GYPSUM FIRE PROTECTION DISTRICT
GARFIELD AND EAGLE COUNTIES, COLORADO

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2022

GYPSUM FIRE PROTECTION DISTRICT
FOR THE YEAR ENDED
DECEMBER 31, 2022

<u>Board of Directors</u>

William Stephens – President
Raymond Conway– Vice President
Jennifer Widham– Secretary
Jesse Meryhew – Treasurer
Todd Burtar – Director

<u>Administrative Staff</u>

Justin Kirkland – Chief

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M & H

Maggard
& Hood, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Officers and Directors
Gypsum Fire Protection District
Gypsum, Colorado 81637

INDEPENDENT AUDITOR'S REPORT

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Gypsum Fire Protection District as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Gypsum Fire Protection District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Gypsum Fire Protection District as of December 31, 2022 and the respective changes in financial position thereof for the year then ended in conformity 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 Gypsum Fire Protection District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than 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 judgement made by a reasonable user based on the financial statements.

● 901 GRAND AVENUE, SUITE 203 ● P.O. BOX 370 ● GLENWOOD SPRINGS, CO 81602 ●
● (970) 945-8588 ● FAX (970) 945-2398 ●

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

- Exercise professional judgment and maintain professional skepticism through 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 Gypsum Fire Protection 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Gypsum Fire Protection District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate to 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 and budgetary comparison information, listed as required supplementary information in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with accounting 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 supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Maggard & Hood, P.C.

MAGGARD & HOOD, P.C.
Glenwood Springs, Colorado
June 6, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Gypsum Fire Protection District, with boundaries in Garfield and Eagle Counties, Colorado, was organized pursuant to the provisions set forth in the Colorado Special District Act. The governing body consists of a five member Board of Directors which is elected by the registered voters within the District. The objective of the District is to provide for the preservation of life and protection of property from and during such fires and/or other emergencies as may occur within the fire protection district.

The discussion and analysis of the Gypsum Fire Protection District's financial performance provides an overall review of the District's financial activities for the fiscal year. The intent of this discussion and analysis is to look at the District's financial performance as a whole; it should be read in conjunction with the basic financial statements and notes to enhance the reader's understanding of the District's overall financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year ended December 31, 2022 are as follows:

- In total, the District's *overall* net position increased $556,875 or 12.6%, from the previous fiscal year.
- General Revenues accounted for $2,191,963 or 98.4%, of all revenues. These general revenues include taxes, grants and entitlements, general interest and other revenues not related to specific programs. Program specific revenues, in the form of charges for services and sales, as well as program specific grants and contributions, accounted for $34,698, or 1.6%, of the District's total revenues of $2,226,661.
- The District had $1,669,786 in expenses of which $34,698 were offset by program specific charges for services and sales, operating & capital grants. The District's general revenues (primarily property taxes) and reserves were adequate to provide for these programs.

USING THE BASIC FINANCIAL STATEMENTS

This annual report consists of three parts – *management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information.* The basic financial statements include two types of information on the same statement that present different views of the District:

- *Government-wide financial statements* that provide both *long-term* and *short-term* information about the District's overall financial status.
- *Fund financial statements* that focus on *individual parts* of the District government, reporting the District's operations *in more detail* than the government-wide statements.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Additionally, other supplemental information has also been included to enhance the reader's understanding of the financial statements.

REPORTING THE DISTRICT AS A WHOLE

Statement of Net Position and Statement of Activities

While this report contains all funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during the fiscal year?" The statement of net position and the statement of activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting, similar to that used by most private sector companies, taking into account all of the current year's revenues and expenses regardless of when cash was received or paid.

The focus of these government-wide financial statements is on the overall financial position and activities of the District. These financial statements are constructed around the concept of a primary government, the District.

The statement of net position and statement of activities report the District's *net position* and changes therein. This change in net position is important because it identifies whether the financial position of the District has improved or diminished for the District as a whole. The cause of this change may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws, statutorily required reserves, facility conditions, frequency of fires within the District and other factors. In the statement of net position and the statement of activities, the Districts operations are reported as a "Governmental Activity." Governmental activities are generally financed through taxes, intergovernmental revenues and other non-exchange revenues. All of the District's programs and services are currently reported here.

FUND FINANCIAL STATEMENTS

The fund financial reports provide more detailed information about the District's *funds*, focusing on its most significant funds – not on the District as a whole. The District's major governmental funds include the General Fund and the Capital Projects Fund. Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of the District rather than the District as a whole. Except for the General Fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties or governmental statutes or regulations. The District's fund financial statements consist of governmental funds.

Governmental Funds

The District's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal year-end for spending in future periods. These funds are reported using an accounting method called *modified accrual accounting*, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance the District's programs. The relationship, or differences, between governmental *activities* reported in the statement of net position and the statement of activities and the governmental *funds* is reconciled in the financial statements. The *General Fund* is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund, and the *Capital Projects Fund* in used by the District for major capital improvements and acquisition of more expensive pieces of equipment, including the debt service thereon.

