

OAK CREEK FIRE PROTECTION DISTRICT

Financial Statements

Year Ended December 31, 2023

with

Independent Auditors' Report

CONTENTS

<u>Independent Auditors' Report</u>	I
<u>Basic Financial Statements</u>	
Balance Sheet/Statement of Net Position - Governmental Funds	1
Statement of Revenues, Expenditures and Changes in Fund Balances/Statement of Activities - Governmental Funds	2
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	3
Notes to Financial Statements	4
<u>Required Supplementary Information</u>	
FPPA Statewide Defined Benefit Pension Plan:	
Schedule of the District's Proportionate Share of the Net Pension Liability (Asset)	25
Schedule of District Contributions	26
FPPA Volunteer Firefighter Defined Benefit Pension Plan:	
Schedule of Changes in Net Pension Liability and Related Ratios Multiyear	27
Schedule of District Contributions Multiyear	28

Independent Auditors' Report

Board of Directors
Oak Creek Fire Protection District
Routt County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund, of the Oak Creek 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 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 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the defined benefit pension plan schedules on pages 25 - 28 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries,

the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States require 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 opinions on the basic financial statements are not affected by this missing information.

Tatton and Company, LLC

Cedaredge, CO
July 30, 2024

OAK CREEK FIRE PROTECTION DISTRICT

BALANCE SHEET/STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
December 31, 2023

	<u>General</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS				
Cash and investments - restricted	\$ 49,275	\$ 49,275	\$ -	\$ 49,275
Receivable - County Treasurer	3,472	3,472	-	3,472
Accounts receivable - net	219,835	219,835	-	219,835
Property taxes receivable	1,201,264	1,201,264	-	1,201,264
Capital assets not being depreciated	-	-	15,000	15,000
Capital assets, net of accumulated depreciation	-	-	1,633,830	1,633,830
Total Assets	<u>1,473,846</u>	<u>1,473,846</u>	<u>1,648,830</u>	<u>3,122,676</u>
DEFERRED OUTFLOW OF RESOURCES				
Deferred outflow related to pension	-	-	445,826	445,826
Total Deferred Outflow of Resources	-	-	445,826	445,826
Total Assets and Deferred Outflow of Resources	<u>\$ 1,473,846</u>	<u>\$ 1,473,846</u>		
LIABILITIES				
Accounts payable	\$ 54,037	\$ 54,037	\$ -	\$ 54,037
Payroll liabilities	33,124	33,124	-	33,124
Lines of credit	85,832	85,832	-	85,832
Current portion of long-term debt	-	-	194,875	194,875
Long-term liabilities:				
Due in more than one year	-	-	1,142,008	1,142,008
Net pension liabilities:				
Cost-sharing defined benefit plan	-	-	57,606	57,606
Agent employer defined benefit plan	-	-	278,855	278,855
Total Liabilities	<u>172,993</u>	<u>172,993</u>	<u>1,673,344</u>	<u>1,846,337</u>
DEFERRED INFLOW OF RESOURCES				
Deferred property taxes	1,201,264	1,201,264	-	1,201,264
Deferred inflow related to pensions	-	-	125,595	125,595
Total Deferred Inflows of Resources	<u>1,201,264</u>	<u>1,201,264</u>	<u>125,595</u>	<u>1,326,859</u>
FUND BALANCES/NET POSITION				
Fund Balances:				
Restricted:				
Emergencies	67,978	67,978	(67,978)	-
Unassigned	31,611	31,611	(31,611)	-
Total Fund Balances	<u>99,589</u>	<u>99,589</u>	<u>(99,589)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of of Resources and Fund Balances	<u>\$ 1,473,846</u>	<u>\$ 1,473,846</u>		
Net Position:				
Net investment in capital assets			311,947	311,947
Restricted for:				
Emergencies			67,978	67,978
Unrestricted			15,381	15,381
Total Net Position			<u>\$ 395,306</u>	<u>\$ 395,306</u>

The notes to the financial statements are an integral part of these statements.

