UPPER PINE RIVER FIRE PROTECTION DISTRICT

FINANCIAL STATEMENTS

AND

REQUIRED SUPPLEMENTARY INFORMATION

AND

SUPPLEMENTARY INFORMATION

WITH

INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2023

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CBIZ CPAs

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Upper Pine River Fire Protection District
Bayfield, CO

Opinions

We have audited the financial statements of the governmental activities and governmental funds of Upper Pine River Fire Protection District (District), as of December 31, 2023 and for the year then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and governmental funds of the 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 ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

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[1] *In certain jurisdictions, CBIZ CPAs P.C. operates under its previous name, Mayer Hoffman McCann P.C.*

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) and Actual – General Fund, the Schedule of the District's Proportionate Share of the Net Pension Liability/(Asset) Statewide Defined Benefit Plan, the Schedule of the District's Contributions – SWDBP, the Schedule of the District's Proportionate Share of the Net Pension Liability/(Asset) Statewide Hybrid Defined Benefit Plan, and the Schedule of the District's Contributions - SWHDBP be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

CBIZ CPAs P.C.[1]

Colorado Springs, Colorado
10/31/2024

[1] *In certain jurisdictions, CBIZ CPAs P.C. operates under its previous name, Mayer Hoffman McCann P.C.*

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

As management of Upper Pine River Fire Protection District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2023.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are composed of three components:

1) Government-wide financial statements,
2) Fund financial statements, and
3) Notes to the financial statements.

This report also contains other supplementary information in addition to the financial statements. Comparative data is presented when available.

Government-Wide Financial Highlights

- The District's net position at the end of 2023 is $7,156,033 compared to $7,477,965 at the end of 2022.
- Total governmental fund revenues for the year ended December 31, 2023 were $4,939,707 compared to total revenues of $5,335,704 in 2022; a decrease of $395,997 due primarily to a substantial decrease in a reduction in COVID related services and grant money received.
- The District made use of grant monies and wildland fire reimbursements awarded from State and Federal funding sources in the amount of $1,144,756 for the year ended December 31, 2023.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances as a whole, in a manner similar to a private-sector business. The governmental activity of the District is primarily providing fire protection and emergency medical services for the Town of Bayfield, the Upper Pine River, and Upper Florida River Valleys.

The Statement of Net Position presents information on all the District's assets, liabilities, deferred outflows, and deferred inflows 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 Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (i.e. earned but not used vacation leave).

The government-wide financial statements can be found on pages 12 and 13 of this report.

OVERVIEW OF THE FINANCIAL STATEMENTS – Continued

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 had two funds in 2023, the General Fund and Debt Service funds, which are governmental funds.

Governmental Funds - Governmental funds are used to account for essentially the same function 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 expendable resources, as well as on balances of expendable 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. A reconciliation of the fund balance as reported in the governmental funds to the net change in fund balance to the change in net position has been provided to facilitate the comparison between governmental funds and governmental activities.

The District adopts an annual appropriated budget for its General and Debt Service funds. A budgetary comparison statement has been provided for these funds to demonstrate compliance with this budget.

The governmental fund financial statements are presented on pages 14 through 17 of this report.

Notes to the Financial Statements - The notes provided additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 18 through 43 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position - Two-Year Comparison

	2023	2022	Change
Assets			
Current and Other Assets	$ 4,413,231	$ 6,348,318	$ (1,935,087)
Capital Assets	6,400,515	5,405,043	995,472
Total Assets	10,813,746	11,753,361	(939,615)
Deferred Outflows of Resources	1,474,371	824,269	650,102
Total Assets and Deferred Outflows	$ 12,288,117	$ 12,577,630	$ (289,513)
Liabilities			
Current Liabilities	$ 704,032	$ 717,676	$ (13,644)
Long-Term Liabilities	814,332	481,629	332,703
Total Liabilities	1,518,364	1,199,305	319,059
Deferred Inflows of Resources	3,613,720	3,900,359	(286,639)
Total Liabilities and Deferred Inflows	$ 5,132,084	$ 5,099,664	$ 32,420
Net Position			
Net Investment in Capital Assets	$ 5,380,458	$ 4,457,574	$ 922,884
Restricted	150,115	144,187	5,928
Unrestricted	1,625,460	2,876,204	(1,250,744)
Total Net Position	$ 7,156,033	$ 7,477,965	$ (321,932)

The increase in capital assets is due to the replacement of two wildland firetrucks, the addition of an ambulance, and the purchase of land along with beginning the process of construction of a new fire station.

Statement of Activities

The statement of activities reflects the cost of operation and the charges for services and receipt of grants offsetting those services. The following detail reflects the total cost of services supported by operating revenues and property taxes, as well as other general revenues, resulting in the overall change in net position for the fiscal years 2023 and 2022.

GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued

The following is a condensed comparative summary of the District's revenues and expenses for the years ended December 31:

		Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Primary Government					
Government Activities:					
Public Safety					
	2023	$5,413,663	$ 319,478	$ 1,144,756	$(3,949,429)
	2022	$5,020,204	$ 390,514	$ 1,521,529	$(3,108,161)
Interest					
	2023	$ 23,976	$ -	$ -	$ (23,976)
	2022	$ 37,822	$ -	$ -	$ (37,822)
Total Governmental Activities					
	2023	$5,437,639	$ 319,478	$ 1,144,756	$(3,973,405)
	2022	$5,058,026	$ 390,514	$ 1,521,529	$(3,145,983)

	2023	2022	Change
General Revenues			
Property Taxes	$ 3,012,832	$ 2,780,516	$ 232,316
Specific Ownership Tax	306,502	309,347	(2,845)
Gain on Sale of Capital Assets	176,000	98,050	77,950
Investment Income	1,008	2,636	(1,628)
Other	155,131	331,162	(176,031)
Total General Revenues	3,651,473	3,521,711	129,762
Change in Net Position	(321,932)	375,728	(697,660)
Net Position - Beginning of Year	7,477,965	7,102,237	375,728
Net Position - End of Year	$ 7,156,033	$ 7,477,965	$ (321,932)

GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued

Financial Analysis

In 2023, the District's property tax revenues increased slightly from the prior year due to changes in property values and increases in oil and gas revenues.

The District saw a significant reduction in grant monies received for COVID relief with grant revenue decreasing by $665,107 from the prior year. The wildland fire program continued to have a positive impact on the finances of the District as serving as a cooperator to local state and national fires provided the District with $466,820 in additional revenues. Further, the District saw a decline in medical billings of $71,036.

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the District's financing requirements. At the end of the current fiscal year, the District's governmental funds reported an ending fund balance of $610,683 in the general fund and an ending funding balance of $76,113 in the debt service fund. Restricted fund balance of $150,115 is not available for new spending because it has been reserved by the Taxpayer Bill of Rights (TABOR).

Capital Assets

The District's investment in capital assets for its governmental activities as of December 31, 2023, amounted to $6,400,515 (net accumulated depreciation). This investment in capital assets includes land, buildings, equipment, and vehicles. Additional information can be found in Note 3 to the financial statements.

Long-term Liabilities

At the end of the year, the District had long-term liabilities of $814,332 comprised of series 2013 G.O. Bonds, two lease payables, net pension liability, and compensated absences. Additional information on the District's debt can be found in Note 6 of the financial statements. In 2013, the 2004 General Obligation Bonds were refunded with the 2013 General Obligation Bonds. The new bonds have an interest rate of 2.67%, compared to a maximum rate of 5.00% with old bonds. The maturity date of the new bonds is the same date as the old bonds. In 2020, the District retired the 2014 Lease Refunding Bonds early.

Budget Analysis

The Fire District continues to use best practices in managing the finances and assets of the District. We continue to seek opportunities to enhance our revenue stream through aggressively pursuing grants and participation in revenue generating functions such as response to wildland fires. These opportunities continue to enhance our capabilities and service delivery. In 2023, the general fund realized gross revenues of $4,548,242. We continue to recover direct costs of personnel, fuel as well as the additional income from rental rates of our equipment.

GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued

The District's EMS billing and revenues were under budget in 2023. The amount collected helps fund the EMS Operations which can be described as vehicles, fuel, medical supplies, insurance, and training. The Ground Emergency Medical Transportation (GEMT) Uncompensated Cost Reimbursement Program is a voluntary program that allows for the reimbursement of uncompensated costs to eligible GEMT providers who provide qualifying emergency ambulance services to Department of Social Services, Colorado Medicaid population. The District received GEMT monies for Medicaid patients in 2023.

