

Northeast Teller County Fire Protection District

FINANCIAL STATEMENTS

With Independent Auditor's Report

December 31, 2023

Northeast Teller County Fire Protection District

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Northeast Teller County Fire Protection District
Teller County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Northeast Teller County 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 thereof, and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility 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.

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Fiscal Focus Partners, LLC

Auditor's Responsibility for the Audit of the Financial Statements (continued)

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 judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risk 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate to 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 Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i through vi and the pension liability (asset) information on pages 26 through 28 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 supplemental 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 assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Fiscal Focus Partners LLC

Arvada, Colorado
August 11, 2024

Northeast Teller County Fire Protection District

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of Northeast Teller County Fire Protection District (the District) financial statements for the year ended December 31, 2023 provides a narrative overview of the District's financial activities. Please consider the information here in conjunction with the accompanying financial statements and notes to the financial statements.

Financial Highlights

- The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$5,636,284 (net position) for the year reported. This compares to the previous year when assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$5,280,886.
- Total net position at December 31, 2023 was comprised of the following:
 1. Net investment in capital assets of \$1,270,300 includes property and equipment, net of accumulated depreciation and reduced by outstanding balances of leases attributable to the acquisition of those assets.
 2. Net position of \$106,000 restricted for emergencies as required by Article X, Section 20 of the Constitution of the State of Colorado.
 3. Unrestricted net position of \$4,259,984 representing the portion available to maintain the District's continuing obligations to citizens and creditors.
- The District's governmental activities reported a total ending fund balance of \$3,783,900 this year. This compares to the prior year ending fund balance of \$3,360,579 showing an increase of \$423,321 during the current year.
- Effective January 1, 2015, the District and all other state and local governments throughout the nation that provide their employees with pension benefits, are required to apply GASB Statement No. 68 to their financial statements. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. The District provides its employees with pension benefits through a multiple employer cost-sharing defined benefit pension plan and a volunteer pension plan that is an agent multiple-employer defined benefit plan. Both plans are administered by the Colorado Fire and Police Pension Association (FPPA). The District has a direct liability limited to the annually required contributions established by the State Legislature. In addition, the District does not have any control over the investment policies associated with FPPA investments. These responsibilities lie solely with the FPPA board and administration. Decisions regarding the plan benefit design and the funding policies lie solely with the State Legislature. Please refer to Note 7 within the Notes to Financial Statements section of this report.

Northeast Teller County Fire Protection District

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Overview of the Financial Statements

Management's Discussion and Analysis introduces the District's basic financial statements. The District's basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to financial statements. The District also includes in this report additional information to supplement the basic financial statements.

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

The *Statement of Net Position* presents information on all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, and with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall economic health of the District would extend to other non-financial factors such as diversification of the taxpayer base or the condition of the District's capital assets in addition to the financial information provided in this report.

The *Statement of Activities* presents information showing how the District's net position changed during the current year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs; regardless of the timing of related cash flows. An important purpose of the design of the statement of activities is to show the financial reliance of the District's distinct activities or functions on revenues provided by the District's taxpayers.

Both government-wide financial statements distinctively report governmental activities of the District that are principally supported by property taxes. Governmental activities of the District include general government, fire suppression, fire prevention and training, communications and vehicles & equipment operations.

Fund Financial Statements A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other special purpose governments, uses fund accounting to ensure and demonstrate compliance with financial-related legal requirements. The basic financial statements of the District are presented as a special purpose government engaged in governmental type activities providing fire protection services to District residents.

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. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Northeast Teller County Fire Protection District

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)**

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*.

A budgetary comparison statement is included in the basic financial statements for the general fund. This statement demonstrates compliance with the District's adopted and final revised budget.

Notes to the Financial Statements. The accompanying notes to the financial statements provide additional information essential to a full understanding of the government-wide and fund financial statements.

Financial Analysis of the District as a Whole

The following table provides a summary of the District's net position at December 31:

	Net Position		
	Governmental Activities		
	2023	2022	2021
Current assets	\$ 7,111,038	\$ 6,303,564	\$ 5,687,816
Capital assets, net	1,270,300	1,412,827	1,514,782
Net pension asset - FPPA	-	852,127	278,897
Total assets	<u>8,381,338</u>	<u>8,568,518</u>	<u>7,481,495</u>
Deferred outflows of resources	<u>1,003,982</u>	<u>512,369</u>	<u>523,708</u>
Current liabilities	55,527	37,555	30,636
Non-current liabilities	233,953	129,552	353,089
Total liabilities	<u>289,480</u>	<u>167,107</u>	<u>383,725</u>
Deferred inflows of resources	<u>3,459,556</u>	<u>3,632,894</u>	<u>3,312,747</u>
Net position:			
Net investment in capital assets	1,270,300	1,412,827	1,284,079
Restricted	106,000	114,000	96,000
Unrestricted	4,259,984	3,754,059	2,928,652
Net position	<u>\$ 5,636,284</u>	<u>\$ 5,280,886</u>	<u>\$ 4,308,731</u>

Northeast Teller County Fire Protection District

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)**

The District has 22.54% of its net position invested in capital assets (e.g. property and equipment); less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, this net position is not available for future spending.

