's deferred outflows of resources relate to the recording of the net pension liabilities.

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The District's deferred inflows of resources consist of unavailable revenues from property taxes and the recording of the net pension liabilities.

*Property Taxes*

Property taxes are levied on December 15 of each year and attach as an enforceable lien on property on January 1. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The Routt County Treasurer's office collects property taxes and remits collections to the District each month. In accordance with GAAP, the assessed but uncollected property taxes have been recorded as receivable and as deferred inflow of resources as property taxes are assessed in one year as a lien on the property but not collected by the District until the subsequent year.

*Pension Plans*

For purposes of measuring the net pension liabilities, 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 (SWDB) and Volunteer Firefighters Defined Benefit Plan and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Fire & Police Pension Association of Colorado (FPPA). 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.

**NORTH ROUNT FIRE PROTECTION DISTRICT**  
**Notes to Financial Statements**  
**December 31, 2023**  
(with summarized financial information as of December 31, 2022 and for the year then ended)

**Note 1: Summary of Significant Accounting Policies (continued)**

*Use of Estimates*

The preparation of financial statements in conformity with GAAP requires the District's management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources, the disclosure of contingent assets and liabilities as of 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.

*Comparative Financial Statements*

The financial statements include certain prior-year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the District's audited financial statements for the year ended December 31, 2022, from which the summarized information was derived.

*New Accounting Pronouncement*

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs) was effective for the District beginning January 1, 2023. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this statement, the District is required to recognize a subscription liability and an intangible right-to-use subscription asset.

The District had no material SBITAs that qualify for recognition under this new standard.

**Note 2: Stewardship, Compliance and Accountability**

*Budgetary Information*

Annual budgets are adopted on a basis consistent with GAAP for all governmental funds.

The District conforms to the following procedures, in compliance with CRS, Title 29, Article 1, in establishing the budgetary data reflected in the financial statements:

- Prior to October 15, the Treasurer submits to the Board of Directors a proposed operating budget for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted by the Board of Directors to obtain taxpayer comments.
- Prior to December 31, the budget is adopted by formal resolution.
- Expenditures may not legally exceed appropriations at the fund level. Revisions that alter the total expenditures must be approved by the Board of Directors.
- All appropriations lapse at the end of each fiscal year.

The District did not adopt any supplemental appropriations for the year ended December 31, 2023.

*Compliance*

The District did not have expenditures in excess of appropriations for any fund during the year ended December 31, 2023.

**NORTH ROUNT FIRE PROTECTION DISTRICT**  
**Notes to Financial Statements**  
**December 31, 2023**  
(with summarized financial information as of December 31, 2022 and for the year then ended)

**Note 2: Stewardship, Compliance and Accountability (continued)**

*TABOR Amendment*

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer’s Bill of Rights (TABOR). TABOR contains tax spending, revenue and debt limitations that apply to the State of Colorado and all local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

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 revenue increases with certain exceptions. Revenue in excess of the fiscal year spending limit must be refunded unless the voters approve retention of such revenue.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

TABOR requires local governments to establish emergency reserves. These reserves must be at least 3% of fiscal year spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. The District has reserved \$15,814 of the December 31, 2023 General Fund balance for this purpose.

The District’s voters passed a ballot question in 1998 that permanently lifted TABOR restrictions on the amount of revenue that the District can collect and retain. In 2018, the District’s voters passed a ballot question that allows the District to adjust the mill levy annually by an amount sufficient to offset changes in revenue due to the Gallagher Amendment without holding a special election.

The District’s management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and many of its provisions may require judicial interpretation.

**Note 3: Cash and Investments**

*Deposits*

The carrying amount of the District’s deposits as of December 31, 2023 and 2022 was \$80,735 and \$177,226, respectively, and bank balances were \$81,135 and \$197,585, respectively. All of the bank balances as of December 31, 2023 and 2022 were covered by federal deposit insurance.

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 collateral 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 equal or exceed 102% of the aggregate uninsured deposits.