Total budgeted revenue decreased by $528,874 from the original budget. Total budgeted expenditures were $1,135,399 more than the original budget.

Variances in the final actual numbers versus the amended budget included capital asset purchases of land, vehicles, and construction in progress amounting to $1,471,503. Overall, the final excess expenditures over revenue was approximately $1,664,273 higher than the budgeted amount.

GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued

A condensed schedule of the general fund budget depicting original budgeted amounts and final amended is as follows:

	Budgeted Amounts		
	Original	Final	Change
Revenues			
Property Taxes	$ 2,643,116	$ 2,643,116	$ -
Specific Ownership Tax	280,000	280,000	-
Intergovernmental	600,000	600,000	-
Medical Billings	740,000	740,000	-
Investment Income	1,000	1,000	-
Grants	507,000	507,000	-
Other	306,000	306,000	-
Total Revenues	5,077,116	5,077,116	-
Expenditures			
Public Safety			
Fire Administration	4,358,793	4,358,793	-
Fire Fighting	79,500	79,500	-
Fire Training	130,500	130,500	-
Wildland Fire Expenses	29,000	29,000	-
Fire Communications	43,000	43,000	-
Medical Services	183,500	183,500	-
Station and Grounds	137,174	137,174	-
Capital Outlay	120,000	120,000	-
Debt Service	105,000	105,000	-
Total Expenditures	5,186,467	5,186,467	-
Excess of Revenues (Under) Over Expenditures	$ (109,351)	$ (109,351)	$ -

The bond fund reported only small variances from the original budgeted amounts and no amendment was necessary.

Economic Factors, Trends and Future Plans

In the General Fund 2023 tax revenue increased overall by 8% due to an increased assessed value of the District. Increases in residential assessed value and new homes helped offset the decrease in oil and gas revenues. As supply drops and the buildable land in the central part of the county becomes expensive, significant increases are anticipated in residential property values in the District with the next property valuation.

Economic Factors, Trends and Future Plans - Continued

Buildable lots in the eastern La Plata County are now at a premium which is expected to send property values up significantly as inventory declines. Three large parcels that could result in as many as 300 additional homes are possible in Mesa Meadows, Homestead and a recently acquired parcel on the eastside of Bayfield that has an existing master plan. As inventory decreases and pricing elevates it is anticipated that growth in housing will shift to the eastern side of the county in Bayfield and Forrest Lakes.

Factors that have allowed us to continue to fully operate with no reduction in service have been our continued response to national wildfires and EMS grants. Those programs brought $828,830 in gross revenue to the District in 2023.

Request 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 financial information should be addressed to:

Upper Pine River Fire Protection District
Attn: Bruce Evans, Fire Chief
515 Sower Drive
Bayfield, CO 81122
Tel: (970)-884-9508
Fax: (970)-884-2444

FINANCIAL STATEMENTS

UPPER PINE RIVER FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2023

	Governmental Activities
Assets	
Cash and Cash Equivalents	$ 620,619
Cash Held With County Treasurer	26,801
Receivables:	
Property taxes	3,579,472
Medical Billings, Net of Allowance for Doubtful Accounts	138,134
Other	1,181
Inventory	4,392
Prepaid Items	35,026
Net Pension Asset - Hybrid	7,606
Nondepreciable Capital Assets	1,231,235
Depreciable Capital Assets, Net of Accumulated Depreciation	5,169,280
Total Assets	10,813,746
Deferred Outflows of Resources	
Deferred Outflows Pensions	1,474,371
Total Deferred Outflows of Resources	1,474,371
Liabilities	
Accounts Payable	50,409
Accrued Expenses	88,948
Accrued Interest Payable	1,458
Current Liabilities:	
Lease and Bond Liability	413,142
Compensated Absences	150,075
Noncurrent Liabilities:	
Net Pension Liability - Defined Benefit	206,811
Lease Liability	456,746
Compensated Absences	150,775
Total Liabilities	1,518,364
Deferred Inflows of Resources	
Property Taxes	3,579,472
Pensions	34,248
Total Deferred Inflows of Resources	3,613,720
Net Position	
Net Investment in Capital Assets	5,380,458
Restricted for:	
TABOR	150,115
Unrestricted	1,625,460
Total Net Position	$ 7,156,033

See Notes to Financial Statements

UPPER PINE RIVER FIRE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contribution	Net (Expense) Revenue and Changes in Net Position
Primary Government				
Governmental Activities				
Public Safety	$ 5,413,663	$ 319,478	$ 1,144,756	$ (3,949,429)
Interest on Long-Term Debt	23,976	-	-	(23,976)
Total Governmental Activities	$ 5,437,639	$ 319,478	$ 1,144,756	(3,973,405)
General Revenues				
Property Taxes				3,012,832
Specific Ownership Tax				306,502
Gain on Sale of Capital Assets				176,000
Investment Income				1,008
Other				155,131
Total General Revenues				3,651,473
Change in Net Position				(321,932)
Net Position - Beginning				7,477,965
Net Position - Ending				$ 7,156,033

See Notes to Financial Statements

UPPER PINE RIVER FIRE PROTECTION DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	General Fund	Debt Service Fund	Total
Assets			
Current Assets			
Cash and Cash Equivalents	$ 547,665	$ 72,954	$ 620,619
Cash Held With County Treasurer	23,642	3,159	26,801
Receivables:			
Property Taxes	3,215,334	364,138	3,579,472
Medical Billings, Net	138,134	-	138,134
Other	1,181	-	1,181
Inventory	4,392	-	4,392
Prepaid Items	35,026	-	35,026
Total Assets	$ 3,965,374	$ 440,251	$ 4,405,625
Liabilities			
Accounts Payable	$ 50,409	$ -	$ 50,409
Accrued Expenses	88,948	-	88,948
Total Liabilities	139,357	-	139,357
Deferred Inflow of Resources			
Revenue	3,215,334	364,138	3,579,472
Total Deferred Inflow of Resources	3,215,334	364,138	3,579,472
Fund Balances			
Nonspendable:			
Inventory	4,392	-	4,392
Prepaid Items	35,026	-	35,026
Restricted:			
TABOR	150,115	-	150,115
Assigned:			
Capital Replacement	116,000	-	116,000
Debt Service	73,110	76,113	149,223
Unrestricted	232,040	-	232,040
Total Fund Balances	610,683	76,113	686,796
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	$ 3,965,374	$ 440,251	$ 4,405,625

See Notes to Financial Statements

UPPER PINE RIVER FIRE PROTECTION DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2023

Fund Balances - Total Governmental Funds		$ 686,796
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:		
Capital Assets	14,950,111	
Accumulated Depreciation	(8,549,596)	6,400,515
Pension plan accounts, such as deferred inflows/outflows and net pension asset (liablity), are not receivable or payable in the current period and, therefore, are not reported in the governmental funds:		
Net Pension Assets		7,606
Net Pension Liabilities		(206,811)
Deferred Outflows of Resources		1,474,371
Deferred Inflows of Resources		(34,248)
Liabilities not due and payable in the current period are not reported in the governmental funds:		
Accrued Interest Payable	(1,458)	
Compensated Absences	(300,850)	
Lease Purchases Payable	(489,752)	
Bonds Payable	(380,136)	(1,172,196)
Total Net Position - Governmental Activities		$ 7,156,033

