
Ridgway Fire Protection District
Ridgway, Colorado
Basic Financial Statements
December 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Ridgway Fire Protection District
Ridgway, Colorado

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Ridgway Fire Protection District's internal control. Accordingly, no such opinion is expressed.

Certified Public Accountants

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Ridgway Fire Protection District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in net pension liability, and schedule of district contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Blair and Associates, P.C.

Cedaredge, Colorado
July 1, 2024

Ridgway Fire Protection District
Management Discussion and Analysis
Year Ended December 31, 2023

As the financial management of the Ridgway Fire Protection District (“District”), we offer readers of these financial statements this narrative overview and analysis of the financial activities of the District for the years ended December 31, 2023, and 2022. This discussion and analysis is designed to assist the reader in focusing on significant accomplishments, financial issues and activities, and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole.

Financial Highlights

The District incurred excess revenues over expenses of \$ 29,903 in 2023. The term “net position” refers to the difference between assets and deferred outflows over deferred inflow of resources and liabilities. At the close of 2023, the District had a net position of \$3,058,744, an increase from fiscal year 2022.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District’s financial statements, which is comprised of the basic financial statements, the notes to the financial statements, and supplementary information presented. In addition to the basic financial statements, this report also contains other supplementary information pertaining to the District’s budget.

Combined Government-Wide Fund Financial Statements

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of the entire District’s finances, in a manner similar to a private-sector business.

The ***statement of net position*** presents information on all of the District’s assets, liabilities and deferred inflows of resources, with the difference between the three 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 ***statement of activities*** presents information showing how the government’s net position changed during the past year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, ***regardless of the timing of the related cash flows***. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and other revenues. The District’s main function is to provide fire protection to the citizens within its area.

The government-wide financial statements are combined with the fund financial statements.

Ridgway Fire Protection District
Management Discussion and Analysis
Year Ended December 31, 2023

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has two funds, the governmental fund and the pension fund.

Governmental funds: *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the government fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The basic governmental fund financial statements are combined with the government-wide financial statements.

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information pertaining to the District's progress in funding its obligation to provide pension benefits to its volunteer firefighters. Required supplementary information can be found on pages 23 and 24 of this report.

Also, this report presents certain supplementary information pertaining to the District's budget for demonstrating legal compliance with budgetary control obligations. This supplementary information can be found on page 22 of this report.

Ridgway Fire Protection District
Management Discussion and Analysis
Year Ended December 31, 2023

Financial Analysis

Net position, the excess of assets and deferred outflows over liabilities and deferred inflows of resources, may serve, over time, as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities and deferred inflows of resources by \$ 3,058,744 at the close of the most recent fiscal year. The overall net position increased by \$ 29,903.

District's Net Position at December 31:

<i>Assets</i>	2022	2023
Current and other assets	\$ 2,005,936	\$ 2,330,920
Capital assets, net of depreciation	1,817,772	1,757,436
Deferred outflow of resources	15,494	134,081
Total assets	<u>\$ 3,839,202</u>	<u>\$ 4,222,437</u>
<i>Liabilities and deferred inflows of resources</i>		
Long-term liabilities outstanding	\$ -	\$ -
Other liabilities	10,094	55,879
Deferred inflows of resources	800,267	1,107,814
Total liabilities and deferred inflows of resources	<u>810,361</u>	<u>1,163,693</u>
<i>Net position</i>		
Net Investment in capital assets	1,817,772	1,757,436
Restricted for emergencies	45,908	48,815
Restricted for retirement benefits	455,649	470,734
Unrestricted	709,512	781,759
Total net position	<u>\$ 3,028,841</u>	<u>\$ 3,058,744</u>

The largest portion of the District's net position is its investment in capital assets (57%). These assets include land, vehicles, leasehold improvements, buildings and equipment. The District uses these capital assets to provide service and consequently, these assets are not available to liquidate liabilities or for other spending.

\$ 48,815 is restricted for labor emergencies. The District has an unrestricted net position of \$ 781,759.