An additional portion of the District's net position (1.88%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$4,259,984 (75.58%) may be used to meet the District's ongoing obligations to citizens and creditors.

The following table provides a summary of the District's changes in net position for the year ended December 31:

Change in Net Position			
Governmental Activities			
For the Years Ended December 31,			
	2023	2022	2021
Revenues			
Program revenues			
Operating grants and contributions	\$ 41,951	\$ 308,041	\$ 245,725
Charges for services	69,631	-	-
General revenues			
Property taxes	3,056,255	2,999,548	2,611,890
Specific ownership taxes	327,561	305,321	287,139
Interest and other	78,514	94,162	50,782
Total revenues	<u>3,573,912</u>	<u>3,707,072</u>	<u>3,195,536</u>
Expenses			
General government	477,494	454,554	438,176
Public safety	2,741,020	2,274,586	2,304,492
Interest on long-term debt	-	5,777	5,709
Total expenses	<u>3,218,514</u>	<u>2,734,917</u>	<u>2,748,377</u>
Change in net position	<u>355,398</u>	<u>972,155</u>	<u>447,159</u>
Net position - beginning	<u>5,280,886</u>	<u>4,308,731</u>	<u>3,861,572</u>
Net position - ending	<u>\$ 5,636,284</u>	<u>\$ 5,280,886</u>	<u>\$ 4,308,731</u>

Northeast Teller County Fire Protection District

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)**

Property tax and specific ownership tax revenues make up 95% of government-wide revenue and increased \$78,947 in 2023 over 2022. The increase was a result of increased net assessed valuation of the District.

The major expenses of the District's government-wide activities include general government (15%) and public safety (85%). Total expenses increased \$483,597 in 2023 from 2022.

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

As of December 31, 2023, the District's general fund reported an ending fund balance of \$3,783,900, an increase of \$423,321 in comparison with the prior year.

Budgetary Highlights

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The Board of Directors can only amend appropriation resolutions upon completion of notification and publication requirements. The original approved budget for 2023 was amended.

Capital Asset and Debt Administration

Capital Assets. The District's net investment in capital assets, net of accumulated depreciation, for governmental activities as of December 31, 2023, was \$1,270,300.

Capital assets, net of Depreciation

	December 31,		
	2023	2022	2021
Building and improvements	\$ 707,093	\$ 750,455	\$ 730,451
Equipment	563,207	662,372	784,331
Total	\$ 1,270,300	\$ 1,412,827	\$ 1,514,782

Debt Administration. The following table summarizes the District's long-term obligations.

Long-Term Liabilities

	December 31,		
	2023	2022	2021
Capital leases	\$ -	\$ -	\$ 230,704
Compensated absences	115,130	129,552	122,385
Total	\$ 115,130	\$ 129,552	\$ 353,089

Northeast Teller County Fire Protection District
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Economic Environment and Next Year's Budgets and Rates

Growth is expected to continue throughout the District during 2024. The District experienced an increase in net assessed valuation from 2022 to 2023 and decreased the mill levy, resulting in an expected increase in overall tax revenue of approximately \$217,000 from 2023 to 2024. The District's operating budget, excluding capital outlay, is expected to increase from 2023 to 2024 primarily as a result of increased salaries and related employee benefits.

Requests for Information

This 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 in this report or requests for additional information should be addressed to:

Chief Tyler Lambert
Northeast Teller County Fire Protection District
1010 Evergreen Heights Drive
Woodland Park, CO 80863

BASIC FINANCIAL STATEMENTS

Northeast Teller County Fire Protection District

STATEMENT OF NET POSITION

December 31, 2023

	Governmental Activities
Assets	
Cash and investments	\$ 3,648,845
Cash and investments - restricted	106,000
Receivable - County Treasurer	19,849
Accounts receivable	52,340
Prepaid expense	12,393
Property taxes receivable	3,271,611
Capital assets being depreciated, net	1,270,300
Total assets	8,381,338
 Deferred outflows of resources	
Pension related amounts - FPPA volunteer pension fund	129,282
Pension related amounts - FPPA statewide defined benefit plan	874,700
Total deferred outflows of resources	1,003,982
 Liabilities	
Accounts payable	25,106
Accrued liabilities	30,421
Noncurrent liabilities	
Net pension liability - FPPA statewide defined benefit plan	117,660
Net pension liability - FPPA volunteer pension plan	1,163
Due in more than one year	115,130
Total liabilities	289,480
 Deferred inflows of resources	
Property tax revenue	3,271,611
Pension related amounts - FPPA volunteer pension fund	55,322
Pension related amounts - FPPA statewide defined benefit plan	132,623
Total deferred inflows of resources	3,459,556
 Net position	
Net investment in capital assets	1,270,300
Restricted	
Emergency reserve	106,000
Unrestricted	4,259,984
Total net position	\$ 5,636,284

The accompanying Notes to Financial Statements are an integral part of these statements.