THE DISTRICT AS A WHOLE

Statement of Net Position

The perspective of the statement of net position is of the District as a whole. Following is a summary of the District's net position for the current and prior fiscal year:

	Governmental Activities		
	2022	2021	Increase (Decrease)
ASSETS:			
Current and Other Assets	$ 5,630,571	$ 4,997,300	$ 633,271
Capital Assets, Net	2,316,918	2,159,518	157,400
Total Assets	7,947,489	7,156,818	790,671
DEFERRED OUTFLOWS OF RESOURCES:			
Pensions, net of Accumulated Amortization	231,007	256,699	(25,692)
LIABILITIES:			
Current & Other Liabilities	150,630	135,891	14,739
Long-term Obligations	534,500	584,760	(50,260)
Net Pension Liability	230,515	163,194	67,321
Total Liabilities	915,645	883,845	31,800
DEFERRED INFLOWS OF RESOURCES:			
Unavailable Revenue - Property Taxes	1,955,296	1,898,589	56,707
Pensions, net of Accumulation Amortization	334,598	215,001	119,597
Total Deferred Inflows of Resources	2,289,894	2,113,590	176,304
NET POSITION:			
Invested in Capital Assets, Net of Related Debt	1,766,606	1,542,211	224,395
Restricted	60,900	66,300	(5,400)
Unrestricted	3,145,451	2,807,571	337,875
Total Net Position	$ 4,972,957	$ 4,416,082	$ 556,875

Total *assets* increased from the previous fiscal year, primarily due to the accumulation of cash reserves as a result revenues exceeding expenditures. Property taxes assessed in 2022, to be received in 2023 increased by $56,707.

The increase in *deferred inflows of resources*, which consists of property taxes to be collected in 2023, reflects increases in the overall assessed valuation of properties within the District's boundaries. This will impact the amount of funds available to provide fire protection services during the next fiscal year.

Total Liabilities of the District increased from the previous fiscal year, primarily to changes in the FPPA and SWSB pension liability calculations driven by 3rd party actuarial studies.

The Net position of the District increased from the prior fiscal year. Total net position may serve over time as a useful indicator of the District's financial health. The District's *overall* assets and deferred outflows exceeded its liabilities and deferred inflows by $4,972,957 at December 31, 2022. The restricted portion of the District's net position reflects statutorily required Emergency Reserves (*Note 13*).

Statement of Activities

The statement of activities reflects the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. The following detail reflects the total cost of services supported by program revenues and general property taxes, unrestricted state entitlements, and other general revenues, resulting in the overall change in net position for the current and prior fiscal year:

	Governmental Activities		
	2022	2021	Increase (Decrease)
REVENUES:			
Program Revenues:			
Charges for Services & Sales	$ 24,598	$ 184,086	$ (159,488)
Operating Grants & Contributions	10,100	10,000	100
Capital Grants and Contributions	-	300,000	(300,000)
General Revenues:			
Property & Ownership Taxes	2,000,554	1,714,385	286,169
Impact Fees	127,614	286,047	(158,433)
Miscellaneous	17,875	889	16,986
Rental Income	2,000	15,500	(13,500)
Gain (Loss) Asset Disposals	-	75,211	(75,211)
Interest & Investment Earnings	43,920	1,034	42,886
Total Revenues	2,226,661	2,587,152	(360,491)
EXPENSES:			
Fire Protection Services	1,742,754	1,582,765	(159,989)
Interest and Other Fiscal Charges	80,377	83,736	3,359
Net Pension Adjustment	(153,345)	28,777	182,122
Total Expenses	1,669,786	1,695,278	25,492
Increase (Decrease) in Net Position	$ 556,875	$ 891,874	$ (334,999)

In 2022 the District received operating grants totaling $10,100. The grants were used to offset operating cost of providing firefighting services to the District.

Property taxes increased from the prior year due to increases in the overall assessed valuation of properties within the District's boundaries. Impact fees decreased as the Gypsum area economic growth began to slow down from the prior year.

Increases in expenditures reflect the purchase of needed fire protection equipment, necessary repair and maintenance to the District mobile fire equipment and increases in compensation for full time firefighting staff. Overall the Board has continued with their cost saving procedures and elected to continue suspension of Board compensation.

THE DISTRICT AS A WHOLE – *CONTINUED*

As indicated above, the statement of activities reflects the cost of program services and the charges for services, grants, and contributions offsetting those services. The following table summarizes the information from the statement of activities, reflecting the total cost of program services and the remaining net cost of program services that are supported by taxes and other general revenues:

	Total Cost of Services		Net Cost of Services	
	2022	2021	2022	2021
Fire Protection Services	$ 1,742,754	$ 1,582,765	$ 1,708,056	$ 1,088,679
Interest and Fiscal Charges	80,377	83,736	80,377	83,736
Net Pension Adjustment	(153,345)	28,777	(153,345)	28,777
Total Expenses	$ 1,669,786	$ 1,695,278	$ 1,635,088	$ 1,201,192

The District's dependence on general revenues is apparent. In 2022 and 2021, approximately 98% and 71% of the District's governmental activities were supported through taxes and other general revenues, respectively. The community as a whole is the primary support for the District's activities.