UPPER PINE RIVER FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2023

	General Fund	Debt Service Fund	Total
Revenues			
Property Taxes	$ 2,657,675	$ 355,157	$ 3,012,832
Specific Ownership Taxes	270,199	36,303	306,502
Wildland Firefighting	466,820	-	466,820
Other Local Sources:			
Medical Billings, Net	319,478	-	319,478
Investment Income	1,003	5	1,008
Grants	677,936	-	677,936
Miscellaneous	155,131	-	155,131
Total Revenues	$ 4,548,242	$ 391,465	$ 4,939,707
Expenditures			
Current:			
Fire Administration	$ 3,913,669	$ 10,490	$ 3,924,159
Fire Fighting	105,345	-	105,345
Fire Training	72,613	-	72,613
Wildland Fire Expenses	310,298	-	310,298
Fire Communications	31,327	-	31,327
Medical Services	156,108	-	156,108
Station and Grounds	155,756	-	155,756
Capital Outlay	1,471,503	-	1,471,503
Debt Service:			
Principal	101,125	370,251	471,376
Interest	4,122	20,035	24,157
Total Expenditures	6,321,866	400,776	6,722,642
Excess of Revenues (Under) Over Expenditures	(1,773,624)	(9,311)	(1,782,935)
Other Financing Sources			
Proceeds from Issuance of Lease Purchase Agreement	-	489,752	489,752
Proceeds From Sale of Capital Assets	176,000	-	176,000
Net Change in Fund Balances	(1,597,624)	480,441	(1,117,183)
Transfer Between Funds	489,752	(489,752)	-
Fund Balances - Beginning	1,718,555	85,424	1,803,979
Fund Balances - Ending	$ 610,683	$ 76,113	$ 686,796

See Notes to Financial Statements

UPPER PINE RIVER FIRE PROTECTION DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
DECEMBER 31, 2023

Net Change in Fund Balances - Total Governmental Funds		$ (1,117,183)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is capitalized and depreciated over their estimated useful lives.		
Capital Outlay	1,405,296	
Depreciation	(409,823)	995,473
Pension expense does not provide current financial resources and, therefore, is not reported as income in governmental funds.		(83,898)
The issuance of long-term debt (i.e., bonds and leases) provides current financial resources to governmental funds, while repayment of the principle of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities. The amount is the net effect of these differences in the treatment of long-term debt and related items.		
Proceeds from issuance of lease purchase agreements	(489,752)	
Compensated Absences	(98,160)	
Accrued Interest Payable	212	
Bond Principal Payments	370,251	
Capital Leases Principal Payments	101,125	(116,324)
Change in Net Position - Governmental Activities		$ (321,932)

NOTES TO FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Upper Pine River Fire Protection District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting policies that are described below. The following is a summary of the significant accounting policies.

Reporting Entity - The District was established on November 26, 1974, as a special district as defined by Colorado State Statutes. The District was formed for the purpose of providing fire protection services for the town of Bayfield, Colorado and the Upper Pine River and Upper Florida River valleys. The District has its own elected governing board (the Board) and levies a tax on the property within the District for operations.

The District follows GAAP, including Governmental Accounting Standards Board accounting pronouncements that provide guidance for determining which governmental activities, organizations, and functions should be included within the financial reporting entity.

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

Basis of Presentation

The District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities. The government-wide financial statements report information for the District as a whole. Individual funds are not displayed at this financial reporting level.

The statement of net position presents the financial position of the governmental activities of the District.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are specifically associated with a function and, therefore, clearly identifiable to that particular function. The District does not allocate indirect expenses to functions in the statement of activities.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include:

1) Charges for services, which report fees and other charges to users of the District's services.

2) Operating grants and contributions, which finance annual operating activities, including restricted investment income.

3) Capital grants and contributions, which fund the acquisition, construction or rehabilitation of capital assets.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

These revenues are subject to externally imposed restrictions to these program uses. For identifying to which function program revenue pertains, the determining factor for charges for services is which function generates the revenue. For grants and contributions, the determining factor is to which function the revenues are restricted.

Taxes and other revenue sources not included with program revenues are reported as general revenues of the District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund financial statements are designed to present financial information of the District at a more detailed level. Fund financial statements are provided for the District's governmental funds.

Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenues and expenditures, as appropriate. The District reports only governmental funds.

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The District reports the difference between governmental fund assets and deferred outflows of resources and liabilities and deferred inflows of resources as fund balance.

The following are the District's major governmental funds:

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

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, long-term obligation principal, interest and related costs.

Measurement Focus and Basis of Accounting

The government-wide financial statements are prepared using the economic resources measurement focus under the accrual basis of accounting. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources are included on the statement of net position, and the statement of activities reports revenues and expenses.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

All governmental funds are reported using the current financial resources measurement focus under the modified accrual basis of accounting. Within this measurement focus, only current assets, current liabilities, and certain deferred outflows and inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of the deferred outflow of resources and in the presentation of expenses versus expenditures. 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, revenues are considered to be available if they are collected within 60 days of the end of the current fiscal year. Property taxes, specific ownership taxes, grants and intergovernmental receipts, and medical billings associated with the current fiscal period are susceptible to accrual and so have been recognized as revenues in the current fiscal period. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Going Concern – Management assesses the District's ability to continue as a going concern and provides related disclosures in certain circumstances. Substantial doubt about an entity's ability to continue as a going concern exists when relevant conditions and events, considered in the aggregate, indicate that it is probable the entity will be unable to meet its obligations as they become due within one year after the date that the financial statements are issued. Management has determined there is not substantial doubt about the District's ability to continue as a going concern.

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 and Budgetary Accounting

The Board follows these procedures in establishing the budgetary data reflected in the financial statements:

1) In accordance with the state statutes, prior to October 15, the Fire Chief submits to the Board a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year and actual amounts for the two preceding years. State statutes require a more detailed line item budget be submitted in summary form. In addition, more detailed line item budgets are included for administrative control.
2) Public hearings are conducted to obtain taxpayer comment.
3) Prior to December 31, the budget is legally enacted through passage of a resolution.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

4) Budgets for the governmental funds are adopted on a basis consistent with GAAP.
5) Appropriations lapse at the end of each calendar year.
6) The Board may authorize supplemental appropriations during the year.

Cash, Cash Equivalents 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. Deposits include cash in checking accounts and certificates of deposit.

The District's investment policy, in accordance with Colorado law, authorizes investment in obligations of the U.S. Treasury, the State of Colorado, Colorado counties and school districts, repurchase agreements, financial institutions and local government investment pools. State statutes prohibit investments with a stated maturity date greater than five years, unless allowed by District Charter.

Investments are measured at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*.

Interfund Balances

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources (uses) in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid from them are not presented on the government-wide financial statements.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements. Prepaid items of the District consist of expenditures related to insurance. Prepaid items are valued at cost and recorded as expenditures in governmental funds when purchased.

Property Taxes

Annual property taxes are levied and certified by the County Treasurer in December of the current year. On January 1 of the following year, the county Treasurer bills the property owners, thus establishing an enforceable lien on the property. The County Treasurer collects the property taxes and remits the collections to the District, net of a collection fee, on a monthly basis during the year that follows the levy. Since property taxes are levied in December for the next calendar year's operations, the total levy is reported as taxes receivable and a deferred inflow of resources.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental column in the government-wide financial statements. 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 recorded at their acquisition value on the date donated.

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. Property, plant and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

	Years
Buildings and Improvements	20 - 40
Equipment	5 - 10
Vehicles	10 - 15

Compensated Absences

Regularly employed, full-time employees of the District accrue vacation time up to a maximum of 576 hours. Employees are considered full-time if they are regularly employed for at least 32 hours per week. Vacation accruals are based on years of service as follows:

1 - 12 Months of Service	5 days
2 - 5 Years of Service	10 days
6 - 10 Years of Service	15 days
11 - 20 Years of Service	24 days

Fire suppression and emergency medical employees assigned to fire suppression duty and working 24-hour shifts accrue vacation time annually, after completing 6 months of service at the following rate:

1 - 12 Months of Service	96 Hours/Year
13 - 59 Months of Service	144 Hours/Year
60+ Months of Service	192 Hours/Year

Employees also accrue sick time up to a maximum of 750 hours. Employees are eligible for payment of sick time at the following rate:

0 to 5 Years of Service	0% Paid
6 to 15 Years of Service	50% Paid
16+ Years of Service	100% Paid

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Vacation and sick leave benefits are recorded when earned, and a liability is recorded on the government-wide financial statements. For governmental fund purposes, a liability for these amounts is reported only if the amount is due at fiscal year-end.

Long-Term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Debt premiums and discounts are amortized over the life of the bonds using the effective interest method.

In the fund financial statements, governmental fund types recognize debt premiums and discounts during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expenditure/expense) until that time. The deferred charge on advanced refunding is recorded as a deferred outflow. A deferred charge on advanced refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The District has also recognized deferred outflows of resources in the government-wide financial statements in accordance with pension reporting presentation requirements.

