

MONTROSE FIRE PROTECTION DISTRICT
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

December 31, 2021



Montrose Fire Protection District

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Independent Auditor's Report

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Board of Directors
Montrose Fire Protection District
Montrose, Colorado

INDEPENDENT AUDITOR'S REPORT

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the Montrose Fire Protection District (the District), as of and for the year ended December 31, 2021 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the District as of December 31, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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.

Responsibility of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 on pages 4 through 8 and the budgetary comparison information on page 49 be presented to supplement the basic financial statements. Government Accounting Standards Board (GASB) Statement No. 68 *Accounting and Financial Reporting for Pensions* – an amendment of GASB Statement No. 27, requires that the Old Hire Plan Schedule of Changes in Net Pension Liability / (Asset) and Related Ratios – Last 10 Years (to be built prospectively), Old Hire Plan Schedule of Contributions – Last 10 Years (to be built prospectively), Schedule of the District's Proportionate Share of the Net Pension Asset of the Statewide Defined Benefit Pension Plan, Schedule of District Contributions to the Statewide Defined Benefit Pension Plan, Volunteer Plan Schedule of Changes in Net Pension Liability / (Asset) and Related Ratios – Last 10 Years (to be built prospectively), Volunteer Plan Schedule of Contributions – Last 10 Years (to be built prospectively), Schedule of the District's Proportionate Share of the PERA Net Pension Liability, and Schedule of District Contributions to the PERA Defined Benefit

Pension Plan on pages 56 to 57 be presented to supplement the basic financial statements. GASB Statement No. 75 *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions* requires that the Schedule of the District's Proportionate Share of the PERA Net Other Post-Employment Benefit Liability and Schedule of District Contributions to the PERA Other Post-Employment Benefit Plan on pages 58 to 59 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 GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplemental 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 supplemental schedule of Revenues, Expenditures, and Changes in Fund Balance – General Fund on page 60 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of Revenues, Expenditures, and Changes in Fund Balance – General Fund 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the schedule of Revenues, Expenditures, and Changes in Fund Balance – General Fund is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

DALBY, WENDLAND & CO., P.C.
Grand Junction, Colorado

DATE

Management's Discussion and Analysis

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MONTROSE FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2021

As management of the Montrose 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 year ended December 31, 2021 with comparative information presented for the year ended December 31, 2020. We encourage readers to consider the information presented here in conjunction with the additional information furnished in our basic financial statements to better understand the financial position of the District.

Financial Highlights

- In the government-wide financial statements, the District's assets and deferred outflows exceeded its liabilities and deferred inflows by \$7,340,302 at December 31, 2021, an increase of \$581,079 from the net position at December 31, 2020. This is discussed on page 5.
- The General Fund reported an ending unassigned fund balance of \$1,521,451 at December 31, 2021, an increase of \$773,124 from the prior due in large part to the increase in property and specific ownership tax revenue. This is discussed on page 6.
- Tax revenue as shown on the statement of activities increased \$276,431 in 2021 from 2020, while program expenses as shown on the statement of activities increased by \$231,612. This is discussed on page 6.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. This report also contains required and other supplemental information in addition to the basic financial statements themselves.

Government-wide Financial Statements

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

The statement of net position presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether financial position is improving or deteriorating.

The statement of activities presents information showing how the District'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 cash flows. Thus, revenues and expenses are reported in the statement of activities for some items that will only result in cash flows in future fiscal periods.

In the government-wide financial statements, the District's activities are shown in one category: *governmental activities*. The District's activities are principally supported by property taxes and charges for services. The government-wide financial statements can be found on pages 9 through 11.

Fund Financial Statements

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The District's General fund is considered a governmental fund.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the 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 activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the General Fund balance sheet and the General Fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The District has only one governmental fund: the General Fund. The District's General Fund financial statements can be found on pages 12 through 15.

An annual appropriated budget is adopted for the General Fund. A budgetary comparison schedule has been provided on page 49.

Notes to Basic Financial Statements

The notes to the basic financial statements provide additional information that are essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 16 through 48.

Required Supplementary Information (RSI)

The RSI presents additional information that differs from the basic financial statements in that the auditor applies certain limited procedures in reviewing the information. In this report, RSI includes the management's discussion and analysis and budget to actual comparison, as well as certain RSI required by Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68) and Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions* (GASB 75) as follows:

- Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund
- Old Hire Plan Schedule of Changes in Net Pension Liability / (Asset) and Related Ratios – Last 10 Years (to be built prospectively)
- Old Hire Plan Schedule of Contributions – Last 10 Years (to be built prospectively)
- Schedule of the District's Proportionate Share of the Net Pension Asset of the Statewide Defined Benefit Pension Plan
- Schedule of District Contributions to the Statewide Defined Benefit Pension Plan

- Volunteer Plan Schedule of Changes in Net Pension Liability / (Asset) and Related Ratios – Last 10 Years (to be built prospectively)
- Volunteer Plan Schedule of Contributions – Last 10 Years (to be built prospectively)
- Schedule of the District’s Proportionate Share of the PERA Net Pension Liability
- Schedule of District Contributions to the PERA Defined Benefit Pension Plan
- Schedule of the District’s Proportionate Share of the PERA Net Other Post-Employment Benefit Liability
- Schedule of District Contributions to the PERA Other Post-Employment Benefit Plan

Other Supplemental Information

A schedule of general fund revenues, expenditures, and changes in fund balance for the current year and prior two years has been presented on page 60.

Government-wide Financial Analysis

The following summarizes the District’s governmental net position as of December 31:

	<u>2021</u>	<u>2020</u>
Assets		
Current and other assets	\$ 9,099,314	\$ 7,127,087
Capital assets	4,452,090	4,637,474
Net pension asset	711,535	180,823
	<i>Total Assets</i>	<i>Total Assets</i>
	<u>14,262,939</u>	<u>11,945,384</u>
Deferred Outflows of Resources		
Pension and OPEB plans	<u>1,376,191</u>	<u>1,501,891</u>
	<i>Total Deferred Outflows of Resources</i>	<i>Total Deferred Outflows of Resources</i>
	<u>1,376,191</u>	<u>1,501,891</u>
Liabilities		
Current liabilities	216,489	397,283
Noncurrent liabilities	787,235	750,160
Net pension and OPEB liability	554,717	639,459
	<i>Total Liabilities</i>	<i>Total Liabilities</i>
	<u>2,345,676</u>	<u>1,786,902</u>
Deferred Inflows of Resources		
Pension and OPEB plans	924,738	405,311
Unearned property tax revenue	<u>5,028,414</u>	<u>4,495,839</u>
	<i>Total Deferred Inflows of Resources</i>	<i>Total Deferred Inflows of Resources</i>
	<u>5,953,152</u>	<u>4,901,150</u>
Net Position		
Net investment in capital assets	4,511,729	4,287,900
Restricted for acquisition of capital assets	960,562	359,569
Restricted for emergencies	148,000	148,000
Unrestricted	<u>1,720,011</u>	<u>1,963,754</u>
	<i>Total Net Position</i>	<i>Total Net Position</i>
	<u>\$ 7,340,302</u>	<u>\$ 6,759,223</u>

Total assets of the District increased from the prior year primarily due to the increases in lease-purchase proceeds, property taxes receivable and the increase in the net pension asset, which is a result of changes in actuarial estimates. Total liabilities increased from the prior year due to the lease-purchase agreement entered into by the District in 2021 (See Note 7). Deferred inflows of resources increased from the prior year due to increases in assessed property values.

The following summarizes the change in the District’s government-wide net position for the years ended December 31:

	<u>2021</u>	<u>2020</u>
Revenues		
Program revenues	\$ 1,490,691	\$ 1,934,546
General revenues:		
Taxes	5,382,362	4,991,691
Miscellaneous	141,065	24,273
Earnings on deposits and investments	<u>937</u>	<u>9,172</u>
<i>Total Revenues</i>	<u>6,900,815</u>	<u>6,959,682</u>
Expenses		
Fire protection and emergency medical services	5,378,158	5,198,446
Administration	919,280	874,820
Interest on long-term debt	<u>18,094</u>	<u>14,858</u>
<i>Total Expenses</i>	<u>6,319,736</u>	<u>6,088,124</u>
Other Financing Sources		
Gain on sale of land held for sale	<u>-</u>	<u>26,087</u>
<i>Change in Net Position</i>	581,079	897,645
Net Position – beginning of year	<u>6,759,223</u>	<u>5,861,578</u>
Net Position – end of year	<u>\$ 7,340,302</u>	<u>\$ 6,759,223</u>

Total revenues of the District decreased 1% from prior year, driven primarily by a decrease in grant revenue in the current year, partially offset by an increase in tax revenues as discussed in the General Fund Budgetary Highlights section. Total expenses increased 4% from the prior year driven by increases in payroll.

Financial Analysis of Governmental Funds

As noted earlier, fund accounting is used to ensure and demonstrate compliance with finance related legal requirements.

The focus of governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

The District maintains only one governmental fund, the General Fund, which is the District’s operating fund. The General Fund had a fund balance of \$3,962,655 as of December 31, 2021, of which \$148,000 is restricted for emergencies, \$960,562 is restricted for acquisition of capital assets, and \$1,332,642 is assigned as an operating reserve. The unreserved portion of the fund balance in the amount of \$1,521,451 is available for spending. Total fund balance increased \$1,374,117 from the prior year, primarily due to increases in property taxes.

General Fund Budgetary Highlights

Revenues received for EMS Service Fees were more than budgeted due to the District applying for and receiving \$110,382 from the Colorado EMS Supplemental Payment program. Specific ownership taxes for Montrose and Ouray were \$124,000 more than budgeted. Capital outlay for equipment and vehicles were less than budgeted of \$845,000 primarily due to timing and supply chain issues experienced in the current year. The District has committed to these capital outlays in 2022 under the District’s lease-purchase agreement (See Note 7). The District was able to hire full-time staff to the roster in 2021.