*Investments*

At December 31, 2023 and 2022, the District had the investments measured at fair value as follows:

	2023	2022	Maturity
U.S. Treasury bills	\$ 583,804	\$ 468,791	3-12 months
Certificate of deposit	74,855	-	12 months
	\$ 658,659	\$ 468,791	

**NORTH ROUNT FIRE PROTECTION DISTRICT**

**Notes to Financial Statements**

**December 31, 2023**

(with summarized financial information as of December 31, 2022 and for the year then ended)

**Note 4: Capital Assets**

Capital asset activity for the year ended December 31, 2023 is summarized below:

	Beginning Balance	Additions	Retirements	Ending Balance
<b>Governmental activities:</b>				
Land	\$ 9,490	\$ -	\$ -	\$ 9,490
Other capital assets:				
Buildings	1,196,920	-	-	1,196,920
Vehicles	1,269,678	-	(10,520)	1,259,158
Equipment	307,288	89,064	-	396,352
Total other capital assets at cost	<u>2,773,886</u>	<u>89,064</u>	<u>(10,520)</u>	<u>2,852,430</u>
Less accumulated depreciation for:				
Buildings	(555,768)	(34,335)	-	(590,103)
Vehicles	(980,487)	(44,331)	5,874	(1,018,944)
Equipment	(268,188)	(12,489)	-	(280,677)
Total accumulated depreciation	<u>(1,804,443)</u>	<u>(91,155)</u>	<u>5,874</u>	<u>(1,889,724)</u>
Other capital assets, net	<u>969,443</u>	<u>(2,091)</u>	<u>(4,646)</u>	<u>962,706</u>
Governmental activities capital assets, net	<u>\$ 978,933</u>	<u>\$ (2,091)</u>	<u>\$ (4,646)</u>	<u>\$ 972,196</u>

**Note 5: Long-Term Liabilities**

The District has the following long-term debt outstanding as of December 31, 2023:

General Obligation Refunding Bonds Series 2020

On November 30, 2020, the District issued \$425,000 of General Obligation Refunding Bonds Series 2020 to refund \$480,000 of the General Obligation Bonds Series 2011. Through the refunding, the District reduced its debt service and had an economic gain of \$104,174 (the difference between the present value of the debt service payments on the refunded debt and the refunding debt). Conditions for defeasance have been met and assets were placed in escrow and the liability has been removed from the financial statements. The refunded bonds were paid from escrow on December 1, 2020.

Principal and interest on the General Obligation Refunding Bonds Series 2020 are payable in varying amounts, semi-annually at June 1 and December 1, at a net effective interest rate of 1.60% through maturity on December 1, 2026.

Long-term liability activity for the year ended December 31, 2023 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
General obligation refunding bonds, series 2020	\$ 285,000	\$ -	\$ (70,000)	\$ 215,000	\$ 70,000
	<u>\$ 285,000</u>	<u>\$ -</u>	<u>\$ (70,000)</u>	<u>\$ 215,000</u>	<u>\$ 70,000</u>

**NORTH ROUNT FIRE PROTECTION DISTRICT**  
**Notes to Financial Statements**  
**December 31, 2023**  
(with summarized financial information as of December 31, 2022 and for the year then ended)

**Note 5: Long-Term Liabilities (continued)**

Debt service requirements as of December 31, 2023 were as follows:

	Principal	Interest	Total
2024	\$ 70,000	\$ 3,440	\$ 73,440
2025	70,000	2,320	72,320
2026	75,000	1,200	76,200
Total	\$ 215,000	\$ 6,960	\$ 221,960

**Note 6: Governmental Fund Balances**

The District has restricted fund balance as of December 31, 2023 for the following:

- Emergency reserve required by TABOR
- Debt service funds for repayment of its General Obligation Refunding Bonds

The District's board of directors has assigned \$8,783 of its general fund balance as of December 31, 2023 to maintain a capital reserve.

When expenditures are incurred and both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first, then unrestricted resources in the order of committed, assigned, and then unassigned, as they are needed.

**Note 7: Pension Plans**

*Fire and Police Statewide Defined Benefit Plan*

Plan Description

The 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 SWDB may include clerical and other personnel from fire districts whose services are auxiliary to fire protection. The SWDB became effective January 1, 1980.

Employers once had the option to elect to withdraw from the SWDB, but a change in state statutes permitted no further withdrawals after January 1, 1988.

CRS Title 31, Article 31 grants the authority to establish and amend the benefit terms to the FPPA Board of Directors. The FPPA issues a publicly available financial report that can be obtained at [www.fppaco.org](http://www.fppaco.org).