Ridgway Fire Protection District
Management Discussion and Analysis
Year Ended December 31, 2023

Statement of Activities - December 31, 2023

<i>General Revenues</i>	<u>2022</u>	<u>2023</u>
Property taxes	\$ 328,290	\$ 692,045
Specific ownership taxes	35,672	69,931
Other taxes	735	1,318
Investment and other income	2,205	2,994
Rental income	45,491	39,209
Intergovernmental revenues	341,380	189,926
Miscellaneous revenue	13,485	40,636
Total revenues	<u>767,258</u>	<u>1,036,059</u>
<i>Expenses</i>		
Administration	70,991	111,470
Public safety - fire protection	414,735	784,350
Depreciation expense	108,223	110,336
Total expenditures/expenses	<u>593,949</u>	<u>1,006,156</u>
Changes in net position - General Fund	173,309	29,903
Beginning of the year	2,855,532	3,028,841
End of the year	<u>\$ 3,028,841</u>	<u>\$ 3,058,744</u>

Capital Assets

The District's investment in capital assets at December 31, 2023, amounts to \$ 1,757,436 (net of accumulated depreciation). This investment in capital assets includes land, buildings and equipment. The District made capital purchases of \$50,000 during 2023.

Ridgway Fire Protection District
Management Discussion and Analysis
Year Ended December 31, 2023

Capital assets are classified as follows:

	Balance January 1, 2023	Additions	Dispositions	Balance December 31, 2023
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 203,844	\$ -	\$ -	\$ 203,844
	<u>203,844</u>	<u>-</u>	<u>-</u>	<u>203,844</u>
Capital assets being depreciated				
Buildings and improvements	1,862,808	50,000	-	1,912,808
Vehicles	1,073,011	-	-	1,073,011
Equipment	166,252	-	-	166,252
	<u>3,102,071</u>	<u>50,000</u>	<u>-</u>	<u>3,152,071</u>
Less accumulated depreciation				
Buildings and improvements	(423,205)	(76,068)	-	(499,273)
Vehicles	(902,583)	(33,433)	-	(936,016)
Equipment	(162,355)	(835)	-	(163,190)
	<u>(1,488,143)</u>	<u>(110,336)</u>	<u>-</u>	<u>(1,598,479)</u>
Capital asset being depreciated, net	<u>1,613,928</u>	<u>(60,336)</u>	<u>-</u>	<u>1,553,592</u>
 Total Governmental Activities Capital Assets	 <u>\$ 1,817,772</u>	 <u>\$ (60,336)</u>	 <u>\$ -</u>	 <u>\$ 1,757,436</u>

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Ridgway Fire Protection District
P.O. Box 2
Ridgway, Colorado 81432

Basic Financial Statements

Ridgway Fire Protection District
 Combined Government-Wide and Fund Financial Statements
 Governmental Fund Balance Sheet and Statement of Net Position
 December 31, 2023

	General Fund	Adjustments (See Below)	Statement Of Net Position
Assets			
Cash and investments	\$ 608,055	\$ -	\$ 608,055
Investments	284,398	-	284,398
Property tax receivable	1,018,189	-	1,018,189
Net Pension Asset	-	420,278	420,278
Total current assets	<u>1,910,642</u>	<u>420,278</u>	<u>2,330,920</u>
Capital assets			
Non depreciable assets			
Land	-	203,844	203,844
Depreciable assets			
Building and Improvements	-	1,912,808	1,912,808
Vehicles and equipment	-	1,239,263	1,239,263
Accumulated depreciation	-	<u>(1,598,480)</u>	<u>(1,598,480)</u>
Total capital assets	-	<u>1,757,436</u>	<u>1,757,436</u>
Total assets	<u>1,910,642</u>	<u>2,177,714</u>	<u>4,088,356</u>
Deferred outflow of resources			
Deferred outflows related to pension	-	134,081	134,081
Total deferred outflow of resources	<u>-</u>	<u>134,081</u>	<u>134,081</u>
Liabilities			
Accounts payable	49,029	-	49,029
Payroll liabilities	6,850	-	6,850
Total liabilities	<u>55,879</u>	<u>-</u>	<u>55,879</u>
Deferred inflows of resources			
Deferred property taxes	1,018,189	-	1,018,189
Unearned Rental Income	6,000	-	6,000
Deferred inflows related to pension	-	83,625	83,625
Total deferred inflows of resources	<u>1,024,189</u>	<u>83,625</u>	<u>1,107,814</u>
Fund balance			
Restricted emergency reserve	48,815	(48,815)	-
Assigned for vehicle purchase	200,000	(200,000)	-
Unassigned	581,759	(581,759)	-
Total fund balances	<u>830,574</u>	<u>(830,574)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 1,910,642</u>		
Net position:			
Investment in capital assets net of related debt		1,757,436	1,757,436
Restricted for emergencies		48,815	48,815
Restricted for retirement benefits		470,734	470,734
Unrestricted		781,759	781,759
Total net position		<u>\$ 3,058,744</u>	<u>\$ 3,058,744</u>