Capital Asset and Debt Administration

Capital Assets

The District defines capital assets as assets with an initial cost of more than \$5,000. Replacements, which improve or extend the lives of property, are capitalized. Maintenance, repairs and equipment replacements of a routine nature are charged to expenditures as incurred and are not capitalized. Additional information on the District's capital assets can be found in Note 6.

Debt Administration

On March 1, 2012, the District issued a revenue bond for \$3,147,575 to refinance the 2004 and 2011 lease purchase agreements which was paid in full as of December 31, 2021, which is discussed further in Note 7 of the District's financial statements.

On July 28, 2021, the District entered in an agreement for \$975,000 with the Montrose Building Authority to purchase three vehicles for the District. The agreement is collateralized by the vehicles purchased under the agreement. The District is obligated to make annual payments of \$180,241, including principal and interest at an interest rate of 3 percent, each July 28 beginning in 2022 and ending in 2027. Additional information on the District's lease-purchase obligation and long-term liabilities can be found in Note 7 of the District's financial statements.

Economic Factors and Next Year's Budget

The District looks forward to using a strong fiscal year in 2022 to implement plans for increased staffing and apparatus. Budgeted revenue for 2022 is up again due to increased assessed values and billings on EMS services and the District plans on a 1.4 million fund balance transfer to cover the cost to purchase apparatus ordered in 2021 but still not received. The fund balance transfer accounts for the lease purchase proceeds the District received in 2021 under a new lease agreement with Alpine Bank. Plans are in place to participate in the wildland season for 2022, and if successful revenue generated from this will benefit the District's ending fund balance for year end.

Request for Information

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District Chief, 441 South Uncompahgre Avenue, Montrose, CO 81401.

Basic Financial Statements

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Government-wide Financial Statements

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MONTROSE FIRE PROTECTION DISTRICT

STATEMENT OF NET POSITION

December 31, 2021

ASSETS

Cash and investments	\$ 2,663,643
Cash - restricted for acquisition of capital assets	960,562
Receivables:	
Property taxes	5,028,414
Specific ownership taxes	58,108
Emergency medical services (EMS) accounts	328,948
Deposit on purchase of capital assets	59,639
Capital assets, net of accumulated depreciation, where applicable:	
Land	1,043,899
Buildings and improvements	2,299,422
Fire apparatus and ambulances	1,108,769
	<u>Capital Assets, net</u>
	4,452,090
Net pension asset	<u>711,535</u>
	<u>Total Assets</u>
	14,262,939

DEFERRED OUTFLOWS OF RESOURCES

Pension related (see Note 8)	1,374,649
Other post-employment benefit related (see Note 8)	1,542
	<u>Total Deferred Outflows of Resources</u>
	1,376,191

See accompanying notes.

MONTROSE FIRE PROTECTION DISTRICT

STATEMENT OF NET POSITION

December 31, 2021

LIABILITIES

Accounts payable	\$	48,606
Accrued interest payable		17,299
Noncurrent liabilities:		
Due within one year		150,584
Due after one year		824,416
Compensated absences		750,054
Net pension liability		543,179
Net other post-employment benefit liability		11,538
		<u>11,538</u>
		<u>2,345,676</u>
		<i>Total Liabilities</i>

DEFERRED INFLOWS OF RESOURCES

Unearned revenue - property taxes		5,028,414
Pension related (see Note 8)		924,128
Other post-employment benefit related (see Note 8)		610
		<u>610</u>
		<u>5,953,152</u>
		<i>Total Deferred Inflows of Resources</i>

NET POSITION

Net investment in capital assets		4,511,729
Restricted for:		
Acquisition of capital assets		960,562
Emergencies		148,000
Unrestricted		1,720,011
		<u>1,720,011</u>
		<u>7,340,302</u>
		<u>\$ 7,340,302</u>
		<i>Total Net Position</i>

See accompanying notes.

MONTROSE FIRE PROTECTION DISTRICT

STATEMENT OF ACTIVITIES

For the year ended December 31, 2021

PROGRAM EXPENSES

Fire fighting/emergency medical services	\$ 4,721,064
Administration	825,501
Facility maintenance and operations	233,697
Equipment and supplies	245,458
Wildland fire	93,779
Communications	141,242
Issuance costs	14,438
Interest	18,094
Training	15,600
Fire prevention	10,863
	<u>6,319,736</u>

Total Program Expenses

PROGRAM REVENUES

Charges for services, net of adjustments	1,483,015
Grants	1,747
Permits and fees	5,929
	<u>4,829,045</u>

Net Program Expenses

GENERAL REVENUES

Property taxes	4,520,654
Specific ownership taxes	736,618
Miscellaneous	141,065
Interest on delinquent taxes	10,850
Earnings on deposits and investments	937
	<u>5,410,124</u>

Total General Revenues

Change in Net Position

Net Position - January 1, 2021

Net Position - December 31, 2021

6,759,223

\$ 7,340,302

See accompanying notes.

Fund Financial Statements

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MONTROSE FIRE PROTECTION DISTRICT

BALANCE SHEET – GENERAL FUND

December 31, 2021

ASSETS

Cash and investments	\$ 2,663,643
Cash - restricted for acquisition of capital assets	960,562
Receivables:	
Property taxes	5,028,414
Specific ownership taxes	58,108
EMS accounts	328,948
<i>Total Assets</i>	<u>\$ 9,039,675</u>

LIABILITIES

Accounts payable	\$ 48,606
<i>Total Liabilities</i>	<u>48,606</u>

DEFERRED INFLOWS OF RESOURCES

Unearned revenue - property taxes	5,028,414
<i>Total Deferred Inflows of Resources</i>	<u>5,028,414</u>

FUND BALANCE

Restricted for:	
Acquisition of capital assets	960,562
Emergencies	148,000
Assigned for operating reserve	1,332,642
Unassigned	1,521,451
<i>Total Fund Balance</i>	<u>3,962,655</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</i>	<u>\$ 9,039,675</u>

See accompanying notes.

MONTROSE FIRE PROTECTION DISTRICT
RECONCILIATION OF THE GENERAL FUND BALANCE SHEET TO
THE STATEMENT OF NET POSITION

December 31, 2021

Total Fund Balance - Governmental Funds	\$ 3,962,655
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Accrued compensated absences payable are not due and payable in the current period and, therefore, are not reported as liabilities in the Fund.	(750,054)
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Lease-purchase obligations are not due and payable in the current period and, therefore, are not reported as liabilities in the Fund.	(975,000)
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Accrued interest on lease-purchase obligations is not due and payable in the current period and, therefore, is not reported as a liability in the Fund.	(17,299)
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Net pension liability, deferred outflows, and deferred inflows of resources related to pensions and other post-employment benefits (OPEB) are not current financial resources and, therefore, are not reported as assets or liabilities in the Fund.	608,271
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Deposits toward the purchase price of capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:	59,639
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the Fund:

Cost of capital assets	9,551,802
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Less accumulated depreciation	(5,099,712)
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Total Net Position - Governmental Activities	<u><u>\$ 7,340,302</u></u>
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See accompanying notes.

MONTROSE FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - GENERAL FUND

For the year ended December 31, 2021

REVENUES

Property taxes	\$	4,520,654
Specific ownership taxes		736,618
Interest on delinquent taxes		10,850
Charges for services, net of adjustments		1,483,015
Miscellaneous		141,065
Grants		1,747
Earnings on deposits and investments		937
Permits and fees		5,929
		Total Revenues
		6,900,815

EXPENDITURES

Current		
Fire fighting/emergency medical services		4,542,715
Administration		825,501
Equipment and supplies		245,458
Wildland fire		93,779
Facility maintenance and operations		129,301
Communications		141,242
Training		15,600
Fire prevention		10,863
Capital outlay		127,434
Lease-purchase obligations and debt service:		
Principal		349,573
Interest		5,794
Issuance costs		14,438
		Total Expenditures
		6,501,698

OTHER FINANCING SOURCES

Proceeds from equipment lease purchase		975,000
		Total Other Financing Sources
		975,000
		Net Change in Fund Balance
		1,374,117

Fund Balance - January 1		2,588,538
Fund Balance - December 31		\$ 3,962,655

See accompanying notes.

MONTROSE FIRE PROTECTION DISTRICT
RECONCILIATION OF THE GENERAL FUND STATEMENT
OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES

For the year ended December 31, 2021

Net Change in Fund Balance - General Fund \$ 1,374,117

Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays are reported as expenditures in the Fund; however, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful life as depreciation expense:

Capital outlay	127,434
Depreciation expense	(253,178)

Principal payments on lease-purchase obligations are reported as an expenditure in the Fund, but reduce long-term liabilities in the Statement of Net Position.	349,573
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Proceeds from the issuance of the lease-purchase obligation are recognized as other financing sources in the Fund statements but as a liability in the Statement of Net Position.	(975,000)
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Accrued interest on lease-purchase obligations is not reported as an expenditure in the Fund but is reported as an expense when due in the Statement of Net Position.

December 31, 2020	4,999
December 31, 2021	(17,299)

Pension and OPEB expense is not reported in the Fund but is reported as an expenditure in the Statement of Activities.	(29,673)
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Compensated absences are recognized as an expenditure in the Fund when they are determined to be payable from current financial resources. In the Statement of Activities, compensated absences are recognized as an expense when incurred:

December 31, 2020	750,160
December 31, 2021	(750,054)

Change in Net Position of Governmental Activities	\$ 581,079
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See accompanying notes.