In addition to liabilities, the statement of net position and governmental funds balance sheet will report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. Property tax revenue that is related to a future period is recorded as a deferred inflow. These amounts are deferred and will be recognized as an inflow of resources in the period that the amounts become available, at both the governmental fund level and the period the taxes are levied at the government-wide reporting level. The District has also recognized deferred inflows of resources in the government-wide financial statements in accordance with pension reporting presentation requirements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Fund Balance and Net Position

In the fund financial statements, governmental funds report the following classifications of fund balance:

Non-spendable – Includes amounts that cannot be spent because they are either not spendable in form or because they will not convert to cash soon enough to affect the current period, and resources that must be maintained intact pursuant to legal or contractual requirements.

Restricted – Includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

Committed – Includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board, the District's highest level of decision-making authority. Commitments may be modified or rescinded only through resolutions approved by the Board.

Assigned – Includes amounts the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. The District's adopted policy does not include a specific person designated to assign fund balances.

Unassigned – Includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose with the General Fund. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance are available, the District considers restricted funds to have been spent first. Although not included in a formal policy, the District considers decreases in fund balance to first reduce committed, then assigned and then unassigned balances, in that order.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance are available, the District considers restricted funds to have been spent first. Although not included in a formal policy, the District considers decreases fund balance to first reduce committed, then assigned and then unassigned balances, in that order.

Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition or construction of improvements on those assets, excluding unspent bond proceeds. Net position is reported as restricted when there are limitations imposed on its use, either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Pensions

For the purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions and pension benefit, information about the fiduciary net position of the Statewide Defined Benefit Pension Plan (SWDB Plan) and the Statewide Hybrid Defined Benefit Pension Plan (SWH Plan) and additions to/deductions from SWDB Plan's and SWH Plan's fiduciary net position have been determined on the same basis as they are reported by the plans. 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. The general fund is used to liquidate any pension liabilities.

NOTE 1 – CASH, CASH EQUIVALENTS, AND INVESTMENTS

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is specified by PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The State Regulatory Commission for banks is required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

Federal Deposit Insurance Corporation (FDIC) coverage for government accounts is $250,000 per official custodian. At December 31, 2023, the District's cash deposits had a book balance of $620,619, and a corresponding bank balance of $665,766. The difference between the book and bank balances is due to outstanding checks and deposits not yet processed by the banks. Of the bank balance, $322,955 was covered by federal depository insurance and $592,811 was not held in a PDPA eligible depository.

At December 31, 2023, the District had the following cash, cash equivalents, and investments:

Cash held with County Treasurer	$	26,801
Cash on Deposit		620,619
Total	$	647,420

NOTE 1 – CASH, CASH EQUIVALENTS, AND INVESTMENTS - Continued

Investments

The District is 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. agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Certain securities lending agreements
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

At December 31, 2023, the District did not hold any investments.

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. As of December 31, 2023, the District had $342,811 of cash deposits exposed to custodial credit risk.

Concentration Risk – It is the policy of the District to diversify its use of investment instruments. Investments shall be diversified to avoid incurring unreasonable risks of loss inherent in over-concentration of assets in a specific maturity, a specific issuer or a specific class of securities. The asset allocation in the portfolio should, however, be flexible, depending on the outlook of the economy, the securities market and the District's anticipated cash flow needs.

Credit Risk – The District's investment policy is to apply the prudent person rule where investments are made as a prudent person would be expected to act. The District's investment policy limits investments in fixed income securities to U.S. Treasury obligations, federal agency securities, federal instrumentality securities, commercial paper, money market funds and the Colorado public investment pools. The investment policy limits investments in commercial paper to be rated in the highest category by at least one nationally recognized rating agency at the time of purchase. Money market funds must be registered as an investment company.

NOTE 1 – CASH, CASH EQUIVALENTS, AND INVESTMENTS – Continued

Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from prevailing market interest rates, the District's investment policy states that the District will structure their investment portfolio so that securities mature to meet ongoing operations, and will invest operating funds in primarily short-term securities, money market mutual funds or similar investment pools. The average maturity of the portfolio will be limited.

Fair Value

The District 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; Level 3 inputs are significant unobservable inputs.

Closed-end municipal bond funds are measured at net asset value. Fixed income securities are valued using matrix pricing methods which reflect security prices, yields, maturities and ratings, and are supplemented by dealer and exchange quotes. In determining whether market quotations are readily available for valuation, various factors will be taken into consideration, such as market closures or suspension of trading in a security.

NOTE 2 – ACCOUNTS RECEIVABLE

No allowance for uncollectible property taxes has been provided because the County Treasurer is empowered to file liens on properties where delinquencies exist. Accordingly, the District believes any delinquencies will eventually be paid. Other receivables include amounts due from wildland fire billings and grants. All receivables are current and, therefore, due within one year. Management believes the other receivables are fully collectible, and therefore, an allowance for doubtful accounts is not recorded. The District estimates that a portion of its medical billing receivables will be uncollectible, and a reserve for the uncollectible medical billings has been established. This reserve is examined annually and adjusted if appropriate. Medical billings are adjusted for contractual allowances at the time of billing. The allowance at December 31, 2023 is $205,280.

NOTE 3 – CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2023:

	Balance January 1,	Additions	Dispositions	Balance December 31,
Capital Assets, Not Being Depreciated				
Land	$ 377,753	$ 703,761	$ -	$ 1,081,514
Construction In Progress	-	149,721	-	149,721
Capital Assets, Being Depreciated:				
Building	5,923,511	7,368	-	5,930,879
Equipment	1,246,346	-		1,246,346
Vehicles	6,412,981	544,446	(415,776)	6,541,651
Total	13,582,838	1,405,296	(415,776)	14,950,111
Less Accumulated Depreciation For:				
Building	(2,332,342)	(155,538)	-	(2,487,880)
Equipment	(979,535)	(66,027)	-	(1,045,562)
Vehicles	(5,243,671)	(224,126)	451,643	(5,016,154)
Total	(8,555,548)	(445,691)	451,643	(8,549,596)
Capital Assets, Being Depreciated, Net	5,027,290	959,605	35,867	5,169,280
Total Capital Assets, Net	$ 5,405,043	$ 1,663,366	$ 35,867	$ 7,104,276

Depreciation expense for the year ended December 31, 2023 was $409,823 and was charged to public safety.

Approximately $150,000 was added to Construction in Progress for land surveys and architecture fees and $703,761 added to Land as the district began preparation to construct a new fire station. The total cost of the new station is $22,000,000 with an estimated completion date of August 2025.

The following is a summary of the sold assets for the year ended December 31, 2023:

Asset Sold	Cost Basis	Accumulated Depreciation	Net Book Value	Proceeds	Gain on Sale
2005 Freightliner	$ 207,888	$ (207,888)	$ -	$ 95,000	$ 95,000
2005 Freightliner	207,888	(207,888)	-	81,000	81,000
Total	$ 415,776	$ (415,776)	$ -	$ 176,000	$ 176,000

NOTE 4 – LONG-TERM LIABILITIES

General Obligation Bonds

The District issued $5,200,000 of General Obligation Bonds, Series 2004. The bonds were issued on June 1, 2004, with interest payments due June 1 and December 1 of each year, commencing December 1, 2005. The bonds mature in various amounts through 2024 and bear interest from 2.4% to 5.0%. The bonds are general obligations of the District. All of the taxable property within the District is subject to the levy of the general ad valorem property tax to pay principal and interest of the bonds.

NOTE 4 – LONG-TERM LIABILITIES - Continued

The bonds were issued to (a) acquire, construct and equip new fire stations; (b) renovate and remodel existing fire stations; (c) acquire fire trucks and general fire equipment; and (d) to refinance the 2002 Wells Fargo Bank Equipment and Building lease. Proceeds of the bonds were used to pay the costs of issuance of the bonds.

On December 27, 2013, the District issued General Obligation Refunding Bonds, Series 2013, in the amount of $3,685,000, with an interest rate of 2.67%. The bonds were issued to advance refund all of the outstanding Series 2004 general obligation bonds.

The net proceeds of the $3,623,355 (after payment of $53,525 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payments on the refunded bonds. As a result, the 2004 bonds are considered defeased and have been removed from the statement of net position.

