

PAGOSA FIRE PROTECTION DISTRICT

**Financial Statements
with
Independent Auditors' Report**

**For the Year Ended
December 31, 2023**

Pagosa Fire Protection District

Table of Contents

PAGE

FINANCIAL SECTION

Management's Discussion and Analysis M1 – M5

Independent Auditors' Report 1 - 3

Basic Financial Statements

Government-Wide Financial Statements:

Statement of Net Position 4
Statement of Activities 5

Fund Financial Statements:

Balance Sheet – Governmental Fund 6
Reconciliation of Governmental Fund Balance to Governmental
Activities Net Position 7
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Fund 8
Reconciliation of Governmental Fund Change in Fund Balance to Governmental
Activities Change in Net Position 9
Statement of Fiduciary Net Position – Pension Trust Fund 10
Statement of Changes in Fiduciary Net Position – Pension Trust Fund 11
Notes to Financial Statements 12 - 37

Required Supplementary Information – Pension Schedules (Unaudited)

FPPA Statewide Defined Benefit Plan
Schedule of the District's Proportionate Share of the Net Pension Asset (Liability) 38
Schedule of District Contributions 39

Volunteer Pension Plan
Schedule of Changes in the District's Net Pension Liability 40
Schedule of the District's Net Pension Liability and Related Ratios 41
Schedule of Actuarially Determined and Actual Contributions 42

Required Supplementary Information

Budgetary Comparison Schedule for the General Fund 43

Other Supplementary Information

Statement of Revenues, Expenditures, and Changes in Net Position – Budget and
Actual – Pension Trust Fund 44

FINANCIAL SECTION

PAGOSA FIRE PROTECTION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) Required Supplementary Information (RSI) December 31, 2023

This management's discussion and analysis of the Pagosa Fire Protection District financial performance provides an overall review of the District's financial activities for the year ended December 31, 2023. The intent of this management's discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the financial statements and the notes to the financial statements to broaden their understanding of the District's financial performance.

Financial Highlights

The District offers fire protection services to over 327 square miles within Archuleta County, however the actual response area covers over 1000 square miles to include Wolf Creek Pass and portions of Hinsdale and Mineral Counties. The District's assets exceeded its liabilities at the close of 2023 by \$4,578,011 (*net position*), which is a decrease of \$63,081 from the prior year. Of this amount, \$798,838 (*unrestricted net position*) may be used to meet the District's ongoing obligations to citizens and creditors.

The District imposes a mill levy of 8.052 mills upon each dollar of the total valuation for assessment of all taxable property with the District. The property taxes received from this mill levy for the 2023 year was \$2,697,919. The District's net position is used for on-going operations and upcoming capital projects, repairs, maintenance and replacement of existing equipment.

The District had total revenues of \$3,364,655 in 2023 versus \$3,148,819 in 2022, a decrease of \$215,836.

Using the Basic Financial Statements

The Basic Financial Statements consists of management's discussion and analysis (this section) and a series of financial statements and notes to those statements. The statements are organized so that the reader can understand the District as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The first statement, The Statement of Net Position, provides long and short-term information about the District's overall financial status.

The Statement of Net Position presents information on all of the District's assets and liabilities, 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 is improving or deteriorating.

The remaining statements are fund financial statements that focus on individual parts of the District's operations in more detail.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Government-Wide Financial Statements

Governmental Type Activities:

The District's governmental-type activity consists of the fire protection district operations. The District's fire protection district operations are supported primarily by property taxes received and charges for services.

PAGOSA FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Required Supplementary Information (RSI)
December 31, 2023

Financial Analysis of the District as a Whole

Net position decreased in 2023 by \$63,081 to \$4,578,011, compared to the increase in 2022 of \$56,758 to \$4,641,092.

Cash and investments of the District on December 31, 2023, totaled \$1,426,860 and at December 31, 2022 totaled \$1,097,470, not including amounts held for pension benefits, which were \$3,471,401 in 2023 and \$3,316,347 for 2022.

Capital assets, net of accumulated depreciation, of the District on December 31, 2022 totaled \$3,683,173, a net change of \$253,994.

Net position

A summary of the District's net position at December 31, 2023 is as follows:

Condensed Statement of Net Position	
	2023
Current Assets	\$ 1,426,860
Non Current Assets	
Capital Assets - Net	3,683,173
Total Assets	5,110,033
Deferred Outflows of Financial Resources	1,188,290
Current Liabilities	111,125
Non Current Liabilities	1,265,691
Total Liabilities	1,376,816
Deferred Inflows of Financial Resources	343,496
Net Position	
Net Investment in Capital Assets	3,683,173
Restricted Net Position	96,000
Unrestricted Net Position	798,838
Total Net Position	\$ 4,578,011

PAGOSA FIRE PROTECTION DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Required Supplementary Information (RSI)
December 31, 2023**

Condensed Statement of Activities

Condensed Statement of Activities	
	<u>2023</u>
PROGRAM REVENUES	
Charges for Services	\$ 319,358
Operating Grants & Contributions	<u>255</u>
Total Program Revenues	<u>319,613</u>
GENERAL REVENUES	
Property Taxes	2,697,919
Other Taxes	294,144
Investment Earnings	16,557
Other Revenues	<u>36,422</u>
Total General Revenues	<u>3,045,042</u>
Total Revenues	<u>3,364,655</u>
PROGRAM EXPENSES	
Public Safety	<u>3,427,736</u>
Change in Net Position	(63,081)
Net Position, Beginning	<u>4,641,092</u>
Net Position, Ending	<u><u>\$ 4,578,011</u></u>

Budget and Actual Comparisons

Actual revenues were less than expenditures by \$63,081 in 2022. Total General Fund budget revenues were less than actual by \$342,671 while the actual expenditures were \$186,526 less than budgeted for 2023. The most significant difference between budget and actual expenses was related to personnel costs.

PAGOSA FIRE PROTECTION DISTRICT

**MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
Required Supplementary Information (RSI)
December 31, 2023**

Capital Assets

The total accumulated depreciation for 2023 was \$328,182, with the total net increase of \$7,802, leaving a balance of \$3,587,509 in net capital assets.

The following is a summary of capital asset activity:

	Balance				Balance
	12/31/22	Additions	Deletions		12/31/23
Capital assets not being depreciated					
Land	\$ 177,266	\$ -	\$ -		\$ 177,266
Construction in Progress	<u>25,000</u>	<u>20,000</u>	<u>-</u>		<u>45,000</u>
Total capital assets not being depreciated	202,266	20,000	-		222,266
Capital assets being depreciated					
Buildings and improvements	2,801,510	32,358	-		2,833,868
Equipment	1,190,939	6,344	838,630		358,653
Vehicles and accessories	<u>4,571,386</u>	<u>137,109</u>	<u>53,130</u>		<u>4,655,365</u>
Total capital assets being depreciated	<u>8,563,835</u>	<u>175,811</u>	<u>891,760</u>		<u>7,847,886</u>
Total capital assets	8,766,101	195,811	891,760		8,070,152
Accumulated depreciation					
Buildings and improvements	(1,063,472)	(68,117)	-		(1,131,589)
Equipment	(874,102)	(21,973)	(698,457)		(197,618)
Vehicles and accessories	<u>(2,968,474)</u>	<u>(238,092)</u>	<u>(53,130)</u>		<u>(3,153,436)</u>
Total accumulated depreciation	<u>(4,906,048)</u>	<u>(328,182)</u>	<u>(751,587)</u>		<u>(4,482,643)</u>
Net capital assets being depreciated	<u>3,657,787</u>	<u>(152,371)</u>	<u>140,173</u>		<u>3,365,243</u>
Net capital assets	<u>\$ 3,860,053</u>	<u>\$ (132,371)</u>	<u>\$ 140,173</u>		<u>\$ 3,587,509</u>

Long Term Obligations

The District also posted a total of \$50,434 in accrued compensated absences.

Additional information on the long-term obligations can be found in Note 5 of the financial statements.

The following is a summary of long-term obligations:

	Balance				Balance
	12/31/22	Additions	Repayments	Net Change	12/31/23
Accrued Compensated Absences	<u>\$ 137,453</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (50,434)</u>	<u>\$ 87,019</u>

PAGOSA FIRE PROTECTION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) Required Supplementary Information (RSI) December 31, 2023

The Future of the District

The District is in the process of developing a strategic plan to outline the future of any possible capital projects, apparatus replacement, or staffing. The District will add two full time staff positions in 2024. The positions will be an Inspector and a Training Captain. The District will continue to maintain current equipment and apparatus while planning for replacement of critical equipment that has become obsolete or fails service tests. The District has negotiated purchasing two (2) tenders to replace apparatus in their aging fleet. Seeking additional grants will continue to be a major focus to assist in replacement of equipment now and into the future.

In addition, in January 2024, the District adopted its property tax mill levy for the 2024 fiscal year in the amount of \$4,170,539. As this mill levy was not adopted until after year end, it was not recorded as a receivable and related deferred inflow as of December 31, 2023.

Request for Information

The financial report is designed to provide information for regulatory reporting to federal and state agencies and those with an interest in the District's finances. Questions concerning this or any additional information should be addressed to Pagosa Fire Protection District, 165 N. Pagosa Blvd., Pagosa Springs, CO 81147.