Benefits Provided

A member is eligible for a normal retirement pension once the member has completed 25 years of credited service and has attained the age of 55. Effective January 1, 2021, a member may also qualify for a normal retirement pension if the member's combined years of service and age equals at least 80, with a minimum age of 50 (Rule of 80).

**NORTH ROUNT FIRE PROTECTION DISTRICT**  
**Notes to Financial Statements**  
**December 31, 2023**  
(with summarized financial information as of December 31, 2022 and for the year then ended)

**Note 7: Pension Plans (continued)**

*Fire and Police Statewide Defined Benefit Plan (continued)*

The annual normal retirement benefit is 2% 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% for each year of service thereafter. The benefit earned prior to January 1, 2007 for members of affiliated Social Security employers will be reduced by the amount of Social Security income payable to the member annually. Effective January 1, 2007, members currently covered under Statewide Defined Benefit Social Security Component will receive half the benefit when compared to the SWDB. Benefit adjustments paid to retired members are evaluated annually and may be re-determined every October 1. The amount of any increase is based on the Board's discretion and can range from 0% to the higher of 3% 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% as interest, returned as a lump sum distribution. Alternatively, a member with at least five years of accredited service may leave contributions with the SWDB plan and remain eligible for a retirement pension at age 55 equal to 2% of the member's average highest three years' pensionable earnings for each year of credited service up to ten years, plus 2.5% for each year of service thereafter.

Contributions

Through December 31, 2020, contribution rates for the SWDB plan are set by state statute. Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or election of the membership. Effective January 1, 2021, contribution rates for employers and members may be increased equally by the FPPA Board of Directors upon approval through an election by both the employers and members.

In 2014, the members elected to increase the member contribution rate to the SWDB plan beginning in 2015. Member contribution rates increased 0.5% annually through 2022 to a total of 12% of pensionable earnings. Employer contributions increase 0.5% annually beginning in 2021 through 2023 to a total of 13.0% of pensionable earnings. In 2022, members of the SWDB plan and their employers are contributing at the rate of 12.0% and 9.0%, respectively, of pensionable earnings for a total contribution rate of 21.0%.

The contribution rate for members and employers of affiliated social security employers is 6.0% and 4.5%, respectively, of pensionable earnings for a total contribution rate of 10.5% in 2021. Per the 2014 member election, members of the affiliate social security group had their required contribution rate increase 0.25% annually beginning in 2015 through 2022 to a total of 6% of pensionable earnings. Employer contributions will increase 0.25% annually beginning in 2021 through 2030 to a total of 6.5% of pensionable earnings.

Contributions to the Plan from the District were \$26,158 and \$23,322, respectively, for the years ended December 31, 2023 and 2022.

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

As of December 31, 2023 and 2022, the District reported a liability (asset) of \$23,752 and (\$96,901), respectively, for its proportionate share of the collective net pension asset of the Plan. The net pension asset was measured as of December 31, 2022 and 2021, respectively, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The District's proportion of the net pension asset was based on the District's contributions to the Plan for the years ended December 31, 2022 and 2021 relative to the total contributions of participating employers to the Plan. At December 31, 2022 and 2021, the District's proportion was 0.026761% and 0.017880%, respectively.

**NORTH ROUTH FIRE PROTECTION DISTRICT**  
**Notes to Financial Statements**  
**December 31, 2023**  
(with summarized financial information as of December 31, 2022 and for the year then ended)

**Note 7: Pension Plans (continued)**

*Fire and Police Statewide Defined Benefit Plan (continued)*

For the years ended December 31, 2023 and 2022, the District recognized pension expense (revenue) of \$13,407 and (35,875), respectively. 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	\$ 51,417	\$ 2,916
Changes of assumptions or other inputs	30,431	-
Net difference between projected and actual investment earnings	53,753	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	40,513
Contributions subsequent to the measurement date	26,158	-
<b>Total</b>	<b>\$ 161,759</b>	<b>\$ 43,429</b>

\$26,158 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	
2023	\$ 12,512
2024	17,256
2025	26,591
2026	38,834
2027	3,612
Thereafter	(6,633)
	<u>\$ 92,172</u>

Actuarial Assumptions

The actuarial valuations for the SWDB were used to determine the total pension liability and actuarially determined contributions for the year ended December 31, 2022. The valuations used the following actuarial assumptions and other inputs:

	Total Pension Liability	Actuarial Determined Contributions
Actuarial valuation date	January 1, 2023	January 1, 2022
Actuarial method	Entry age normal	Entry age normal
Amortization method	N/A	Level % of payroll, open
Amortization period	N/A	30 years
Long-term investment rate of return, net	7.0%	7.0%
Projected salary increases *	4.25% - 11.25%	4.25% - 11.25%
Cost of living adjustments (COLA)	0%	0%
* Includes inflation at	2.5%	2.5%

**NORTH ROUTT FIRE PROTECTION DISTRICT**

**Notes to Financial Statements**

**December 31, 2023**

(with summarized financial information as of December 31, 2022 and for the year then ended)

**Note 7: Pension Plans (continued)**

*Fire and Police Statewide Defined Benefit Plan (continued)*

For determining the total pension liability, the post-retirement mortality tables for non-disabled retirees uses the Pub-2010 Safety Healthy Annuitant Mortality Tables projected with the ultimate values of the MP-2020 projection scale. The pre-retirement off-duty mortality tables are adjusted to 60% of the MP-2020 mortality tables for active employees. The on-duty mortality rate is 0.00015.

For determining the 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 projected prospectively using the ultimate rates of the scale for all years. The pre-retirement off-duty mortality tables area 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 reviews its economic and demographic actuarial assumptions. At its July 2022 meeting, the FPPA's Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the FPPA's actuaries, Gabriel, Roeder, Smith & Company, 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%). Best estimates of arithmetic real rates of return for each major asset class included in the SWDB's target asset allocation as of December 31, 2022 are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	35%	8.93%
Equity Long/Short	6%	7.47%
Private Markets	34%	10.31%
Fixed Income - Rates	10%	5.45%
Fixed Income - Credit	5%	6.90%
Absolute Return	9%	6.49%
Cash	1%	3.92%
Total	<u>100%</u>	

The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the FPPA Board'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.

**NORTH ROUTT FIRE PROTECTION DISTRICT**  
**Notes to Financial Statements**  
**December 31, 2023**  
(with summarized financial information as of December 31, 2022 and for the year then ended)

**Note 7: Pension Plans (continued)**

*Fire and Police Statewide Defined Benefit Plan (continued)*

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%; the municipal bond rate is 4.05% (based on the weekly rate closest to but not later than the measurement date of the "state and local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting single discount rate is 7.00%.

Sensitivity of the District's Proportionate Share of the Collective Net Pension Liability to Changes in the Discount Rate

The following represents the District's proportionate share of the collective net pension liability (asset) calculated using the discount rate of 7.0%, as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (6.0%) or 1-percentage point higher (8.0%) than the current rate:

	Sensitivity of the NPL/(NPA)		
Discount Rate:	6.00%	7.00%	8.00%
Proportionate share of the NPL/(NPA)	\$ 163,751	\$ 23,752	\$ (92,210)

Plan Fiduciary Net Position

Detailed information about the SWDB's fiduciary net position is available in the separately issued FPPA financial report.

*Volunteer Firefighters Pension Fund*

Plan Description

FPPA administers an agent multiple-employer Public 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 annual comprehensive financial report that can be obtained at [www.fppaco.org](http://www.fppaco.org).

The District contributes, on behalf of its volunteers, to an agent multiple-employer defined benefit pension plan included in the PERS. Title 31, Article 30 of CRS, as amended, establishes basic benefit provisions under the plan. The Plan covers 20 members at the measurement date of December 31, 2022.

**NORTH ROUNT FIRE PROTECTION DISTRICT**  
**Notes to Financial Statements**  
**December 31, 2023**  
(with summarized financial information as of December 31, 2022 and for the year then ended)

**Note 7: Pension Plans (continued)**

*Volunteer Firefighters Pension Fund (continued)*

Benefits Provided

The following were the benefit provisions used to determine the total pension liability as of December 31, 2022 (measurement date of the plan):