THE DISTRICT'S FUNDS

The fund level financial statements focus on how services were financed in the short-term as well as what remains for future spending. The fund level financial statements are reported on the modified accrual basis of accounting. At the fund level, under the modified accrual basis of accounting, depreciable assets and their related depreciation expense are not reflected as they are not a current period financial resource or use. In addition, at the fund level, inflows from loans are presented as a revenue item while outflows for capital outlay and debt service payments are presented as an expenditure item, as these items represent current period financial resources and uses.

The General Fund ending fund balance increased $159,907 from $2,563,716 to $2,726,623 during the current fiscal year. This represents the excess of current period revenues and other financing sources (financial resources) over expenditures and other financing uses (financial uses). Most financial resources are from property and specific ownership taxes. The majority of expenses are directly related to providing fire protection services to the District. The ending fund balance of $2,726,623 represents the amount of net resources available for future spending.

The Capital Projects Fund ending fund balance increased $35,479 from $483,110 to $518,589 during the current fiscal year. This represents the excess of current period revenues and other financing sources (financial resources) over current period expenses and other financing uses (financial uses). The financial resources are from impact fees collected during the current fiscal year and expenditures are for debt service. The ending fund balance of $518,589 represents the amount of net resources in the Capital Projects Fund available for future capital investment and capital related debt service.

RESTRICTED FUND BALANCE – RESERVED FOR EMERGENCIES

The District, pursuant to the TABOR Amendment, reserves funds for emergencies. As discussed in *Note 13* of the financial statements, the District reserves 3% of the total of all operational expenses every fiscal year. As operational expenses increase, this reserve will grow accordingly. At the end of each fiscal year, if the emergency reserves were not used, the funds are carried into the next year's operational funds.

GENERAL FUND BUDGETING HIGHLIGHTS

The District's procedures in establishing the budgetary data reflected in the financial statements is summarized in *Note 1(F)* of the financial statements. Budgets are adopted on a basis consistent with generally accepted accounting principles for governmental entities. The District uses a line-item based budget designed to control line-item expenditures, but provide flexibility for overall budgetary management.

General Fund Resources (Inflows)
The District's general fund revenues in the amount of $2,097,189 exceeded budgetary expectations of $2,037,719 by $59,470. Positive variances occurred in property and ownership taxes being greater than expected and earnings on investments generating higher returns. It is not anticipated that these variances will have a significant impact on future services or liquidity.

General Fund Charges to Appropriations (Outflows)
Actual expenditures and other financing uses of $1,937,282 were $376,150 less than the final appropriation of $2,313,432. Budgetary savings were primarily the result of unexpended amounts for capital outlay, salaries and benefits, professional services, repairs and maintenance, and other administrative costs.

The Board of Directors and the management continue to strive to budget appropriate amounts for each individual line item. The overall savings are also indicative of the efforts to provide services in the most economical manner. This year's overall savings will have a positive impact on future year's fund balances.

CAPITAL ASSETS

At the end of 2022, the District had a total of $2,316,918 invested in capital assets. Current year net balances increased from the prior year due to current year investments in capital assets exceeding current year depreciation expense. Total depreciation expense for fiscal year 2022 was $188,989.

The following reflects the balances of fiscal year 2022 compared to fiscal year 2021:

	Governmental Activities	
	2022	2021
Net of Depreciation:		
Non-depreciable Land	$ 67,720	$ 67,720
Buildings & Improvements	1,253,222	1,051,217
Vehicles & Equipment	995,976	1,040,581
Total Net Capital Assets	$ 2,316,918	$ 2,159,518

DEBT ADMINISTRATION

The District's debt consists of a capital lease agreement for a Rescue Pumper Truck and a lease-purchase agreement for station improvements. The following reflects year end long-term obligation balances and compensated absences of the current and prior fiscal year:

	Governmental Activities	
	2022	2021
Capital Lease – Purchase Agreement	$ 550,312	$ 617,307
Compensated Absences	53,863	34,448
Total Long-Term Obligations	$ 604,175	$ 651,755

CURRENT ISSUES, ECONOMIC CONDITION AND OUTLOOK

The Gypsum Fire Protection District is a combination department of paid and volunteer members. There are fifteen paid employees, eleven fulltime and four part-time members. The staff includes five engineers, four lieutenants, one captain, one chief, six firefighters and twelve volunteer members to handle all alarms and administration needs. In November of 1995 the Voters of the District passed a De-Brucing question to help meet the ever-increasing financial needs of the District.

Fiscal year 2022 saw Gypsum Fire Protection District continue to climb out of the past recession. The Mill Levy increase approved in 2016 provided additional property tax revenue for the District, part of which included increases in property values as a whole. These funds are to be used to address staffing and 10 plus years of deferred maintenance.

Impact fees collected by Eagle County and the Town of Gypsum have increased as the result of population growth. The continued inflow of fees in 2022 made it possible for Capital Improvement Fund to satisfy 100% of the debt obligations without transferring funds from the General Fund to subsidize any shortages.

Even though expenditures of the District increased in 2022 from the previous year, the District's fund balances experienced increases. The General Fund and Capital Improvement Fund balances to be carried into year 2023 are $4,741,714 and $518,589, respectively.

The District certified a total mill levy of 10.48 mills for the year which will generate approximately $1,917,632 in property tax revenues for the District. For 2023, the District will continue managing expenditures to keep pace with conservative revenue forecasts, while trying to keep reserves intact as much as possible.