On November 26, 2014, the District issued Tax-Exempt Direct Purchase Lease Revenue Bonds, Series 2014, in the amount of $2,600,000, with an interest rate of 2.38%. The bonds were issued to refund prior outstanding 2008 and 2009 capital leases with Pine River Valley Bank and resulted in a deferred loss on refunding of $75,609 in deferred outflows of resources to be amortized over the life of the debt. This was fully amortized during 2021. The net proceeds of $2,286,868 (after payment of $76,097 in underwriting fees and other issuance costs) were used to terminate the 2008 and 2009 leases fully as of November 26, 2014.

Lease-Purchase Option Agreements – In 2021, the District entered into a $300,000 lease purchase agreement for a brush truck. The lease-purchase agreement requires the annual appropriation of funds sufficient to cover the debt service payments. The terms of the lease stipulate an interest rate of 3.99% and matured and was paid off on July 31, 2023.

At the end of 2023, the District entered into two new lease agreements to purchase two additional trucks. The first lease agreement was made with Community First National Bank for $189,752 with terms of a 5.4% annual interest rate and 10 years of quarterly payments. The second lease agreement was made with First Government Lease Co. for $300,000 with terms of a 10% annual interest rate and 10 years of quarterly payments.

The lease purchase agreement obtained a right of first lien on the asset, including any improvements. The District has agreed to maintain appropriate liability coverage for the asset purchased and to maintain the asset in good repair. The District is in compliance with all reporting requirements and covenanted terms of the agreement as of December 31, 2023.

NOTE 4 – LONG-TERM LIABILITIES - Continued

The following is a summary of the future maturities for the lease purchase agreement and the bonds:

Year	Principal	Interest	Total
2024	$ 413,142	$ 50,254	$ 463,395
2025	35,608	37,501	73,110
2026	38,644	34,465	73,110
2027	41,957	31,152	73,110
2028	45,574	27,536	73,110
2029-2033	294,962	70,584	365,546
Total	$ 869,888	$ 251,493	$ 1,121,380

The following is a schedule of the changes in long-term liabilities for the year ended December 31, 2023:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
2013 G.O. Refunding Bonds	$ 750,387	$ -	$ (370,251)	$ 380,136	$ 380,136
Loan Payable	101,125	-	(101,125)	-	-
Community Lease	-	189,752	-	189,752	14,617
1st Government Lease	-	300,000	-	300,000	18,389
Net Pension - Defined Benefit	-	206,811	-	206,811	-
Total	851,512	696,563	(471,376)	1,076,699	413,142
Compensated Absences	202,690	157,469	(59,309)	300,850	150,075
Total Long-Term Liabilities	$ 1,054,202	$ 854,032	$ (530,685)	$ 1,377,549	$ 563,217

Lease revenue bonds and compensated absence obligations are liquidated through the General Fund and the general obligation refunding bond is liquidated from the Debt Service Fund.

The District's bonds and leases include provisions that in the event of a payment default, or of any other of the covenants, conditions, agreements or provisions contained in the continuing covenant agreement for the bonds or the lease agreements, the obligations of the District may be subject to acceleration whereupon such obligations may become immediately due and payable.

NOTE 5 – PENSION PLANS

The District maintains the following plans for pension benefits:

- Fire & Police Pensions Association of Colorado (FPPA) Statewide Defined Benefit Plan
- FPPA Statewide Hybrid Defined Benefit Plan

NOTE 5 – PENSION PLANS - Continued

A summary of pension related items as of December 31, 2023, is as follows:

	Net Pension Asset (Liability)	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
SWDBP	$ (206,811)	$ 1,391,525	$ 25,385	$ 190,876
SWHDBP	7,606	82,846	8,863	119,527
Total	$ (199,205)	$ 1,474,371	$ 34,248	$ 310,403

FPPA Statewide Cost-Sharing Defined Benefit Pension Plan

Plan Description - The Statewide Defined Benefit Plan (SWDB) is a cost-sharing multiple-employer defined benefit pension plan covering substantially all full-time employees of participating fire or police departments in Colorado hired on or after April 8, 1978 (New Hires), provided that they are not already covered by a statutorily exempt plan. As of August 5, 2003, the SWDB may include clerical and other personnel from fire districts whose services are auxiliary to fire protection. The SWDB became effective January 1, 1980.

As of January 1, 2023, Statewide Defined Benefit Plan and the Statewide Hybrid Plan have merged to form the Statewide Retirement Plan (SRP) and the Statewide Defined Benefit Plan became the Defined Benefit Component of the Statewide Retirement Plan, as of December 31, 2022, the plan had 242 participating employer fire and police departments.

The SWDB assets are included in the Fire & Police Members' Benefit Investment Fund and assets. Assets from the Deferred Retirement Option Plan (DROP), Money Purchase Component, and Separate Retirement Account assets from eligible retired members are in the Fire & Police Members' Self-Directed Investment Fund.

The SWDB is administered by the Fire & Police Pension Association of Colorado (FPPA). FPPA issues a publicly available annual comprehensive financial report that can be obtained on FPPA's website at 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. 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).

NOTE 5 – PENSION PLANS - Continued

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 SWDB 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.

A member may elect to participate in the DROP after reaching eligibility for Normal Retirement, Early Retirement, or Vested Retirement and age 55. A member can continue to work while participating in the DROP, but must terminate employment within 5 years of entry into the DROP. The member's percentage of retirement benefit is determined at the time of entry into the DROP. The monthly payments that begin at entry into the DROP are accumulated in a DROP account until the member terminates service, at which time the DROP accumulated benefits can be paid as periodic installments, a lump sum, or if desired a member may elect to convert the DROP to a lifetime monthly benefit with survivor benefits. While participating in DROP, the member continues to make pension contributions, which are credited to the

DROP. Effective January 1, 2003, the member shall self-direct the investments of their DROP funds. The DROP balance invested with the asset custodian at December 31, 2022 was $101,675,410. This amount was not included in the SWDB Plan Net Position.

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 increased 0.5 percent annually through 2022 to a total of 12 percent of pensionable earnings. Employer contributions increase 0.5 percent annually beginning in 2021 through 2030 to a total of 13.0 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 the non-reentering departments. Effective January 1, 2021, reentry departments may submit a resolution to the FPPA Board of Directors to reflect the actual cost of reentry by department. Each reentry department is responsible to remit contributions to the plan in accordance with their most recent FPPA Board of Directors approved resolution.

The contribution rate for members and employers of affiliated social security employers is 6.0 percent and 4.5 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 6.0 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.

NOTE 5 – PENSION PLANS - Continued

Employer contributions are recognized by SWDB in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to SWDB. Employer contributions recognized by SWDB from the District were $191,994 for the year ended December 31, 2023.

Pension Asset, Pension Benefit, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At December 31, 2023 , the District reported a net pension liability of $206,811 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2023. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating departments, actuarially determined. At December 31, 2022, the District's proportion was 0.232998 percent, compared to 0.231111 percent measured as of December 31, 2021.

For the fiscal year ended December 31, 2023, the District recognized pension expense of $190,876. At December 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to the SWDB Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Actual and Expected Experience	$ 447,674	$ 25,385
Changes in Assumptions	264,953	-
Net Difference Between Actual and Projected Earnings on Pension Plan Investments	468,007	-
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	18,897	-
District Contributions Subsequent to Measurement Date	191,994	-
Totals	$ 1,391,525	$ 25,385

The $191,994 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as an adjustment against the net pension liability in the year ended December 31, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending December 31,	Amortization
2024	$ 111,168
2025	199,720
2026	284,524
2027	392,280
2028	83,338
Thereafter	103,116
	$ 1,174,146

NOTE 5 – PENSION PLANS - Continued

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 ended December 31, 2022. The valuation used the following actuarial assumption and other inputs:

	Total Pension Liability	Actuarial Determined Contributions
Actuarial Valuation Date	January 1, 2023	January 1, 2022
Actuarial Method	Entry Age Normal	Entry Age Normal
Amortization Method	N/A	Level % of Payroll, Open
Amortization Period	N/A	30 Years
Long-term Investment Rate of Return, Net*	7.00%	7.00%
Projected Salary Increases*	4.25% – 11.25%	4.25% – 11.25%
Cost of Living Adjustment (COLA)	0.00%	0.00%
*Includes Inflation at	2.50%	2.50%

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 preretirement 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.