**Northeast Teller County Fire Protection District
STATEMENT OF ACTIVITIES**

For the Year Ended December 31, 2023

	Program Revenues			Net (Expense) Revenue and Change in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
\$ (477,494)	\$ 69,631	\$ -	\$ -	\$ (407,863)
(2,741,020)	-	41,951	-	(2,699,069)
\$ (3,218,514)	\$ 69,631	\$ 41,951	\$ -	\$ (3,106,932)

Functions/Programs:
Primary government
 General government
 Public safety
 Total primary government

General Revenues:

Property taxes	3,056,255
Specific ownership tax	327,561
Net investment income	60,343
Other income	18,171
Total general revenues	3,462,330
Change in net position	355,398
Net position - beginning	5,280,886
Net position - ending	\$ 5,636,284

The accompanying Notes to Financial Statements are an integral part of these statements.

Northeast Teller County Fire Protection District

**BALANCE SHEET
GOVERNMENTAL FUNDS**

December 31, 2023

	General Fund
Assets	
Cash and investments	\$ 3,648,845
Cash and investments - restricted	106,000
Receivable - County Treasurer	19,849
Accounts receivable	52,340
Prepaid expense	12,393
Property taxes receivable	3,271,611
Total assets	\$ 7,111,038
Liabilities, deferred inflows of resources and fund balances	
Liabilities	
Accounts payable	\$ 25,106
Accrued liabilities	30,421
Total liabilities	55,527
Deferred inflows of resources	
Property tax revenue	3,271,611
Total deferred inflows of resources	3,271,611
Fund balance	
Nonspendable - prepaid amounts	12,393
Restricted for emergencies	106,000
Unassigned	3,665,507
Total fund balances	3,783,900
Total liabilities, deferred inflows of resources, and fund balances	\$ 7,111,038
 Total fund balance	 \$ 3,783,900
Amounts reported for governmental activities in the statement of net position are different because:	
Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds:	
Capital assets, net of accumulated depreciation	1,270,300
Deferred outflows and inflows of resources that represent acquisition or consumption of net position that applies to future periods and, therefore, are not reported in the funds	
Deferred Outflows - FPPA volunteer pension fund	129,282
Deferred Outflows - FPPA statewide defined benefit plan	874,700
Deferred Inflows - FPPA volunteer pension fund	(55,322)
Deferred Inflows - FPPA statewide defined benefit plan	(132,623)
Long-term liabilities, including leases payable and compensated absences, are not due and payable in the current period and therefore are not reported in the funds:	
Net pension liability - FPPA statewide defined benefit plan	(117,660)
Net pension liability - FPPA volunteer pension fund	(1,163)
Compensated absences	(115,130)
Net position of governmental activities	\$ 5,636,284

The accompanying Notes to Financial Statements are an integral part of these statements.

Northeast Teller County Fire Protection District
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the Year Ended December 31, 2023

	General Fund
Revenues	
Property taxes	\$ 3,056,255
Specific ownership tax	327,561
Interest income	60,343
Wildland reimbursements	30,676
Emergency vehicle technician revenue	69,631
Grant revenue	10,000
Donations	1,275
Other income	18,171
Total revenues	3,573,912
Expenditures	
Treasurer's fees	97,445
Administration	380,049
Salaries and benefits	2,389,159
Fire operations	199,479
Capital outlay	84,459
Total expenditures	3,150,591
Net change in fund balance	423,321
Fund balances - beginning	3,360,579
Fund balances - ending	\$ 3,783,900

The accompanying Notes to Financial Statements are an integral part of these statements.

Northeast Teller County 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

Net change in fund balance - total governmental funds	\$ 423,321
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay 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.	
Capital asset additions	84,459
Depreciation expense	(226,986)
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 governmental funds.	
Pension expense	89,026
Change in compensated absences	(14,422)
	355,398
Change in net position of governmental activities	\$ 355,398

The accompanying Notes to Financial Statements are an integral part of these statements.