OAK CREEK FIRE PROTECTION DISTRICT

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

	<u>General</u>	<u>Total</u>	<u>Adjustments</u>	Statement of <u>Activities</u>
EXPENDITURES				
General expenses:				
Administrative expense	\$ 6,235	\$ 6,235	\$ -	\$ 6,235
Base camp moving expense	23,699	23,699	-	23,699
Equipment purchases & maintenance	41,715	41,715	(28,238)	13,477
Fire expenses	113,878	113,878	-	113,878
Insurance	28,931	28,931	-	28,931
Miscellaneous expenses	2,430	2,430	-	2,430
Mitigation Expenses	18,536	18,536	-	18,536
Pension Plan Contributions	58,717	58,717	(30,885)	27,832
Professional fees	60,035	60,035	-	60,035
Supplies	12,377	12,377	-	12,377
Training and education	16,025	16,025	-	16,025
Wages and benefits	1,673,021	1,673,021	-	1,673,021
Treasurer's fees	24,331	24,331	-	24,331
Uniforms	17,261	17,261	-	17,261
Utilities	41,186	41,186	-	41,186
Vehicle maintenance	127,555	127,555	-	127,555
Capital expenses:				
Capital outlay	508,690	508,690	(508,690)	-
Debt service:				
Note/Lease Principal & Interest expense	169,310	169,310	(147,056)	22,254
Depreciation Expense	-	-	220,938	220,938
	<u>2,943,932</u>	<u>2,943,932</u>	<u>(493,931)</u>	<u>2,450,001</u>
PROGRAM REVENUES				
Ambulance, net	122,665	122,665	-	122,665
Wildland firefighting	1,072,092	1,072,092	-	1,072,092
Mitigation	229,788	229,788	-	229,788
Grants and other contributions	18,900	18,900	-	18,900
	<u>1,443,445</u>	<u>1,443,445</u>	<u>-</u>	<u>1,443,445</u>
GENERAL REVENUES				
Property taxes	791,064	791,064	-	791,064
Specific ownership taxes	55,386	55,386	-	55,386
Miscellaneous income	2,355	2,355	-	2,355
Gain (Loss) from sale of assets	28,100	28,100	(6,356)	21,744
Interest income	5,752	5,752	-	5,752
	<u>882,657</u>	<u>882,657</u>	<u>(6,356)</u>	<u>876,301</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(617,830)	(617,830)	487,575	(130,255)
OTHER FINANCING SOURCES (USES)				
Lease purchase proceeds	411,778	411,778	(411,778)	-
	<u>411,778</u>	<u>411,778</u>	<u>(411,778)</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	(206,052)	(206,052)	206,052	
CHANGE IN NET POSITION			(130,255)	(130,255)
FUND BALANCES/NET POSITION:				
BEGINNING OF YEAR	305,641	305,641	219,920	525,561
END OF YEAR	<u>\$ 99,589</u>	<u>\$ 99,589</u>	<u>\$ 295,717</u>	<u>\$ 395,306</u>

The notes to the financial statements are an integral part of these statements.

OAK CREEK FIRE PROTECTION DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL-
GENERAL FUND

For the Year Ended December 31, 2023

	Original and <u>Final Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES			
Property taxes	\$ 790,179	\$ 791,064	\$ 885
Specific ownership taxes	40,000	55,386	15,386
Miscellaneous income	1,000	2,355	1,355
Gain (Loss) from sale of assets	-	28,100	28,100
Interest income	1,500	5,752	4,252
Ambulance, net	63,688	122,665	58,977
Wildland firefighting	291,337	1,072,092	780,755
Mitigation	67,844	229,788	161,944
Grants and other contributions	<u>15,700</u>	<u>18,900</u>	<u>3,200</u>
 Total Revenues	 <u>1,271,248</u>	 <u>2,326,102</u>	 <u>1,054,854</u>
EXPENDITURES			
Administrative expense	4,661	6,235	(1,574)
Base camp moving expense	-	23,699	(23,699)
Equipment purchases & maintenance	9,680	41,715	(32,035)
Fire expenses	31,763	113,878	(82,115)
Insurance	28,000	28,931	(931)
Miscellaneous expenses	4,767	2,430	2,337
Mitigation Expenses	-	18,536	(18,536)
Pension Plan Contributions	54,706	58,717	(4,011)
Professional fees	42,000	60,035	(18,035)
Supplies	5,311	12,377	(7,066)
Training and education	27,989	16,025	11,964
Wages and benefits	817,339	1,673,021	(855,682)
Treasurer's fees	22,120	24,331	(2,211)
Uniforms	5,600	17,261	(11,661)
Utilities	25,550	41,186	(15,636)
Vehicle maintenance	19,000	127,555	(108,555)
Capital outlay	-	508,690	(508,690)
Note/Lease Principal & Interest expense	<u>128,038</u>	<u>169,310</u>	<u>(41,272)</u>
 Total Expenditures	 <u>1,226,524</u>	 <u>2,943,932</u>	 <u>(1,717,408)</u>
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	 44,724	 (617,830)	 (662,554)
OTHER FINANCING SOURCES (USES)			
Lease purchase proceeds	<u>-</u>	<u>411,778</u>	<u>411,778</u>
 Total Other Financing Sources (Uses)	 <u>-</u>	 <u>411,778</u>	 <u>411,778</u>
 NET CHANGE IN FUND BALANCE	 44,724	 (206,052)	 (250,776)
FUND BALANCE:			
BEGINNING OF YEAR	<u>412,425</u>	<u>305,641</u>	<u>(106,784)</u>
END OF YEAR	<u>\$ 457,149</u>	<u>\$ 99,589</u>	<u>\$ (357,560)</u>

The notes to the financial statements are an integral part of these statements.