Notes to Basic Financial Statements

DRAFT

MONTROSE FIRE PROTECTION DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Montrose Fire Protection District (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The District's more significant accounting policies are described below:

Financial Reporting Entity

The District is a political subdivision of the State of Colorado, formed in 1946 for the purpose of providing fire protection and emergency medical services to portions of Montrose and Ouray counties. The District is governed by an elected five-member board of directors (the Board).

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. *Governmental activities* are supported by taxes and charges for services. The District has no *business-type activities*, which rely to a significant extent on user charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or program. *Program revenues* include 1) charges to those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported instead as *general revenues*.

Fund Financial Statements

The accounts of the District are organized on the basis of funds. The operations of funds 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 equity, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Governmental funds are accounted for on a flow of current financial resources basis. Balance sheets for these funds generally include only current assets and current liabilities. Reported fund balances are considered a measure of available, spendable resources. Operating statements for these funds present a summary of available, spendable resources and expenditures for the period.

The District has only one governmental fund, the General Fund, which is the District's primary operating fund. It accounts for all financial resources of the District.

Separate financial statements are provided for the General Fund.

Measurement Focus and Basis of Accounting

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

The modified accrual basis of accounting is used by all governmental funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues are considered available if collected within 60 days after year end. Those revenues associated with the current period susceptible to accrual are property taxes, interest revenue and charges for services. Grant revenues are recognized as they are earned. All other revenues are reported when cash is received. Expenditures are recorded when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt which is recognized when due, and compensated absences which are recognized when the obligations are expected to be liquidated with available financial resources.

Pensions

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

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 and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Investments

Money market funds and external investment pools are stated at cost, which is equivalent to fair value.

Property Taxes

Property taxes for the current year are levied in December of the previous year and attach as a lien on property the following January 1. They are payable in full by April 30 or in two equal installments due February 28 and June 15. Property taxes for 2021 and payable to the District in 2021 are reported as a receivable and deferred inflow of resources at December 31. The deferred taxes are recognized as revenue in the year in which the lien attaches and they are available and collected.

Capital Assets

In the government-wide financial statements, capital assets are reported as assets in the statement of net position. In the fund financial statements, purchases of capital assets are expensed as capital outlay.

Capital assets are stated at cost. Donated assets are recorded at their estimated fair market value at the date of donation. The District defines capital assets as assets with an initial cost of more than \$5,000. Replacements, which improve or extend the lives of property, are capitalized. Interest incurred during construction is not capitalized on capital assets. Maintenance, repairs, and equipment replacements of a routine nature are charged to expenditures as incurred and are not capitalized.

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

Building and improvements	15 - 40 years
Fire apparatus and ambulances	10 - 20 years
Other vehicles and equipment	5 - 15 years

Long-term Debt

In the government-wide financial statements, long-term debt is reported as a liability in the statement of net position. Revenue bond obligations payable are reported net of any applicable bond premium or discount and refinancing losses. At December 31, 2021 there were no revenue bond premiums and discounts, or losses on refinancing included in the statement of net position. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as program expenses in the year in which they are incurred.

In the fund financial statements, issuance costs are recognized when incurred. The face amount of the debt issued, premiums, and discounts received on debt issuances, are reported as other financing sources and uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Compensated Absences

Shift personnel accumulate vacation time at the rate of three twenty-four hour shifts, after the first full year of employment. Thereafter, one additional shift can be accumulated with a maximum accumulation of ten shifts. Non-shift personnel accumulate two weeks of vacation after the first full year of employment up to a maximum of five weeks after eight years of service. Sick leave for shift personnel accumulates at the rate of four shifts during the first year of service and ten shifts each year thereafter to a maximum of sixty-one shifts. Non-shift personnel accumulate sick leave at the rate of ten days the first year and thirty days in each succeeding year to a maximum of one hundred and eighty days. Upon termination of employment, 58% of accumulated sick leave is paid at the regular hourly rate. The entire liability is reported in the government-wide statements.

Deferred Outflows of Resources and Deferred Inflows of Resources

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position* (GASB 63), defines the five elements that make up a statement of financial position to include:

- Assets – resources with a present service capacity under District control
- Deferred Outflows of Resources – consumption of net position by the District that is applicable to a future reporting period
- Liabilities – present obligations to sacrifice resources
- Deferred Inflows of Resources – acquisitions of net position by the District that is applicable to a future reporting period
- Net Position – residual of all other elements presented in a statement of financial position

See Note 8 for detail of the composition of the District's deferred outflows and deferred inflows related to pensions and OPEB.

Net Position

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 attributable to the acquisition or construction of improvements of those assets. Net position is reported as restricted when there are limitations on their use due to external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District did not have any nonspendable resources as of December 31, 2021.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District has classified the Taxpayer's Bill of Rights (TABOR) emergency reserves as being restricted because their use is restricted by state statute. The District has also classified cash required to be used as restricted for the purchase of capital assets under the District's lease-purchase agreement (See Note 7).
- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District's Board. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District did not have any committed resources as of December 31, 2021.
- **Assigned:** This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board or through the Board delegating this responsibility to the District manager through the budgetary process. The District had \$1,332,642 in assigned resources as of December 31, 2021.
- **Unassigned:** This classification includes the residual fund balance for the General Fund.

The District would typically use committed resources first and then assigned resources as appropriate opportunities arise, but the District reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE FUND FINANCIAL STATEMENTS

The governmental fund balance sheet includes a reconciliation between *fund balance* of the *governmental fund* and *net position of governmental activities* as reported in the government-wide statement of net position. Additionally, the governmental fund statement of revenue, expenditures, and changes in fund balances includes a reconciliation between the *net change in fund balances* of the *governmental fund* and the *changes in net position of governmental activities* as reported in the government-wide statement of activities. These reconciliations detail items that require adjustment to convert from the current resources measurement and modified accrual basis for government fund statements to the economic resources measurement and full accrual basis used for government-wide statements.

NOTE 3 - TAX, SPENDING AND DEBT LIMITATIONS

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, commonly known as TABOR, which has several limitations including revenue raising, spending abilities, debt limitations, 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. TABOR requires a reserve of 3% of the District's fiscal year spending, excluding bonded debt service. A portion of the District's General Fund balance is classified as restricted for an emergency reserve required by TABOR (see Note 1).

In 1996, the voters authorized the District to collect and spend all revenues received in 1995 and subsequent years, notwithstanding the limitations of TABOR, without increasing its mill levy above current levels without further voter approval. In 2006, the voters authorized the District to impose an additional 3.45 mill property tax levy, not to exceed 8.813 mills commencing January 1, 2007. The additional mills were for the construction of two new stations including the necessary equipment and additional salaries for personnel to provide fire, rescue and emergency medical services. On January 1, 2017, the mill levy was decreased in amount and reduced annual District revenues. In 2018, the District successfully passed a ballot initiative to address and fix the Residential Assessment Rate's specific effect on the tax revenue for the District by re-establishing the mill levy to its previous amount. On January 1, 2030, the mill levy will be further decreased.

NOTE 4 - BUDGETS

The District adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- A. Budgets are required by state law.
- B. The budget officer is required to submit a proposed budget to the Board by October 15.
- C. Public hearings are conducted by the Board to obtain taxpayer comments.
- D. Certification of the mill levies to the Board of County Commissioners and adoption of the budget and appropriations are required by December 15.
- E. Expenditures may not legally exceed appropriations at the fund level. Board approval is required for changes in the budget. The District expended less than was appropriated during 2021.

- F. Budget appropriations lapse at the end of each year.
- G. Budgets are adopted on the modified accrual basis of accounting.

NOTE 5 - DEPOSITS AND INVESTMENTS

Colorado’s Public Deposit Protection Act (PDPA) governs the District’s deposits. The statutes specify eligible depositories for public cash deposits which must be Colorado institutions and must maintain federal deposit insurance through the Federal Deposit Insurance Corporation (FDIC) on deposits held. Each eligible depository with deposits in excess of the insured levels must pledge a collateral pool of defined eligible assets maintained by another institution or held in trust for all of its local government depositors as a group with a market value at least equal to 102% of the uninsured deposits. The Colorado Division of Banking for banks and savings and loan associations is required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At year end, the carrying amount of the District’s deposits consisted of the following:

	Bank Balance	Carrying Amount
Cash in checking accounts	\$ 1,385,531	\$ 1,086,196
Cash on hand	237	237
	\$ 1,385,768	\$ 1,086,433

At December 31, 2021, \$263,018 was covered by depositor’s insurance and \$1,122,750 was collateralized under PDPA requirements.

Custodial Credit Risk – Deposits and Investments

Custodial credit risk is the risk that in the event of a bank or investment pool failure, the District would not be able to recover its deposits or the value of its investments. The District’s deposits and investments are not deemed to be subject to custodial credit risk as they are covered by federal depository insurance or are collateralized under PDPA.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest including: obligations of the United States and certain U.S. government agency securities; certain international agency securities; general obligation and revenue bonds of U.S. local government entities; bankers’ acceptances of certain banks; commercial paper; local government investment pools, written repurchase agreements collateralized by certain authorized securities; certain money market funds; and guaranteed investment contracts. The District has no investment policy that would further limit its investment choices.

At December 31, 2021, the District had funds in a local government investment pool (COLOTRUST). The pool operates similarly to a money market fund and each share is equal in value to \$1.00. Pool investments include U.S. Treasury and Agency securities, the highest rated commercial paper and repurchase agreements collateralized by U.S. Treasury and Agency securities. The pool is rated AAAM by Standard and Poor’s. Financial statements for COLOTRUST may be obtained on their website at www.colotruster.com.