Gypsum Fire Protection has a long history of doing much with just a little. They intend and will succeed at doing precisely that. This District has much to be grateful for. The constituents of this District make the challenges worthwhile. Helping this community and the people in it is what keeps them positive and looking forward. The District will continue to collaborate with its local partner, Greater Eagle Fire Protection District, to train staff and continue to provide outstanding service to the members of the District.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our residents, customers, taxpayers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions regarding this report or need additional information, please contact the:

Gypsum Fire Protection District
P.O. Box 243
Gypsum, Colorado 81637
Tel: (970) 524-7101
inbox@gypsumfd.com

GOVERNMENT - WIDE FINANCIAL STATEMENTS

GYPSUM FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION
December 31, 2022

		Governmental Activities
ASSETS:		
Cash and Cash Equivalents	$	3,232,272
Receivables – Net:		
Cash with County Treasurer		7,537
Accounts Receivable		9,734
Property Taxes		1,955,296
Prepaid Expense		55,464
Capital Assets:		
Non-depreciable Land		67,720
Other Capital Assets, Net of Accumulated Depreciation		2,249,198
Right-to-use Lease Assets, Net of Amortization		4,312
Net Pension Asset – Employer Plan		365,956
TOTAL ASSETS		7,947,489
DEFERRED OUTFLOWS OF RESOURCES		
Pensions, Net of Accumulated Amortization		231,007
TOTAL DEFERRED INFLOW OF RESOURCES		231,007
LIABILITIES		
Accounts Payable		22,057
Accrued Liabilities		40,738
Accrued Interest		13,871
Present Value of Lease Obligations, Net		4,289
Long-term Obligations:		
Due within one year:		
Notes Payable – Capital Leases		69,675
Due in more than one year:		
Notes Payable – Capital Leases		480,637
Accrued Vacation and Comp Time		53,863
Net Pension Liability		230,515
TOTAL LIABILITIES		915,645
DEFERRED INFLOW OF RESOURCES		
Unavailable Revenues – Property Taxes		1,955,296
Pension, Net of Accumulated Amortization		334,598
TOTAL DEFERRED INFLOW OF RESOURCES		2,289,894
NET POSITION:		
Invested in Capital Assets, Net of Related Debt		1,766,606
Restricted for:		
Emergencies		60,900
Unrestricted		3,145,451
TOTAL NET POSITION	$	4,972,957

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

GYPSUM FIRE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended December 31, 2022

		PROGRAM REVENUES		
	EXPENSES	Charges For Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES:				
Fire Protection Services	$ 1,742,754	$ 24,598	$ 10,100	$ -
Interest on Long-term Debt	23,856	-	-	-
Other Fiscal Charges	56,521	-	-	-
Net Pension Adjustment	(153,345)	-	-	-
TOTAL PRIMARY GOVERNMENT	$ 1,669,786	$ 24,598	$ 10,100	$ -

GENERAL REVENUES:
Taxes:
Property Taxes, Levied for General Purposes
Specific Ownership Taxes, for General Purposes
Impact Fees
Rental Income
Miscellaneous
Unrestricted Interest and Investment Earnings

Total General Revenues

Change in Net Position

NET POSITION – BEGINNING OF YEAR

NET POSITION – END OF YEAR

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

NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
Governmental Activities
$ (1,708,056)
(23,856)
(56,521)
153,345
(1,635,088)
1,897,279
103,275
127,614
2,000
17,875
43,920
2,191,963
556,875
4,416,082
$ 4,972,957

FUND FINANCIAL STATEMENTS

GYPSUM FIRE PROTECTION DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2022

	General Fund	Capital Projects	Total Governmental Funds
ASSETS:			
Cash and Cash Equivalents	$ 2,713,708	$ 518,564	$ 3,232,272
Receivables – Net:			
Cash with County Treasurer	7,537	-	7,537
Accounts Receivable	9,709	25	9,734
Property Taxes	1,955,296	-	1,955,296
Prepaid Expenses	55,464	-	55,464
Total Assets	$ 4,741,714	$ 518,589	$ 5,260,303
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES:			
Liabilities:			
Accounts Payable	$ 22,057	$ -	$ 22,057
Accrued Liabilities	40,738	-	40,738
Total Liabilities	62,795	-	62,795
Deferred Inflow of Resources:			
Unavailable Revenue – Property Taxes	1,955,296	-	1,955,296
Total Deferred Inflow of Resources	1,955,296	-	1,955,296
Fund Equity:			
Fund Balance:			
Restricted for Emergencies	57,900	3,000	60,900
Nonspendable	55,464	-	55,464
Assigned	487,751	515,589	1,003,340
Unassigned	2,122,508	-	2,122,508
Total Fund Balances	2,723,623	518,589	3,242,212
Total Liabilities, Deferred Inflows and Fund Balances	$ 4,741,714	$ 518,589	$ 5,260,303

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

GYPSUM FIRE PROTECTION DISTRICT
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
December 31, 2022