OAK CREEK FIRE PROTECTION DISTRICT

Notes to Financial Statements December 31, 2023

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Oak Creek Fire Protection District ("the District"), located in Routt County, Colorado, (the "County"), conform to the accounting principles generally accepted in the United States of America ("GAAP") as applicable to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

Definition of Reporting Entity

The District was organized on January 1, 1982, as a quasi-municipal organization established under the State of Colorado Special District Act. The District was established to provide fire protection and ambulance services to the Town of Oak Creek, Stagecoach and surrounding rural areas, excluding Phippsburg, and covering approximately 262 square miles. The District's primary revenues are property taxes and ambulance and fire service revenue. The District is governed by an elected Board of Directors.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows GASB Statement No. 61, The Financial Reporting Entity: Omnibus, which amended GASB Statement No. 14, The Financial Reporting Entity and GASB Statement No. 39, Determining Whether Certain Organizations are Component Units, which provides guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets 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 pronouncements also require including a possible component unit if it would be misleading to exclude it.

The District is not financially accountable for any other organization. The District has no component units as defined by the GASB.

The District has no employees and all operations and administrative functions are contracted.

Basis of Presentation

The accompanying financial statements are presented per GASB Statement No. 34 - Special Purpose Governments.

The government-wide financial statements (i.e. the governmental funds balance sheet/statement of net position and the governmental funds statement of revenues, expenditures, and changes in fund balances/statement of activities) report information on all of the governmental activities of the District. The statement of net position reports all financial and capital resources of the

OAK CREEK FIRE PROTECTION DISTRICT

Notes to Financial Statements December 31, 2023

District. The difference between the (a) assets and deferred outflows of resources and the (b) liabilities and deferred inflows of resources of the District is reported as net position. The statement of activities demonstrates the degree to which expenditures/expenses of the governmental funds are supported by general revenues. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are 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*.

Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are collected.

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. The material sources of revenue subject to accrual are property taxes, ambulance and fire service revenue and interest. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid.

The District reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources not accounted for and reported in another fund.

OAK CREEK FIRE PROTECTION DISTRICT

Notes to Financial Statements December 31, 2023

Budgetary Accounting

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

The District's General Fund over-expended its appropriations by \$1,717,408, which may be a violation of State Budget Law. The excess expenditures were primarily for personnel costs related to wildland fire and mitigation staffing and funded by charges for services and available fund balances.

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

Fair Value of Financial Instruments

The District's financial instruments include cash and cash equivalents, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2023, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand and short-term investments with maturities of three months or less from the date of acquisition. Investments for the government are reported at fair value.

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a minimum number of bank accounts. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

Estimates

The preparation of these financial statements in conformity with GAAP requires the District management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial 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 assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. As of December 31, 2023, the District recognized deferred outflows of resources related to pensions.

OAK CREEK FIRE PROTECTION DISTRICT

Notes to Financial Statements
December 31, 2023

In addition to liabilities, the statement of financial 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 assets that applies to a future period(s) 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. Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available. The District also recognizes deferred inflows of resources related to pensions.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

Accounts Receivable, Net

The District's accounts receivable consists of charges for ambulance services, wildland firefighting services and fire mitigation services. The District estimates an allowance for uncollectible accounts for ambulance services based on review of trends in collection percentages and insurance coverage of the transported person.

As of December 31, 2023, the District's net accounts receivable was as follows:

Accounts receivable:	
Wildland firefighting and mitigation	\$ 187,805
Ambulance	38,710
Other	3,320
Allowance for uncollectible accounts	<u>(10,000)</u>
	<u>\$ 219,835</u>

Capital Assets

Capital assets, which include land, buildings, vehicles and equipment, are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical 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 assets or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable using the straight-line method.

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

Buildings	27.5 years
Vehicles	5-10 years
Equipment	5-10 years

OAK CREEK FIRE PROTECTION DISTRICT

Notes to Financial Statements December 31, 2023

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is 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 if in equal installments, at the taxpayers' election, in February and June. Delinquent taxpayers are notified in July or August and the sales of the resultant tax liens on delinquent properties are generally held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows in the year they are levied and measurable since they are not normally available nor are they budgeted as a resource until the subsequent year. The deferred property taxes are recorded as revenue in the subsequent year when they are available or collected.

Pensions

For purposes of measuring the net pension asset/liability, deferred outflow 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 the Volunteer Firefighters' Pension Fund and additions to/deductions from each plan's 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.