Mayberry & Company, LLC

Certified Public Accountants

Member of the American Institute of Certified Public Accountants
Governmental Audit Quality Center
and Private Company Practice Section

Board of Directors
Pagosa Fire Protection District
Pagosa Springs, Colorado

Independent Auditors' Report

Opinion

We have audited the accompanying financial statements of the governmental activities, major fund opinion and aggregate remaining fund information of Pagosa Fire Protection District, as of and for the year ended December 31, 2023, and the related notes to the financial statements which collectively comprise Pagosa Fire Protection District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, major fund and aggregate remaining fund information of the Pagosa Fire Protection District as of December 31, 2023, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 the 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 Pagosa Fire Protection District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' 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. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on 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 Pagosa Fire Protection District 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 Pagosa Fire Protection District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that a management's discussion and analysis, budgetary comparison information, and historical pension information listed in the tables of contents be presented to supplement the basic financial statements. Such 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. 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Pagosa Fire Protection District's basic financial statements. The individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Mayberry + Company, LLC

Englewood, Colorado
October 16, 2024

INTENTIONALLY LEFT BLANK

Basic Financial Statements

PAGOSA FIRE PROTECTION DISTRICT
Statement of Net Position
December 31, 2023

	<u>Governmental Activities</u>
ASSETS AND DEFERRED OUTFLOWS	
ASSETS	
Current Assets	
Cash and Equivalents	\$ 56,646
Investments	1,286,388
Receivables:	
Cash with Fiscal Agent	26,473
Accounts Receivable	31,888
Prepaid Expenses and Deposits	44,419
Internal Balances	<u>(18,954)</u>
Total Current Assets	<u>1,426,860</u>
Noncurrent Assets	
Capital Assets Not Being Depreciated	222,266
Capital Assets Being Depreciated, net	<u>3,460,907</u>
Total Noncurrent Assets	<u>3,683,173</u>
Total Assets	5,110,033
DEFERRED OUTFLOWS OF FINANCIAL RESOURCES	
Deferred Outflows - Pensions (net)	<u>1,188,290</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 6,298,323</u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION	
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 37,052
Accrued Payroll	<u>74,073</u>
Total Current Liabilities	<u>111,125</u>
Noncurrent Liabilities	
Due in Excess of One Year	<u>1,265,691</u>
Total Noncurrent Liabilities	<u>1,265,691</u>
Total Liabilities	<u>1,376,816</u>
DEFERRED INFLOWS OF FINANCIAL RESOURCES	
Deferred Inflows - Pensions (net)	<u>343,496</u>
Total Deferred Inflows	<u>343,496</u>
NET POSITION	
Net Investment in Capital Assets	3,683,173
Restricted Net Position	96,000
Unrestricted Net Position	<u>798,838</u>
Total Net Position	<u>4,578,011</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 6,298,323</u>

The accompanying notes are an integral part of the financial statements.

PAGOSA FIRE PROTECTION DISTRICT
Statement of Activities
Year Ended December 31, 2023

Function/Program	Program Revenues			Net (Expense)
	Expenses	Charges for Services	Operating Grants and Contributions	Revenue and Change in Net Position
Governmental Activities:				
Public Safety	<u>\$ 3,427,736</u>	<u>\$ 319,358</u>	<u>\$ 255</u>	<u>\$ (3,108,123)</u>
General Revenues:				
Property Taxes, levied for general purposes				2,697,919
Specific Ownership Taxes				294,144
Investment Earnings				16,557
Other Revenues				<u>36,422</u>
Total General Revenues				<u>3,045,042</u>
Change in Net Position				(63,081)
Net Position, Beginning				<u>4,641,092</u>
Net Position, Ending				<u>\$ 4,578,011</u>

The accompanying notes are an integral part of the financial statements.

PAGOSA FIRE PROTECTION DISTRICT
Balance Sheet - Governmental Fund
December 31, 2023

	<u>General Fund</u>
	<u>2023</u>
ASSETS	
Cash and Equivalents	\$ 56,646
Investments	1,286,388
Receivables:	
Cash with Fiscal Agent	26,473
Accounts Receivable	31,888
Prepaid Expenses and Deposits	44,419
Internal Balances	<u>(18,954)</u>
Total Assets	<u>\$ 1,426,860</u>
LIABILITIES DEFERRED INFLOWS AND FUND BALANCE	
LIABILITIES	
Accounts Payable	\$ 37,052
Accrued Payroll	<u>74,073</u>
Total Liabilities	<u>111,125</u>
FUND BALANCE	
Nonspendable	44,419
Restricted for Emergencies	96,000
Unassigned	<u>1,175,316</u>
Total Fund Balance	<u>1,315,735</u>
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$ 1,426,860</u>

The accompanying notes are an integral part of the financial statements.

PAGOSA FIRE PROTECTION DISTRICT
Reconciliation of Governmental Fund Balance to Governmental
Activities Net Position
December 31, 2023

Fund Balance - Governmental Funds \$ 1,315,735

Amounts reported for governmental activities in the statement of net position because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Capital Assets	\$ 8,239,470	
Accumulated Depreciation	<u>(4,556,297)</u>	3,683,173

Long-term liabilities, including capital leases and notes payable are not due and payable in the current period and therefore are not reported in the funds:

Accrued Compensated Absences	<u>(87,019)</u>	(87,019)
------------------------------	-----------------	----------

Certain long-term pension related costs and adjustments are not available to pay or are payable currently and are therefore not reported in the funds

FPPA Statewide Defined Benefit Plan

Net pension asset (liability)	(90,917)	
Deferred outflows - pensions (net)	845,148	
Deferred inflows - pensions (net)	<u>(343,496)</u>	410,735

Volunteer Firefighter Pension Fund

Net pension asset (liability)	(1,087,755)	
Deferred outflows - pensions (net)	343,142	
Deferred inflows - pensions (net)	<u>-</u>	<u>(744,613)</u>

Net Position - Governmental Activities \$ 4,578,011

The accompanying notes are an integral part of the financial statements.

PAGOSA FIRE PROTECTION DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance -
Governmental Fund
Year Ended December 31, 2023

	<u>General Fund</u>
	<u>2023</u>
REVENUES	
Taxes	\$ 2,992,063
Charges for Services	319,358
Investment Earnings	16,557
Other Revenues	<u>36,677</u>
Total Revenues	<u>3,364,655</u>
EXPENDITURES	
Current:	
Public Safety	2,861,502
Pension Expense	168,011
Capital Outlay	<u>162,888</u>
Total Expenditures	<u>3,192,401</u>
Change in Fund Balance	172,254
Fund Balance, Beginning	<u>1,143,481</u>
Fund Balance, Ending	<u>\$ 1,315,735</u>

The accompanying notes are an integral part of the financial statements.

PAGOSA FIRE PROTECTION DISTRICT
Reconciliation of Governmental Fund Change in Fund Balance to
Governmental Activities Change in Net Position
Year Ended December 31, 2023

Change in Fund Balance - Governmental Funds		\$	172,254
Amounts reported for governmental activities in the statement of activities are different because:			
Purchases of capital assets are expensed in the funds and depreciated for the statement of activities while capital asset deletions are not reported in the funds:			
Capital Outlay		\$ (673,166)	
Depreciation Expense		<u>419,172</u>	(253,994)
Pension expense at the fund level represents cash contributions to the defined benefit plan. For the activity level presentation, the amount represents the actuarial cost of the benefits for the fiscal year.			
Change in deferred outflows - pensions (net)		301,722	
Change in net pension asset/liability		(472,280)	
Change in deferred inflows - pensions (net)		<u>138,783</u>	(31,775)
Accrued compensated absences are expensed when paid in the funds and are recorded as long-term obligations for the statement of net position			
Change in Accrued Compensated Absences			<u>50,434</u>
Change in Net Position - Governmental Activities		\$	<u>(63,081)</u>

The accompanying notes are an integral part of the financial statements.

PAGOSA FIRE PROTECTION DISTRICT
Statement of Fiduciary Net Position -
Pension Trust Fund
December 31, 2023

	<u>Total</u> <u>2023</u>
ASSETS	
Restricted Cash and Investments	\$ 3,452,447
Internal Balances	<u>18,954</u>
Total Assets	<u>3,471,401</u>
NET POSITION	
Restricted for Retirement Benefits	<u>\$ 3,471,401</u>

The accompanying notes are an integral part of the financial statements.

PAGOSA FIRE PROTECTION DISTRICT
Statement of Changes in Fiduciary Net Position -
Pension Trust Fund
Year Ended December 31, 2023

	Total
	2023
ADDITIONS:	
Contributions	
District	\$ 168,011
State	30,596
Investment Earnings	296,728
Total Additions	495,335
DEDUCTIONS:	
Pension Benefit Payments	336,910
Change in Fiduciary Net Position	158,425
Net Position, Beginning	3,312,976
Net Position, Ending	\$ 3,471,401

The accompanying notes are an integral part of the financial statements.

**PAGOSA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Pagosa Fire Protection District have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following summary of significant accounting policies is presented to assist the reader in evaluating the District's financial statements.

ORGANIZATION

The Pagosa Fire Protection District (the District) was established on July 9, 1975 as a special district as defined by the 1973 Colorado Revised Statutes (C.R.S.). The District was formed to provide fire protection to its inhabitants. The statutes provide that the Chairman of the Board of Directors is the chief administrative officer and that the Board of Directors shall be the policy-making authority.