TOTAL GOVERNMENTAL FUND BALANCES			$ 3,242,212
Amounts reported for governmental activities on the Statement of Net Position are different because of the following:			
Capital assets used in governmental activities are not financial resources, therefore, they are not reported in the governmental funds.			
	Governmental Capital Assets	$ 4,143,607	
	Less Accumulated Depreciation	(1,826,689)	2,316,918
Right-of-use (ROU) Lease Assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.			
	Governmental ROU Assets	$ 4,539	
	Less Accumulated Amortization	(227)	4,312
Some liabilities are not due and payable in the current year and, therefore, are not reported in the governmental funds:			
	Accrued Interest Payable	$ (13,871)	
	Current Portion of Long-term Liabilities	(69,675)	(83,546)
Long-term liabilities are not due and payable in the current year and, therefore, are not reported in the governmental funds.			
	Accrued Vacation and Comp Time	$ (53,863)	
	Long-term Liability	(480,637)	
	Right-to-Use Lease Liability	(4,289)	
	Net Pension Asset	365,956	
	Net Pension Liability	(230,515)	
	Deferred Outflows of Resources - Pensions	231,007	
	Deferred Inflows of Resources - Pensions	(334,598)	(506,939)
NET POSITION OF GOVERNMENTAL ACTIVITIES			$ 4,972,957

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

GYPSUM FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended December 31, 2022

	General Fund	Capital Projects	Total Governmental Funds
REVENUES:			
Local Property Taxes	$ 1,897,279	$ -	$ 1,897,279
Specific Ownership Taxes	103,275	-	103,275
Out of District Calls	11,754	-	11,754
Impact Fees	-	127,614	127,614
Fees, Permits, Fines & Other	12,844	-	12,844
Miscellaneous	17,873	-	17,873
Fundraising Donations & Local Grants	10,100	-	10,100
Rental Income	2,000	-	2,000
Interest Income	42,064	1,856	43,920
Total Revenues	2,097,189	129,470	2,226,659
EXPENDITURES:			
Capital Outlay	361,062	-	361,062
Community Education	1,730	-	1,730
County Treas. Fees and Abatements	56,521	-	56,521
Debt Service – Principal	-	66,995	66,995
Debt Service – Interest	-	26,996	26,996
Dispatch and Intergovernmental Support	117,176	-	117,176
Dues and Subscriptions	2,621	-	2,621
Employee Benefits	172,459	-	172,459
Fleet – Gas and Oil	20,828	-	20,828
Insurance	47,707	-	47,707
Miscellaneous Administrative	30,156	-	30,156
Office Expense	11,643	-	11,643
Payroll Taxes	16,927	-	16,927
Pension Contribution – FPPA	87,153	-	87,153
Professional Services	40,497	-	40,497
Protective Clothing, Uniforms & Tools	30,850	-	30,850
Repairs and Maintenance – Building	8,354	-	8,354
Repairs & Maintenance – Equipment	19,476	-	19,476
Salaries	839,762	-	839,762
Telecommunications	12,096	-	12,096
Training, Travel and Meals	10,704	-	10,704
Utilities	13,498	-	13,498
Volunteer Incentives/Reimbursement	13,358	-	13,358
Volunteer Pension Contrib. - FPPA	22,704	-	22,704
Total Expenditures	1,937,282	93,991	2,031,273
Excess of Revenues Over (Under) Expenditures	159,907	35,479	195,386
Fund Balance – Beginning of Year	2,563,716	483,110	3,046,826
Fund Balance – End of Year	$ 2,723,623	$ 518,589	$ 3,242,212

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

GYPSUM FIRE PROTECTION DISTRICT

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Fiscal Year Ended December 31, 2022

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS			$ 195,386
Amounts reported for governmental activities on the Statement of Activities are different because of the following:			
Governmental Funds report capital outlays as expenditures; however, on the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current year:			
	Capital Outlay	$ 346,510	
	Depreciation	(188,989)	157,521
The net book value of asset dispositions are not reported in the governmental funds as they are not a current financial use. This is the amount by which the net book value of assets disposed exceeded proceeds, if applicable, in the current year:			(122)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount of debt that was repaid during the current year:			66,995
Compensated absences not payable from current resources are not reported as expenditures of the current year. In the Statement of Activities, these costs represent expenses of the current year. This is the amount by which accrued vacation, sick leave and comp time increased this year:			(19,415)
Interest expense is recognized as an expenditure in the governmental funds when it is due, and this requires the use of current financial resources; however, in the Statement of Activities interest expense is recognized as the interest accrues regardless of when it is due. This is the amount by which accrued interest decreased in the current year.			3,140
Changes in the District's net pension obligation reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the change in Districts net pension obligation during the year, including differences between employer contributions to the pension plan and amortization of pension-related deferrals.			153,345
Some expenses reported in the Statement of Activities do not require current financial resources and, therefore, are not reported as expenditures in governmental funds.			25
CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES			$ 556,875

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

NOTE 1 - *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

The accounting policies of the Gypsum Fire Protection District, herein referred to as the District, conform to generally accepted accounting principles (GAAP) as applicable to governmental units. The District applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Significant accounting policies of the District are described below.