These financial statements should be read only in connection with the accompanying notes to financial statements.

Ridgway Fire Protection District
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
December 31, 2023

Amount reported for governmental activities in the statement of net position
are different because:

Total fund balance-governmental funds	\$ 830,574
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund balance sheet	1,757,436
Net pension assets and related deferred outflows of resources are not reported in the funds	470,734
Total net position-governmental activities	<u>\$ 3,058,744</u>

These financial statements should be read only in connection with the accompanying notes to financial statements.

Ridgway Fire Protection District
Statement of Revenue, Expenditures and Changes in Fund Balance/Net Position
Governmental Fund and Statement of Activities
For the Year Ended December 31, 2023

	General Fund	Adjustments (See Next Page)	Statement of Activities
Expenditures			
Fire Protection			
Personnel	\$ 480,785	\$ (15,085)	465,700
Facilities	25,728		25,728
Administrative	111,470		111,470
Repairs and maintenance	118,156	23,808	141,964
Vehicle expense	33,851		33,851
Wildland firefighting	40,114		40,114
Miscellaneous	71,993		71,993
Capital outlay			
Building	23,808	(23,808)	-
Equipment	50,000	(50,000)	-
Contingency	5,000	-	5,000
Depreciation expense	-	110,336	110,336
Total expenditures	<u>960,905</u>	<u>45,251</u>	<u>1,006,156</u>
Revenues			
Current property taxes	692,045	-	692,045
Specific ownership taxes	69,931	-	69,931
Other taxes	1,318	-	1,318
Interest and miscellaneous	2,994	-	2,994
Rental income	39,209	-	39,209
Intergovernmental revenues	189,926	-	189,926
Miscellaneous revenues	40,636	-	40,636
Total revenues	<u>1,036,059</u>	<u>-</u>	<u>1,036,059</u>
Change in net position	<u>75,154</u>	<u>(45,251)</u>	<u>29,903</u>
Fund balances/Net position:			
Beginning of the year	755,420	2,273,421	3,028,841
End of the year	<u>\$ 830,574</u>	<u>\$ 2,228,170</u>	<u>\$ 3,058,744</u>

These financial statements should be read only in connection with the accompanying notes to financial statements.

Ridgway Fire Protection District
 Reconciliation of the Statement of Revenues, Expenditures and Changes in the
 Fund Balance - Governmental Fund and Statement of Activities
 For the Year Ended December 31, 2023

A reconciliation reflecting the differences between the general fund excess of revenues over expenditures and the changes in net position reported for governmental activities in the statement of activities is as follows:

Excess of revenues over expenditures - general fund	\$ 75,154
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Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expenses:

Capital outlay	50,000
Depreciation	<u>(110,336)</u>
Total	<u><u>(60,336)</u></u>

The issuance of capital leases provides current financial resources to governmental funds, while the repayment of the principal of capital leases consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position:

Net change in pension assets	<u>15,085</u>
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Change in net position - Statement of Activities	<u><u>\$ 29,903</u></u>
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These financial statements should be read only in connection with the accompanying notes to financial statements.