Northeast Teller County Fire Protection District
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
GENERAL FUND

For the Year Ended December 31, 2023

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Taxes	\$ 3,203,190	\$ 3,203,190	\$ 3,383,816	\$ 180,626
Sources other than taxes	3,310	3,310	190,096	186,786
Total revenues	<u>3,206,500</u>	<u>3,206,500</u>	<u>3,573,912</u>	<u>367,412</u>
EXPENDITURES				
Treasurer's fees	-	-	97,445	(97,445)
Administration	908,156	908,156	380,049	528,107
Salaries and benefits	1,881,434	1,920,561	2,389,159	(468,598)
Fire operations	185,874	185,874	199,479	(13,605)
Capital outlay	136,000	136,000	84,459	51,541
Total expenditures	<u>3,111,464</u>	<u>3,150,591</u>	<u>3,150,591</u>	<u>-</u>
Net change in fund balance	95,036	55,909	423,321	367,412
Fund balance - beginning	<u>3,576,637</u>	<u>3,576,637</u>	<u>3,360,579</u>	<u>(216,058)</u>
Fund balance - ending	<u>\$ 3,671,673</u>	<u>\$ 3,632,546</u>	<u>\$ 3,783,900</u>	<u>\$ 151,354</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

Northeast Teller County Fire Protection District

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

Note 1 – Reporting entity

The District, a quasi-municipal corporation and political sub-division of the State of Colorado, is governed pursuant to the provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located in Teller County, Colorado.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

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

Note 2 – Summary of significant accounting policies

The more significant accounting policies of the District are described as follows:

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 activities of the District. The Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of net position reports all financial and capital resources of the District. The difference between the assets, deferred outflows of resources, liabilities and deferred inflows of resources of the District is reported as net position.

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

Separate financial statements are provided for governmental funds.

Northeast Teller County Fire Protection District

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2023

Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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

Property taxes are recognized as revenues in the year for which they are levied. Grants are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Interest associated with the current fiscal period is considered to be susceptible to accrual and so has been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures, other than interest on long-term obligations, generally are recorded when a liability is incurred or the long-term obligation is due.

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 general government.

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.

Property taxes

Property taxes are levied based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November and December. The County Treasurer remits the taxes collected monthly to the District.

Northeast Teller County Fire Protection District

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2023

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows of resources in the year they are levied and measurable. The property tax revenues are recorded as revenue in the year they are available or collected.

Capital assets

Capital assets, which include property, equipment, and infrastructure assets, are reported in the applicable governmental activities column of the government-wide financial statements. Capital assets are defined by the District as those assets with a cost of \$5,000 or greater and a life of 5 years or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition 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. Major outlays for capital assets and improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Depreciation expense has been computed using the straight-line method over the following estimated economic useful lives:

Buildings and improvements	40 years
Equipment	5-10 years

Compensated absences

The District has a policy that allows fire suppression employees to accumulate unused vacation benefits up to 360 hours and all other employees to accumulate 320 hours. Compensated absences are accrued when incurred in the government-wide financial statements. The District's general fund is used to liquidate compensated absences of the governmental activities.

Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position.

In the fund financial statements, the face amount of debt issued is reported as other financing sources.

Northeast Teller County Fire Protection District

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2023

Deferred outflows/inflows of resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District's deferred outflows related to pensions is reflected in the statement of net position and will be recognized as outflows of resources in the period that the amount is incurred.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. Accordingly, the items, deferred property tax revenue and pension related items, are deferred and recognized as an inflow of resources in the period that the amounts become available.

Fund balances

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: non-spendable, restricted, committed, assigned and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

Non-spendable fund balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid items) or is legally or contractually required to be maintained intact.

Restricted fund balance – The portion of fund balance constrained to being used for a specific purpose by external parties (such as grantors or bondholders), constitutional provisions or enabling legislation.

Committed fund balance – The portion of fund balance constrained for specific purposes according to limitations imposed by the District's highest level of decision making authority, the Board of Directors, prior to the end of the current fiscal year. The constraint may be removed or changed only through formal action of the Board of Directors.

Assigned fund balance – The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

Northeast Teller County Fire Protection District

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2023

Unassigned fund balance – The residual portion of fund balance that does not meet any of the above criteria.

If more than one classification of fund balance is available for use when expenditure is incurred, it is the District's policy to use the most restrictive classification first.

At December 31, 2023, the District had \$12,393 in non-spendable fund balances.

At December 31, 2023, the District had \$106,000 restricted by legislation (for emergencies).

The remaining fund balance is considered by the District to be unassigned. At December 31, 2023, the District had an unassigned fund balance in the general fund of \$3,665,507.

Budgets

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

The District amended its annual budget for the year ended December 31, 2023.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires that District management make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosures of contingent assets, deferred outflows of resources, liabilities and deferred inflows of resources at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Fire Protection Postemployment Benefits Plan

The Governmental Accounting Standards Board (GASB) released Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions that is effective for the District for fiscal year ending December 31, 2020. This statement details the reporting requirements for employers regarding other post-employment benefit (OPEB) plans.