A. Financial Reporting Entity

The Gypsum Fire Protection District, with boundaries in Garfield and Eagle Counties, Colorado, was organized pursuant to provisions set forth in the Colorado Special District Act. The governing body consists of a five member Board of Directors which is elected by the registered voters within the District. The objective of the District is to provide for the preservation of life and protection of property from and during such fires and/or other emergencies as may occur within the fire protection district.

The Governmental Accounting Standards Board (GASB) has specified the criteria to be used in defining a governmental entity for financial reporting purposes.

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

Based on the criteria discussed above, the District's financial statements do not include any component units, nor do they exclude any potential component units requiring inclusion in the District's reporting entity. The District is not a component unit of any other governmental reporting entity. The District's financial statements include the accounts of all District operations.

B. Basis of Presentation

GOVERNMENT-WIDE STATEMENTS

The statement of net position and the statement of activities display information about the primary government (the District). These statements include the financial activities of the overall government. The statement of net position presents the financial condition of the governmental activities of the District at year-end. The difference between the assets, deferred outflows of resources, liabilities and deferred inflows of resources of the District is reported as net position.

The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. In the statement of activities, direct expenses are those that are specifically associated with a service, program or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

B. Basis of Presentation - *continued*

FUND FINANCIAL STATEMENTS

The fund financial statements provide information about the District's funds, which consist of *governmental funds*. During the fiscal year, the District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance by segregating transactions related to certain governmental functions or activities. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column.

Governmental accounting systems are organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. The District's funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations based upon the purposes for which they are to be spent and by the means by which spending activities are controlled. The various funds of the District are outlined in the following paragraphs:

Governmental Funds
Governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are included on their balance sheets. The reported fund balance (net current assets) is considered a measure of "available spendable resources". The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

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

Capital Projects Fund
The Capital Projects Fund is used to account for financial resources to be used for the acquisition of equipment and other capital improvements, including debt service thereon.

C. Basis of Accounting

GOVERNMENT WIDE FINANCIAL STATEMENTS
The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of* accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District receives value without directly giving equal value in return, consist of property taxes. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

C. Basis of Accounting

FUND FINANCIAL STATEMENTS
Governmental funds are reported using the *current financial resources measurement focus* and the *modified accrual-basis of accounting.* Under this method, revenues are recognized when measurable and available. The District considers all revenues available if they are collected within 60 days after year-end. The following material revenue sources are considered susceptible to accrual because they are both measurable and available to finance expenditures of the current period:

- Property Taxes
- Specific Ownership Taxes

Taxpayer-assessed local property and specific ownership taxes are considered “measurable” when in the hands of intermediary collecting governments and are recognized as revenue at that time. Expenditures are recorded when the related fund liability is incurred, except for un-matured principal and interest on general long-term debt, which is recognized when due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities are reported as other financing sources.

D. Budgets and Budgetary Accounting

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

1. Prior to October 15, the District Secretary submits to the Board a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. A “Notice of Budget” is published when the budget is received.

2. Public hearings are held to obtain taxpayer comments.

3. Prior to November 20, the Board adopts, by resolution, the budget for the ensuing fiscal year and certifies the tax levy, unless an election for increased property tax is being held. The statutory deadline for certification of mill levies to the Board of County Commissioners if an election for increased property tax levy is held is December 15.

4. On or before December 15, the Board passes an annual appropriating ordinance in which such sums of money are appropriated as the Board deems necessary to defray all expenses and liabilities of the District during the ensuing year.

5. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP) for governmental units, which provides that debt principal payments and capital outlay are treated as expenditures.

6. After adoption of the budget ordinance, the District may make by ordinance the following changes: a) supplemental appropriations to the extent of revenues in excess of the estimated budget; b) emergency appropriations; c) reduction of appropriations for which originally estimated revenues are insufficient.

7. Expenditures may not legally exceed appropriations at the fund level. Board approval is required for changes in the total budget of any fund. Budget amounts included in the financial statements are based on the final, legally amended budget.

8. Budget appropriations lapse at the end of each year.

The District legally adopted annual budgets for all of the District’s funds for 2022.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

E. Cash and Investments

The District's policy in determining which items are treated as cash equivalents include cash, demand deposits, treasury bills, and other short-term, highly liquid investments that are readily convertible to cash and have original maturities of three months or less. Investments are reported at fair value which is determined using selected bases. Short-term investments are reported at cost which approximates fair value. Securities traded on a national or international exchange are valued at the last quoted market price. Cash deposits are reported at carrying amounts which reasonably estimate fair value. Additional cash disclosures are found in *Note 2* of the financial statements.

F. Property Taxes Receivable and Deferred Inflows – Unavailable Property Tax Revenue

Property taxes are levied on December 15, and attach as an enforceable lien on property on January 1st of the following year. They may be paid in either one installment (no later than April 30th) or two equal installments (not later than February 28th and June 15th) without interest or penalty. Taxes which are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 16th. Property taxes are levied and collected on behalf of the District by the County Treasurer and are reported as revenue when received by the County Treasurer. Property taxes levied in the current year and payable in the following year are reported as a receivable at December 31. However, since the taxes are not available to pay current liabilities, the receivable is recorded as a deferred inflow of resources.

G. Allowance for Doubtful Accounts

Bad debts are provided on the allowance method based on the District's evaluation of outstanding accounts receivable at the end of the year. The District believes that all accounts are collectible, therefore, no allowance for bad debt is reflected in the financial statements.