COLOTRUST is an investment vehicle established for local government entities in Colorado to pool surplus funds for investment purposes. COLOTRUST is routinely monitored by the Colorado Division of Securities with regard to its operations and investments, which are also subject to provisions of C.R.S. Title 24, Article 75, Section 6. The fair value of the investments in COLOTRUST is the same as the value of the pool shares. None of these types of investments are categorized because they are not evidenced by securities that exist in physical or book entry form.

Description	Credit Quality Rating	Maturity	Fair Value
COLOTRUST Plus+	AAAm	N/A	\$ 2,262,772

Interest Rate Risk – Investments

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board. The Board has not adopted an investment policy that allows investment maturities greater than five years.

Concentrations of Credit Risk – Deposits and Investments

Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer or institution. The District holds over 99% of its cash deposits in one financial institution and less than 1% in a second institution. The District holds 100% of its investments in one government investment pool.

NOTE 6 - CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2021 was as follows:

	Balance December 31, 2020	Increases	Decreases	Balance December 31, 2021
Non-depreciable capital assets				
Land	\$ 1,043,899	\$ -	\$ -	\$ 1,043,899
<i>Total non-depreciable capital assets</i>	<u>1,043,899</u>	<u>-</u>	<u>-</u>	<u>1,043,899</u>
Depreciable capital assets				
Buildings and improvements	4,281,133	-	-	4,281,133
Fire apparatus and ambulances	4,158,975	67,795	-	4,226,770
<i>Total depreciable capital assets</i>	<u>8,440,108</u>	<u>67,795</u>	<u>-</u>	<u>8,507,903</u>
Less accumulated depreciation for				
Buildings and improvements	(1,877,315)	(104,396)	-	(1,981,711)
Fire apparatus and ambulances	(2,969,220)	(148,781)	-	(3,118,001)
<i>Total accumulated depreciation</i>	<u>(4,846,535)</u>	<u>(253,179)</u>	<u>-</u>	<u>(5,099,712)</u>
<i>Total capital assets being depreciated, net</i>	<u>3,593,575</u>	<u>(185,384)</u>	<u>-</u>	<u>3,408,191</u>
<i>Total capital assets, net of depreciation</i>	<u>\$ 4,637,474</u>	<u>\$ (185,384)</u>	<u>\$ -</u>	<u>\$ 4,452,090</u>

Depreciation expense was charged to functions/programs of the District as follows: firefighting/emergency medical services \$148,781 and facility maintenance and operations \$104,396.

NOTE 7 - LONG-TERM LIABILITIES

Changes in long-term liabilities:

	Balance December 31, 2020	Additions	Reductions	Balance December 31, 2021	Due Within One Year
2012 revenue bonds	\$ 349,574	\$ -	\$ (349,574)	\$ -	\$ -
Lease – purchase obligation	-	975,000	-	975,000	150,584
Accrued compensated absences	750,160	-	(106)	750,054	-
<i>Total long-term liabilities</i>	<u>\$ 1,099,734</u>	<u>\$ 975,000</u>	<u>\$ (349,680)</u>	<u>\$ 1,725,054</u>	<u>\$ 150,584</u>

Revenue Bond Obligation

2012: March 1, 2012, the District issued a revenue bond for \$3,147,575 to refinance the 2004 and 2011 lease purchase agreements. The revenue bond is collateralized by all revenues, fees, donations, contributions or other income derived from the property, plant and equipment purchased under the 2004 and 2011 lease purchase agreements. The revenue bond is also collateralized by all ad valorem taxes, levied and collected by the District pursuant to the November 2005 voter authorization. As required by GASB No. 65, the issuance costs of \$61,475 were expensed in the year of issuance. The District is obligated under the agreement to make annual payments of \$359,569, including principal and interest at an interest rate of 2.86 percent, each July 1 beginning July 1, 2012 and ending July 1, 2021. The agreement requires compliance with specified covenants and obligations. At December 31, 2021 the District believes it is in compliance with these covenants. The District established a bank account, as required by the agreement, to hold a minimum balance equal to the annual debt service requirement. The revenue bond matured in 2021 and the District paid off the remaining balance. As a result, the minimum balance restriction was released.

Equipment Lease Purchase Agreement

On July 28, 2021, the District entered into an equipment lease purchase agreement for \$975,000 with Montrose Building Authority to purchase three vehicles for the District. The agreement is collateralized by the vehicles purchased under the agreement. The District is obligated to make annual payments of \$180,241, including principal and interest at an interest rate of 3.00 percent, each July 28 beginning July 28, 2022 and ending July 28, 2027. The agreement requires compliance with specified covenants and obligations. At December 31, 2021 the District believes it is in compliance with these covenants. The net proceeds from the lease-purchase agreement after issuance costs of \$960,562 have not yet been expended as of December 31, 2021 due to procurement issues surrounding supply chain delays. The proceeds of \$960,562 have been presented as cash restricted for acquisition of capital assets with the corresponding restriction of the same amount of fund balance and net position.

Lease-Purchase Obligation Minimum Future Payments

The minimum future payments are as follows:

<u>Year</u>	<u>Equipment Lease</u>
2022	\$ 180,241
2023	180,241
2024	180,241
2025	180,241
2026	180,241
Thereafter	<u>180,239</u>
<i>Total minimum lease obligation payments</i>	<u>1,081,444</u>
<i>Less amount representing interest</i>	<u>(106,444)</u>
<i>Present Value of net minimum lease obligation</i>	<u>\$ 975,000</u>

NOTE 8 - PENSION PLANS AND OTHER POST-EMPLOYMENT BENEFIT PLANS

Old Hire (Hired prior to April 8, 1978)

The Fire & Police Pension Association (FPPA) administers an agent multiple-employer Public Employee Retirement System (PERS). The PERS represents the assets of numerous separate plans that have been pooled for investment purposes. The pension plans have elected to affiliate with FPPA for plan administration and investment only. FPPA issues a publicly available comprehensive annual financial report that can be obtained at FPPAco.org. Once in the site, locate the site map at the bottom of the web page and you will find the 'Annual Report' link.

The District is trustee of a single-employer defined benefit pension plan for paid firefighters hired prior to April 8, 1978 (Old Hire Plan). The Old Hire Plan is administered by the FPPA. The Old Hire Plan's Board of Trustees is comprised of the District's Board of Directors and firefighters in accordance with Colorado statutes.

The Old Hire Plan provides normal retirement benefits, disability retirement and survivor benefits. Firefighters who have attained both 50 years of age and completed 20 years of active service in any fire department in the State of Colorado are eligible for a monthly pension equal to one-half of their monthly salary as of the date of retirement. Upon death, the surviving spouse receives a monthly pension based on one-third of the salary of a first grade firefighter at the time of retirement, until death or remarriage. The District has two retirees and no active members in the Old Hire Plan as of January 1, 2020, the actuarial valuation date.

At December 31, 2021, the District reported a net pension liability of \$253,826 related to the Old Hire Plan. The net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2021. Standard update procedures were used to roll forward the total pension liability to December 31, 2021.

At December 31, 2021 the total pension liability was \$331,272, the plan fiduciary net position was \$77,446, and the pension plan fiduciary net position as a percentage of total pension liability was 23.38 percent. For the year ended December 31, 2021, the District recognized pension expense of \$30,548.

At December 31, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to the Old Hire Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 2,640	\$ 6,381
Total	\$ 2,640	\$ 6,381

The deferred outflows of resources and deferred inflows of resources related to the Old Hire Plan are included with total deferred outflows of resources and total deferred inflows of resources on the Statement of Net Position.

Deferred outflows of resources of \$27,483 related to the Old Hire Plan resulting from contributions subsequent to the measurement date of December 31, 2020 will be recognized as a reduction of the net pension liability in the year ending December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Old Hire Plan will be recognized in pension expense as follows:

For the years ending December 31,	
2022	\$ (1,419)
2023	(140)
2024	(1,459)
2025	(753)
Total	\$ (3,741)

Employer contributions are recognized by FPPA in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to FPPA. Employer contributions recognized by the FPPA from the District were \$27,483 for the year ended December 31, 2021.

Actuarially determined contribution rates are calculated as of January 1 of even numbered years. The contributions rates have a one-year lag, so the actuarial valuation as of January 1, 2021, determines the contribution amounts for 2020 and 2021. Methods and assumptions used to determine contribution rates for the year ended December 31, 2020 were as follows:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open*
Remaining Amortization Period	12 Years*
Asset Valuation Method	5-Year smoothed fair value
Inflation	2.50%
Salary Increases	N/A
Investment Rate of Return	7.50%
Retirement Age	Any remaining actives are assumed to retire immediately
Mortality	Post-retirement: For ages less than 55, RP-2014 Mortality Tables for Blue Collar Employees. For ages 65 and older, RP-2014 Mortality Tables of Blue Collar Healthy Annuitants. For ages 55 through 64, a blend of the previous tables. All tables are projected with Scale BB. Disabled (pre-1980): RP-2014 Disabled Generational Mortality Table generationally projected with Scale BB with a minimum 3% rate for males and 2% rate for females.

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

The assumptions shown above pertain to the actuarial valuation as of January 1, 2018 and the associated Actuarially Determined Contribution for the year ending December 31, 2020. Following an experience study in 2018 and asset allocation study in 2018-2019, the Board adopted a new assumption set for first use in the January 1, 2020 valuations. The primary changes, which can be observed in the January 1, 2020 valuation, as compared to the assumptions shown are as follows:

- Investment rate of return – 4.50 percent
- Mortality:
 - Post-retirement – 2006 central rates from the RP-2014 Annuitant Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years.
 - Disabled (pre-1980) – Post-retirement rates set forward three years.

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

For the purpose of this valuation, the long-term expected rate of return on pension plan investments is 4.50 percent; the municipal bond rate is 2.00 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 4.50 percent.