Northeast Teller County Fire Protection District

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2023

FPPA administers the Statewide Death & Disability Plan discussed in Note 7, which qualifies as a cost sharing multiple-employer defined benefit OPEB plan under the standard. This plan covers substantially all active full-time (and some part-time) employees of fire and police departments in Colorado. As it pertains to the requirements in Statement No. 75 regarding the FPPA Statewide Death & Disability Plan and the District, FPPA concluded that because all contributions to the plan are considered member contributions (and not employer), the employers' proportionate share of any Net OPEB liability (asset) is \$-0-.

Note 3 – Cash and investments

Cash and investments are reflected on the December 31, 2023 statement of net position as follows:

Cash and investments	\$ 3,648,845
Cash and investments- restricted	106,000
	<u>\$ 3,754,845</u>

Deposits with financial institutions

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. As of December 31, 2023, the federal insurance limit was \$250,000. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2023, the District's cash deposits had bank balances of \$3,799,639 and carrying balances of \$3,754,845.

Custodial credit risk - deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has not adopted a deposit policy for custodial credit risk. None of the District's deposits at December 31, 2023 were exposed to credit risk.

Northeast Teller County Fire Protection District

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2023

As of December 31, 2023, the District's bank balances and carrying balances were insured or collateralized as follows:

Bank balances:		
Federally insured	\$	250,000
Collateralized		3,549,639
	<u>\$</u>	<u>3,799,639</u>
Carrying balances:		
Federally insured	\$	250,000
Collateralized		3,504,845
	<u>\$</u>	<u>3,754,845</u>

Investments

The District follows state statutes regarding investments.

The District primarily limits its investments to money market funds, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk disclosure requirements or subject to custodial credit risk for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements. Revenue bonds of local government securities, corporate and bank securities and guaranteed investment contracts not purchased with bond proceeds are limited to maturities of three years or less.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- Obligations of the United States, certain U.S. government agency securities and securities of the World Bank
- General obligation and revenue bonds of U.S. local government entities
- Certain securities lending agreements
- Certain certificates of participation
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

The District had no investments at December 31, 2023.

Northeast Teller County Fire Protection District

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2023

Cash and investments - restricted

Article X, Section 20 of the Constitution of the State of Colorado requires the District to establish emergency reserves (see Note 9). At December 31, 2023, \$106,000 of cash and investments were restricted in compliance with this requirement.

Note 4 – Capital assets

An analysis of the changes in capital assets for the year ended December 31, 2023 are as follows:

	Balance at December 31, 2022	Increases	Decreases	Balance at December 31, 2023
Capital assets being depreciated				
Building and improvements	\$ 2,166,856	\$ -	\$ -	\$ 2,166,856
Equipment	3,231,310	84,459	-	3,315,769
Total capital assets being depreciated	5,398,166	84,459	-	5,482,625
Less accumulated depreciation for				
Building and improvements	1,416,400	43,363	-	1,459,763
Equipment	2,568,939	183,623	-	2,752,562
Total accumulated depreciation	3,985,339	226,986	-	4,212,325
Total capital assets being depreciated, net	\$ 1,412,827	\$ (142,527)	\$ -	\$ 1,270,300

Depreciation expense of \$226,986 for the year ended December 31, 2023 was charged to the Public Safety function.

Note 5 – Long-term obligations

The following is an analysis of the changes in the District's long-term obligations for the year ended December 31, 2023:

	Balance at December 31, 2022	Additions	Reductions	Balance at December 31, 2023
Compensated absences	\$ 129,552	\$ 107,885	\$ (122,307)	\$ 115,130

Northeast Teller County Fire Protection District

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2023

Debt authorization

At December 31, 2023 the District had no authorized but unissued indebtedness.

Note 6 – Net position

The District reports net position consisting of three components – net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of leases, bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

As of December 31, 2023 the District had net investment in capital assets of \$1,270,300.

Restricted net position is restricted for use either externally imposed by creditors, grantors, contributors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. As of December 31, 2023 the District has restricted net position of \$106,000.

The District had unrestricted net position of \$4,259,984 as of December 31, 2023.

Note 7 – EMPLOYEE RETIREMENT PLAN

State Fire and Police Pension Plan (FPPA)

The District contributes to the Statewide Defined Benefit Plan, a cost-sharing multiple-employer defined benefit pension plan administered by the Colorado Fire and Police Pension Association (FPPA). The Statewide Defined Benefit Plan (SWDB) provides retirement benefits for members and beneficiaries. Death and disability coverage is provided for members hired prior to January 1, 1997 through the Statewide Death and Disability Plan, which is also administered by the FPPA. This is a noncontributory plan. All full-time, paid firefighters of the District are members of the Statewide Defined Benefit Plan and the Statewide Death and Disability Plan. Local revenue sources are responsible for funding of the Death and Disability benefits for firefighters hired on or after January 1, 1997.