H. Deferred Outflows and Inflows of Resources

The statement of net position and fund balance sheet include separate sections for deferred outflows of resources and deferred inflows of resources, when applicable. Deferred outflow of resources represent a consumption of net position that applies to future periods that will be recognized as an expense or expenditure in future periods. Deferred inflows of resources represent an acquisition of net position or fund balance that applies to future periods and will be recognized as revenue in future periods.

I. Capital Assets

All capital assets purchased or acquired with an original cost in excess of capitalization thresholds set by the District are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their estimated fair value on the date of donation. Repairs and maintenance are recorded as expenditures as incurred; while additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Depreciation is provided on the straight-line basis over the following estimated useful lives.

Equipment	5-15 years
Infrastructure	7-40 years

NOTE 1 - *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued*

J. Accrued Liabilities for Compensated Absences

The District's policy for compensated absences provides for a maximum one year carryover of unused sick time of up to 240 hours. The District's policy is to permit employees to accumulate a limited amount of earned but unused vacation and comp time which will be paid upon separation from District service, with vacation and comp time paid at 100%. The District accrues a liability only on the government-wide financial statements for compensated absences since it is anticipated that none of the liability will be liquidated with currently available expendable financial resources.

K. Inter-fund Receivables and Payables

To the extent that operating expenses are paid by another fund and/or transfers are made between the funds and these advances have not been repaid as of year-end, balances of inter-fund amounts receivable or payable are recorded.

L. Net Position/Fund Balance

In the government-wide financial statements, net position is classified in the following categories:

Invested in Capital Assets, Net of Related Debt – this category groups all capital assets into one component. Accumulated depreciation and the outstanding debt balances attributable to (already invested in) the acquisition, construction or improvement of these assets reduce this category.

Restricted – assets are reported as *restricted* when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments, or by various enabling legislation.

Unrestricted – represents the amount which is not restricted for any purpose. It is the District's policy to first apply restricted resources when an expense is incurred for which both restricted and unrestricted assets are available.

In the fund financial statements, fund balances of governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent because they are either in non-spendable form such as inventory and prepaid expenses, or legally or contractually required to be maintained intact such as the corpus of permanently restricted funds to be retained in perpetuity. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale, when applicable.

Restricted – when constraints are placed on the use of resources either (a) externally imposed by creditors or (b) imposed by law through constitutional provisions or enabling legislation. As discussed in *Note 13*, Colorado voters passed an amendment to the State Constitution, one of the provisions of which requires local governments to establish an emergency reserve which is calculated at 3% of certain expenditures. These funds may only be expended in cases of emergencies as defined by the amendment, and are used to fund appropriations only after unrestricted resources are depleted.

Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority (the Board of Directors). These amounts cannot be changed except by taking the same type of action employed to previously commit these amounts.

NOTE 1 - *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued*

L. Net Position/Fund Balance - *continued*

Assigned – amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by the governing body itself, or a body or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. The General Fund includes accumulated fundraising proceeds to be used for future scholarships, donations and capital grants to be used for capital replacement as assigned. The District considers available fund balances of the Capital Projects Fund as assigned for future capital outlay and/or debt service.

Unassigned – the residual for the general fund.

It is the District's policy to first apply restricted resources when an expense is incurred for which both restricted and unrestricted assets are available. Committed and assigned amounts are considered to have been spent first when an expenditure is incurred for purposes for which such categories and unassigned amounts are available.

M. Use of Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities and the reported revenues and expenses. Actual results could vary from the estimates that were used.

N. Pensions

The District participates in a defined benefit plan administered by the Fire and Police Pension Association of Colorado (“FPPA”). 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 plans 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.

O. Fair Value Measurements

The District has a number of financial instruments, including cash and equivalents, receivables, accounts payable, and notes payable, none of which are held for trading purposes. The District estimates that the fair values of its financial instruments at December 31, 2022 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet.

NOTE 2 - *CASH AND INVESTMENTS*

The Colorado Public Deposit Protection Act (PDPA), requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. The eligible depository is required to pledge to the Colorado Division of Banking a pool of collateral having a market value that at all times exceeds 102 percent of uninsured aggregate public deposits. The eligible collateral is determined by the PDPA, which includes obligations of the United States, the State of Colorado, Local Colorado governments, and obligations secured by first lien mortgages on real property located in the state.

NOTE 2 - CASH AND INVESTMENTS - continued

PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The State Regulatory Commission for banks and financial services is required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. There is no custodial credit risk for public deposits collateralized under PDPA.

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

- Obligations of the United States and certain U.S. governmental agency securities, including securities issued by FNMA (federal national mortgage association), GNMA (governmental national mortgage association), FHLMC (federal home loan mortgage corporation), the federal farm credit bank, the federal land bank, the export-import bank, and by the Tennessee valley authority, and certain international agency securities, including the World Bank.
- General obligation and revenue bonds of U.S. local government entities, the District of Columbia, and territorial possessions of the U.S. rated in the highest two rating categories by two or more nationally recognized rating agencies.
- Bankers' acceptances of certain banks
- Certain securities lending agreements
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed Investment contracts
- Local government investment pools
- The investing local government's own securities including certificates of participation and lease obligations.