Fund Equity

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications make the nature and extent of the constraints placed on a government's fund balance more transparent:

Nonspendable Fund Balance

Nonspendable fund balance includes amounts that cannot be spent because they are either not spendable in form (such as inventory or prepaids) or are legally or contractually required to be maintained intact.

Restricted Fund Balance

The restricted fund balance includes amounts restricted for a specific purpose by external parties such as grantors, bondholders, constitutional provisions or enabling legislation.

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of \$67,978 of the General Fund balance has been restricted in compliance with this requirement.

OAK CREEK FIRE PROTECTION DISTRICT

Notes to Financial Statements December 31, 2023

Committed Fund Balance

The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by a formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

Assigned Fund Balance

Assigned fund balance includes amounts the District intends to use for a specific purpose. Intent can be expressed by the District's Board of Directors or by an official or body to which the Board of Directors delegates the authority.

Unassigned Fund Balance

Unassigned fund balance includes amounts that are available for any purpose. Positive amounts are reported only in the General Fund, all other funds can report negative amounts.

For the classification of Governmental Fund balances, the District considers an expenditure to be made from the most restrictive first when more than one classification is available.

Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District reports three categories of net position, as follows:

Net investment in capital assets - consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.

Restricted net position - net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted net position - consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District will use the most restrictive net position first.

OAK CREEK FIRE PROTECTION DISTRICT

Notes to Financial Statements
December 31, 2023

Note 2: Cash and investments

As of December 31, 2023, cash and investments are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments – restricted	<u>\$ 49,275</u>

Cash and investments as of December 31, 2023 consist of the following:

Deposits with financial institutions	\$ 24,620
Investments - COLOTRUST	<u>24,655</u>
	<u>\$49,275</u>

Deposits

Custodial Credit Risk

The Colorado Public Deposit Protection Act, ("PDPA") requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 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.

The District does not have a formal policy for deposits. None of the District's deposits were exposed to custodial credit risk.

Investments

Investment Valuation

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District's investment, is not required to be categorized within the fair value hierarchy. This investment's value is calculated using the net asset value (NAV) per share.

OAK CREEK FIRE PROTECTION DISTRICT

Notes to Financial Statements
December 31, 2023

Credit Risk

The District's investment policy requires that the District follow state statutes for investments. Colorado statutes specify the types of investments meeting defined rating and risk criteria in which local governments may invest. These investments include obligations of the United States and certain U.S. Government agency entities, certain money market funds, guaranteed investment contracts, and local government investment pools.

Custodial and Concentration of Credit Risk

None of the District's investments are subject to custodial or concentration of credit risk.

Interest Rate Risk

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors.

Colotrust

The local government investment pool, Colorado Local Government Liquid Asset Trust ("COLOTRUST") is rated AAAM by Standard & Poor's with a weighted average maturity of under 60 days. COLOTRUST is an investment trust/joint venture established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing COLOTRUST. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. COLOTRUST operates similarly to a money market fund with each share maintaining a value of \$1.00. COLOTRUST offers shares in three portfolios, one of which is COLOTRUST PLUS+. COLOTRUST PLUS+ may invest in U.S. Treasuries, government agencies, the highest-rated commercial paper, certain corporate securities, certain money market funds, and certain repurchase agreements, and limits its investments to those allowed by State statutes. Purchases and redemptions are available daily at a net asset value (NAV) of \$1.00. A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal function of COLOTRUST. The custodian's internal records identify the investments owned by participating governments. There are no unfunded commitments and there is no redemption notice period.

OAK CREEK FIRE PROTECTION DISTRICT

Notes to Financial Statements
December 31, 2023

Note 3: Capital Assets

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

<u>Governmental Type Activities:</u>	<u>Balance</u> <u>12/31/22</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/23</u>
<u>Capital assets not being depreciated:</u>				
Land	\$ 15,000	\$ -	\$ -	\$ 15,000
Total capital assets not being depreciated	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>15,000</u>
<u>Capital assets being depreciated:</u>				
Buildings	772,904	-	-	772,904
Vehicles	1,537,933	493,983	(58,594)	1,973,322
Equipment	<u>744,275</u>	<u>42,945</u>	<u>-</u>	<u>787,220</u>
Total capital assets being depreciated	<u>3,055,112</u>	<u>536,928</u>	<u>(58,594)</u>	<u>3,533,446</u>
<u>Accumulated Depreciation:</u>				
Buildings	(434,645)	(25,954)	-	(460,599)
Vehicles	(783,079)	(153,413)	52,238	(884,254)
Equipment	<u>(513,192)</u>	<u>(41,571)</u>	<u>-</u>	<u>(554,763)</u>
Total accumulated depreciation	<u>(1,730,916)</u>	<u>(220,938)</u>	<u>52,238</u>	<u>(1,899,616)</u>
Net capital assets being depreciated	<u>1,324,196</u>	<u>315,990</u>	<u>(6,356)</u>	<u>1,633,830</u>
Governmental type assets	<u>\$ 1,339,196</u>	<u>\$ 315,990</u>	<u>\$ (6,356)</u>	<u>\$ 1,648,830</u>

Note 4: Short Term Debt

The District entered into a \$125,000 line of credit agreement with Yampa Valley Bank dated November 10, 2022. The line of credit requires monthly interest payments on the outstanding principal balance at prime rate plus a margin of .50%. Outstanding principal is payable upon maturity on November 10, 2024. The line of credit is secured by a commercial security agreement on the District's assets.