Colorado statutes assign the authority to establish benefit provisions to the state legislature. FPPA issues a publicly available annual financial report that includes financial statements and required supplementary information for both the Statewide Defined Benefit Plan and the Statewide Death and Disability Plan. FPPA issues a publicly available comprehensive annual financial report that can be obtained on FPPA's website at <http://www.fppaco.org>.

Northeast Teller County Fire Protection District

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2023

Subsequent to the measurement date, the assets and liabilities of the Statewide Defined Benefit Plan and Statewide Hybrid Plan were combined to form the Statewide Retirement Plan effective January 1, 2023, based on House Bill 22-1034. The Statewide Defined Benefit Plan became the Defined Benefit Component of the Statewide Retirement Plan.

Description of Benefits

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

The annual normal retirement benefit is 2 percent of the average of the member's highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter. The benefit earned prior to January 1, 2007 for members of affiliated Social Security employers will be reduced by the amount of Social Security income payable to the member annually. Effective January 1, 2007, members currently covered under Social Security will receive half the benefit when compared to the Statewide Defined Benefit Plan. Benefits paid to retired members are evaluated and may be re-determined every October 1. The amount of any increase is based on the Board's discretion and can range from 0 to the higher of 3 percent, the Consumer Price Index, or the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W).

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

Contributions

The Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. 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.

Members of the SWDB plan and their employers are contributing at the rate of 12.0 percent and 9.5 percent, respectively, of base salary for a total contribution rate of 21.5 percent in 2023. In 2014, the members elected to increase the member contribution rate to the SWDB plan beginning in 2015. Member contribution rates are 12.0 percent of pensionable earnings

Northeast Teller County Fire Protection District

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2023

for the foreseeable future. Employer contributions will increase 0.5 percent annually beginning in 2021 through 2030 to a total of 13.0 percent of pensionable earnings. Contributions to the SWDB plan from the District were \$129,841 for the year ended December 31, 2023.

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

At December 31, 2023, the District reported net pension liability of \$117,660 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities. At December 31, 2022, the District's proportion was 0.13256 percent, which was an decrease of 0.00641 percent from its proportion measured as of December 31, 2021.

For the year ended December 31, 2023, the District recognized pension expense of (\$13,496). 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
	<u>\$</u>	<u>\$</u>
Difference between Expected and Actual Experience	254,693	14,442
Changes of Assumptions or other Inputs	150,739	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	266,262	-
Changes in Proportion and Differences between Contributions Recognized and Proportionate Share of Contributions	73,525	118,181
Contributions Subsequent to the Measurement Date	129,481	-
Total	<u>\$ 874,700</u>	<u>\$ 132,623</u>

\$129,481 in total reported as deferred outflows of resources related to pension resulting from District contributions subsequent to measurement date will be recognized as an addition to the net pension asset 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:

Northeast Teller County Fire Protection District

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2023

<u>Year Ended December 31,</u>	<u>Amount</u>
2024	\$ 54,940
2025	105,850
2026	153,959
2027	214,355
2028	30,266
Thereafter	53,226

Actuarial Assumptions

The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>Total Pension Liability</u>	<u>Actuarial Determined Contributions</u>
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*	7.0%	7.0%
Projected Salary Increases*	4.25 – 11.25%	4.25 – 11.25%
Cost of Living Adjustments (COLA)	0.0%	0.0%
*Includes inflation at 2.5%	2.5%	2.5%

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

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

Northeast Teller County Fire Protection District

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2023

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (assumed at 2.5 percent). Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2022 are summarized in the following table:

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

Discount Rate

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

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

The following presents the District's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00 percent, 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Proportionate Share of Net Pension Liability (Asset)	\$ 811,135	\$ 117,660	\$ (456,761)

Northeast Teller County Fire Protection District

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2023

Pension Plan Fiduciary Net Position

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

Volunteer Pension Fund

Plan Descriptions and Provisions

The District, on behalf of its volunteer firefighters, contributes to an agent multi-employer defined benefit pension plan (the Plan). The Plan is one of numerous separate plans that have been pooled for investment purposes. FPPA provides plan administration and investments. FPPA's comprehensive annual financial report can be obtained at <http://www.fppaco.org>.

Volunteers Covered by Benefit Terms

As of the December 31, 2023, the following employees were covered by the benefit terms:

Retirees and Beneficiaries	22
Inactive, Non-retired Members	2
Active Members	1
Total	<u>25</u>

Benefits provided

The Plan provides retirement, survivor, death and funeral benefits. Retirement benefit for a member is \$400 a month for 20 or more years of service. Those members with a minimum of 10 years of service receive \$20.00 per month for every year of service. Survivor's death benefits is a \$225.00 monthly benefit payment. Funeral benefit to the family members is a one-time payment of \$800.

Funding policy

The contributions are not actuarially determined. An actuary is used to determine the adequacy of contributions. The Actuarial study as of January 1, 2021, indicated that the current level of contributions to the fund are adequate to support, on an actuarially sound basis, the prospective benefits for the present plan.