Ridgway Fire Protection District
Notes to Financial Statements
December 31, 2023

Note 1 - Summary of Significant Accounting Policies

Organization

The Ridgway Fire Protection District (the District) is incorporated as a fire protection district under the laws of the State of Colorado and is governed by an elected five-person board. The District provides fire protection services within the District's boundaries.

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

Financial Reporting Entity

The reporting entity consists of (a) the primary government, i.e., the District, and (b) organizations for which the District is financially accountable. The District is considered financially accountable for legally separate organizations if it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the District. Consideration is also given to other organizations which are fiscally dependent, i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the District. Organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

Based on the criteria above, the District is not financially accountable for any other entity, nor is the District a component unit of any other government.

Government-Wide and Fund Financial Statements

The government-wide financial statement (i.e. the statement of net position and the statement of activities) reports information on all of the non-fiduciary activities of the government. 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.

Focus, Basis of Accounting and Financial Statement Presentation

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

Ridgway Fire Protection District
Notes to Financial Statements
December 31, 2023

Note 1 - Summary of Significant Accounting Policies – continued

Measurement

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. The major source of revenue susceptible to accrual is property tax. All other revenue items are considered to be measurable and available only when cash is received by the district.

Governmental Funds

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities, deferred inflows, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Capital Assets

Capital assets, which include land, buildings, vehicles and equipment, are reported in government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000. Such assets are recorded at cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Ridgway Fire Protection District
Notes to Financial Statements
December 31, 2023

Note 1 - Summary of Significant Accounting Policies – continued

Capital Assets– continued

All depreciable assets of the District are being depreciated using the straight-line method over the following estimated useful lives:

Assets	<u>Years</u>
Buildings	25
Vehicles	5-10
Equipment	5-10

Fund Equity

This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Non-spendable fund balance amounts that are not in spendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance-amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions or by enabling legislation.
- Committed fund balance-amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint. The District has committed \$200,000 for vehicle purchases.
- Assigned fund balance-amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- Unassigned fund balance-amounts that are available for any purpose; positive amounts are reported only in the general fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless Board of Directors has provided otherwise in its commitment or assignment actions.

The District's considers all unreserved fund balances to be reserves for future operations or capital replacement as defined within Article X, Section 20 of the Constitution of the State of Colorado.

Emergency reserves have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado. A portion of the General Fund equity and net position has been reserved/restricted in compliance with this requirement in the amount of \$48,815.

Budgetary Information

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.

The budget includes each fund on its basis of accounting unless otherwise indicated.

Ridgway Fire Protection District
Notes to Financial Statements
December 31, 2023

Note 1 - Summary of Significant Accounting Policies – continued

Encumbrances

Encumbrances accounting, under which purchase orders, contracts, and other commitments for the expenditures of money are recorded in order to reserve that portion of the applicable appropriation, is not employed by the District because it is at present considered not necessary to assure effective budgetary control or facilitate effective cash planning and control.

Pensions

The District participates in the Ridgway Fire Protection District Volunteer Pension Fund, an agent multiple-employer Public Employee Retirement System (PERS) defined benefit plan, administered by the Fire & Police Pension Association of Colorado (FPPA), which represents the assets of numerous separate plans that have been pooled for investment purposes. The net pension liabilities or assets, 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 pensions have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fair Value Measurement

The District adopted GASB Statement No. 72, Fair Value Measurement and Application, which generally requires state and local governments to measure assets and liabilities at fair value. GASB's goal is to enhance comparability of governmental financial statements by requiring fair value measurement for certain assets and liabilities using a consistent definition and accepted valuation techniques. This standard expands fair value disclosure to provide comprehensive information for financial statement users about the impact of fair value measurements on a government's financial position.

Note 2 - Deposits and Investments

Deposits - Colorado state statutes govern the entity's deposits of cash. The Public Deposit Protection Acts for banks and savings and loans require the state regulators to certify eligible depositories for public deposits. The acts require the eligible depositories with public deposits in excess of the federal insurance levels to create a single institution collateral pool of defined eligible assets. Eligible collateral includes obligations of the United States, obligations of the State of Colorado or local Colorado governments and obligations secured by first lien mortgages on real property located in the State. The pool is to be maintained by another institution or held in trust for all the un-insured public deposits as a group. The market value of the assets in the pool must be at least equal to the uninsured deposits.