Long-term expected return on plan assets. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Cash	10.00%	0.10%
Fixed Income – Rates	70.00%	2.30%
Fixed Income – Credit	10.00%	3.50%
Absolute Return	0.00%	5.60%
Long Short	0.00%	6.90%
Global Public Equity	10.00%	7.80%
Private Capital	0.00%	10.50%
Total	100.00%	

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following presents the plan's net pension liability calculated using the single discount rate of 4.50 percent, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower (3.50 percent) or 1-percentage-point higher (5.50 percent) than the current rate:

	1% Decrease (3.50%)	Current Discount Rate (4.50%)	1% Increase (5.50%)
Proportionate share of the net pension liability	\$ 275,211	\$ 253,826	\$ 234,799

Paid Firefighters (Hired after April 8, 1978)

The District participates in the Statewide Defined Benefit Plan (SWDB Plan), 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 Plan may include clerical and other personnel from fire districts whose services are auxiliary to fire protection. The Plan became effective January 1, 1980.

The Plan assets are included in the Fire & Police Members' Benefit Investment Fund and the Fire & Police Members' Self-Directed Investment Fund (for Deferred Retirement Option Plan (DROP) assets and separate retirement Account assets from eligible retired members).

The Plan is administered FPPA. FPPA issues a publicly available comprehensive annual financial report that can be obtained on the FPPA's website at <http://fppaco.org>.

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).

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

Through December 31, 2020, contribution rates for the SWDB Plan are set by state statute. Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or election of the membership. Effective January 1, 2021, contribution rates for employers and members may be increased equally by the FPPA Board of Directors upon approval through an election by both the employers and members.

In 2014, the members elected to increase the member contribution rate to the SWDB Plan beginning in 2015. Member contribution rates will increase 0.5 percent annually through 2022 to a total of 12 percent of pensionable earnings. Employer contributions are 8.00 percent and 8.50 percent in 2020 and 2021, respectively. Employer contributions will increase 0.5 percent annually beginning in 2021 through 2030 to a total of 13 percent of pensionable earnings. In 2020, members of the SWDB Plan and their employers are contributing at the rate of 11.00 percent and 8.00 percent, respectively, of pensionable earnings for a total contribution rate of 19.00 percent.

Contributions from members and employers of departments reentering the system are established by resolution and approved by the FPPA Board of Directors. The reentry group has a combined contribution rate of 23.0 percent and 23.5 percent of pensionable earnings in 2020 and 2021, respectively. It is a local decision as to whether the member or employer pays the additional 4 percent contribution. 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 reduce the additional 4 percent contribution, to reflect the actual cost of reentry by the department, to the plan for reentry contributions. Each reentry department is responsible to remit contributions to the plan in accordance with their most recent FPPA Board of Directors approved resolution.

The contribution rate for members and employers of affiliated social security employers is 5.5 percent and 4 percent, respectively, of pensionable earnings for a total contribution rate of 9.5 percent in 2020 and 9.75 percent in 2021. Per the 2014 member election, members of the affiliate social security group had their required contribution rate increase 0.25 percent annually beginning in 2015 through 2022 to a total of 6 percent of pensionable earnings. Employer contributions are 4 percent and 4.25 percent in 2020 and 2021, respectively. Employer contributions will increase 0.25 percent annually beginning in 2021 through 2030 to a total of 6.5 percent of pensionable earnings.

At December 31, 2020, the total pension liability for the SWDB Plan was \$3,230,485,701, the plan fiduciary net position was \$3,447,586,098, the net pension asset was \$217,100,397, and the plan fiduciary net position as a percentage of the total pension liability was 106.7 percent.

At December 31, 2020, the District's proportion of the net pension liability of the SWDB Plan was 0.3277 percent, which was an increase of 0.00802 percent from its proportion measured as of December 31, 2019.

At December 31, 2021, the District reported an asset of \$711,535 for its proportionate share of the SWDB Plan net pension asset. The net pension asset was measured as of December 31, 2020. The collective total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2021. The actuarially determined contributions as of December 31, 2020 are based on the January 1, 2020 actuarial valuation. For the year ended December 31, 2021, the District recognized pension income of \$613,711.

Employer contributions recognized by the SWDB Plan from the District were \$210,598 for the year ended December 31, 2020.

At December 31, 2021, 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
Net difference between projected and actual investment earnings	\$ -	\$ 730,851
Changes in actuarial assumptions	302,627	-
Difference between actual and expected experience	603,452	2,830
Changes in the employer's proportion and differences between the employer's contributions (other than those to separately finance specific liabilities of the individual employer to the plan) and the employer's proportionate share of contributions	530,712	-
Total	\$ 1,436,791	\$ 733,681

The deferred outflows and deferred inflows related to pensions are included with total deferred outflows and total deferred inflows on the Statement of Net Position. Deferred outflows of resources of \$210,598 related to FPPA pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the FPPA net pension liability in the year ending December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For the years ending December 31,	Amounts Recognized in Pension Expense
2021	\$ (79,946)
2022	14,850
2023	(108,107)
2024	16,232
2025	130,562
Thereafter	198,808
Total	\$ 172,399

The actuarial valuations for the SWDB Plan were used to determine the total pension liability and actuarially determined contributions for the fiscal year ending December 31, 2020. The valuation used the following actuarial assumption and other inputs:

	Total Pension Liability	Actuarial Determined Contributions
Actuarial Valuation Date	January 1, 2021	January 1, 2020
Actuarial Method	Entry Age Normal	Entry Age Normal
Amortization Method	N/A	Level % of Payroll, Open
Amortization Period	N/A	30 Years
Long-term Investment Rate of Return*	7.00%	7.00%
Projected Salary Increases*	4.25% - 11.25%	4.25% - 11.25%
Cost of Living Adjustments (COLA)	0.00%	0.00%
*Includes Inflation at	2.5%	2.5%

For determining the total pension liability and actuarially determined contributions, the post-retirement mortality tables for non-disabled retirees uses the 2006 central rates from the RP-2014 Annuitant Mortality Tables projected to 2018 using the MP-2017 projection scales, and 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 2018 meeting, the Board reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the FPPA's actuaries, Gabriel, Roeder, Smith & Co., based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2019. 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, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Global Equity	39.00%	8.23%
Equity Long/Short	8.00%	6.87%
Private Markets	26.00%	10.63%
Fixed Income - Rates	10.00%	4.01%
Fixed Income – Credit	5.00%	5.25%
Absolute Return	10.00%	5.60%
Cash	2.00%	2.32%
Total	100.00%	

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

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 2.00 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 District's net pension asset to changes in the single discount rate, the following presents the net pension asset, calculated using a single discount rate of 7.00 percent, as well as what the District's net pension asset would be if it were calculated using a single discount rate that is one percent lower or one percent higher:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate share of the net pension (asset) liability	\$716,048	\$(711,535)	\$(1,893,753)

Pension plan fiduciary net position. Detailed information about the SWDB Plan's fiduciary net position is available in FPPA's comprehensive annual financial report which can be obtained at www.coFPPA.org/investments/FPPA-financial-reports.

Volunteer Firefighters

The FPPA administers an agent multiple-employer PERS. The PERS represents the assets of numerous separate plans that have been pooled for investment purposes. The pension plans have elected to affiliate

with FPPA for plan administration and investment only. FPPA issues a publicly available comprehensive annual financial report that can be obtained at FPPAco.org. Once in the site, locate the site map at the bottom of the web page and you will find the ‘Annual Report’ link.

The District is trustee of a single-employer defined benefit pension plan for all volunteer firefighters (Volunteer Plan). The Volunteer Plan is administered by the FPPA. The Volunteer Plan’s Board of Trustees is comprised of the District’s Board of Directors and firefighters in accordance with Colorado statutes.

The Volunteer Plan provides normal retirement benefits, disability retirement and survivor benefits. Fully vested firefighters receive the maximum benefit in an amount reviewed every other year during the actuarial review process. Firefighters who have attained both 50 years of age and completed 20 years of active service in any fire department in the State of Colorado are fully vested and are eligible for a normal retirement benefit. Firefighters with 10 to 20 years of service are also eligible for a reduced monthly benefit based off an amount per year of service that is also reviewed every other year during the actuarial review process. Upon death, the surviving spouse receives a monthly pension equal to 50 percent of the benefit previously received, payable until death or remarriage. The District had thirteen retirees, one inactive, nonretired members, and one active members in the Volunteer Plan as of January 1, 2021, the actuarial valuation date.

At December 31, 2021, the District reported a net pension liability of \$199,716 related to the Volunteer Plan. The net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2021.

At December 31, 2021, the total pension liability was \$931,527, the plan fiduciary net position was \$731,811, and the pension plan fiduciary net position as a percentage of total pension liability was 78.56 percent. For the year ended December 31, 2021, the District recognized pension income of \$10,275.

At December 31, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to the Volunteer Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 18,659	\$ 67,922
Total	\$ 18,659	\$ 67,922

The deferred outflows of resources and deferred inflows of resources related to the Volunteer Plan are included with total deferred outflows of resources and total deferred inflows of resources on the Statement of Net Position.

Deferred outflows of resources of \$38,031 related to the Volunteer Plan resulting from contributions subsequent to the measurement date of December 31, 2020 will be recognized as a reduction of the net pension liability in the year ending December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Volunteer Plan will be recognized in pension expense (income) as follows:

For the years ending December 31,	
2022	\$ (16,062)
2023	\$ (7,792)
2024	\$ (17,123)
2025	\$ (8,286)
2026	\$ -
Thereafter	\$ -
Total	\$ (49,263)

Employer contributions are recognized by FPPA in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to FPPA. Employer contributions recognized by the FPPA from the District were \$38,031 for the year ended December 31, 2021.