Contributions

For the year ended December 31, 2023, the District contributed \$35,962 to the plan.

Northeast Teller County Fire Protection District

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2023

Net Pension Liability

The total pension liability is based on an actuarial valuation performed as of January 1, 2023 and a measurement date of December 31, 2022. This measurement date is within two years of the plan sponsor's fiscal year-end of December 31, 2023 and may be used for December 31, 2023 reporting purposes.

Actuarial Assumptions. The total pension liability in the January 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurements:

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

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

Mortality: **Pre-retirement:** 2006 central rates from the RP-2014 Employee Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years, 50% multiplier for off-duty mortality.

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 Disabled Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years.

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 & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount rate is 7.00%.

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

Northeast Teller County Fire Protection District

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2023

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). Being that the plan's fiduciary net position is projected to be sufficient to pay benefits, the long-term expected rate of return of 7.00% was used as the discount rate.

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (Asset)	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at 12/31/2022	\$ 689,587	\$ 788,572	\$ (98,985)
Changes for the Year			
Service Cost	307	-	307
Interest	46,209	-	46,209
Difference Between Expected and Actual Experience	15,085	-	15,085
Changes in assumption	5,158	-	5,158
Contributions – Employer	-	35,962	(35,962)
Net Investment Income	-	(62,520)	(62,520)
Benefit Payments, Including Refunds of Employee Contributions	(60,240)	(60,240)	-
Administrative Expenses	-	(6,831)	6,831
Net Changes	6,519	(93,629)	100,148
Balance at 12/31/2023	\$ 696,106	\$ 694,943	\$ 1,163

Sensitivity of the net pension liability to the changes in the discount rate. The following table presents the net pension liability of the District, calculated using the discount rate of 7.0% as well as what the District's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.0%) or one percentage point higher (8.0%) than the current rate.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's Net Pension Liability	\$ 67,898	\$ 1,163	\$ (55,545)

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 (\$71,895) for the Volunteer Pension Plan. At December 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Northeast Teller County Fire Protection District

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2023

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Difference between Projected and Actual Earnings on Pension Plan Investments	\$ 93,320	\$ 55,322
Contributions Subsequent to the Measurement Date	35,962	-
Total	\$ 129,282	\$ 55,322

\$35,962 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a decrease in the pension liability in the year ended December 31, 2024. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31,	Deferred Amounts
2024	\$ (3,302)
2025	5,156
2026	12,814
2027	23,330
Total	\$ 37,998

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued FPPA financial report.

Note 8 – Risk management

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God. The District maintains commercial insurance for all risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

Note 9 – Tax, spending and debt limitations

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer’s Bill of Rights (TABOR) contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

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

Northeast Teller County Fire Protection District

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2023

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.

On May 5, 1998, the District voters authorized the District to collect, retain and spend the full amount of the revenues generated from the present property tax levy and all other sources, without regard to limitation under Article X, Section 20 of the Colorado Constitution, during 1997 and each subsequent year. The ballot issue prohibited increases in the District's mill levy without approval of the electors of the District.

In November 2020, the District voters authorized the District to set the mill levy at a rate sufficient to generate the tax revenues levied in 2020, adjusted annually for local growth, for general operating and other expenses necessary to maintain current staffing levels and high quality service.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including interpretation of how to calculate Fiscal Year Spending limits, will require judicial interpretation.

REQUIRED SUPPLEMENTAL INFORMATION

**NORTHEAST TELLER COUNTY FIRE PROTECTION DISTRICT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
STATE FIRE AND POLICE PENSION PLAN (FPPA) - VOLUNTEER PENSION FUND**