1. Normal Retirement Benefit at Age 50 with 20 years of Service (monthly):	
a. Regular	\$300.00
b. Extended Service Amount Per Year of Service	\$10.00
2. Vested Retirement Benefit (monthly):	
a. With 10 to 20 Years of Service Amount Per Year of Service per Minimum Vesting Years	\$15.00
b. Minimum Vesting Years	10
3. Disability Retirement Benefit (monthly):	
a. Short Term Disability for line of duty injury Amount payable for not more than 1 year	\$150.00
b. Long Term Disability for line of duty injury Lifetime Benefit	\$150.00
4. Survivor Benefits (monthly):	
a. Following Death before Retirement Eligible; Due to death in line of duty as volunteer firefighter	\$0.00
b. Following Death after Normal Retirement	\$0.00
c. Following Death after Normal Retirement with Extended Service Amount Per Year of Service	\$0.00
d. Following Death after Vested Retirement with 10 to 20 Years of Service Amount Per Year of Service per Minimum Vesting Years	\$0.00
e. Following Death after Disability Retirement	\$0.00
f. Optional Survivor Benefit Following Death before or after Retirement Eligible; Due to death on or off duty as a volunteer firefighter (Purchase of Life Insurance Required)	\$0.00
5. Funeral Benefits (Required Benefit):	
a. Funeral Benefit Lump Sum, one time only	\$300.00

Contributions

Actuarially determined contribution rates are calculated as of January 1 of odd numbered years. The contribution rates have a one-year lag, so the actuarial valuation as of January 1, 2021, determines the contribution amounts for 2022 and 2023.

The contribution to the Plan from the District was \$16,730 each year for the years ended December 31, 2023 and 2022. Plan members do not make contributions.

**NORTH ROUNT FIRE PROTECTION DISTRICT**  
**Notes to Financial Statements**  
**December 31, 2023**  
(with summarized financial information as of December 31, 2022 and for the year then ended)

**Note 7: Pension Plans (continued)**

*Volunteer Firefighters Pension Fund (continued)*

Net Pension Liability, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

At December 31, 2023 and 2022, the District reported a net pension liability of \$86,935 and \$31,060, respectively. The net pension liability was measured as of December 31, 2022 and 2021, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

For the years ended December 31, 2023 and 2022, the District recognized pension expense (revenue) of \$632 and (\$32,860), respectively. 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	\$ 3,209	\$ -
Changes of assumptions or other inputs	3,756	-
Net difference between projected and actual investment earnings	49,635	28,305
Contribution subsequent to the measurement date	16,730	-
Total	\$ 73,330	\$ 28,305

\$16,730 reported as deferred outflows of resources related to pensions resulting from the District's contribution subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	
2024	\$ 3,782
2025	5,356
2026	6,749
2027	12,408
	\$ 28,295

**NORTH ROUTT FIRE PROTECTION DISTRICT**

**Notes to Financial Statements**

**December 31, 2023**

(with summarized financial information as of December 31, 2022 and for the year then ended)

**Note 7: Pension Plans (continued)**

*Volunteer Firefighters Pension Fund (continued)*

Actuarial Assumptions

The following methods and assumptions were used to determine contribution rates to the Plan as of December 31, 2022:

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 Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and the 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-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years. Disabled: 2006 central rates from the RP-2014 Annuitant Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years.

Long-Term Expected Return on Plan Assets

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. Best estimates of arithmetic nominal rates of return for each major asset class included in the Plan's target asset allocation as of December 31, 2022, are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Nominal Rate of Return
Cash	1.00%	3.92%
Fixed Income - Rates	10.00%	5.45%
Fixed Income - Credit	5.00%	6.90%
Absolute Return	9.00%	6.49%
Long Short	6.00%	7.47%
Global Equity	35.00%	8.93%
Private Markets	34.00%	10.31%
Total	100.00%	

**NORTH ROUNT FIRE PROTECTION DISTRICT**  
**Notes to Financial Statements**  
**December 31, 2023**  
(with summarized financial information as of December 31, 2022 and for the year then ended)

**Note 7: Pension Plans (continued)**

*Volunteer Firefighters Pension Fund (continued)*

Single 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 long-term expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 4.05% (based on the weekly rate closest to but not later than the measurement date of the "state and local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting single discount rate is 7.00%. December 31, 2122 is the end of the projection period for which projected benefit payments are fully funded.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following represents the net pension asset of the Plan calculated using the discount rate of 7.0%, as well as what the net pension asset would be if it were calculated using a discount rate that is 1-percentage point lower (6.0%) or 1-percentage point higher (8.0%) than the current rate:

	Sensitivity of the NPL		
Discount Rate:	6.00%	7.00%	8.00%
Proportionate share of the NPL	\$ 132,225	\$ 86,935	\$ 48,419

**Note 8: Intergovernmental Agreements**

*Agreement for Participation in Development of the North Rount Fire Station*

In December 2002, the District entered into an agreement with Rount County, Colorado (the County) whereby the County purchased one bay of the new fire station to store road maintenance vehicles.