REPORTING ENTITY

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements that 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 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 accompanying financial statements, nor is the District a component unit of another entity.

BASIS OF PRESENTATION

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. The statement of net position presents the financial position of the governmental activities of the District. The statement of net position reports all financial and capital resources of the District. The difference between the assets and deferred outflows of resources and liabilities and deferred inflows of resources is reported as net position.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers 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. The District does not allocate indirect expenses to functions in the statement of activities.

**PAGOSA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF PRESENTATION (Continued)

Separate financial statements are provided for the governmental fund and the fiduciary fund, even though the latter is excluded from the government-wide financial statements.

FUND ACCOUNTING

The accounting policies of the District conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The District uses funds to maintain its financial records during the year. Fund financial statements consist of a series of statements focusing on information about the District's major governmental funds.

The following is the District's major governmental fund:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Additionally, the District reports the following fiduciary fund type:

Pension Trust Fund - The Pension Trust Fund accounts for transactions relating to assets held by the District in its capacity of trustee for the Volunteer Firefighter Pension Fund.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Only current assets and liabilities are included on the balance sheet, and the fund balance includes only spendable resources. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of certain deferred outflows of resources and in the presentation of expenses versus expenditures. Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred as under accrual accounting. However, debt service expenditures are reported only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt are reported as other financing sources.

**PAGOSA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

USE OF ESTIMATES

The preparation of financial statements, in conformity with GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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 appropriation can only be modified upon completion of notification and publication requirements.

DEPOSITS AND INVESTMENTS

The District's deposits include amounts that are readily convertible to known amounts of cash, are not subject to significant risk from changes in interest rates and have a maturity of three months or less from the date of acquisition. For deposits, the fair value approximates the carrying value. Deposits include cash in checking accounts and certificates of deposits. Investments are measured at fair value in accordance with GASB Statement No. 72, Fair Value Measurement and Application.

RECEIVABLES

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. The District has not recorded an allowance against outstanding receivables.

SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

All outstanding balances between funds are reported as "interfund balances" in the governmental fund balance sheet. These balances are eliminated in the statement of net position on the government-wide financial statements.

PREPAID ITEMS

Payments made for services that will benefit periods beyond the end of the current year are recorded as prepaid items.

**PAGOSA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

PROPERTY TAXES

In the government fund financial statements, property tax revenue is accounted for using the modified accrual basis of accounting. Property tax receivable is recognized on the levy or lien date. This receivable represents taxes certified by Archuleta County (the County) to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. Although the succeeding year property tax receivable has been recorded, the related revenue is unavailable and will not be recognized as revenue until the year for which it is levied in the governmental fund statements. In the government-wide financial statements, property tax revenues are also recognized as revenues in the year for which they are levied.

The District's property taxes, levied by December 15, are due and payable in the subsequent calendar year. Assessed values are established by the County Assessor. Property taxes attach as an enforceable lien on property as of January 1 of the year in which they are payable. The taxes are payable under 2 methods: a) in full on or before April 30 or b) one-half on or before February 28, and the remaining one-half on or before June 15. Property tax receipts collected by the County are remitted to the District in the subsequent month. Property taxes receivable not collected within 60 days of year end have been recorded as a deferred inflow of resources in the fund financial statements. Since property taxes are normally levied in December for the next calendar year's operations, the total levy is reported as taxes receivable and a deferred inflow of resources in the government-wide financial statements.

For the 2023 levy to be collected in 2024, the mill levy was certified in January of 2024 in accordance with a temporary State statutory modification to the annual certification deadline, and therefore does not represent a receivable or deferred inflow at year end.

CAPITAL ASSETS

Capital assets, which include land, land improvements, buildings, equipment and vehicles, are reported in the government-wide financial statements. Capital outlays are recorded as expenditures in the General Fund at the time of purchase. Capital assets are defined by the District as assets with an initial individual cost of \$5,000 or more and an estimated useful life of more than one year. Capital assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at acquisition value on the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Land is not depreciated. Buildings, equipment and vehicles of the District are depreciated using the straight-line method over 5 to 40 years.

**PAGOSA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

The District allows its employees to accumulate vacation time. The District's accrued vacation is based on completed years of service for full-time non-exempt administrative (non-shift) employees:

- 0 - 5 years of service 2 weeks
- 6 - 10 years of service 3 weeks
- 11 - 15 years of service 4 weeks
- 16 - 20 years of service 5 weeks
- 21+ years of service 6 weeks

The District's accrued vacation is based on completed years of service for non-exempt, shift employees:

- 0 - 5 years of service 4 shifts
- 6 - 10 years of service 6 shifts
- 11 - 15 years of service 8 shifts
- 16 - 20 years of service 10 shifts

The District also allows employees to carry over compensatory time of a maximum of 80 hours at year end. Upon separation from service, the total amount of accumulated but unused vacation and compensatory time is paid out. Sick leave is accumulated monthly at a rate of 3.69 hours per pay period for non-exempt administrative (non-shift) employees and at a rate of 5.53 hours per pay period for full-time shift employees. Full-time, non-exempt shift employees with tenure between 10 and 20 years who leave the District in good standing will be eligible to receive a lump sum payment for their accrued sick time, not to exceed 240 hours, and tenure over 20 years not to exceed 480 hours. Non-exempt, shift employees with tenure between 10 and 20 years who leave the District in good standing will be eligible to receive a lump sum payment for their accrued sick time, not to exceed 360 hours, and tenure over 20 years not to exceed 720 hours. The Chief Officer with tenure over 5 years and leaves the District in good standing will be eligible to receive a lump sum payment for their accrued sick time, not to exceed 720 hours. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in Governmental Funds only if they have matured, for example, as a result of employee resignations and retirements.

**PAGOSA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

DEFERRED OUTFLOWS AND INFLOWS OF FINANCIAL RESOURCES

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a use of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until that time. The government has pension related items, which arises only under the full accrual basis of accounting that qualifies for reporting in this category. Accordingly, the items, contributions subsequent to measurement date and the difference between projected and actual investment returns, the difference between projected and actual pension experience, changes in plan assumptions and changes in the District's proportionate share of the underlying pension asset or liability, are reported in the governmental activities statement of net position. These amounts are deferred and recognized as an outflow of resources in the period that the amounts become due.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has two types of items, property taxes, which arises both under the full accrual and modified accrual basis of accounting, and pension related items that only are reported under full accrual, that qualify for reporting in this category. The property tax item, unavailable revenue, is reported in both the governmental activities statement of net position and in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred inflow is recorded at December 31. As the tax is collected in the succeeding year, the deferred inflow is recognized as revenue and the receivable is reduced. The pension items are the difference between projected and actual pension experience, pension earnings, changes in assumptions and changes in the District's proportionate share of the underlying pension asset or liability. The pension differences and changes are amortized based on the requirements of GASB Statement 68.

LONG-TERM OBLIGATIONS

Long-term debt is reported at face value, net of applicable discounts and deferred gains or charges on refunding. Costs related to the issuance of debt are expensed when incurred. Long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statements of net position.

**PAGOSA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

NET POSITION/FUND BALANCE

In the government-wide financial statements, net position is either shown as net investment in capital assets, with these assets essentially being nonexpendable; restricted when constraints placed on the net position are externally imposed; or unrestricted.

For the governmental fund presentation, fund balances that are classified as "nonspendable" include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts. The District currently does not have this category of fund balance.

Fund balance is reported as "restricted" when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. The District's restricted fund balance represents the funds set aside to satisfy the TABOR emergency reserve requirement discussed in Note 6.

Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors, are reported as "committed" fund balance. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts. The District currently has no committed funds.

Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, are reported as "assigned" fund balance. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. The District currently has assigned fund balances for specific uses as well as through the adoption of the 2023 budget.

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

PENSIONS

The District participates in two defined benefit pension plans. For purposes of measuring the net pension (assets) liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense/benefit, information about the fiduciary net position of pension plans and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**PAGOSA FIRE PROTECTION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2023**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

LEASES

For long-term leasing arrangements where the District is a lessee, a lease liability and a right-to-use (RTU) intangible asset are recognized at the commencement of the lease term. RTU assets represent the District’s right to use an underlying asset for the lease term and lease liabilities represent the District’s obligation to make lease payments arising from the lease. RTU assets and liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term. For the year ended December 31, 2023, the District did not have any material long-term leasing arrangements.

For short-term leasing arrangements where the District is a lessee, payments are recognized as outflows of resources.

NOTE 2: CASH AND INVESTMENTS

The District’s cash and investment balances are comprised of the following:

Cash and equivalents	\$ 56,646
Restricted pension bank deposits	<u>(204,923)</u>
Total bank deposits	<u>(148,277)</u>
Investments (cash equivalent)	1,286,388
Restricted pension investments	<u>3,657,370</u>
Total investments	<u>4,943,758</u>
Total cash and investments	<u>\$ 4,795,481</u>

The cash and investments are presented in the financial statements as follows:

Cash and equivalents	\$ 56,646
Investments	1,286,388
Restricted pension cash and investments	<u>3,452,447</u>
Total cash and investments	<u>\$ 4,795,481</u>

Deposits

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of bank failure, the government’s deposits may not be returned to it. The District’s deposit policy is in accordance with CRS 11-10.5-101, The Colorado Public Deposit Protection Act (PDPA), which governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels (\$250,000) must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed to create a single collateral pool for all public funds held. 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 uninsured deposits. The institution’s internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized.