Actuarially determined contribution rates are calculated as of January 1 of odd numbered years. The contributions rates have a one-year lag, so the actuarial valuation as of January 1, 2019, determines the contribution amounts for 2020 and 2021. Methods and assumptions used to determine contribution rates for the year ended December 31, 2020 were as follows:

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

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

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

For the purpose of this valuation, the long-term expected rate of return on pension plan investments is 7.00 percent; the municipal bond rate is 2.00 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.

Long-term expected return on plan assets. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Cash	2.00%	2.32%
Fixed Income – Rates	10.00%	4.01%
Fixed Income – Credit	5.00%	5.25%
Absolute Return	10.00%	5.60%
Long Short	8.00%	6.87%
Global Equity	39.00%	8.23%
Private Markets	26.00%	10.63%
Total	100.00%	

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following presents the plan's pension liability calculated using the discount rate of 7.00 percent, as well as what the plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate share of the net pension liability	\$ 285,277	\$ 199,716	\$ 126,977

Non-Firefighters and EMS

The District participates in the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado (PERA). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the LGDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit

payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to certain benefit provisions. Some, but not all, of these changes were in effect as of December 31, 2018.

Eligible employees of the District are provided with pensions through the LGDTF. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

The lifetime retirement benefit for all eligible retiring employees under the PERA Benefit Structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit.
- The value of the retiring employee's member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

In all cases, the service retirement benefit is limited to 100 percent of highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers: waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50 percent or 100 percent on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained, and the benefit structure under which contributions were made.

As of December 31, 2020, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs), referred to as annual increases in the C.R.S., once certain criteria are met. Pursuant to SB18-200, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, will receive an annual increase of 1.25 percent unless adjusted by the automatic adjustment provision (AAP) pursuant to C.R.S. § 24-51-413. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007 will receive the lessor of an annual increase of 1.25 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar

year, not to exceed 10 percent of PERA’s Annual Increase Reserve (AIR) for the LGDTF. The AAP may raise or lower the aforementioned annual increase by up to 0.25 percent based on the parameters specified in C.R.S. § 24-51-413.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the retirement benefit formula shown above considering a minimum 20 years of service credit, if deemed disabled.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

Eligible employees and the District are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq* and 24-51-413. Eligible employees are required to contribute 8.00 percent of their PERA-includable salary during the period of January 1, 2020 through June 30, 2020 and 8.50 percent during the period of July 1, 2020 through December 31, 2020. The employer contribution requirements during the period of January 1, 2020 through December 31, 2020 are summarized in the table below:

	January 1, 2020 through June 30, 2020
Employer Contribution Rate	10.00%
Amount of Employer Contribution Apportioned to the Health Care Trust Fund as specified in C.R.S. Section 24-51-208(1)(f)	(1.02%)
Amount Apportioned to the LGDTF	8.98%
Amortization Equalization Disbursement (AED) as specified in C.R.S. Section 24-51-411	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S., Section 24-51-411	1.50%
Total Employer Contribution Rate to the LGDTF	12.68%

Contribution rates for the LGDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the District for PERA were \$15,701 for the year ended December 31, 2021.

At December 31, 2020, the total pension liability for PERA was \$5,715,765,000, the plan fiduciary net position was \$5,194,638,000, the net pension liability was \$521,127,000, and the plan fiduciary net position as a percentage of the total pension liability was 90.88 percent.

At December 31, 2021, the District reported a liability of \$89,636 for its proportionate share of the net pension liability. The net pension liability for the LGDTF was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll forward the total pension liability to December 31, 2020. The District’s proportion of the net pension liability was based

on the District’s contributions to the LGDTF for the calendar year 2020 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2020, the District’s proportion of the net pension liability of PERA was 0.0172 percent, which was an increase of 0.0037 percent from its proportion measured as of December 31, 2019.

For the year ended December 31, 2021, the District recognized pension expense of \$127,681. At December 31, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to PERA pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 4,334	\$ -
Net difference between projected and actual earnings on pension plan investments.	-	30,745
Total	\$ 4,334	\$ 30,745

The deferred outflows of resources and deferred inflows of resources related to pensions are included with total deferred outflows of resources and total deferred inflows of resources on the Statement of Net Position. Deferred outflows of resources of \$4,334 related to PERA pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the PERA net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For the plan years ending December, 31	
2021	\$ (8,628)
2022	(11,768)
2023	(32,860)
2024	(15,299)
2025	-
Thereafter	-
Total	\$ (68,555)

The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50 – 10.45%
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Future post-retirement benefit increases: PERA Benefit Structure hired prior to 1/1/07; and DPS Benefit Structure (automatic)	1.25%
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve (AIR)

Healthy mortality assumptions for active members reflect the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Post-retirement, non-disabled mortality assumptions reflect the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was changed to reflect 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2019, valuation were based on the results of the 2016 experience analysis for the period January 1, 2012, through December 31, 2015, as well as the October 28, 2016, actuarial assumptions workshop and were adopted by PERA's Board during the November 18, 2016, board meeting.

Based on the 2020 experience analysis, dated October 28, 2020, for the period January 1, 2016, through December 31, 2019, revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total pension liability from December 31, 2019, to December 31, 2020.

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.20 – 11.30%
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Future post-retirement benefit increases: PERA Benefit Structure hired prior to 1/1/07; and DPS Benefit Structure (automatic)	1.25%
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	AIR

Salary scale assumptions were revised to align with revised economic assumptions and to more closely reflect actual experience.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

Pre-retirement mortality assumptions were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Disabled mortality assumptions were based upon the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.

The mortality tables described above are generational mortality tables on a benefit-weighted basis.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and then adding expected inflation.

The PERA Board first adopted the 7.25 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return *
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives	6.00%	4.70%
Total	100.00%	

* In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25 percent.

Discount rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increase in SB 18-200. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above actuarial cost method and assumptions, the LGDTF’s fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the Municipal Bond Index Rate. There was no change in the discount rate from the prior measurement date.

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$206,485	\$89,636	(\$7,918)

Pension plan fiduciary net position. Detailed information about the LGDTF’s fiduciary net position is available in PERA’s comprehensive annual financial report which can be obtained at www.copera.org/investments/pera-financial-reports.

Health Care Trust Fund Program, an Other Post-Employment Benefit Plan

The District participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit Other Post-Employment Benefit (“OPEB”) fund administered by PERA. The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

Eligible employees of the District are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a

publicly available comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit.

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare.

Enrollment in the PERACare is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF on behalf of benefit recipients not covered by Medicare Part A.

Pursuant to Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02 percent of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$1,237 for the year ended December 31, 2021.

At December 31, 2021, the District reported a liability of \$11,538 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2020, and the

total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2020. The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2020 relative to the total contributions of participating employers to the HCTF.

At December 31, 2020, the District's proportion was 0.00131 percent, which was an increase of 0.00028 from its proportion measured as of December 31, 2019.

For the year ended December 31, 2021, the District recognized OPEB expense of \$297. At December 31, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience in the measurement of the total OPEB liability	\$ 38	\$ -
Net difference between projected and actual earnings on OPEB plan investments	-	509
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	7,854	-
Employer's contributions to the plan subsequent to the measurement date of the collective net OPEB liability	735	-
<i>Total</i>	<u>\$ 8,627</u>	<u>\$ 509</u>

The amount reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date of December 31, 2020 of \$1,237, are recognized as a reduction of the net OPEB liability in the following fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB are immaterial and will not be recognized in OPEB expense.

Actuarial assumptions. The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 percent in aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	8.10 percent in 2020, gradually decreasing to 4.5 percent in 2029
Medicare Part A premiums	3.50 percent in 2020, gradually rising to 4.50 percent in 2029

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium-free Medicare Part A in the December 31, 2019, valuation, the following monthly costs/premiums (actual dollars) are assumed for 2020 for the PERA Benefit Structure:

Medicare Plan	Monthly Cost	Monthly Premium	Monthly Cost Adjusted to Age 65
Medicare Advantage/Self-Insured RX	\$588	\$227	\$550
Kaiser Permanente Medicare Advantage HMO	621	232	586

The 2019 Medicare Part A premium is \$458 per month.

All costs are subject to the health care cost trend rates, as discussed below.

Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A.

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2019, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The PERA benefit structure health care cost trend rates that were used to measure the total OPEB liability are summarized in the table below:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2020	8.10%	3.50%
2021	6.40%	3.75%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	4.00%
2025	5.30%	4.00%
2026	5.10%	4.00%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

Mortality assumptions used in the December 31, 2019 valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below were applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2019, valuation were based on the results of the 2016 experience analysis for the period January 1, 2012, through December 31, 2015, as well as the October 28, 2016, actuarial assumptions workshop and were adopted by PERA’s Board during the November 18, 2016, Board meeting.

Based on the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period of January 1, 2016, through December 31, 2019, revised economic and demographic assumptions were adopted by PERA’s Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total OPEB liability from December 31, 2019, to December 31, 2020.

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.20 – 11.30%

The long-term rate of return, net of OPEB plan investment expenses, including price inflation and discount rate assumptions were 7.25 percent.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

Mortality assumptions used in the roll forward calculations for the determination of the total pension liability for each of the Division Trust Funds as shown below were applied, as applicable, in the roll forward calculation for the HCTF, using a headcount-weighted basis.

Pre-retirement mortality assumptions for the State and Local Government Divisions were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

- **Females:** 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- **Males:** 97 percent of the rates for all ages, with generational projection using scale MP-2019.
- **Females:** 105 percent of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions for members were based upon the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.

The mortality tables described above are generational mortality tables on a head-count weighted basis.