OAK CREEK FIRE PROTECTION DISTRICT

Notes to Financial Statements
December 31, 2023

Note 5: Long Term Debt

The following is an analysis of changes in long-term debt for the period ending December 31, 2023:

	<u>Balance</u> <u>12/31/22</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/23</u>	<u>Current</u> <u>Portion</u>
<u>Direct Borrowings</u>					
Notes Payable	\$ 65,800	\$ -	\$ 33,761	\$ 32,039	\$ 15,393
Total	<u>65,800</u>	<u>-</u>	<u>33,761</u>	<u>32,039</u>	<u>15,393</u>
<u>Other</u>					
Lease purchase Agreements	<u>1,006,361</u>	<u>411,778</u>	<u>113,295</u>	<u>1,304,844</u>	<u>179,482</u>
Total	<u>1,006,361</u>	<u>411,778</u>	<u>113,295</u>	<u>1,304,844</u>	<u>179,482</u>
	<u>\$ 1,072,161</u>	<u>\$ 411,778</u>	<u>\$ 147,056</u>	<u>\$ 1,336,883</u>	<u>\$ 194,875</u>

A description of the long-term obligations as of December 31, 2023, is as follows:

The District entered into a \$15,000 promissory note with Yampa Valley Bank (YVB) on June 18, 2020. The note is payable in annual installments of \$5,438 on July 1 including interest at 4.25% through maturity on July 1, 2023. The note is secured by a vehicle that was purchased from the proceeds. During 2023, the promissory note was paid in full.

The District entered into a \$73,996 promissory note with YVB on December 22, 2020. The note is payable in annual installments of \$16,719 on December 22 including interest at 4.15% through maturity on December 22, 2025. The note is secured by radio equipment that was purchased from the proceeds.

On March 26, 2021, the District entered into a \$307,247 equipment lease purchase agreement with Municipal Asset Management, Inc. (MAM). Proceeds of \$305,328 were used to purchase a command vehicle, brush truck and related equipment. The lease requires annual payments of \$36,890, including interest at 3.35%, beginning May 31, 2022 through maturity on May 31, 2031.

On April 20, 2021, the District entered into a \$93,746 equipment lease purchase agreement with MAM. Proceeds of \$83,399 were used to purchase a truck and related equipment. The lease requires annual payments of \$11,230, including interest at 3.35% beginning May 31, 2022 through maturity on May 31, 2031.

On December 17, 2021, the District entered into a \$650,000 equipment lease purchase agreement with the Bank of the San Juans. Proceeds were used to purchase a fire engine, tanker and related equipment. The lease requires annual payments of \$74,269, including interest at 2.50% beginning March 15, 2023 through maturity on March 15, 2032. During 2023, The District paid down additional principal in the amount of \$32,649 from the proceeds that were not needed for the above purchases.

OAK CREEK FIRE PROTECTION DISTRICT

Notes to Financial Statements
December 31, 2023

On August 4, 2023, the District entered into a \$332,028 equipment lease purchase agreement with **MAM**. Proceeds of \$332,028 were used to purchase 4 trucks. The lease requires annual payments of \$80,437, including interest at 6.75%, beginning August 4, 2024 through maturity on August 4, 2028.

On December 26, 2023, the District entered into a \$79,750 equipment lease purchase agreement with **MAM**. Proceeds of \$79,750 were used to purchase 5 trucks. The lease requires annual payments of \$31,809, including interest at 9.54% beginning December 26, 2024 through maturity on December 26, 2026.

The following is a summary of the annual long-term debt principal and interest requirements.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 194,875	\$ 56,479	\$ 251,354
2025	204,597	46,857	251,454
2026	197,988	36,647	234,635
2027	176,319	26,509	202,828
2028	184,074	18,753	202,827
2029-2032	379,030	8,193,562	8,572,592
	<u>\$ 1,336,883</u>	<u>\$ 8,378,807</u>	<u>\$ 9,715,690</u>

Note 6: Leases

Developer Ground Lease

The District leases the land under its Stagecoach fire station from the Stagecoach Property Owners Association. The lease calls for an annual payment of \$1 through the term of the lease ending March 28, 2103.