**PAGOSA FIRE PROTECTION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2023**

NOTE 2: CASH AND INVESTMENTS (Continued)

Deposits (Continued)

Custodial Credit Risk – Deposits (Continued)

The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and December 31, 2023, all of the District’s deposits as shown below were either insured by federal depository insurance or collateralized under PDPA and are therefore not deemed to be exposed to custodial credit risk.

The District's deposits are categorized as follows:

	<u>Bank Balance</u>	<u>Book Balance</u>
FDIC insured deposits	\$ 100,514	\$ (148,277)

INVESTMENTS

Fair Value

The District/Pension categorizes its fair value measurements within the fair value hierarchy established by GAAP. 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 and Level 3 inputs are significant unobservable inputs. The District’s investments held in trust for the pension plan have a Level 1 and 2 fair value measurement as of December 31, 2023

The following is a description of the valuation methodologies used for assets measured at fair value. US Instrumentalities - Treasury Bills, Treasury Notes, Treasury Bonds and Treasury Strips with a final maturity not exceeding five years from the date of purchase and have a rating of Aaa by Moody’s. The fair value per unit is the quoted price in an active market and classified within Level 1 of the valuation hierarchy.

Money Market Funds - These are public investment vehicles, registered under the Investment Company Act of 1940 which are “no-load” (no commission fee charged on purchases or sales of shares); have a constant net asset value of \$1.00; have a maximum stated maturity and weighted average maturity in accordance with Federal Securities Regulation 2a-7; and have a rating of AAAm by Standard & Poor’s, Aaa by Moody’s or AAA/V1+ by Fitch. The fair value per unit is the quoted price in an active market and classified within Level 1 of the valuation hierarchy.

Mutual Funds - These are public investment vehicles, valued using the fair value per share (unit) provided by the administrator of the fund. The fair value per unit is based on the value of the underlying assets owned by the fund, minus the liabilities, and then divided by the number of shares outstanding. The fair value per unit is the quoted price in an active market and classified within Level 1 of the valuation hierarchy.

**PAGOSA FIRE PROTECTION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2023**

NOTE 2: CASH AND INVESTMENTS (Continued)

INVESTMENTS (Continued)

	<u>Level 1</u>	<u>Uncategorized</u>	<u>Total</u>
Investment Pools	\$ -	\$ 1,286,388	\$ 1,286,388
Pension Money Market Funds	569,169	-	569,169
Pension Mutual Funds	2,958,610	-	2,958,610
Pension Treasury Investments	<u>129,591</u>	-	<u>129,591</u>
Total Investments	<u>\$ 3,657,370</u>	<u>\$ 1,286,388</u>	<u>\$ 4,943,758</u>

The District’s local government pool investment, further described below, is not subject to categorization or the fair value disclosures.

The District recognizes transfers between levels in the fair value hierarchy at the end of the reporting period. During 2023, there were no changes in the methods or assumptions utilized to derive the fair value of the District’s assets and liabilities.

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District does not hold any investments, and therefore, credit risk is not applicable. The pension trust may be invested only in investment-grade bonds rated BBB (or equivalent) or better, commercial paper rated A1 (or equivalent) or better. Money market funds within the pension trust shall contain securities whose credit rating at the absolute minimum would be rated investment grade by Standard and Poor’s and/or Moody’s. The mutual funds held by the pension trust are unrated.

The District and pension trust are required to comply with state statutes which specify investment instruments meeting defined rating, maturity and concentration risk criteria in which local governments may invest, which include the following:

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of the U.S. local government entities
- Bankers’ acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Noninsured trust pension plans with a bank or trust company authorized to exercise trust powers in this state as a trustee.

The District’s investment policy limits its investments to those allowed by Colorado Revised Statute 31-30-1113 as described above, and as otherwise indicated in the statute.

Pursuant to the pension trust’s investment policy, it may also invest in:

- Short-term investment funds
- Certificates of deposit insured by the FDIC and collateralized in accordance with PDPA
- Fixed income securities
- Equity securities
- Mutual funds Exchange traded funds
- Other assets
- Derivative investments upon permission from the pension board

**PAGOSA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023**

NOTE 2: CASH AND INVESTMENTS (Continued)

INVESTMENTS (Continued)

The District has invested \$1,286,388 in the Colorado Government Liquid Asset Trust (Colotrust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The investment is valued at net asset value. Investments of the Trusts consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury securities. Colotrust is rated AAAM by Standard and Poor's.

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned to it. The District's policy requires all deposits to be held in PDPA-approved financial institutions to mitigate this risk.

Concentration Of Credit Risk - It is the policy of the District to diversify its use of investment instruments to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so. In order to achieve a prudent level of portfolio diversification, the securities of any one company or government agency should not exceed 10% of total plan assets, and no more than 30% of total plan assets should be invested in any one industry. Individual treasury securities may represent 40% of the plan assets, while the total allocation to treasury bonds and notes may represent up to 100% of the plan's aggregate bond position.

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Fixed income maturities within the pension trust are limited to a maximum maturity for any single security of 30 years and a weighted average portfolio maturity not to exceed 15 years.

Foreign Currency Risk - Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The District is not exposed to foreign currency risk at year end.

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of December 31, 2023, the District's pension investments were held by Comerica Bank and Trust, N.A.

PENSION INVESTMENTS

At December 31, 2023, the District's pension investments consisted of the following:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Avg Mat.</u>	<u>% of Total</u>
Money Market Funds	\$ 569,169	-	15.56%
Mutual Funds	2,958,610	-	80.89%
U.S. Treasuries	<u>129,591</u>	<u>0.13</u>	<u>3.54%</u>
Total	<u>\$ 3,657,370</u>	<u>0.00</u>	<u>100.00%</u>

**PAGOSA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023**

NOTE 2: CASH AND INVESTMENTS (Continued)

INVESTMENTS (Continued)

The mutual funds do not have maturities or credit ratings. The U.S. instrumentalities and money market funds have a maturity of one year or less. The following investments exceeded 5% of the total investment balance:

<u>Investment</u>	<u>Fair Value</u>	<u>% of Total</u>
SPDR Bloomberg Barclays Int Term Corp Bond	\$ 893,042	24.42%
PGIM ETF TR Ultra Short	387,712	10.60%
Ishares TR TR-S&P 500 Index	299,952	8.20%
Pacer Funds TR Lunt Lrg Cap Alter Cash Cows	273,571	7.48%
SPDR Bloomberg Long Term Corp Bond	209,614	5.73%
Fidelity Inst Prime Treasury	207,196	5.67%
Total	<u>\$ 2,271,087</u>	<u>62.10%</u>

NOTE 3: CAPITAL ASSETS

Capital Asset Activity for the year ended December 31, 2023 was as follows:

	<u>Balance</u>			<u>Balance</u>	
	<u>12/31/22</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/23</u>	
Capital assets not being depreciated					
Land	\$ 177,266	\$ -	\$ -	\$ 177,266	
Construction in Progress	25,000	20,000	-	45,000	
Total capital assets not being depreciated	202,266	20,000	-	222,266	
Capital assets being depreciated					
Buildings and improvements	2,801,510	32,358	-	2,833,868	
Equipment	1,190,939	6,344	838,630	358,653	
Vehicles and accessories	4,571,386	137,109	53,130	4,655,365	
Total capital assets being depreciated	8,563,835	175,811	891,760	7,847,886	
Total capital assets	8,766,101	195,811	891,760	8,070,152	
Accumulated depreciation					
Buildings and improvements	(1,063,472)	(68,117)	-	(1,131,589)	
Equipment	(874,102)	(21,973)	(698,457)	(197,618)	
Vehicles and accessories	(2,968,474)	(238,092)	(53,130)	(3,153,436)	
Total accumulated depreciation	(4,906,048)	(328,182)	(751,587)	(4,482,643)	
Net capital assets being depreciated	3,657,787	(152,371)	140,173	3,365,243	
Net capital assets	<u>\$ 3,860,053</u>	<u>\$ (132,371)</u>	<u>\$ 140,173</u>	<u>\$ 3,587,509</u>	
	<u>Balance</u>			<u>Balance</u>	
	<u>12/31/22</u>	<u>Additions</u>	<u>Repayments</u>	<u>Net Change</u>	<u>12/31/23</u>
Accrued Compensated Absences	\$ 137,453	\$ -	\$ -	\$ (50,434)	\$ 87,019

**PAGOSA FIRE PROTECTION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2023**

NOTE 4: LONG-TERM OBLIGATIONS

Changes in Long-Term Obligations

The following is a summary of changes in long term obligations of the District for December 31, 2023:

	<u>Balance</u> <u>12/31/22</u>	<u>Additions</u>	<u>Repayments</u>	<u>Net Change</u>	<u>Balance</u> <u>12/31/23</u>
Accrued Compensated Absences	\$ 137,453	\$ -	\$ -	\$ (50,434)	\$ 87,019

NOTE 5: PENSION PLANS

VOLUNTEER FIREFIGHTER PENSION FUND

General Information About The Pension Plan

Effective January 2, 2003, the District elected to affiliate with Wells Fargo Bank West (Wells Fargo) for the purpose of having Wells Fargo administer its Volunteer Firefighter Pension Plan (the Volunteer Fund), a single-employer defined benefit plan, and manage the Volunteer Fund investments. The Volunteer Fund is administered by reference to the Rules and Bylaws of the Firefighter Pension Fund of the District as adopted on July 12, 1982 and amended on August 8, 1988, and applicable Colorado statutes. The District Board of Directors has the authority to establish and amend benefit provisions. The Pension Board of Trustees consists of the members of the Board of Directors of the District and two elected retired or active volunteers of the fire department.