The following economic and demographic assumptions were specifically developed for, and used in, the measurement of the obligations for the HCTF:

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2020 plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

Actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed and updated annually by the Board's actuary, as discussed above.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.

- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

Several factors were considered in evaluating the long-term rate of return assumption for the HCTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

The PERA Board first adopted the 7.25 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return *
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives	6.00%	4.70%
Total	100.00%	

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25 percent.

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	7.10%	8.10%	9.10%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$12,139	\$12,461	\$12,836

Discount rate. The discount rate used to measure the total OPEB liability was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2020, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the projection test indicates the HCTF's fiduciary net position was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods

of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

Sensitivity of the District’s proportionate share of the net OPEB liability to changes in the discount rate. The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease in Discount Rates (6.25%)	Current Discount Rates (7.25%)	1% Increase in Discount Rates (8.25%)
Proportionate share of the net OPEB liability – 2020	\$14,274	\$12,461	\$10,912

OPEB plan fiduciary net position. Detailed information about the HCTF’s fiduciary net position is available in PERA’s comprehensive annual financial report which can be obtained at www.copera.org/investments/pera-financial-reports.

Deferred Compensation Retirement Plan

The District offers its employees a deferred compensation plan administered by FPPA created in accordance with Internal Revenue Code Section 457. The plan, available to all District employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) held in the Deferred Compensation Plan Trusts for the exclusive benefit of participants and their beneficiaries. FPPA is trustee of the trusts. The District has no ownership interest in the plan nor is the District liable for losses under the deferred compensation plan.

NOTE 9 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims have not exceeded this commercial coverage in any of the past three years.

The World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global, national, and local markets, supply chains, businesses, and communities. Specific to the District, COVID-19 may impact various parts of its operations and financial results if a COVID-19 outbreak were to occur. Management believes the District is taking appropriate actions to mitigate any negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as of December 31, 2021.

NOTE 10 - SUBSEQUENT EVENTS

The District has evaluated subsequent events through **DATE**, the date which the financial statements were available to be issued, and determined that no events have occurred that require disclosure.

Required Supplemental Information

DRAFT

MONTROSE FIRE PROTECTION DISTRICT

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND**

For the year ended December 31, 2021

	Operating Budget	Actual	Favorable (Unfavorable) Variance
REVENUES			
Property taxes	\$ 4,479,062	\$ 4,520,654	\$ 41,592
Specific ownership taxes	612,591	736,618	124,027
Interest on delinquent taxes	9,432	10,850	1,418
Charges for services, net of adjustments	1,286,475	1,483,015	196,540
Miscellaneous	30,226	141,065	110,839
Grants	-	1,747	1,747
Earnings on deposits and investments	5,882	937	(4,945)
Permits and fees	10,000	5,929	(4,071)
<i>Total Revenues</i>	<u>6,433,668</u>	<u>6,900,815</u>	<u>467,147</u>
EXPENDITURES			
Current			
Fire fighting/emergency medical services	4,518,199	4,542,715	(24,516)
Administration	767,555	825,501	(57,946)
Equipment and supplies	255,150	245,458	9,692
Wildland fire	175,000	93,779	81,221
Facility maintenance and operations	151,930	129,301	22,629
Communications	145,135	141,242	3,893
Training	44,495	15,600	28,895
Fire prevention	17,350	10,863	6,487
Capital outlay	972,101	127,434	844,667
Lease-purchase obligations and debt service			
Principal	359,569	349,573	9,996
Issuance costs	-	14,438	(14,438)
Interest	-	5,794	(5,794)
<i>Total Expenditures</i>	<u>7,406,484</u>	<u>6,501,698</u>	<u>904,786</u>
OTHER FINANCING SOURCES			
Proceeds from equipment lease purchase	975,000	975,000	-
<i>Total Other Financing Sources</i>	<u>975,000</u>	<u>975,000</u>	<u>-</u>
<i>Excess of Revenues and Other Financing Sources Over Expenditures</i>	<u>2,184</u>	<u>1,374,117</u>	<u>1,371,933</u>
<i>Net Change in Fund Balance</i>	<u>\$ 2,184</u>	<u>\$ 1,374,117</u>	<u>\$ 1,371,933</u>
Fund Balance - January 1		<u>2,588,538</u>	
Fund Balance - December 31		<u>\$ 3,962,655</u>	

See accompanying notes.

MONTROSE FIRE PROTECTION DISTRICT
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
OLD HIRE PLAN SCHEDULE OF CHANGES IN NET PENSION LIABILITY / (ASSET) AND RELATED RATIOS
LAST 10 YEARS (to be built prospectively)

As of December 31, *

Plan measurement period ending December 31,	2020	2019	2018	2017	2016	2015
Total Pension Liability						
Interest on the total pension liability	\$ 15,045	\$ 20,099	\$ 21,152	\$ 19,842	\$ 20,830	\$ 19,722
Benefit changes	16,085	-	9,312	9,796	-	-
Difference between expected and actual experience of the total pension liability	-	13,674	-	13,132	-	11,929
Changes of assumptions	-	52,430	-	-	-	16,532
Benefit payments	(35,812)	(35,812)	(34,612)	(34,612)	(33,412)	(33,412)
Net change in total pension liability	(4,682)	50,391	(4,148)	8,158	(12,582)	14,771
Total pension liability - beginning	335,954	285,563	289,711	281,553	294,135	279,364
Total pension liability - ending	<u>\$ 331,272</u>	<u>\$ 335,954</u>	<u>\$ 285,563</u>	<u>\$ 289,711</u>	<u>\$ 281,553</u>	<u>\$ 294,135</u>
Plan Fiduciary Net Position						
Employer contributions	\$ 27,483	\$ 27,483	\$ 24,319	\$ 24,319	\$ 17,593	\$ 17,593
Net investment income	7,062	9,521	153	13,149	5,147	2,211
Benefit payments	(35,812)	(35,812)	(34,612)	(34,612)	(33,412)	(33,412)
Pension plan administrative expense	(3,811)	(1,377)	(4,486)	(877)	(3,334)	(533)
Net change in plan fiduciary net position	(5,078)	(185)	(14,626)	1,979	(14,006)	(14,141)
Plan fiduciary net position - beginning (market value of assets at beginning of year)	82,524	82,709	97,335	95,356	109,362	123,503
Plan fiduciary net position - ending (market value of assets at end of year)	<u>\$ 77,446</u>	<u>\$ 82,524</u>	<u>\$ 82,709</u>	<u>\$ 97,335</u>	<u>\$ 95,356</u>	<u>\$ 109,362</u>
Net Pension Liability	253,826	253,430	202,854	192,376	186,197	184,773
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	23.38%	24.56%	28.96%	33.60%	33.87%	37.18%
Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A
Net Pension Liability as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A

* The amounts presented for the years shown above were determined as of and for the calendar years ended December 31, 2020, 2019, 2018, 2017, 2016 and 2015 (the Plan's measurement periods) occurring prior to the District's calendar years ended December 31, 2021, 2020, 2019, 2018, 2017 and 2016 in accordance with Government Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

MONTROSE FIRE PROTECTION DISTRICT
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
OLD HIRE PLAN SCHEDULE OF CONTRIBUTIONS
LAST 10 YEARS (to be built prospectively)

For the Year Ended December 31, 2021

Plan Year Ended December 31, (a)	Actuarially Determined Contribution * (b)	Actual Contribution * (c)	Contribution Deficiency (Excess) (d) = (b) - (c)	Covered Payroll (e)	Actual Contribution as a % of Covered Payroll (f)
2020	\$ 27,483	\$ 27,483	\$ -	N/A	N/A
2019	\$ 27,483	\$ 27,483	\$ -	N/A	N/A
2018	\$ 24,319	\$ 24,319	\$ -	N/A	N/A
2017	\$ 24,319	\$ 24,319	\$ -	N/A	N/A
2016	\$ 17,593	\$ 17,593	\$ -	N/A	N/A
2015	\$ 17,593	\$ 17,593	\$ -	N/A	N/A

* Actuarially determined contribution is net of employee contributions. Actual contribution is from the employer only and does not include employee amounts.

MONTROSE FIRE PROTECTION DISTRICT
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY OF
THE STATEWIDE DEFINED BENEFIT PENSION PLAN

As of December 31, *

	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.3277%	0.3197%	0.3454%	0.3961%	0.4651%	0.5002%
District's proportionate share of the net pension (asset) liability	\$ (711,535)	\$ (180,823)	\$ (436,718)	\$ 569,811	\$ (168,046)	\$ 8,818
District's covered payroll	2,699,163	2,587,697	\$ 2,313,883	\$ 2,316,742	\$ 2,411,314	\$ 2,463,001
District's proportionate share of the net pension (asset) liability as a percentage of its covered pay	27.50%	6.99%	18.87%	24.60%	6.97%	0.36%
Plan fiduciary net position as a percentage of the total pension (asset) liability	106.70%	101.90%	95.20%	106.30%	98.21%	100.10%

* The amounts presented for the years shown above were determined as of and for the calendar years ended December 31, 2020, 2019, 2018, 2017, 2016 and 2015 (the Plan's measurement periods) occurring prior to the District's calendar years ended December 31, 2021, 2020, 2019, 2018, 2017 and 2016 in accordance with Government Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions.