At year-end the carrying value of the District's deposits was \$ 892,453 and the bank balance was \$ 896,645. Of this amount \$ 500,000 was covered by FDIC insurance. The remaining \$ 396,645 is collateralized under PDPA.

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

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks

Ridgway Fire Protection District
Notes to Financial Statements
December 31, 2023

Note 2 - Deposits and Investments— continued

- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

Certificates of deposit are valued at amortized cost.

The composition of all cash and investments as of December 31, 2023, is as follows:

	<u>Amounts</u>	<u>Maturities</u>	
		<u>Less than 1 year</u>	<u>1-5 years</u>
Checking	\$ 233,227		
Savings	\$ 374,827		
Certificate of deposit	\$ 284,398	\$ 284,398	

Interest rate risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The District does not have a formal policy limiting investment maturities, other than that established by the state statute of five years, which would help manage its exposure to fair value losses from increasing interest rates.

Note 3 - Property Taxes

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

Note 4 - Contingent Liabilities

Risk management

The District is exposed to various risks of loss related to torts; theft of, damages to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases general liability and property insurance through commercial insurers. There have been no significant reductions in insurance coverage in the prior year and no settlement exceeding insurance coverage for each of the past three years.

Ridgway Fire Protection District
Notes to Financial Statements
December 31, 2023

Note 5 - Capital Assets

Capital asset activity for the year ended December 31, 2023, is as follows:

	Balance January 1, 2023	Additions	Dispositions	Balance December 31, 2023
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 203,844	\$ -	\$ -	\$ 203,844
	<u>203,844</u>	<u>-</u>	<u>-</u>	<u>203,844</u>
Capital assets being depreciated				
Buildings and improvements	1,862,808	50,000	-	1,912,808
Vehicles	1,073,011	-	-	1,073,011
Equipment	166,252	-	-	166,252
	<u>3,102,071</u>	<u>50,000</u>	<u>-</u>	<u>3,152,071</u>
Less accumulated depreciation				
Buildings and improvements	(423,205)	(76,068)	-	(499,273)
Vehicles	(902,583)	(33,433)	-	(936,016)
Equipment	(162,355)	(835)	-	(163,190)
	<u>(1,488,143)</u>	<u>(110,336)</u>	<u>-</u>	<u>(1,598,479)</u>
Capital asset being depreciated, net	<u>1,613,928</u>	<u>(60,336)</u>	<u>-</u>	<u>1,553,592</u>
 Total Governmental Activities Capital Assets	 <u>\$ 1,817,772</u>	 <u>\$ (60,336)</u>	 <u>\$ -</u>	 <u>\$ 1,757,436</u>

Depreciation costs for 2023 for the government activities was \$ 110,336.

Note 6 - Defined Benefit Pension Plan – Volunteer Pension

General Information about the Pension Plan

Plan Description. The District contributes to the Ridgway Fire Protection District Volunteer Pension Fund (the Plan), an agent multiple-employer Public Employee Retirement System (PERS) defined benefit plan administered by the Fire & Police Pension Association (FPPA). The PERS represents the assets of numerous separate plans that have been pooled for investment purposes. The pension plans have elected to affiliate with FPPA for plan administration and investment only. FPPA issues a publicly available comprehensive annual financial report that can be obtained on FPPA's website at <http://www.fppaco.org>. For the measurement period ending December 31, 2022, the Plan included membership of 10 retirees and beneficiaries and 18 active members for a total of 28 members.

Benefits Provided

Normal Retirement

A member is eligible for a normal retirement pension once the member has completed twenty years of credited service and has attained the age of 50. The monthly regular retirement benefit is \$300.

Ridgway Fire Protection District
Notes to Financial Statements
December 31, 2023

Note 6 - Defined Benefit Pension Plan – Volunteer Pension– *continued*

Vested Retirement

A member with 15 or more but less than 20 years of service is eligible to receive a benefit of \$15 per month times the number of vesting years.