Since the District retains fiduciary responsibility for the Volunteer Fund, it has been determined that the activities of this pension should be reported in the District’s financial statements as a fiduciary fund type - pension trust fund. The financial statements of the Volunteer Fund are prepared using the accrual basis of accounting. Benefits, expenses and refunds are recognized when due and payable in accordance with the terms of the plan. All administrative expenses are borne by the Volunteer Fund. Stand-alone financial statements for the Volunteer Fund are not issued.

Contribution And Benefit Information

Funding of accrued pension expense is accomplished through contributions from the State of Colorado in accordance with 1973 C.R.S. 31-30-1014(3)(a)(1), and through an annual mill levy of 0.500 (not to exceed one) on the current valuation for assessment. The assessed valuation for 2023 was \$333,374,408. One mill was \$333,374. Taxes collected in 2023 and remitted for pension funding were \$168,011.

The Volunteer Fund is open to any firefighter who renders service to the District and who does not receive compensation under an employment contract as a firefighter. The Volunteer Fund covers substantially all volunteer firefighters within the fire department of the District. The benefits provided under the plan are as follows:

- a) A pension amount of \$700 per month to active members who have attained age 50 and completed 20 or more years of service. Benefits are prorated for service of at least 10 years, but less than 20 years. A volunteer firefighter must maintain a minimum training participation in the fire department of 36 hours each year to qualify for retirement benefits.

**PAGOSA FIRE PROTECTION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2023**

NOTE 5: PENSION PLANS

VOLUNTEER FIREFIGHTER PENSION FUND (Continued)

- b) A pension amount of \$35 per month per year of service for inactive members who have attained the age of 50 and had completed at least 10 years of service before their termination. A maximum benefit of \$600 per month is payable for inactive members with over 20 years of service.
- c) Survivor Benefit - monthly benefits Following death before retirement, not more than \$350
- d) Funeral Benefit - lump sum benefit Following death of any active or retired member of the Pension Fund, \$1,000
- e) Disability Retirement Benefit - monthly benefits Short-term disability - \$150 for one year

Census information for the Volunteer Fund as of December 31, 2022 is as follows:

Inactive plan members or beneficiaries currently receiving benefits	70
Inactive plan members entitled to but not yet receiving benefits	4
Active plan members	32
Total Members	106

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 assets of \$3,471,401 and a total pension liability of \$4,559,156, for a net pension liability of \$1,087,755. The net pension liability was measured as December 31, 2023, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2023.

For the year ended December 31, 2023, the District recognized pension income of \$194,283. 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	Deferred Inflows
Difference between expected and actual experience	\$ 13,737	\$ -
Changes of assumptions or other inputs	\$ 4,980	\$ -
Net difference between projected and actual earnings on pension plan investments	\$ 324,425	\$ -
Total	\$ 343,142	\$ -

**PAGOSA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023**

NOTE 5: PENSION PLANS (Continued)

VOLUNTEER FIREMEN'S PENSION FUND (Continued)

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:	Amortization Amount
2024	\$ 101,212
2025	132,689
2026	129,648
2027	(20,407)
Total	\$ 343,142

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

Actuarial assumptions. The total pension liability as of December 31, 2023 was determined using the following actuarial assumptions and other inputs:

Actuarial method	Entry Age Normal Cost
Long-term investment rate of return, net of pension plan investment expenses, including inflation	6.00%
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open
Remaining Amortization Period	20 years
Asset Valuation Method	Market Value
Salary increase, including wage inflation	N/A
Cost of Living Adjustments (COLA)	0.00%
Inflation	Implicit
Retirement Age	50% rate assumed until age 65 at which 100% retirement is assumed
Mortality	For active members, Pub-2010 Public Safety Healthy Employee Mortality Tables for males and females, amount-weighted, projected with the MP-2020 Ultimate projection scale, 60% multiplier. For annuitants, Pub-2010 Public Safety Healthy Annuitant Mortality Tables for males and females, amount-weighted, projected with the ultimate values of the MP-2020 projection scale.

The actuarial assumptions used in the January 1, 2023 valuation were based on the results of an actuarial experience study for the period January 1, 2022 through December 31, 2022. The mortality and withdrawal assumptions have been updated since the prior valuation. The assumptions are similar to the assumption set used to value volunteer fire districts in Colorado that are associated with FPPA. The investment rate of return has been updated to be net of investment expenses only, and an explicit administrative expense assumption has been added to the actuarially determined contribution.

**PAGOSA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023**

NOTE 5: PENSION PLANS (Continued)

VOLUNTEER FIREMEN'S PENSION FUND (Continued)

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

The investment objective of the Volunteer Fund is to emphasize long-term growth of principle while avoiding excessive risk. Short-term volatility is tolerated in as much as the comparable market index fluctuates. Total return to exceed the performance of a policy index based on the strategic allocation of the Volunteer Fund assets to various broad asset classes. The asset classes included in the pension plan's target asset allocation as of December 31, 2023 are summarized in the following table:

Asset Class	Target Allocation
Domestic Large Cap Equities	18.00%
Domestic Mid Cap Equities	5.00%
Domestic Small Cap Equities	5.00%
International Stocks	10.00%
Fixed Income	60.00%
Cash and Equivalents	2.00%
Total	100.00%

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 (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of this valuation, the expected rate of return on pension plan investments is 6.0%; the municipal bond rate is 3.77% (based on the daily rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"); and the resulting Single Discount Rate is 6.0%.

Sensitivity of the proportionate share of the net pension asset (liability) to changes in the discount rate. The following presents the plan's net pension liability, calculated using a Single Discount Rate of 6.0%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	1% Decrease (5%)	Current Discount Rate (6%)	1% Increase (7%)
Proportionate share of the net pension asset (liability)	\$ (1,584,310)	\$ (1,087,755)	\$ (673,543)

**PAGOSA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023**

NOTE 5: PENSION PLANS (Continued)

VOLUNTEER FIREMEN'S PENSION FUND (Continued)

Plan Membership

As of the January 1, 2023 actuarial study, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving	48
Inactive plan members entitled to but not yet receiving	4
Active plan members	<u>10</u>
Total	<u>62</u>

Schedule of Changes in the Volunteer Net Pension Liability

The following is a schedule of the changes in both the total pension liability and the net pension liability for the year ended December 31, 2023:

Schedule of Changes in District's Net Pension Liability and Related Ratios	
<u>Total Pension Liability</u>	<u>2023</u>
Service cost	\$ 50,472
Interest	266,290
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payments	<u>(336,910)</u>
Net changes in total pension liability	(20,148)
Total Pension Liability - beginning	<u>4,579,304</u>
Total Pension Liability - ending (a)	<u>\$ 4,559,156</u>
 <u>Plan Fiduciary Net Position</u>	
Contributions - employer	\$ 168,011
Contributions - state	30,596
Net investment Income	296,728
Benefit payments, including refunds of employee contributions	(336,910)
Administrative expense	-
State of Colorado Supplemental Discretionary Payment	<u>-</u>
Net change in plan fiduciary net position	158,425
Plan fiduciary net position - beginning	<u>3,312,976</u>
Plan fiduciary net position - ending(b)	<u>\$ 3,471,401</u>
 District's net pension liability (asset) - ending (a)-(b)	 <u>\$ 1,087,755</u>
 Plan Fiduciary Net Position as a Percentage of Total Pension Liability	 76.14%

**PAGOSA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023**

NOTE 5: PENSION PLANS (Continued)

Schedule of Changes in the Volunteer Net Pension Liability (Continued)

Changes in Actuarial Assumptions - Mortality tables, withdrawal rates, and disability rates have all been updated since the prior valuation. The assumptions are similar to the assumption set used to value volunteer fire districts in Colorado that are associated with Fire and Police Pension Association of Colorado. Additionally, administrative expenses are now assumed to be equal to an average of the actual expenses for the two prior years. There were no benefit changes during the fiscal year, and no changes to actuarial assumptions from the January 1, 2023 valuation.

STATEWIDE DEFINED BENEFIT PLAN (FPPA)

Summary of Significant Accounting Policies

Pensions. The District participates in the Statewide Defined Benefit Plan ("SWDB"), a cost-sharing multiple-employer defined benefit pension fund administered by the Fire & Police Pension Association of Colorado ("FPPA"). The net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the SWDB have been determined using the accrual basis of accounting as required by the accounting principles and reporting guidelines as set forth by the Governmental Accounting Standards Board. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

Plan description. Eligible employees of the District are provided with pensions through the SWDB - a cost-sharing multiple-employer defined benefit pension plan administered by FPPA. Plan benefits are specified in Title 31, Articles 30, 30.5 and 31 of the Colorado Revised Statutes (C.R.S.), rules and regulations codified by the Fire and Police Pension Association, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. FPPA issues a publicly available comprehensive annual financial report, that can be obtained at <http://www.FPPAco.org>.