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

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

NOTE 5 – PENSION PLANS - Continued

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

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.

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.

NOTE 5 – PENSION PLANS - Continued

Regarding the sensitivity of the net pension liability/(asset) to changes in the single discount rate, the following presents the SWDB Plan's net pension liability/(asset), calculated using a single discount rate of 7.00 percent, as well as what the SWDB 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%)	Single Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate Share of Net Pension Liability/(Asset)	$ 1,425,728	$ 206,811	$ (80,321)

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued Fire & Police Pension Association of Colorado financial report.

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.

FPPA Statewide Hybrid Defined Benefit Pension Plan

Plan Description - The Statewide Hybrid Plan (SWH) was established January 1, 2004 as a cost-sharing multiple-employer pension plan covering full-time firefighters and police officers from departments that elect coverage. The SWH may also cover clerical staff, other fire district personnel whose services are auxiliary to fire protection, or chiefs who have opted out of the Statewide Defined Benefit Plan.

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

The SWH is comprised of two components: Defined Benefit and Money Purchase. With the latter component, members have the option of choosing among various investment options offered by an outside investment manager. Employers may not withdraw from the SWH once affiliated.

The SWH assets associated with the Defined Benefit Component are included in the Fire & Police Members' Benefit Investment Fund and the SWH assets associated with the Money Purchase Component and Deferred Retirement Option Plan (DROP) assets are included in the Fire & Police Members' Self-Directed Investment Fund.

The SWH is administered by the Fire & Police Pension Association of Colorado (FPPA). FPPA issues a publicly available annual comprehensive financial report which can be obtained on FPPA's website at www.FPPAco.org.

NOTE 5 – PENSION PLANS - Continued

Benefits Provided - Through December 31, 2022, any member may retire from further service and become eligible for a normal retirement pension at any time after age 55, if the member has at least 25 years of service. Effective January 1, 2023, any member may qualify for normal retirement if the member's combined years of service and age equal at least 80, with a minimum age of 50 (Rule of 80).

The annual normal pension of the Defined Benefit Component is 1.5 percent of the average of the member's highest three years' pensionable earnings for each year of credited service. For service credit granted through December 31, 2022, the benefit factor used to calculate the member's retirement benefit is 1.9 percent of the average of the member's highest three years' pensionable earnings. This change in benefit factor was also applied to retired members effective January 1, 2023 as part of the formation of the Statewide Retirement Plan. Benefits paid to retired members of the Defined Benefit Component are evaluated and may be re-determined annually on October 1. The amount of any increase is based on the Board's discretion.

A member is eligible for early retirement within the Defined Benefit Component after 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, a member may elect to have all contributions, along with 5 percent as interest, returned as a lump sum distribution from the Defined Benefit Component. Alternatively, a member with at least five years of accredited service may leave contributions with the Defined Benefit Component of the SWH and remain eligible for a retirement pension at age 55 equal to 1.5 percent of the average of the member's highest three years' pensionable earnings for each year of credited service.

Contributions - The SWH sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. The members of the SWH plan and their employers are currently each contributing at the rate determined by the individual employer, however, the rate for both employer and members must be at least 8 percent of the member's pensionable earnings. Effective January 1, 2023, the minimum required contribution rate for both employers and members will increase 0.125 percent annually through 2030 to reach a final minimum required contributions rate of 9 percent for both employers and members.

The amount allocated to the Defined Benefit Component is set annually by the FPPA Board of Directors. Excess contributions fund the Money Purchase Component of the SWH. The Defined Benefit Component contribution rate from July 1, 2021 through June 30, 2022 was 14.10 percent. The Defined Benefit Component contribution rate from July 1, 2022 through December 31, 2022 was 14.80 percent. Effective January 1, 2023 the Defined Benefit Component contribution rate is set at 13.90 percent.

Within the Money Purchase Component, members are always fully vested in their own contributions, as well as the earnings on those contributions. Vesting in the employer's contributions within the Money Purchase Component, and earnings on those contributions occurs according to the vesting schedule set by the plan document at 20 percent per year after the first year of service to be 100 percent vested after 5 years of service. Employer and member contributions are invested in funds at the discretion of members. Employer contributions recognized by SWH Plan from the District were $9,650 for the year ended December 31, 2023.

NOTE 5 – PENSION PLANS - Continued

Pension Assets, Pension Benefit, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At December 31, 2023, the District reported a net pension asset of $7,606 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2022, and the total pension asset was determined by an actuarial valuation as of January 1, 2023. The District's proportion of the net pension asset was based on District contributions to SWH Plan for the calendar year relative to the total contributions of participating employers to SWH Plan based upon the January 1, actuarial valuation. At December 31, 2022, the District's portion was 0.521494 percent, compared to 0.425028 percent measured as of December 31, 2021.

For the fiscal year ended December 31, 2023, the District recognized a pension expense of $119,527. At December 31, 2023, the District reported deferred outflows and inflows of resources related to SWH Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Actual and Expected Experience	$ 33,457	$ -
Changes in Assumptions	8,698	-
Net Difference Between Actual and Projected Earnings on Pension Plan Investments	31,041	-
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	-	8,863
District Contributions Subsequent to Measurement Date	9,650	-
Totals	$ 82,846	$ 8,863

The amount of $9,650 reported as deferred outflows of resources related to SWH Plan, resulting from contributions subsequent to the measurement date, will be recognized as an increase of the net pension asset in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources related to SWH Plan will be recognized in pension expense as follows:

Years Ending December 31,	Amortization
2024	$ 19,361
2025	12,944
2026	15,389
2027	16,639
	$ 64,333

NOTE 5 – PENSION PLANS - Continued

Actuarial Assumptions - The actuarial valuations for the SWH Plan - Defined Benefit Component 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:

	Total Pension Liability	Actuarial Determined Contributions
Actuarial Valuation Date	January 1, 2023	January 1, 2022
Actuarial Method	Entry Age Normal	Entry Age Normal
Amortization Method	N/A	Level % of Payroll, Open
Amortization Period	N/A	30 Years
Long-term Investment Rate of Return, Net*	7.00%	7.00%
Projected Salary Increases*	4.25% – 11.25%	4.25% – 11.25%
Cost of Living Adjustment (COLA)	0.00%	0.00%
*Includes Inflation at	2.50%	2.50%

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 preretirement 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.

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 & Company, based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2023. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (assumed at 2.5 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:

NOTE 5 – PENSION PLANS - Continued

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

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 SWH - Defined Benefit Component 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.

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 District's Proportionate Share of the Net Pension Asset 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 SWH Plan's net pension liability/(asset), calculated using a single discount rate of 7.00 percent, as well as what the SWH 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:

NOTE 5 – PENSION PLANS - Continued

	1% Decrease (6.00%)	Single Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate Share of Net Pension Liability/(Asset)	$ 57,431	$ (7,606)	$ (62,166)

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued Fire & Police Pension Association of Colorado financial report.

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 Hybrid Plan became the Hybrid Defined Benefit Component of the Statewide Retirement Plan.

Section 457 Deferred Compensation Plan

Plan Description - The District offers its paid responder personnel an additional voluntary deferred compensation plan created in accordance with Internal Revenue Code Section 457 (the 457 Plan). All compensation deferred under the 457 Plan, together with all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are to be held in trust for exclusive benefit of the participants and their designated beneficiaries. Compensation deferred under the 457 Plan is not available to participants until termination, retirement, death, or unforeseeable emergency. The 457 Plan is administered by FPPA.

Contributions - Employees may elect to defer any percentage of their annual compensation, provided that the total annual contribution does not exceed limitations established by the Internal Revenue Service. For the year ended December 31, 2023, employer and employee contributions were $1,221 and $60,674, respectively.

The individual participants determine investment decisions within the 457 Plan and, therefore, the 457 Plan's investment concentration varies between the participants. The District, as trustee of the 457 Plan, has the duty of due care that would be required of an ordinary prudent investor, but has no liability for losses under the 457 Plan. Consequently, the 457 Plan is not part of the District's financial statements.

Statewide Death and Disability Plan

Plan Description - The District contributes to the Statewide Death and Disability Plan (D&D Plan) administered by the FPPA. The D&D Plan is a cost-sharing multiple-employer defined benefit death and disability plan covering full-time employees of substantially all fire and police departments in Colorado.