Building Lease Agreement

The District leases garage and office facilities from the Town of Oak Creek (the Town) for \$600 annually. The lease has no expiration date and terms include allowing the Town use of the District's tanker truck for certain Town purposes.

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. As of January 1, 2023, SWDB and the Statewide Hybrid Plan have merged to form the Statewide Retirement Plan and the SWDB becomes the Defined Benefit Component of the Statewide Retirement Plan.

OAK CREEK FIRE PROTECTION DISTRICT

Notes to Financial Statements December 31, 2023

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.

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).

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 an early retirement after completion of 30 years of service or attainment of age 50 with at least five years of credited service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, an employee may elect to have member contributions, along with 5% 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, 2022, 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.

OAK CREEK FIRE PROTECTION DISTRICT

Notes to Financial Statements
December 31, 2023

In 2014, the members elected to increase the member contribution rate to the SWDB plan beginning in 2015. Member contribution rates will increase 0.5% annually through 2022 to a total of 12% of pensionable earnings. Employer contributions are 9.0% in 2022. Employer contributions will increase 0.5% annually beginning in 2021 through 2030 to a total of 13% 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%.

The contribution rate for members and employers of affiliated social security employers is 6.0% and 4.50%, respectively, of pensionable earnings for a total contribution rate of 10.5% in 2022. 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 \$58,717 for the year ended December 31, 2023.

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

As of December 31, 2023, the District reported an asset of \$57,606, 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 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 SWDB for the years ended December 31, 2022 relative to the total contributions of participating employers to the SWDB. As of December 31, 2022, the District's proportion was 0.0649%.

For the years ended December 31, 2023, the District recognized pension expense (revenue) of (\$17,703). As of December 31, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 124,697	\$ 7,071
Changes of assumptions or other inputs	73,801	-
Net difference between projected and actual investment earnings	130,360	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	83,821
Contributions subsequent to the measurement date	58,717	-
	<u>\$ 387,575</u>	<u>\$ 90,892</u>

OAK CREEK FIRE PROTECTION DISTRICT

Notes to Financial Statements
December 31, 2023

\$58,717 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	\$ 81,156
2024	40,648
2025	57,390
2026	79,435
2027	16,437
Thereafter	<u>21,617</u>
	<u>\$ 296,683</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:

	<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, net	7.00%	7.00%
Projected salary increases *	4.25% - 11.25%	4.25% - 11.25%
Costs of living adjustments	0.00%	0.00%
* Includes inflation at	2.50%	2.50%

For determining the total pension liability and actuarially determined contributions, the post-retirement mortality tables for non-disabled retirees uses the 2006 central rates from the RP-2014 Annuitant Mortality Tables projected to 2018 using the MP-2017 projection scales, and then 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.

OAK CREEK FIRE PROTECTION DISTRICT

Notes to Financial Statements
December 31, 2023

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 & Co., based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2023. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (assumed at 2.5%). 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>	

Discount Rate

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.

OAK CREEK FIRE PROTECTION DISTRICT

Notes to Financial Statements
December 31, 2023

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/Asset 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:

Discount Rate:	<u>Sensitivity of the (NPA)NPL</u>		
	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
Proportionate share of the NPL	<u>\$ 397,127</u>	<u>\$ 57,606</u>	<u>\$ (223,628)</u>

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.

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.

OAK CREEK FIRE PROTECTION DISTRICT

Notes to Financial Statements
December 31, 2023

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	\$400.00
b. Extended Service Amount Per Year of Service	\$0.00
2. Vested Retirement Benefit (monthly):	
a. With 10 to 20 Years of Service Amount Per Year of Service per Minimum Vesting Years	\$20.00
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	\$0.00
b. Long Term Disability for line of duty injury Lifetime benefit	\$0.00
4. Survivor Benefits (monthly):	
a. Following Death before Retirement Eligible; Due to death in line of duty as a 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 volunteer firefighter	\$0.00
5. Funeral Benefits (Required Benefit):	
a. Funeral Benefit Lump Sum, one time only	\$100.00

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 \$0 for the year ended December 31, 2023. Plan members do not make contributions.

OAK CREEK FIRE PROTECTION DISTRICT

Notes to Financial Statements
December 31, 2023

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

As of December 31, 2023, the District reported a net pension liability of \$278,855. 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.

For the year ended December 31, 2023, the District recognized pension expense (revenue) of (\$13,182). As of December 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience		
Changes of assumptions or other inputs		
Net difference between projected and actual investment earnings	58,251	34,703
Contributions subsequent to the measurement date		
	<u>\$ 58,251</u>	<u>\$ 34,703</u>

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	\$ (1,934)
2025	3,399
2026	7,521
2027	14,562
2028	-
Thereafter	-
	<u>\$ 23,548</u>

OAK CREEK FIRE PROTECTION DISTRICT

Notes to Financial Statements
December 31, 2023

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 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 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. 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.