Benefits provided. 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' pensionable earnings · for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter. The benefit earned prior to January 1, 2007 for members of affiliated Social Security employers will be reduced by the amount of Social Security income payable to the member annually. Effective January 1, 2007, members covered under Statewide Defined Benefit Social Security Component will receive half the benefit when compared to the Statewide Defined Benefit Plan. Benefit adjustments paid to retired members are evaluated annually and may be re-determined every October 1.

**PAGOSA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023**

NOTE 5: PENSION PLANS (Continued)

STATEWIDE DEFINED BENEFIT PLAN (FPPA) (Continued)

General Information about the Pension Plan (Continued)

The amount of any increase is based on the Board's discretion and can range from 0 to the higher of 3 percent or the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W).

A member is eligible for 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 percent as interest, returned as a lump sum distribution. Alternatively, a member with at least five years of accredited service may leave contributions with the Plan and remain eligible for a retirement pension at age 55 equal to 2 percent of the member's average highest three years' pensionable earnings for each year of credited service up to ten years; plus 2.5 percent for each year of service thereafter.

Contributions. Contribution rates for employers and members may be increased equally by the FPPA Board of Directors upon approval through an election by both the employers and members.

In 2014, the members elected to increase the member contribution rate to the SWDB plan beginning in 2015. Member contribution rates will increase 0.5 percent annually through 2022 to a total of 12 percent of pensionable earnings. Employer contributions will increase 0.5 percent annually beginning in 2021 through 2030 to a total of 13 percent of pensionable earnings. In 2022, members of the SWDB plan and their employers are contributing at the rate of 12.0 percent and 9.0 percent, respectively, of pensionable earnings for a total contribution rate of 21.0 percent.

Contributions from members and employers of departments reentering the system are established by resolution and approved by the FPPA Board of Directors. The member and employer contribution rates will increase through 2030 as described above for non-reentering departments. Effective January 1, 2021, reentry departments may submit a resolution to the FPPA Board of Directors to reduce the additional 4 percent contribution, to reflect the actual cost of reentry by department, to the plan for reentry contributions. Each reentry department is responsible to remit contributions to the plan in accordance with their most recent FPPA Board of Directors approved resolutions.

The contribution rate for members and employers of affiliated social security employers is 6.0 percent and 4.25 percent, respectively, of pensionable earnings for a total contribution rate of 10.5 percent in 2021. Per the 2014 member election, members of the affiliate social security group had their required contribution rate increase 0.25 percent annually beginning in 2015 through 2022 to a total of 6 percent of pensionable earnings. Employer contributions will increase 0.25 percent annually beginning in 2021 through 2030 to a total of 6.5 percent of pensionable earnings.

**PAGOSA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023**

NOTE 5: PENSION PLANS (Continued)

STATEWIDE DEFINED BENEFIT PLAN (FPPA) (Continued)

General Information about the Pension Plan (Continued)

Employer contributions are recognized by FPPA in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to FPPA. Employer contributions recognized by the FPPA from the District were \$70,336 for the plan year ended December 31, 2022 and \$85,970 for the fiscal year ended December 31, 2023. The current year contributions will be expensed in 2024 for FPPA purposes and are a timing difference at year end. The District has 22 contributing members to the plan during 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 a liability of \$90,917 for its proportionate share of the SWDB’s net pension liability. The net pension asset or 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 January 1, 2023. The District’s proportion of the net pension liability was based on District’s contributions to the SWDB for the calendar year 2022 relative to the total contributions of participating employers to the SWDB.

At December 31, 2023, the District’s proportion was 0.10242%, which was a decrease of 0.00089% from its proportion measured as of December 31, 2022.

For the year ended December 31, 2023, the District recognized pension expense of \$36,845. 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	Deferred Inflows
Difference between expected and actual experience	\$ 159,826	\$ (10,376)
Changes of assumptions or other inputs	\$ 92,439	\$ -
Net difference between projected and actual earnings on pension plan investments	\$ 227,120	\$ -
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ 23,059	\$ (76,386)
Contributions subsequent to the measurement date	\$ 85,970	\$ -
Total	\$ 588,414	\$ (86,762)

**PAGOSA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023**

NOTE 5: PENSION PLANS (Continued)

STATEWIDE DEFINED BENEFIT PLAN (FPPA) (Continued)

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

\$85,970 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as an adjustment of 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:

Year Ended December 31:	Fiscal year Total
2024	\$ 37,848
2025	73,200
2026	105,698
2027	146,321
2028	17,029
2029-2031	35,586
Total	\$ 415,682

Actuarial assumptions. The actuarial valuations for the Statewide Defined Benefit Plan were used to determine the total pension liability and actuarially determined contributions for the fiscal year ending December 31, 2022. The valuations used the following actuarial assumption and other inputs:

Actuarial method	Entry Age Normal
Amortization method	Level % of Payroll, Open
Amortization period	30 Years
Long-term investment rate of return, net of	7.00%
Salary increase, including wage inflation	4.25%-11.25%
Cost of Living Adjustments (COLA)	0.00%

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

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

**PAGOSA FIRE PROTECTION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2023**

NOTE 5: PENSION PLANS (Continued)

STATEWIDE DEFINED BENEFIT PLAN (FPPA) (Continued)

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

At least every five years the FPPA's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2022 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the FPPA's actuaries, Gabriel, Roeder, Smith & Co., based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2023. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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	100%	

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

**PAGOSA FIRE PROTECTION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2023**

NOTE 5: PENSION PLANS (Continued)

STATEWIDE DEFINED BENEFIT PLAN (FPPA) (Continued)

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

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00 percent; the municipal bond rate is 4.05 percent (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.00 percent.

Sensitivity of the proportionate share of the net pension asset (liability) to changes in the discount rate. Regarding the sensitivity of the net pension liability/(asset) to changes in the Single Discount Rate, the following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.00 percent, as well as what the plan's net pension liability/(asset) would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate share of the net pension asset (liability)	\$ (626,768)	\$ (90,917)	\$ 352,942

Subsequent Event

Statewide Retirement Plan. During 2022, House Bill 22-1034 was signed into law. This legislation combines the assets and liabilities of the Statewide Defined Benefit Plan and Statewide Hybrid Plan to form the Statewide Retirement Plan effective January 1, 2023. The Statewide Retirement Plan became the Defined Benefit Component of the Statewide Retirement Plan.

**PAGOSA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023**

NOTE 6: STATEWIDE DEATH AND DISABILITY PLAN

The District contributes to the Statewide Death and Disability Plan (SWD&DP), a cost-sharing multiple-employer defined benefit death and disability plan administered by FPPA. All full-time firefighters are members of the plan. Contributions to the plan are used solely for the payment of death and disability benefits. Benefits are established by state statute and generally allow for benefits upon the death or disability of a plan member prior to retirement. FPPA issues a publicly available annual financial report that includes financial statements and required supplementary information for SWD&DP. That report may be obtained at www.fppaco.org.

The plan provides pre-retirement death benefits, as follows:

- Off-duty: 40% of the base salary paid to the member prior to death, with an additional 10% of base salary if a surviving spouse has two or more dependent children
- On-duty: 70% of the base salary paid to the member prior to death
- Disability benefits are as follows:
 - Total disability: 70% of the base salary preceding disability
 - Permanent occupational disability: 50% of the base salary preceding disability
 - Temporary occupational disability: 40% of the base salary preceding disability for up to five years

Benefit adjustments are granted periodically at the discretion of the FPPA Board of Directors. Total disability retirees receive an automatic increase of 3%. For other annuitants, the increase may reflect the Consumer Price Index, but in no case may be higher than 3%. Once a member is eligible to retire, contributions to the plan and plan benefit obligations cease.

Contributions

The contribution requirements are established by state statutes. However, in accordance with C.R.S. 31-31-811(4), the FPPA Board of Directors, based on an annual actuarial valuation, may adjust the contribution rate every two years, but in no event may the adjustment for any two-year period exceed two-tenths of one percent of the member's salary. Any decision regarding whether the employer or member contributes to the plan, or whether the contribution is paid jointly by the employer and the member, is determined by the District.

No contributions are required for members hired prior to January 1, 1997. For members hired on or after January 1, 1997, the District contributed 3.4% of base salaries on behalf of the members during the year ended December 31, 2023. Contributions to the plan for the year ended December 31, 2023 were \$31,232, equal to the required contributions. The District had twenty two employees contributing to the SWDB, not all of which were eligible to contribute to the SWD&DP.

Other Postemployment Benefits (OPEB) Liabilities, OPEB Expense And Deferred Outflows Of Resources And Deferred Inflows Of Resources Related To OPEB

The District has no requirement to contribute to the plan and does not receive contributions from a nonemployer entity. Therefore, the District does not report a net OPEB liability or deferred outflows of resources and deferred inflows of resources related to OPEB.

SWD&DP Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in FPPA's separately issued financial report, which may be obtained at www.fppaco.org.