In June 2003, the Association was established under the Colorado Common Interest Ownership Act. The County's allocated interest percentage for its portion of the building purchased is 16.79% and also represents the County's voting percentage in Association matters. In October 2003, the Association's Board of Directors approved the following common expenses to be shared proportionately by the District and the County: property insurance, trash and exterior building repairs and maintenance. Total Association common expenses during the year ended December 31, 2023 are not material to the District's financial statements.

*Lease Agreement*

The District leases the land under its new fire station from the State of Colorado, Department of Natural Resources, Division of Parks and Outdoor Recreation (DPOR). The lease is for an initial 25-year term expiring in May 2027 and shall automatically renew for an additional 25 years assuming the District's compliance with terms of the lease. The District's use of the land is limited to fire protection, emergency medical and rescue services and equipment storage and services for Rount County Road Department (see Agreement for Participation in Development of North Rount Fire Station). The District is required to pay a \$100 fee quarterly for water and sewer services provided by DPOR.

**NORTH ROUTH FIRE PROTECTION DISTRICT**

**Notes to Financial Statements**

**December 31, 2023**

(with summarized financial information as of December 31, 2022 and for the year then ended)

**Note 9: Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees, and natural disasters. The District maintains commercial insurance for these risks of loss, including workers compensation. Settled claims have not exceeded coverage in the past three fiscal years.

**Note 10: Subsequent Events**

The District has evaluated subsequent events through June 16, 2024, the date these financial statements were available to be issued.

**NORTH ROUTT FIRE PROTECTION DISTRICT**  
**General Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended December 31, 2023**

	Original and Final Budget	Actual	Variance
<b>Revenues:</b>			
Taxes:			
Property, net of tax collection fees of \$13,511	\$ 451,333	\$ 436,032	\$ (15,301)
Specific ownership	-	31,655	31,655
Charges for services:			
Ambulance services, net of provision for uncollectible accounts of \$31,351	21,000	14,823	(6,177)
Fire protection services	10,500	-	(10,500)
Grants	22,500	2,476	(20,024)
Contributions	15,000	19,425	4,425
Other	13,658	44,614	30,956
<b>Total Revenues</b>	<b>533,991</b>	<b>549,025</b>	<b>15,034</b>
<b>Expenditures:</b>			
Personnel and volunteers:			
Wages and benefits	525,801	379,768	146,033
Contract labor	9,500	9,000	500
Volunteer benefits	26,000	7,744	18,256
Volunteer pension contribution	16,730	16,730	-
Operations:			
Equipment and supplies	14,400	15,183	(783)
Vehicles	30,500	30,147	353
Building maintenance and utilities	72,509	37,865	34,644
Administration and general:			
Insurance	39,998	34,067	5,931
Professional fees	9,950	12,363	(2,413)
Other	11,200	11,054	146
Capital outlay	-	-	-
<b>Total Expenditures</b>	<b>756,588</b>	<b>553,921</b>	<b>202,667</b>
<b>Excess of Revenues Over Expenditures</b>	<b>(222,597)</b>	<b>(4,896)</b>	<b>\$ 217,701</b>
<b>Fund Balance, Beginning of Year</b>	<b>582,686</b>	<b>582,686</b>	
<b>Fund Balance, End of Year</b>	<b>\$ 360,089</b>	<b>\$ 577,790</b>	

**NORTH ROUTH FIRE PROTECTION DISTRICT**  
**Required Supplementary Information**  
**Schedule of the District's Proportionate Share**  
**of the Net Pension Liability (Asset)**  
**FPPA Statewide Defined Benefit Pension Plan (SWDB)**  
**Last 10 Years**