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability									
Service Cost	\$ 307	\$ 307	\$ 307	\$ 307	\$ 283	\$ 283	\$ 1,474	\$ 1,474	\$ 1,472
Interest	46,209	47,107	48,657	49,458	50,841	51,636	53,315	53,676	53,845
Differences Between Expected and Actual Experience	15,085	-	(10,868)	-	11,882	-	(37,322)	-	(13)
Changes of Assumptions	5,158	-	-	-	28,329	-	21,569	-	-
Benefit Payments, Including Refunds of Employee Contributions	(60,240)	(60,240)	(60,240)	(62,160)	(63,120)	(61,920)	(59,810)	(60,111)	(55,080)
Net Change in Total Pension Liability	6,519	(12,826)	(22,144)	(12,395)	28,215	(10,001)	(20,774)	(4,961)	224
Total Pension Liability - Beginning of Year	689,587	702,413	724,557	736,952	708,737	718,738	739,512	744,473	744,249
Total Pension Liability - End of Year	\$ 696,106	\$ 689,587	\$ 702,413	\$ 724,557	\$ 736,952	\$ 708,737	\$ 718,738	\$ 739,512	\$ 744,473
Plan Fiduciary Net Position									
Contributions - Employer	\$ 35,962	\$ 35,962	\$ 35,962	\$ 35,962	\$ 35,962	\$ 35,962	\$ 35,962	\$ 35,762	\$ 30,562
Net Investment Income	(62,520)	101,597	83,234	83,395	684	80,402	28,801	10,232	36,474
Benefit Payments, Including Refunds of Employee Contributions	(60,240)	(60,240)	(60,240)	(62,160)	(63,120)	(61,920)	(59,810)	(60,111)	(55,080)
Administrative Expenses	(6,831)	(6,793)	(5,450)	(6,599)	(6,023)	(5,900)	(1,139)	(1,949)	(1,227)
State of Colorado supplemental discretionary payment	-	5,200	5,200	-	10,400	-	5,200	5,200	5,200
Net Change in Plan Fiduciary Net Position	(93,629)	75,726	58,706	50,598	(22,097)	48,544	9,014	(10,866)	15,929
Plan Fiduciary Net Position - Beginning of Year	788,572	712,846	654,140	603,542	625,639	577,095	568,081	578,947	563,018
Plan Fiduciary Net Position - End of Year	\$ 694,943	\$ 788,572	\$ 712,846	\$ 654,140	\$ 603,542	\$ 625,639	\$ 577,095	\$ 568,081	\$ 578,947
Net Pension Liability - End of Year	\$ 1,163	\$ (98,985)	\$ (10,433)	\$ 70,417	\$ 133,410	\$ 83,098	\$ 141,643	\$ 171,431	\$ 165,526
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	99.83%	114.35%	101.49%	90.28%	81.90%	88.28%	80.29%	76.82%	77.77%
Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's Net Pension Liability as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years information is available.

**NORTHEAST TELLER COUNTY FIRE PROTECTION DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
STATE FIRE AND POLICE PENSION PLAN (FPPA) - VOLUNTEER PENSION FUND**

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution	\$ 700	\$ 13,162	\$ 13,162	\$ 9,165	\$ 35,962	\$ 35,962	\$ 35,962	\$ 35,962	\$ 35,762
Contributions in Relation to the Actuarially Determined Contribution	35,962	35,962	35,962	35,962	35,962	35,962	35,962	35,962	35,762
Contribution Deficiency (Excess)	<u>\$ (35,262)</u>	<u>\$ (22,800)</u>	<u>\$ (22,800)</u>	<u>\$ (26,797)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years information is available.

**NORTHEAST TELLER COUNTY FIRE PROTECTION DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY/(ASSET)
STATE FIRE AND POLICE PENSION PLAN (FPPA) - STATEWIDE DEFINED BENEFIT PLAN**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Measurement Date	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013
District's Proportion of the Net Pension Liability/(Asset)	0,1325566565%	0,138973125%	0,123656691%	0,114065486%	0,128763174%	0,140093785%	0,176273604%	0,177851480%	0,169268000%	0,151108000%
District's Proportionate Share of the Net Pension Liability/(Asset)	\$ 117,660	\$ (753,142)	\$ (268,464)	\$ (64,511)	\$ 162,779	\$ (201,547)	\$ 63,694	\$ (3,135)	\$ (191,031)	\$ (135,119)
District's Covered Payroll	\$ 1,145,989	\$ 1,121,176	\$ 993,253	\$ 783,527	\$ 862,464	\$ 819,442	\$ 902,133	\$ 894,973	\$ 797,123	\$ 656,325
District's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of Covered Payroll	10.3%	-67.2%	-27.0%	-8.2%	18.9%	-24.6%	7.1%	-0.4%	-24.0%	-20.6%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/(Asset)	97.6%	116.2%	106.7%	101.9%	95.2%	106.3%	98.2%	100.1%	106.8%	105.8%

**NORTHEAST TELLER COUNTY FIRE PROTECTION DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
STATE FIRE AND POLICE PENSION PLAN (FPPA) - STATEWIDE DEFINED BENEFIT PLAN**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 129,481	\$ 103,139	\$ 95,095	\$ 79,459	\$ 62,682	\$ 68,997	\$ 65,556	\$ 72,171	\$ 70,941	\$ 65,698
Contributions in Relation to the Contractually Required Contribution	\$ 129,481	\$ 103,139	\$ 95,095	\$ 79,459	\$ 62,682	\$ 68,997	\$ 65,556	\$ 72,171	\$ 70,941	\$ 65,698
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 1,362,958	\$ 1,145,989	\$ 1,121,176	\$ 993,253	\$ 783,527	\$ 862,464	\$ 819,442	\$ 902,133	\$ 894,973	\$ 797,123
Contributions as a Percentage of Covered Payroll	9.5%	9.0%	8.5%	8.0%	8.0%	8.0%	8.0%	8.0%	7.9%	8.2%