**PAGOSA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023**

NOTE 7: DEFERRED COMPENSATION PLAN

The District participates in a deferred compensation plan (the 457 Plan) as defined under the Internal Revenue Code Section 457, which allows employees to make an elective deferral of a portion of earned compensation to the 457 Plan.

The 457 Plan is a multi-employer plan administered by FPPA. Amendments to the 457 Plan may be made by the plan trustee. The District does not match employee contributions to the 457 Plan. For the year ended December 31, 2023, participating employees contributed \$28,414 to the 457 Plan.

NOTE 8: FUND BALANCE RESERVATIONS/APPROPRIATIONS

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, otherwise known as the Taxpayers' Bill of Rights (TABOR), which has several limitations, including revenue raising, spending abilities and other specific requirements of state and local governments. The amendment is complex and subject to judicial interpretation.

The amendment requires emergency reserves to be at least 3% of fiscal year spending. The amendment allows for an increase of revenues under formulas using inflation and local growth. Voter approval is required for tax increases and spending above the inflation and growth factor. Revenue collected, kept or spent illegally shall be refunded with interest. The District believes it is in compliance with TABOR requirements; however, the District has made certain interpretations of the amendment's language in order to determine its compliance.

On May 5, 1998, an election was held that authorized the District to retain and spend all revenues and other funds collected from any source, effective January 1, 1997 and thereafter. On May 2, 2000, an election was held that authorized a permanent waiver of the 5.5% limitation under Section 29-1-301, C.R.S.

The District has made the following fund balance reservation as a result of Article X, Section 20 (TABOR) of the Colorado Constitution:

Emergency Reserve

The Article requires an emergency reserve be set aside for 2023 in the amount of 3% or more of its fiscal year spending. At December 31, 2023, the District restricted \$96,000 in the General Fund for emergencies.

**PAGOSA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023**

NOTE 9: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The District carries commercial insurance for the risks of loss, including worker's compensation and employee accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. Limits of insurance coverage remain unchanged in the past three years.

The District is a participant in the Colorado Special Districts Property and Liability Pool (the Pool), a public entity risk pool currently operating as a common risk management and insurance program for member special districts in Colorado. The Pool provides property and general liability, automobile physical damage and liability, public officials' liability, inland marine, money and security and boiler and machinery coverages to its members. The District does not know its percentage share of the Pool surplus or deficit. The District pays annual premiums to the Pool for coverage.

The Pool agreement also gives the Board of Directors of the Pool the power to establish additional contributions at such times and in such amounts as the Pool's Board of Directors determines are needed for the purposes of the Pool. The Pool's Board of Directors may decide to distribute surplus funds among members; however, the District did not receive any such distribution for the year ended December 31, 2023.

NOTE 10: SUBSEQUENT EVENTS

In January 2024, the District adopted its property tax mill levy for the 2024 fiscal year in the amount of \$4,170,539. As this mill levy was not adopted until after year end, it was not recorded as a receivable and related deferred inflow as of December 31, 2023.

Management evaluates subsequent events through the date the financial statements are available to be issued, which is the date of the Independent Auditors' Report.

INTENTIONALLY LEFT BLANK

**Required Supplementary Information
(Pension Schedules – Unaudited)**

PAGOSA FIRE PROTECTION DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET (LIABILITY)

Last 10 Fiscal Years

Fiscal Year	District's proportion of the net pension asset (liability)	District's proportionate share of the net pension asset (liability)	District's covered payroll	District's proportionate share of the net pension asset (liability) as a proportion of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
12/31/2023	0.1024288%	\$ (90,917)	\$ 844,242	-10.77%	97.63%
12/31/2022	0.1033219%	\$ 559,936	\$ 781,511	71.65%	116.16%
12/31/2021	0.0949691%	\$ 206,178	\$ 720,494	28.62%	106.70%
12/31/2020	0.0920007%	\$ 52,032	\$ 678,075	7.67%	101.90%
12/31/2019	0.0583408%	\$ (73,759)	\$ 584,438	-12.62%	95.23%
12/31/2018	0.0589451%	\$ 84,802	\$ 391,788	21.64%	106.34%
12/31/2017	0.0665394%	\$ (32,868)	\$ 444,850	-7.39%	98.21%
12/31/2016	0.1095230%	\$ 1,930	\$ 465,538	0.41%	100.10%
12/31/2015	0.1027823%	\$ 115,998	\$ 530,938	21.85%	106.83%
12/31/2014	0.0914684%	\$ 81,790	\$ 482,475	16.95%	105.83%

Note: All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

See the accompanying Independent Auditors' Report.

PAGOSA FIRE PROTECTION DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS

**FPPA Pension Plan
Last 10 Fiscal Years⁽¹⁾**

<u>Fiscal Year</u>	<u>Contractually required contributions</u>	<u>Actual contributions</u>	<u>Contribution deficiency (excess)</u>	<u>District's covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
12/31/2023	\$ 80,203	\$ 80,203	\$ -	\$ 844,242	9.50%
12/31/2022	\$ 70,336	\$ 70,336	\$ -	\$ 781,511	9.00%
12/31/2021	\$ 61,242	\$ 61,242	\$ -	\$ 720,494	8.50%
12/31/2020	\$ 54,246	\$ 54,246	\$ -	\$ 678,075	8.00%
12/31/2019	\$ 46,755	\$ 46,755	\$ -	\$ 584,438	8.00%
12/31/2018	\$ 31,343	\$ 31,343	\$ -	\$ 391,788	8.00%
12/31/2017	\$ 35,588	\$ 35,588	\$ -	\$ 444,850	8.00%
12/31/2016	\$ 37,243	\$ 37,243	\$ -	\$ 465,538	8.00%
12/31/2015	\$ 42,475	\$ 42,475	\$ -	\$ 530,938	8.00%
12/31/2014	\$ 38,598	\$ 38,598	\$ -	\$ 482,475	8.00%

Note: All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

See the accompanying Independent Auditors' Report.

PAGOSA FIRE PROTECTION DISTRICT

SCHEDULE OF CHANGES IN THE DISTRICT'S NET PENSION LIABILITY

Volunteer Pension Plan

Last 10 Fiscal Years

	<u>12/31/2023</u>	<u>12/31/2022</u>	<u>12/31/2021</u>	<u>12/31/2020</u>
<u>Total Pension Liability</u>				
Service cost	\$ 50,472	\$ 46,778	\$ 46,778	\$ 40,535
Interest	266,290	238,731	240,258	242,662
Changes of benefit terms	-	321,849	-	-
Differences between expected and actual experience	-	132,257	-	(17,426)
Changes of assumptions	-	47,950	-	-
Benefit payments	<u>(336,910)</u>	<u>(323,423)</u>	<u>(305,565)</u>	<u>(312,367)</u>
Net changes in total pension liability	(20,148)	464,142	(18,529)	(46,596)
Total Pension Liability - beginning	<u>4,579,304</u>	<u>4,115,162</u>	<u>4,133,691</u>	<u>4,180,287</u>
Total Pension Liability - ending (a)	<u>\$ 4,559,156</u>	<u>\$ 4,579,304</u>	<u>\$ 4,115,162</u>	<u>\$ 4,133,691</u>
<u>Plan Fiduciary Net Position</u>				
Contributions - employer	\$ 168,011	\$ 160,944	\$ 145,943	\$ 185,179
Contributions - state (discretionary)	30,596	30,596	30,596	30,596
Net investment Income	296,728	(516,095)	214,887	462,836
Benefit payments	(336,910)	(323,423)	(305,565)	(312,367)
Administrative expense	-	(14,500)	(20,501)	(71,953)
Other	-	469	-	-
Net change in plan fiduciary net position	158,425	(662,009)	65,360	294,291
Plan fiduciary net position - beginning	<u>3,312,976</u>	<u>3,974,985</u>	<u>3,909,625</u>	<u>3,615,334</u>
Plan fiduciary net position - ending(b)	<u>\$ 3,471,401</u>	<u>\$ 3,312,976</u>	<u>\$ 3,974,985</u>	<u>\$ 3,909,625</u>
District's net pension liability (asset) - ending (a)-(b)	<u>\$ 1,087,755</u>	<u>\$ 1,266,328</u>	<u>\$ 140,177</u>	<u>\$ 224,066</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	76.14%	72.35%	96.59%	94.58%

Note: There were no factors that significantly affected trends in the amounts reported.

See the accompanying Independent Auditors' Report.