MONTROSE FIRE PROTECTION DISTRICT
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS TO THE STATEWIDE DEFINED BENEFIT PENSION PLAN
For the Years Ended December 31,

	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 210,598	\$ 188,516	\$ 185,111	\$ 185,339	\$ 190,410	\$ 193,990
Contributions in relation to the statutorily required contribution	(210,598)	(188,516)	(185,111)	(185,339)	(190,410)	(193,990)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 2,699,163	\$ 2,536,450	\$ 2,313,883	\$ 2,316,742	\$ 2,411,314	\$ 2,463,001
Contributions as a percentage of covered payroll	8%	7%	8%	8%	8%	8%

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MONTROSE FIRE PROTECTION DISTRICT
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
VOLUNTEER PLAN SCHEDULE OF CHANGES IN NET PENSION LIABILITY / (ASSET) AND RELATED RATIOS
LAST 10 YEARS (to be built prospectively)

As of December 31, *

Plan measurement period ending December 31,	2020	2019	2018	2017	2016	2015
Total Pension Liability						
Service cost	\$ 3,184	\$ 3,184	\$ 2,932	\$ 2,932	\$ 5,367	\$ 5,367
Interest on the total pension liability	63,592	64,755	63,294	64,361	75,050	75,262
Benefit changes	31,094	-	61,785	-	37,205	-
Difference between expected and actual experience of the total pension liability	(29,546)	-	3,023	-	(207,867)	-
Changes of assumptions	-	-	33,171	-	30,510	-
Benefit payments	(85,920)	(83,234)	(83,041)	(80,040)	(83,084)	(83,820)
Net change in total pension liability	(17,596)	(15,295)	81,164	(12,747)	(142,819)	(3,191)
Total pension liability - beginning	949,123	964,418	883,254	896,001	1,038,820	1,042,011
Total pension liability - ending	<u>\$ 931,527</u>	<u>\$ 949,123</u>	<u>\$ 964,418</u>	<u>\$ 883,254</u>	<u>\$ 896,001</u>	<u>\$ 1,038,820</u>
Plan Fiduciary Net Position						
Employer contributions	\$ 38,031	\$ 35,912	\$ 35,912	\$ 34,000	\$ 34,000	\$ 34,000
Net investment income	87,565	86,336	705	84,532	30,306	10,303
Benefit payments	(85,920)	(83,234)	(83,041)	(80,040)	(83,084)	(83,820)
Pension plan administrative expense	(3,542)	(5,815)	(4,088)	(5,509)	(1,178)	(3,193)
State of Colorado supplemental discretionary payment	22,500	22,500	22,500	22,500	22,500	22,500
Net change in plan fiduciary net position	58,634	55,699	(28,012)	55,483	2,544	(20,210)
Plan fiduciary net position - beginning (market value of assets at beginning of year)	673,177	617,478	645,490	590,007	587,463	607,673
Plan fiduciary net position - ending (market value of assets at end of year)	<u>\$ 731,811</u>	<u>\$ 673,177</u>	<u>\$ 617,478</u>	<u>\$ 645,490</u>	<u>\$ 590,007</u>	<u>\$ 587,463</u>
Net Pension Liability / (Asset)	199,716	275,946	346,940	237,764	305,994	451,357
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	78.56%	70.93%	64.03%	73.08%	65.85%	56.55%
Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A
Net Pension Liability as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A

* The amounts presented for the years shown above were determined as of and for the calendar years ended December 31, 2020, 2019, 2018, 2017, 2016 and 2015 (the Plan's measurement periods) occurring prior to the District's calendar years ended December 31, 2021, 2020, 2019, 2018, 2017 and 2016 in accordance with Government Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions.

MONTROSE FIRE PROTECTION DISTRICT
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
VOLUNTEER PLAN SCHEDULE OF CONTRIBUTIONS
LAST 10 YEARS (to be built prospectively)

For the Year Ended December 31, 2021

Plan Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution *	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
(a)	(b)	(c)	(d) = (b) - (c)	(e)	(f)
2020	\$ 38,031	\$ 60,531	\$ (22,500)	N/A	N/A
2019	\$ 29,255	\$ 58,412	\$ (29,157)	N/A	N/A
2018	\$ 29,255	\$ 58,412	\$ (29,157)	N/A	N/A
2017	\$ 46,610	\$ 56,500	\$ (9,890)	N/A	N/A
2016	\$ 46,610	\$ 56,500	\$ (9,890)	N/A	N/A
2015	\$ 44,354	\$ 56,500	\$ (12,146)	N/A	N/A

* Includes both employer and State of Colorado Supplemental Discretionary

MONTROSE FIRE PROTECTION DISTRICT
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE PERA NET PENSION LIABILITY

As of December 31, *

	2020	2019	2018	2017	2016	2015
District's proportion of the net other post-employment benefit liability	0.0172%	0.0135%	0.0140%	0.0114%	0.0107%	0.0103%
District's proportionate share of the net other post-employment benefit liability	\$ 89,636	\$ 98,544	\$ 175,550	\$ 127,214	\$ 143,939	\$ 113,073
District's covered payroll	\$ 149,139	\$ 113,094	\$ 91,208	\$ 72,077	\$ 58,295	\$ 58,340
District's proportionate share of the net other post-employment benefit liability as a percentage of its covered payroll	60.10%	87.13%	192.47%	176.50%	246.91%	193.82%
Plan fiduciary net position as a percentage of the total other post-employment benefit liability	90.88%	86.26%	75.96%	79.37%	73.60%	76.87%

* The amounts presented for the years shown above were determined as of and for the calendar years ended December 31, 2020, 2019, 2018, 2017, 2016, and 2015 (the Plan's measurement periods) occurring prior to the District's calendar years ended December 31, 2021, 2020, 2019, 2018, 2017 and 2016 in accordance with Government Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

MONTROSE FIRE PROTECTION DISTRICT
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS TO THE PERA DEFINED BENEFIT PENSION PLAN

For the Years Ended December 31,

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Statutorily required contribution	\$ 15,701	\$ 11,765	\$ 11,613	\$ 9,139	\$ 10,294	\$ 13,086
Contributions in relation to the statutorily required contribution	(15,701)	(11,765)	(11,613)	(9,139)	(10,294)	(13,086)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 149,139	\$ 113,094	\$ 92,783	\$ 91,208	\$ 72,077	\$ 58,295
Contributions as a percentage of covered payroll	13.88%	10.40%	12.52%	10.02%	14.28%	22.45%

MONTROSE FIRE PROTECTION DISTRICT
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE PERA NET OTHER POST-EMPLOYMENT
BENEFIT LIABILITY

As of December 31, *

	2021	2020	2019
District's proportion of the net pension liability	0.0013%	0.0010%	0.0011%
District's proportionate share of the net pension liability	\$ 11,538	\$ 11,538	\$ 11,538
District's covered payroll	\$ 149,139	\$ 113,094	\$ 91,208
District's proportionate share of the net pension liability as a percentage of its covered payroll	7.74%	10.20%	12.65%
Plan fiduciary net position as a percentage of the total pension liability	32.78%	24.49%	17.03%

* The amounts presented for the years shown above were determined as of and for the calendar year ended December 31, 2020 and 2019 (the Plan's measurement period) occurring prior to the District's calendar year ended December 31, 2021 and 2020 in accordance with Government Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*.

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MONTROSE FIRE PROTECTION DISTRICT
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS TO THE PERA OTHER POST-EMPLOYMENT BENEFIT PLAN
For the Years Ended December 31,

	2021	2020	2019
Statutorily required contribution	\$ 1,154	\$ 1,154	\$ 946
Contributions in relation to the statutorily required contribution	(1,154)	(1,154)	(946)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 149,139	\$ 113,094	\$ 92,783
Contributions as a percentage of covered payroll	0.77%	1.02%	1.02%

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Other Supplemental Information

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MONTROSE FIRE PROTECTION DISTRICT

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – GENERAL FUND**

For the years ended December 31, 2021, 2020, and 2019

	2021	2020	2019
REVENUES			
Property taxes	\$ 4,520,654	\$ 4,333,292	\$ 3,764,250
Specific ownership taxes	736,618	643,053	602,046
Interest on delinquent taxes	10,850	15,346	13,757
Charges for services, net of adjustment	1,483,015	1,552,516	1,024,732
Permits and fees	5,929	5,604	13,600
Proceeds from the sale of land held for sale	-	50,947	-
Miscellaneous	141,065	24,273	36,391
Earnings on deposits and investments	937	9,172	33,394
Capital grants	1,747	376,426	92,300
<i>Total Revenues</i>	<u>6,900,815</u>	<u>7,010,629</u>	<u>5,580,470</u>
EXPENDITURES			
Current:			
Fire fighting/emergency medical services	4,542,715	4,307,487	3,890,973
Administration	825,501	667,547	586,072
Equipment and supplies	245,458	248,856	258,480
Wildland fire	93,779	207,273	8,179
Facility maintenance and operations	129,301	181,208	124,192
Communications	141,242	139,845	137,017
Training	15,600	14,595	21,186
Fire prevention	10,863	11,372	8,207
Capital outlay	127,434	495,845	180,767
Lease-purchase obligations and debt service			
Principal	349,573	339,851	330,402
Issuance costs	14,438	-	-
Interest	5,794	19,718	29,167
<i>Total Expenditures</i>	<u>6,501,698</u>	<u>6,633,597</u>	<u>5,574,642</u>
OTHER FINANCING SOURCES			
Proceeds from equipment lease purchase	975,000	-	-
<i>Total Other Financing Sources</i>	<u>975,000</u>	<u>-</u>	<u>-</u>
<i>Excess of Revenues and Other Financing Sources Over</i>			
<i> Expenditures</i>	<u>1,374,117</u>	<u>377,032</u>	<u>5,828</u>
<i>Net Change in Fund Balance</i>	<u>1,374,117</u>	<u>377,032</u>	<u>5,828</u>
Fund Balance - January 1	<u>2,588,538</u>	<u>2,211,506</u>	<u>2,205,678</u>
Fund Balance - December 31	<u><u>\$ 3,962,655</u></u>	<u><u>\$ 2,588,538</u></u>	<u><u>\$ 2,211,506</u></u>

See accompanying notes.