Survivor Benefits

Survivor benefits are available at one-half of the amount of the normal retirement pension, or \$150 per month, following death after normal retirement. Following death in the line of duty as a volunteer firefighter before retirement eligible, the benefit amount increases to \$225 per month. Following death after vested retirement with 15 or more but less than 20 years of service the benefit amount is \$7.50 per month multiplied by the number of vesting years.

Funeral Benefits

A one-time funeral benefit is paid of \$600 in the event of a death of a member.

Contributions. The District contributes from proceeds of a property tax mill levy. The Plan is construed and enforced in accordance with Colorado Revised Statute Title 31, Article 30. Per CRS 31-30-1112, State contributions to any municipality or district must equal ninety percent of all amounts contributed by the municipality or district under section 31-30-1110 in the previous year, but, notwithstanding any other provision of this part 11, the state contribution shall not exceed one-half mill on the previous net valuation for assessment of the municipality or district assuming one hundred percent collection. For 2023 the District contributed \$10,000 and the state's matching contribution was \$9,000.

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

At December 31, 2023, the District reported a net pension liability/(asset) of \$(420,278). The net pension liability/(asset) was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of January 1, 2022.

For the year ended December 31, 2023, the District recognized pension expense of \$(15,085). At December 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 4,761	\$ -
Changes of assumptions or other inputs	4,472	-
Net difference between projected and actual earnings	124,848	73,625
Contributions subsequent to the measurement date	-	10,000
Total	\$ 134,081	\$83,625

Ridgway Fire Protection District
Notes to Financial Statements
December 31, 2023

Note 6 - Defined Benefit Pension Plan – Volunteer Pension– *continued*

\$10,000 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended: December 31, 2023	
2024	\$ (534)
2025	9,598
2026	19,652
2027	31,740
2028	-
Thereafter	\$ 60,456

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

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

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

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

Ridgway Fire Protection District
Notes to Financial Statements
December 31, 2023

Note 6 - Defined Benefit Pension Plan – Volunteer Pension– continued

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.0%	3.92%
Fixed Income-Rates	10.0%	5.45%
Fixed Income-Credit	5.0%	6.90%
Absolute Return	9.0%	6.49%
Long Short	6.0%	7.47%
Global Equity	35.0%	8.93%
Private Markets	34.0%	10.31%
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 as of the measurement date (to the extent that the plan’s projected fiduciary net position is not sufficient to pay benefits).

For the purpose of this valuation, the long-term expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 1.84% (based on the weekly rate closest to but not later than the measurement date of the “state & local bonds” rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.00%.

Projected cash flows used in determining the Single Discount Rate are available upon request.

Regarding the sensitivity of the net pension liability/(asset) to changes in the Single Discount Rate, the following presents the PVFDP's net pension liability/(asset), calculated using a Single Discount Rate of 7.00%, as well as what the PVFDP'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 liability/(asset)	\$(354,631)	\$(420,278)	\$(474,607)

Ridgway Fire Protection District
Notes to Financial Statements
December 31, 2023

Note 7 - Tax, Spending and Debt Limitations

In November 1992, Colorado voters passed an amendment (Amendment One) to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of the state and local governments. The limits on property taxes, revenue, and "fiscal year spending" include allowable annual increases tied to inflation and local growth in construction valuation. Fiscal year spending as defined by the amendment excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfers, damage awards and fund reserves (balances).

The amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue earned in excess of the "spending limit" must be refunded or approved to be retained by the District under specified voting requirements by the entire electorate. The amendment also requires that reserves be established for declared emergencies, with 3% of fiscal year spending required in 1994 and thereafter.

On November 8, 2022, the District's electorate authorized the District to increase the mill levy by 4.00 mills to a total of 7.591 mills.