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:

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

OAK CREEK FIRE PROTECTION DISTRICT

Notes to Financial Statements
December 31, 2023

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:

Discount Rate:	<u>Sensitivity of the (NPA)NPL</u>		
	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
Proportionate share of the NPL	<u>\$ 344,813</u>	<u>\$ 278,855</u>	<u>\$ 222,919</u>

Note 8: Tax, Spending and Debt Limitations

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer 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.

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.

OAK CREEK FIRE PROTECTION DISTRICT

Notes to Financial Statements December 31, 2023

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 the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

Note 9: Risk Management

Except as provided in the Colorado Governmental Immunity Act, 24-10-101, et seq., CRS, the District may be exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to agents; and natural disasters. The District maintains commercial insurance for these risks of loss, including workers compensation. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

Note 10: Reconciliation of Government-Wide Financial Statements and Fund Financial Statements

The Governmental Funds Balance Sheet/Statement of Net Position includes an adjustments column. The adjustments have the following elements:

- 1) Capital improvements used in government activities are not financial resources and, therefore are not reported in the funds; and
- 2) long-term liabilities such as notes and lease purchase agreements are not due and payable in the current period and, therefore, are not in the funds.

The Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities includes an adjustments column. The adjustments have the following elements:

- 1) Governmental funds report capital outlays as expenditures, however, in the statement of activities, the costs of those assets are depreciated over their useful lives;
- 2) governmental funds report interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method on the Statement of Activities;
- 3) governmental funds report lease purchase agreement proceeds as revenue; and
- 4) governmental funds report long-term debt payments as expenditures, however, in the statement of activities, the payment of long-term debt is recorded as a decrease of long-term liabilities.

REQUIRED SUPPLEMENTARY INFORMATION

OAK CREEK 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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.0649%	0.0547%	0.0388%	0.0308%	0.0323%	0.0331%	0.0368%	0.0395%	0.0323%
District's proportionat share of the net pension liability (asset)	\$ (57,606)	\$ (296,347)	\$ (84,142)	\$ (17,426)	\$ 40,826	\$ (47,617)	\$ 13,289	\$ (696)	\$ (36,406)
District's covered payroll	\$ 619,168	\$ 565,343	\$ 440,425	\$ 311,296	\$ 227,097	\$ 216,313	\$ 214,388	\$ 180,176	\$ 195,000
District's proportionat share of the net pension liability (asset) as a perecentage of its covered payroll	-9.30%	-52.42%	-19.10%	-5.60%	17.98%	-22.01%	6.20%	-0.39%	-18.67%
Plan fiduciary net position as a percentage of pension liability	97.6%	116.2%	106.7%	95.2%	95.2%	106.3%	98.2%	100.1%	106.8%

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 it is available.

* The amounts presented for each fiscal year were determined as of 12/31 of the prior year.

OAK CREEK FIRE PROTECTION DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF DISTRICT CONTRIBUTIONS
 FPPA STATEWIDE DEFINED BENEFIT PENSION PLAN (SWDB)
 LAST 10 YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 58,717	\$ 50,881	\$ 37,436	\$ 24,904	\$ 18,168	\$ 17,305	\$ 17,151	\$ 14,414	\$ 15,600
Contributions in relation to the contractually required contribution	\$ <u>(58,717)</u>	\$ <u>(50,881)</u>	\$ <u>(37,436)</u>	\$ <u>(24,904)</u>	\$ <u>(18,168)</u>	\$ <u>(17,305)</u>	\$ <u>(17,151)</u>	\$ <u>(14,414)</u>	\$ <u>(15,600)</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
District's covered payroll	\$ 619,168	\$ 565,343	\$ 440,425	\$ 311,296	\$ 227,097	\$ 216,313	\$ 214,388	\$ 180,176	\$ 195,000
Contributions as a percentage of covered payroll	9.48%	9.00%	8.50%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%

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 it is available.

* The amounts presented for each fiscal year were determined as of 12/31 of the prior year.