<u>12/31/2019</u>	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>
\$ 40,535	\$ 49,860	\$ 76,508	\$ 76,508	\$ 74,203	\$ 54,888
244,238	247,046	238,118	239,174	246,217	232,723
-	-	-	-	-	-
-	3,098	55,350	-	(152,180)	200,755
-	(32,087)	93,184	-	-	-
<u>(309,696)</u>	<u>(306,690)</u>	<u>(299,118)</u>	<u>(290,940)</u>	<u>(284,895)</u>	<u>(280,694)</u>
(24,923)	(38,773)	164,042	24,742	(116,655)	207,672
<u>4,205,210</u>	<u>4,243,983</u>	<u>4,079,941</u>	<u>4,055,199</u>	<u>4,171,854</u>	<u>3,964,182</u>
<u>\$ 4,180,287</u>	<u>\$ 4,205,210</u>	<u>\$ 4,243,983</u>	<u>\$ 4,079,941</u>	<u>\$ 4,055,199</u>	<u>\$ 4,171,854</u>
\$ 126,900	\$ 122,145	\$ 128,476	\$ 122,503	\$ 119,239	\$ 119,082
30,596	30,596	30,596	30,596	30,596	30,596
495,199	(104,299)	345,631	203,521	(3,990)	202,767
(309,696)	(306,690)	(299,118)	(296,510)	(284,895)	(280,694)
(42,254)	(37,846)	(28,356)	(36,801)	(27,681)	(29,847)
-	-	-	-	-	-
<u>300,745</u>	<u>(296,094)</u>	<u>177,229</u>	<u>23,309</u>	<u>(166,731)</u>	<u>41,904</u>
<u>3,314,589</u>	<u>3,610,683</u>	<u>3,433,454</u>	<u>3,410,145</u>	<u>3,576,876</u>	<u>3,534,972</u>
<u>\$ 3,615,334</u>	<u>\$ 3,314,589</u>	<u>\$ 3,610,683</u>	<u>\$ 3,433,454</u>	<u>\$ 3,410,145</u>	<u>\$ 3,576,876</u>
\$ 564,953	\$ 890,621	\$ 633,300	\$ 646,487	\$ 645,054	\$ 651,341
86.49%	78.82%	85.08%	84.15%	84.09%	85.74%

PAGOSA FIRE PROTECTION DISTRICT

**SCHEDULE OF THE DISTRICT'S NET PENSION LIABILITY AND RELATED RATIOS
Volunteer Pension Plan
Last 10 Fiscal Years**

Fiscal Year Ended	Total Pension Liability	Plan's Fiduciary Net Position	Net Pension Liability	Fiduciary Net Position as Percent of Total Pension	Covered Payroll	Pension Liability as a Percent of Covered Payroll
12/31/14	\$ 4,171,854	\$ 3,576,876	\$ 594,978	85.74%	\$ -	N/A
12/31/15	\$ 4,055,199	\$ 3,410,145	\$ 645,054	84.09%	\$ -	N/A
12/31/16	\$ 4,079,941	\$ 3,433,454	\$ 646,487	84.15%	\$ -	N/A
12/31/17	\$ 4,243,983	\$ 3,610,683	\$ 633,300	85.08%	\$ -	N/A
12/31/18	\$ 4,205,210	\$ 3,314,589	\$ 890,621	78.82%	\$ -	N/A
12/31/19	\$ 4,180,287	\$ 3,615,334	\$ 564,953	86.49%	\$ -	N/A
12/31/20	\$ 4,133,691	\$ 3,909,625	\$ (55,094)	94.58%	\$ -	N/A
12/31/21	\$ 4,115,162	\$ 3,974,985	\$ 140,177	96.59%	\$ -	N/A
12/31/22	\$ 4,579,304	\$ 3,312,976	\$ 1,266,328	72.35%	\$ -	N/A
12/31/23	\$ 4,559,156	\$ 3,471,401	\$ 1,087,755	76.14%	\$ -	N/A

Note: There were no factors that significantly affected trends in the amounts reported.

See the accompanying Independent Auditors' Report.

PAGOSA FIRE PROTECTION DISTRICT

SCHEDULE OF ACTUARIAL DETERMINED AND ACTUAL CONTRIBUTIONS

Volunteer Pension Plan

Last 10 Fiscal Years

<u>Fiscal Year Ended</u>	<u>Actuarially determined contributions</u>	<u>Actual contributions</u>	<u>Contribution deficiency (excess)</u>	<u>District's covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
12/31/2014	\$ 84,533	\$ 180,749	\$ (96,216)	N/A	N/A
12/31/2015	\$ 117,097	\$ 180,431	\$ (63,334)	N/A	N/A
12/31/2016	\$ 120,737	\$ 147,529	\$ (26,792)	N/A	N/A
12/31/2017	\$ 120,816	\$ 159,072	\$ (38,256)	N/A	N/A
12/31/2018	\$ 103,511	\$ 152,741	\$ (49,230)	N/A	N/A
12/31/2019	\$ 149,055	\$ 157,496	\$ (8,441)	N/A	N/A
12/31/2020	\$ 149,055	\$ 215,775	\$ (66,720)	N/A	N/A
12/31/2021	\$ 122,856	\$ 176,539	\$ (53,683)	N/A	N/A
12/31/2022	\$ 122,856	\$ 191,540	\$ (68,684)	N/A	N/A
12/31/2023	\$ 175,207	\$ 198,607	\$ (23,400)	N/A	N/A

Note: See Note 5 of the Basic Financial Statements for significant methods and assumptions used in calculating the actuarially determined calculations. There were no factors that significantly affected trends in the amounts reported.

See the accompanying Independent Auditors' Report.

INTENTIONALLY LEFT BLANK

Required Supplementary Information

PAGOSA FIRE PROTECTION DISTRICT
Budgetary Comparison Schedule -
General Fund
Year Ended December 31, 2023

	2023			
	Original Budget	Final Budget	Actual	Variance w/ Final Budget
REVENUES				
Taxes				
Property Taxes	\$ 2,675,370	\$ 2,675,370	\$ 2,688,046	\$ 12,676
Specific Ownership Taxes	243,344	243,344	294,144	50,800
Delinquent Taxes, Penalties and Interest	-	-	9,873	9,873
Total Taxes	<u>2,918,714</u>	<u>2,918,714</u>	<u>2,992,063</u>	<u>73,349</u>
Charges for Services				
Airport Fees	1,020	1,020	1,020	-
Incident Billing	5,000	5,000	9,824	4,824
Burn Permits	13,000	13,000	7,665	(5,335)
Plan Reviews	-	-	8,070	8,070
Wildland	75,000	75,000	292,779	217,779
Total Charges for Services	<u>94,020</u>	<u>94,020</u>	<u>319,358</u>	<u>225,338</u>
Investment Earnings				
	<u>4,500</u>	<u>4,500</u>	<u>16,557</u>	<u>12,057</u>
Other Revenues				
Donations	-	-	255	255
Insurance Claims	-	-	17,354	17,354
Miscellaneous Income	4,750	4,750	19,068	14,318
Total Other Revenues	<u>4,750</u>	<u>4,750</u>	<u>36,677</u>	<u>31,927</u>
Total Revenues	<u>3,021,984</u>	<u>3,021,984</u>	<u>3,364,655</u>	<u>342,671</u>
EXPENDITURES				
Current:				
Public Safety				
Payroll	1,864,731	1,864,731	1,960,690	(95,959)
Administrative	379,555	379,555	451,896	(72,341)
Fleet Maintenance	-	-	125,415	(125,415)
Facility Maintenance	102,980	102,980	89,817	13,163
Training	72,500	72,500	28,472	44,028
Equipment Maintenance/Replacement	144,820	144,820	151,329	(6,509)
Recruitment and Retention	8,500	8,500	7,571	929
Utilities	47,510	47,510	46,311	1,199
Total Public Safety (Operations)	<u>2,620,596</u>	<u>2,620,596</u>	<u>2,861,501</u>	<u>(240,905)</u>
Pension Expenses				
	170,405	170,405	168,011	2,394
Capital Outlay				
Total Expenditures	<u>3,378,926</u>	<u>3,378,926</u>	<u>3,192,400</u>	<u>186,526</u>
Change in Fund Balance	(356,942)	(356,942)	172,255	529,197
Fund Balance, Beginning	867,149	867,149	1,143,481	276,332
Fund Balance, Ending	<u>\$ 510,207</u>	<u>\$ 510,207</u>	<u>\$ 1,315,736</u>	<u>\$ 805,529</u>

See the accompanying Independent Auditor's Report.

Other Supplementary Information

**PAGOSA FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION
Budget and Actual - Pension Trust Fund
Year Ended December 31, 2023**

	2023			
	Original Budget	Final Budget	Actual	Variance w/ Final Budget
ADDITIONS:				
Contributions:				
District	\$ 170,405	\$ 170,405	\$ 168,011	\$ (2,394)
State	30,596	30,596	30,596	-
Investment Earnings:	362,525	362,525	-	(362,525)
Interest Paid	-	-	10,823	10,823
Dividends Paid	-	-	90,531	90,531
Unrealized Fair Market Value Change	-	-	222,870	222,870
Less: Investment Fees	-	-	(27,496)	(27,496)
Total Additions	<u>563,526</u>	<u>563,526</u>	<u>495,335</u>	<u>(68,191)</u>
DEDUCTIONS:				
Pension Benefit Payments	321,544	321,544	336,910	(15,366)
Other Administrative	2,815	2,815	-	2,815
Actuarial Fees	<u>40,500</u>	<u>40,500</u>	-	<u>40,500</u>
Total Deductions	<u>364,859</u>	<u>364,859</u>	<u>336,910</u>	<u>27,949</u>
Change in Fiduciary Net Position	198,667	198,667	158,425	(40,242)
Net Position, Beginning	<u>3,069,825</u>	<u>3,069,825</u>	<u>3,312,976</u>	<u>243,151</u>
Net Position, Ending	<u>\$ 3,268,492</u>	<u>\$ 3,268,492</u>	<u>\$ 3,471,401</u>	<u>\$ 202,909</u>

See the accompanying Independent Auditor's Report.