	2023	2022	2021	2020	2019
District's proportion of the net pension liability	0.0268%	0.0179%	0.0170%	0.0123%	0.0100%
District's proportionate share of the net pension liability (asset)	\$ 86,935	\$ (96,901)	\$ (36,913)	\$ (6,946)	\$ 12,621
District's covered payroll	\$ 275,347	\$ 259,131	\$ 141,013	\$ 140,284	\$ 98,384
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	31.57%	-37.39%	-26.18%	-4.95%	12.83%
Plan fiduciary net position as a percentage of the total pension liability	0.0%	116.2%	106.7%	101.9%	95.2%
	2018	2017	2016	2015	
District's proportion of the net pension liability	0.0111%	0.0123%	0.0125%	0.0129%	
District's proportionate share of the net pension liability (asset)	\$ (15,966)	\$ 4,443	\$ (221)	\$ (14,557)	
District's covered payroll	\$ 66,951	\$ 65,000	\$ 62,840	\$ 60,622	
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-23.85%	6.84%	-0.35%	-24.01%	
Plan fiduciary net position as a percentage of the total pension liability	106.3%	98.2%	100.1%	106.8%	

**NORTH ROUNTT FIRE PROTECTION DISTRICT**  
**Required Supplementary Information**  
**Schedule of the District Contributions**  
**FPPA Statewide Defined Benefit Pension Plan (SWDB)**  
**Last 10 Years**

	2023	2022	2021	2020	2019
Contractually required contribution	\$ 26,158	\$ 23,322	\$ 11,986	\$ 11,223	\$ 7,871
Contributions in relation to the contractually required contribution	\$ (26,158)	\$ (23,322)	\$ (11,986)	\$ (11,223)	\$ (7,871)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 275,347	\$ 259,131	\$ 141,013	\$ 140,284	\$ 98,384
Contributions as a percentage of covered payroll	9.50%	9.00%	8.50%	8.00%	8.00%
	2018	2017	2016	2015	
Contractually required contribution	\$ 5,356	\$ 5,200	\$ 5,027	\$ 4,850	
Contributions in relation to the contractually required contribution	\$ (5,356)	\$ (5,200)	\$ (5,027)	\$ (4,850)	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	
District's covered payroll	\$ 66,951	\$ 65,000	\$ 62,840	\$ 60,622	
Contributions as a percentage of covered payroll	8.00%	8.00%	8.00%	8.00%	

**NORTH ROUNT FIRE PROTECTION DISTRICT**  
**Required Supplementary Information**  
**Schedule of Changes in Net Pension Liability**  
**and Related Ratios Multiyear**  
**FPPA Volunteer Firefighter Defined Benefit Pension Plan**  
**Last 10 Years**

Measurement period ending December 31,	2022	2021	2020	2019	2018
Total Pension Liability					
Service Cost	\$ 7,014	\$ 7,014	\$ 8,405	\$ 8,405	\$ 5,272
Interest on the Total Pension Liability	30,851	30,664	31,701	31,134	29,213
Benefit Changes	-	-	-	-	-
Difference between Expected and Actual Experience	5,410	-	(21,484)	-	31,423
Assumption Changes	6,332	-	-	-	18,172
Benefit Payments	(36,120)	(33,930)	(31,620)	(31,260)	(29,460)
Net Change in Total Pension Liability	13,487	3,748	(12,998)	8,279	54,620
Total Pension Liability - Beginning	455,036	451,288	464,286	456,007	401,387
Total Pension Liability - Ending	\$ 468,523	\$ 455,036	\$ 451,288	\$ 464,286	\$ 456,007
Plan Fiduciary Net Position					
Employer Contributions	\$ 16,730	\$ 16,730	\$ 16,730	\$ 16,730	\$ 16,730
Net Investment Income	(33,256)	53,927	41,086	41,933	220
Benefit Payments	(36,120)	(33,930)	(31,620)	(31,260)	(29,460)
Pension Plan Administrative Expense	(4,799)	(5,384)	(4,178)	(6,599)	(5,378)
State of Colorado supplemental discretionary payment	15,057	30,114	-	15,057	15,057
Net Change in Plan Fiduciary Net Position	(42,388)	61,457	22,018	35,861	(2,831)
Plan Fiduciary Net Position - Beginning	423,976	362,519	340,501	304,640	307,471
Plan Fiduciary Net Position - Ending	\$ 381,588	\$ 423,976	\$ 362,519	\$ 340,501	\$ 304,640
Net Pension Liability	\$ 86,935	\$ 31,060	\$ 88,769	\$ 123,785	\$ 151,367
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	81.44%	93.17%	80.33%	73.34%	66.81%
Covered Payroll	N/A	N/A	N/A	N/A	N/A
Net Pension Liability as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A