As of August 5, 2003, the D&D Plan may include part-time police and fire employees. Contributions to the D&D Plan are used for the payment of death and disability benefits.

Employers who are covered by Social Security may elect supplementary coverage by the D&D Plan.

NOTE 5 – PENSION PLANS - Continued

As of January 1, 2020, Colorado police and sheriff departments who participate in Social Security have the option of affiliating for coverage under the Defined Benefit System and the Statewide Death & Disability Plan. The D&D Plan was established in 1980 pursuant to Colorado Revised Statutes and currently has 270 participating employer departments. Included in that number are 7 contributing employers as of December 31, 2022, who are covered by Social Security and have elected supplementary coverage by the D&D Plan.

The D&D Plan assets are included in the Fire & Police Members' Benefit Investment Fund Long-Term Pool. The Long-Term Pool is designed primarily for open plans with a longer time horizon, higher risk tolerance, and lower liquidity needs. The investment return assumption is 7.0%.

D&D Plan benefits provide 24-hour coverage, both on- and off-duty and are available for members not eligible for normal retirement under a defined benefit plan, or members who have not met 25 years of accumulated service and age 55 under a money purchase plan. In the case of an on-duty death, benefits may be payable to the surviving spouse or dependent children of active members who were eligible to retire, but were still working. Death and disability benefits are free from state and federal taxes in the event that a member's disability is determined to be the result of an on-duty injury or an occupational disease. The FPPA issues a publicly available financial report that may be obtained at www.fppaco.org.

Contributions – Prior to 1997, the D&D Plan was primarily funded by the State of Colorado, whose contributions were established by Colorado statute. In 1997 the State made a one-time contribution of $39,000,000 to fund past and future service costs for all firefighters and police officers hired prior to January 1, 1997. During 2022, C.R.S. 31-31-811 was amended to provide additional payments from the State to the D&D Plan on July 1, 2022 and July 1, 2023 of $6,650,000 each.

Members hired on or after January 1, 1997, began contributing 2.4 percent of base salary to this D&D Plan as of January 1, 1997. Effective January 1, 2022, the contribution rate increased to 3.2 percent of base salary and may be increased 0.2 percent annually by the FPPA Board. This percentage can vary depending on actuarial experience. All contributions are made by members or on behalf of members. The contribution may be paid entirely by the employer or member, or may be split between the employer and the member as determined at the local level. District contributions to the D&D Plan were $73,811 for the year ended December 31, 2023.

Benefits Provided – Benefits are established by Colorado statute. If a member dies prior to normal retirement eligibility while off-duty, the surviving spouse shall receive a benefit equal to 40 percent of the monthly base salary paid to the member prior to death. An additional 10 percent of base salary is payable if a surviving spouse has two or more dependent children. If there is no surviving spouse, but the member had one or two dependent children, the benefit payable is 40 percent of the member's monthly base salary. If there is no spouse but three or more dependent children, the benefit equals 50 percent of the member's monthly base salary.

As of October 15, 2002, if a member dies prior to retirement while on-duty; the surviving spouse shall receive a benefit equal to 70 percent of the member's monthly base salary regardless of the number of

NOTE 5 – PENSION PLANS - Continued

dependent children. If there is no spouse but one or more dependent children living in the member's household the benefit equals 70 percent of the member's monthly base salary.

If there are dependent children without a surviving spouse, and they do not live in the household, the benefit is 40 percent for the first child and 15 percent for each additional child, but not greater than 70 percent in total of the member's monthly base salary. Benefits will be paid to the spouse until death and to dependent children until age 23, death, marriage or other termination of dependency. Benefits may be extended for an incapacitated child.

For purposes of this D&D Plan, a spouse includes a partner in a civil union. These benefits are offset by Money Purchase account balances, Stabilization Reserve Accounts (SRA) and Deferred Retirement Option Plan (DROP) accounts, converted to annuities.

The D&D Plan provides the members with two types of disability: occupational and total.

Occupational Disability means a member is unable to perform their assigned duties due to a medical condition that is expected to last at least one year. Assigned duties are those specific tasks or job duties that a member is required to regularly perform. Within the Occupational Disability category, there are two sub-categories: Temporary Occupational Disability and Permanent Occupational Disability.

Temporary Occupational Disability is an occupational disability for which there is prognosis for improvement or recovery through surgical treatment, counseling, medication, therapy or other means.

Permanent Occupational Disability is an occupational disability caused by a condition that is permanent or degenerative and for which there is no prognosis for improvement or recovery through surgical treatment, counseling, medication, therapy or other means.

Total Disability means the member is unable to engage in any substantial gainful activity due to a medically determined physical or mental impairment that may be expected to result in death or that has lasted or is expected to last at least 1 year.

A member who becomes disabled prior to normal retirement eligibility shall be eligible for disability benefits. If the member is totally disabled, the member shall receive 70 percent of their base salary preceding disability. If the member is occupationally disabled and their disability is determined to be a permanent occupational disability, the member shall receive 50 percent of their base salary preceding disability regardless of their family status. If the member is occupationally disabled and the disability is determined to be a temporary occupational disability, the member shall receive 40 percent of their base salary preceding disability regardless of their family status for up to five years.

Total disability and permanent occupational disability benefits are offset by the Money Purchase, SRA or DROP balances, converted to annuities. For member's who also participate in Social Security, disability benefits are reduced by Social Security disability benefits derived from employment as a member, if applicable.

NOTE 5 – PENSION PLANS - Continued

Temporary Occupational Disability benefits are payable for a maximum of five years. Permanent Occupational and Total Disability benefits are payable as long as the member remains disabled. A cost of living adjustment of up to 3 percent may be granted to members and spouses by the Fire & Police Pension Association Board of Directors annually.

Totally disabled members and their beneficiaries receive an automatic benefit adjustment each year of 3 percent. The cost of living adjustment is effective October 1. A cost of living adjustment may begin after receiving benefits for at least 12 calendar months prior to October 1.

NOTE 6 – TAX, SPENDING, AND DEBT LIMITATIONS

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, otherwise known as the Taxpayer Bill of Rights (TABOR), which has several limitations, including revenue raising, spending abilities and other specific requirements of state and local governments. TABOR is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of TABOR. However, the District has made certain interpretations of TABOR's language in order to determine its compliance.

In May 1998, the District voters approved the District to collect, retain and spend all revenues and other funds collected from any source not excluded from fiscal year spending, effective January 1, 1998, and continuing thereafter. Fund balance in the General Fund in the amount and net position of $150,115 at December 31, 2023, is restricted in accordance with TABOR.

NOTE 7 – RISK OF LOSS

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries and natural disasters. The District carries commercial insurance for all risks of loss, including workers' compensation and employee health and accident insurance. The District retains no risk of loss. There have been no settled claims resulting from these risks that have exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage.

NOTE 8 – RECONCILIATION OF BUDGET TO ACTUAL

The District has prepared its budget on a basis of accounting other than generally accepted accounting principles (GAAP). A reconciliation of the budgetary basis to GAAP is provided on the 'schedule of revenues, expenditures, and changes in fund balance, budget (GAAP basis) and actual' general fund and debt service funds. The district was in violation of Colorado budget law as more was spent than budgeted and appropriated in both funds.

NOTE 9 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date of the Independent Auditors' Report, which is the date the financial statements were available to be issued. In January 2024 the District opened up a $500,000 line of credit but did not draw from it.

REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)

UPPER PINE RIVER FIRE PROTECTION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE,
BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2023
(UNAUDITED)

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Revenues				
Property Taxes	$ 2,643,116	$ 2,643,116	$ 2,657,675	$ 14,559
Specific Ownership Tax	280,000	280,000	270,199	(9,801)
Intergovernmental	600,000	600,000	466,820	(133,180)
Other Local Sources:				
Medical Billings	740,000	740,000	319,478	(420,522)
Investment Income	1,000	1,000	1,003	3
Grants	507,000	507,000	677,936	170,936
Miscellaneous	306,000	306,000	155,131	(150,869)
Total Revenues	5,077,116	5,077,116	4,548,242	(528,874)
Expenditures				
Public Safety:				
Fire Administration	4,358,793	4,358,793	3,913,669	445,124
Fire Fighting	79,500	79,500	105,345	(25,845)
Fire Training	130,500	130,500	72,613	57,887
Wildland Fire Expenses	29,000	29,000	310,298	(281,298)
Fire Communications	43,000	43,000	31,327	11,673
Medical Services	183,500	183,500	156,108	27,392
Station and Grounds	137,174	137,174	155,756	(18,582)
Capital Outlay	120,000	120,000	1,471,503	(1,351,503)
Debt Service:				
Principal	105,000	105,000	101,125	3,875
Interest	-	-	4,122	(4,122)
Total Expenditures	5,186,467	5,186,467	6,321,866	(1,135,399)
Excess of Revenues (Under) Over Expenditures	(109,351)	(109,351)	(1,773,624)	(1,664,273)
Other Financing Sources				
Proceeds from Sale of Capital Assets	18,000	18,000	176,000	158,000
Total Other Financing Sources	18,000	18,000	176,000	158,000
Transfer Between Funds	-	-	489,752	
Net Changes in Fund Balances	(91,351)	(91,351)	(1,107,872)	(1,506,273)
Beginning Fund Balance, January 1			1,718,555	
Ending Fund Balance, December 31			$ 610,683	

See Independent Auditors' Report and Notes to Required Supplementary Information

UPPER PINE RIVER FIRE PROTECTION DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY/(ASSET) - SWDBP
FOR THE YEARS ENDED DECEMBER 31 (MEASUREMENT DATE)
(UNAUDITED)

	2022	2021	2020	2019	2018	2017	2016	2015
District's Proportion of the Net Pension (Asset) Liability	0.232997587%	0.231110868%	0.221133343%	0.219328785%	0.233741956%	0.233470409%	0.275712800%	0.255950700%
District's Proportionate Share of the Net Pension (Asset) Liability	$ 206,811	$ (1,252,468)	$ (480,081)	$ (124,044)	$ (295,514)	$ (335,884)	$ (99,626)	$ 4,512
District's Covered Payroll	$ 2,024,748	$ 2,031,005	$ 1,744,330	$ 1,547,594	$ 1,521,342	$ 1,365,638	$ 1,362,308	$ 1,242,945
District's Proportionate Share of the Net Pension (Asset) Liability as a Percentage of its Covered Payroll	10.21%	61.67%	27.52%	8.02%	19.42%	24.60%	7.31%	0.36%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/(Asset)	97.60%	116.20%	106.10%	101.90%	95.20%	106.30%	98.20%	100.10%

1. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District is presenting information for those years for which information is available.

UPPER PINE RIVER FIRE PROTECTION DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS TO THE PENSION PLAN - SWDBP
FOR THE YEARS ENDED DECEMBER 31,
(UNAUDITED)

	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contribution	$ 191,994	$ 182,440	$ 158,473	$ 143,116	$ 123,808	$ 121,708	$ 109,251	$ 108,985
Contributions in Relation to the Contractually Required Contribution	$ (191,994)	$ (182,440)	$ 158,473	$ 143,116	$ 123,808	$ 121,708	$ 109,251	$ 108,985
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's Covered Payroll	$ 2,024,748	$ 2,031,005	$ 1,864,392	$ 1,788,962	$ 1,547,594	$ 1,521,342	$ 1,365,638	$ 1,362,308
Contributions as a Percentage of Covered Payroll	9.50%	9.00%	8.50%	8.00%	8.00%	8.00%	8.00%	8.00%

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UPPER PINE RIVER FIRE PROTECTION DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY/(ASSET) - SWHDBP
FOR THE YEARS ENDED DECEMBER 31, (MEASUREMENT DATE)
(unaudited)

	2022	2021	2020	2019	2018	2017	2016	2015
District's Proportion of the Net Pension Liability/(Asset)	0.521493688%	0.425028170%	0.466304770%	0.477244415%	0.495175303%	0.470887387%	0.578180000%	0.543779100%
District's Proportionate Share of the Net Pension Liability/(Asset)	$ (7,606)	$ (161,169)	$ (128,258)	$ (92,939)	$ 68,351	$ 92,071	$ 62,936	$ 57,276
District's Covered Payroll	$ 118,846	$ 120,000	$ 111,923	$ 95,193	$ 95,193	$ 90,000	$ 90,000	$ 90,000
District's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	6.40%	134.31%	114.59%	97.63%	71.80%	102.30%	69.93%	63.64%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/(Asset)	101.38%	149.01%	135.00%	130.10%	123.50%	138.90%	127.50%	129.40%

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UPPER PINE RIVER FIRE PROTECTION DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS TO THE PENSION PLAN - SWHDBP
FOR THE YEARS ENDED DECEMBER 31,
(UNAUDITED)

	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contribution	$ 9,650	$ 9,600	$ 8,954	$ 8,225	$ 7,616	$ 7,616	$ 7,200	$ 7,120
Contributions in Relation to the Contractually Required Contribution	$ 9,650	$ 9,600	$ 8,954	$ 8,225	$ 7,616	$ 7,616	$ 7,200	$ 7,120
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's Covered Payroll	$ 118,846	$ 120,000	$ 111,823	$ 102,808	$ 95,193	$ 95,193	$ 90,000	$ 90,000
Contributions as a Percentage of Covered Payroll	8.12%	8.00%	8.01%	8.00%	8.00%	8.00%	8.00%	7.91%

1. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District is presenting information for those years for which information is available.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING

The Board adopts an annual budget for the General and Debt Service Funds. Budgeted amounts for all funds are based on legally adopted budgets, including supplemental budget appropriations, if any, which are on a basis consistent with GAAP for each fund type. The Fire Chief is authorized to transfer budgeted amounts within and among departments; however, any revisions that alter total expenditures for any of the funds must be approved by the Board.

The budgetary comparison schedule included in the required supplementary information presents a comparison of budgetary data to actual results of operations for the General Fund, for which an annual operating budget is legally adopted. This fund utilizes the same basis of accounting for both budgetary purposes and actual results. The General Fund recognizes an expenditure for contingencies and capital replacements in its budget-basis expenditures.

Annual budgets are established for all funds of the District as required by Colorado law. Budgets reported in the accompanying financial statements are on the same basis of accounting as described above.

Expenditures may not legally exceed appropriations at the fund level. Budget amounts included in the financial statements are based on the final amended budget. After budget approval, the District Board may approve supplemental appropriations if an occurrence, condition or need exists which was not known at the time the budget was adopted. Certain General Fund expenditures exceeded appropriated amounts, which may be a violation of Colorado Revised Statutes.

On or before October 15 of each year, the District's budget officer must prepare and submit a proposed budget to the Board for the next fiscal year. Thereupon, notice must be published stating, among other things, that the budget is open to inspection by the public and that interested electors may file or register any objection to the budget.

Subject to certain exceptions and exclusions discussed hereafter, the District must submit a request for property tax increases in excess of the statutory limitation to the Division of Local Government (if within TABOR limits) or submit the question of an increased level directly to the electors of the District at a general or special election. State law requires that the District adopt a budget prior to the certification of its mill levy to the County and file a certified copy of its budget with the Division of Local Government within 30 days of such adoption. Failure to do so can result in the County Treasurer's withholding future property tax revenues pending compliance by the District. Budget appropriations lapse at the end of each year. The encumbrance method is not used.

SUPPLEMENTARY INFORMATION

UPPER PINE RIVER FIRE PROTECTION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE,
BUDGET (GAAP BASIS) AND ACTUAL
DEBT SERVICE FUND
YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Revenues				
Property Taxes	$ 352,112	$ 352,112	$ 355,157	$ 3,045
Specific Ownership Taxes	38,000	38,000	36,303	(1,697)
Investment Income	-	-	5	5
Total Revenues	390,112	390,112	391,465	1,353
Expenditures				
General Government:				
Fire Administration	11,705	11,705	10,490	1,215
Debt Service:				
Principal	370,251	370,251	370,251	-
Interest	20,035	20,035	20,035	-
Total Expenditures	401,991	401,991	400,776	1,215
Net Changes in Fund Balance	$ (11,879)	$ (11,879)	(9,311)	$ 2,568
Other Financing Sources				
Proceeds from Issuance of Lease Purchase Agreements			489,752	
Transfer Between Funds			(489,752)	
Beginning Fund Balance, January 1			85,424	
Ending Fund Balance, December 31			$ 76,113	