OAK CREEK FIRE PROTECTION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS MULTIYEAR
FFPA VOLUNTEER FIREFIGHTER DEFINED BENEFIT PENSION PLAN
LAST 10 YEARS

NEED TO NOTE THAT NOT 10 YEARS IS AVAILABLE

Measurement period ending December 31,	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability									
Service Cost	\$ 1,445	\$ 1,445	\$ 2,575	\$ 2,575	\$ 2,553	\$ 2,553	\$ 1,920	\$ 1,920	\$ 2,023
Interest on the Total Pension Liability	46,998	48,065	48,988	49,807	54,900	55,024	39,622	40,378	39,321
Benefit Changes	-	-	-	-	-	-	186,135	-	-
Difference between Expected and Actual Experience	(1,441)	-	1,350	-	(44,186)	-	14,141	-	17,596
Assumption Changes	9,021	-	-	-	26,538	-	24,625	-	-
Benefit Payments	<u>(62,400)</u>	<u>(67,040)</u>	<u>(64,080)</u>	<u>(64,080)</u>	<u>(56,583)</u>	<u>(61,780)</u>	<u>(61,015)</u>	<u>(44,040)</u>	<u>(45,540)</u>
Net Change in Total Pension Liability	(6,377)	(17,530)	(11,167)	(11,698)	(16,778)	(4,203)	205,428	(1,742)	13,400
Total Pension Liability - Beginning	<u>701,360</u>	<u>718,890</u>	<u>730,057</u>	<u>741,755</u>	<u>758,533</u>	<u>762,736</u>	<u>557,308</u>	<u>559,050</u>	<u>545,650</u>
Total Pension Liability - Ending	<u>\$ 694,983</u>	<u>\$ 701,360</u>	<u>\$ 718,890</u>	<u>\$ 730,057</u>	<u>\$ 741,755</u>	<u>\$ 758,533</u>	<u>\$ 762,736</u>	<u>\$ 557,308</u>	<u>\$ 559,050</u>
Plan Fiduciary Net Position									
Employer Contributions	\$ 27,000	\$ -	\$ 29,500	\$ 29,253	\$ 31,500	\$ 31,645	\$ 32,436	\$ 32,436	\$ 27,912
Net Investment Income	(40,095)	64,254	48,774	53,486	712	51,678	17,960	6,432	21,359
Benefit Payments	(62,400)	(67,040)	(64,080)	(64,080)	(56,583)	(61,780)	(61,015)	(44,040)	(45,540)
Pension Plan Administrative Expense	(5,341)	(5,736)	(4,602)	(6,182)	(5,378)	(5,525)	(823)	(2,847)	(888)
State of Colorado supplemental discretionary payment	<u>18,735</u>	<u>41,196</u>	<u>-</u>	<u>39,455</u>	<u>-</u>	<u>18,355</u>	<u>17,473</u>	<u>17,564</u>	<u>22,088</u>
Net Change in Plan Fiduciary Net Position	(62,101)	32,674	9,592	51,932	(29,749)	34,373	6,031	9,545	24,931
Plan Fiduciary Net Position - Beginning	<u>478,229</u>	<u>445,555</u>	<u>435,963</u>	<u>384,031</u>	<u>413,780</u>	<u>379,407</u>	<u>373,376</u>	<u>363,831</u>	<u>338,900</u>
Plan Fiduciary Net Position - Ending	<u>\$ 416,128</u>	<u>\$ 478,229</u>	<u>\$ 445,555</u>	<u>\$ 435,963</u>	<u>\$ 384,031</u>	<u>\$ 413,780</u>	<u>\$ 379,407</u>	<u>\$ 373,376</u>	<u>\$ 363,831</u>
Net Pension Liability	<u>\$ 278,855</u>	<u>\$ 223,131</u>	<u>\$ 273,335</u>	<u>\$ 294,094</u>	<u>\$ 357,724</u>	<u>\$ 344,753</u>	<u>\$ 383,329</u>	<u>\$ 183,932</u>	<u>\$ 195,219</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	59.88%	68.19%	61.98%	59.72%	51.77%	54.55%	49.74%	67.00%	65.08%
Covered Payroll	N/A	N/A	N/A	N/A	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	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 it is available.

* The amounts presented for each fiscal year were determined as of 12/31 of the prior year.

OAK CREEK FIRE PROTECTION DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF DISTRICT CONTRIBUTIONS MULTIYEAR
 FFPA VOLUNTEER FIREFIGHTER DEFINED BENEFIT PENSION PLAN
 LAST 10 YEARS

FY Ending December 31,	Actuarially Determined Contribution	Actual Contribution*	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2015	\$ 23,237	\$ 50,000	\$ (26,763)	N/A	N/A
2016	\$ 17,606	\$ 17,473	\$ 133	N/A	N/A
2017	\$ 17,606	\$ 82,436	\$ (64,830)	N/A	N/A
2018	\$ 40,136	\$ 31,500	\$ 8,636	N/A	N/A
2019	\$ 40,136	\$ 68,708	\$ (28,572)	N/A	N/A
2020	\$ 37,599	\$ -	\$ 37,599	N/A	N/A
2021	\$ 37,599	\$ 70,696	\$ (33,097)	N/A	N/A
2022	\$ 34,896	\$ 45,735	\$ (10,839)	N/A	N/A
2023	\$ 34,896	\$ 18,735	\$ 16,161	N/A	N/A

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

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 it is available.