**NORTH ROUTT FIRE PROTECTION DISTRICT**  
**Required Supplementary Information**  
**Schedule of Changes in Net Pension Liability**  
**and Related Ratios Multiyear**  
**FPPA Volunteer Firefighter Defined Benefit Pension Plan**  
**Last 10 Years**

Measurement period ending December 31,	2017	2016	2015	2014
Total Pension Liability				
Service Cost	\$ 5,272	\$ 7,493	\$ 7,493	\$ 9,585
Interest on the Total Pension Liability	28,863	26,466	25,867	27,410
Benefit Changes	-	-	-	-
Difference between Expected and Actual Experience	-	16,100	-	(33,619)
Assumption Changes	-	11,416	-	-
Benefit Payments	(29,460)	(27,435)	(23,389)	(22,465)
Net Change in Total Pension Liability	4,675	34,040	9,971	(19,089)
Total Pension Liability - Beginning	396,712	362,672	352,701	371,790
Total Pension Liability - Ending	<u>\$ 401,387</u>	<u>\$ 396,712</u>	<u>\$ 362,672</u>	<u>\$ 352,701</u>
Plan Fiduciary Net Position				
Employer Contributions	\$ 16,730	\$ 16,730	\$ 17,000	\$ 17,000
Net Investment Income	37,908	13,167	4,301	14,588
Benefit Payments	(29,460)	(27,435)	(23,389)	(22,465)
Pension Plan Administrative Expense	(4,773)	(672)	(1,489)	(724)
State of Colorado supplemental discretionary payment	15,057	15,300	15,300	15,300
Net Change in Plan Fiduciary Net Position	35,462	17,090	11,723	23,699
Plan Fiduciary Net Position - Beginning	272,009	254,919	243,196	219,497
Plan Fiduciary Net Position - Ending	<u>\$ 307,471</u>	<u>\$ 272,009</u>	<u>\$ 254,919</u>	<u>\$ 243,196</u>
Net Pension Liability	\$ 93,916	\$ 124,703	\$ 107,753	\$ 109,505
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	76.60%	68.57%	70.29%	68.95%
Covered Payroll	N/A	N/A	N/A	N/A
Net Pension Liability as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A

**NORTH ROUNTT FIRE PROTECTION DISTRICT**  
**Required Supplementary Information**  
**Schedule of Contributions Multiyear**  
**FPPA Volunteer Firefighter Defined Benefit Pension Plan**  
**Last 10 Years**

<u>FY Ending December 31,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution*</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Actual Contribution as a % of Covered Payroll</u>
2014	\$ 25,144	\$ 32,300	\$ (7,156)	N/A	N/A
2015	\$ 25,144	\$ 32,300	\$ (7,156)	N/A	N/A
2016	\$ 16,730	\$ 32,030	\$ (15,300)	N/A	N/A
2017	\$ 16,730	\$ 31,787	\$ (15,057)	N/A	N/A
2018	\$ 15,439	\$ 31,787	\$ (16,348)	N/A	N/A
2019	\$ 15,439	\$ 31,787	\$ (16,348)	N/A	N/A
2020	\$ 25,393	\$ 16,730	\$ 8,663	N/A	N/A
2021	\$ 25,393	\$ 46,844	\$ (21,451)	N/A	N/A
2022	\$ 21,179	\$ 31,787	\$ (10,608)	N/A	N/A

\* Includes both employer and State of Colorado Supplemental Discretionary Payment.

**NORTH ROUTT FIRE PROTECTION DISTRICT**  
**Debt Service Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended December 31, 2023**

	Original and Final Budget	Actual	Variance
<b>Revenues:</b>			
Taxes:			
Property, net of tax collection fees of \$2,373	\$ 79,260	\$ 76,850	\$ (2,410)
Specific ownership	-	5,560	5,560
Total Revenues	<u>79,260</u>	<u>82,410</u>	<u>3,150</u>
<b>Expenditures:</b>			
Debt service:			
Principal	70,000	70,000	-
Interest	4,560	4,560	-
Total Expenditures	<u>74,560</u>	<u>74,560</u>	<u>-</u>
Excess of Revenues Over Expenditures	4,700	7,850	<u>\$ 3,150</u>
Fund Balance, Beginning of Year	<u>63,378</u>	<u>63,378</u>	
Fund Balance, End of Year	<u>\$ 68,078</u>	<u>\$ 71,228</u>	