The District's management believes it is in compliance with the provisions of TABOR; however, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

Ridgway Fire Protection District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - General Fund
For the Year Ended December 31, 2023

	Budget		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Revenues				
Current property taxes	\$ 697,123	\$ 697,123	\$ 692,045	\$ (5,078)
Specific ownership taxes	35,000	35,000	69,931	34,931
Other taxes	1,700	1,700	1,318	(382)
Total taxes	<u>733,823</u>	<u>733,823</u>	<u>763,294</u>	<u>29,471</u>
Interest and miscellaneous	1,500	1,500	2,994	1,494
Rental income	39,209	39,209	39,209	-
Intergovernmental revenues	650,035	650,035	189,926	(460,109)
Miscellaneous revenues	50,000	50,000	40,636	(9,364)
Total revenues	<u>1,474,567</u>	<u>1,474,567</u>	<u>1,036,059</u>	<u>(438,508)</u>
Expenditures				
Fire Protection				
Personnel	903,075	903,075	480,785	422,290
Facilities	21,200	21,200	25,728	(4,528)
Administrative	118,800	118,800	111,470	7,330
Repairs and maintenance	110,000	110,000	118,156	(8,156)
Vehicle expense	35,000	35,000	33,851	1,149
Wildland firefighting	128,000	128,000	40,114	87,886
Miscellaneous	100,000	100,000	71,993	28,007
Capital outlay				
Building	20,000	20,000	23,808	(3,808)
Designated Reserves	44,207	44,207	50,000	(5,793)
Contingency	50,000	50,000	5,000	45,000
Total expenditures	<u>1,530,282</u>	<u>1,530,282</u>	<u>960,905</u>	<u>569,377</u>
Excess revenues over (under) expenditures	(55,715)	(55,715)	75,154	130,869
Beginning fund balance	909,356	909,356	755,420	(153,936)
Ending fund balance	<u>\$ 853,641</u>	<u>\$ 853,641</u>	<u>\$ 830,574</u>	<u>\$ (23,067)</u>

Required Supplemental Information

Ridgway Fire Protection District
Schedule of Changes in Net Pension Liability/(Asset) - Volunteer Pension Fund
For the Year Ended December 31, 2023

Measurement period ending December 31,	2022	2021
Total Pension Liability		
Service cost	\$ 12,213	\$ 12,213
Interest on the total pension liability	34,192	32,923
Benefit changes	-	-
Difference between expected and actual experience	5,520	-
Changes of assumptions	5,872	-
Benefit payments	(26,700)	(27,300)
Net change in total pension liability	<u>31,097</u>	<u>17,836</u>
Total pension liability - beginning	495,580	477,744
Total pension liability - ending	<u><u>\$ 526,677</u></u>	<u><u>\$ 495,580</u></u>
Plan Fiduciary Net Position		
Employer contributions	\$ 10,000	\$ 10,000
Net investment income	(83,435)	135,209
Benefit payments	(26,700)	(27,300)
Pension plan administrative expense	(6,289)	(6,189)
State of Colorado supplemental discretionary payment	9,000	18,000
Net change in plan fiduciary net position	<u>(97,424)</u>	<u>129,720</u>
Plan fiduciary net position - beginning	1,044,379	914,659
Plan fiduciary net position - ending	<u><u>\$ 946,955</u></u>	<u><u>\$ 1,044,379</u></u>
Net Pension Liability/(Asset) - Ending	\$ (420,278)	\$ (548,799)
Plan Fiduciary Net Position as a Percentage of		
Total Pension Liability	180%	211%
Covered Employee Payroll	N/A	N/A
Net Pension Liability as a Percentage of Covered		
Employee Payroll	N/A	N/A

Ridgway Fire Protection District
 Schedule of Pension Contributions - Volunteer Pension Fund
 For the Year Ended December 31, 2023

	Employer Contributions recognized by the plan	Contribution Deficiency (Excess)	Employer covered Payroll	Contributions as a percentage of employer covered payroll
December 31, 2023	\$ 10,000	\$ (10,000)	N/A	N/A
December 31, 2022	\$ 10,000	\$ (10,000)	N/A	N/A
December 31, 2021	\$ 10,000	\$ (10,000)	N/A	N/A