A summary of the District's cash and investments at December 31, 2022 is as follows:

Checking Accounts	$ 995,264
Colotrust Investment Pool	2,262,978
Total Balances	3,258,242
Less Outstanding Items	(25,970)
Total Cash and Cash Equivalents	$ 3,232,272

The District's bank deposits were entirely covered by Federal Depository Insurance (FDIC) or uninsured but collateralized under PDPA in accordance with state statute. The District had bank balances of $995,264 of which $250,000 was covered by FDIC and $745,264 by PDPA described above.

The District has not adopted a formal investment policy; however, the District invests public funds in a manner which will provide the highest investment return with the maximum security, meet daily cash flow demands, and conform to all federal, state and local statutes governing the investment of public funds. This applies to the investment of all financial assets of all funds of the District over which it exercises financial control.

NOTE 2 - *CASH AND INVESTMENTS – continued*

As of December 31, 2022, the District had invested $2,262,978 in the Colorado Local Government Liquid Asset Trust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The Trust operates similarly to a money market fund and each share is equal in value to $1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS +. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as a safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. As of December 31, 2022, the District had $0 invested in COLOTRUST PRIME and $2,262,978 invested in COLOTRUST PLUS+. The COLOTRUST investments are not categorized in terms of custodial credit risk, since they are not evidenced by securities that exist in physical or book entry form.

As of December 31, 2022 the District's investments had the following credit ratings:

Investment	Fair Value	Credit Rating	Rating Agency
Colotrust Accounts	$ 2,262,978	AAAm	Standard & Poors

Additional investment and deposit disclosures for credit risk, interest rate risk, and foreign currency risk, as required by GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, are included in the notes below.

To minimize custodial credit risk, or the risk that an insurer or other counterparty to an investment will not fulfill its obligations, state law limits District investments to those where the issuer is rated in one of the three highest rating categories by one or more nationally recognized organizations that rate such issuers. The District has deposits in Colotrust Plus+. Colotrust is rated AAAm by Standard & Poors. The concentration of credit risk, or the risk of loss attributed to the magnitude of a government's investment in a single issuer, occurs when deposits are not diversified. District policy places no limit on the amount the District may invest in any one issuer; however the District maintains general guidelines for investments to ensure proper diversification by security type and institution. All District investments are issued or explicitly guaranteed by securities of the U.S. government, or insured by the Public Depository Protection Act, or are investments in mutual fund or external investment pools, and therefore are not subject to concentration of credit risk disclosure requirements.

Interest rate risk is the extent to which changes in interest rates will adversely affect the fair value of an investment. The District maintains an investment policy that limits investment maturities to three years as means of managing its exposure to fair value losses arising from increasing interest rates and to avoid undue concentration in any sector of the yield curve. Exceptions to this structure may be allowed where maturities can be structured to accommodate readily identifiable cash flows as approved by the Board. As of December 31, 2022, the District had no investments that were subject to interest rate risk as described above.

The District was not subject to foreign currency risk as of December 31, 2022.

NOTE 3 - *FAIR VALUES OF FINANCIAL INSTRUMENTS*

The District reports its investments using the fair value measurements established by generally accepted accounting principles. As such, fair value hierarchy categorizes the inputs used to measure the fair value into three levels. Level 1 inputs are quoted prices in active markets for identical investments; Level 2 inputs include quoted prices in active markets for similar investments, or other observable inputs; and Level 3 inputs are unobservable inputs.

NOTE 4 - *CAPITAL ASSETS*

A summary of changes in Capital Assets follows:

	Balance Jan 1, 2022	Additions	Dispositions	Balance Dec 31, 2022
GOVERNMENTAL ACTIVITIES				
Non-depreciable Land	$ 67,720	$ -	$ -	$ 67,720
Building/Improvements	1,828,782	-	(3,056)	1,825,726
Vehicles & Equipment	1,908,333	346,510	(4,682)	2,250,161
Less Accumulated Depreciation	(1,645,317)	(188,989)	7,617	(1,826,689)
Net Capital Assets	$ 2,159,518	$ 157,521	$ (121)	$ 2,316,918

NOTE 5 - *LONG-TERM OBLIGATIONS*

A summary of change in Long-Term Obligations follows:

	Balance Jan 1, 2022	Additions	Reductions	Balance Dec 31, 2022	Due Within One Year
GOVERNMENTAL ACTIVITIES					
Capital Lease Obligations:					
Dated - July 29, 2009	$ 617,307	$ -	$ (66,995)	$ 550,312	$ 69,675
Compensated Absences	34,448	53,863	(34,448)	53,863	-
Total Obligations	$ 651,755	$ 53,863	$ (101,443)	$ 604,175	$ 69,675

Capital Lease Obligations

Lease-Purchase Agreement dated July 29, 2009, in the amount of $1,200,000 payable to Municipal Capital Markets Group, Inc., payable in annual installments of $95,665 through 2029 at an interest rate of 5.04%, secured by Real Property and Improvements. Building Improvements in the amount of $1,200,000 were capitalized under the lease; there is approximately $466,294 of accumulated depreciation on these assets as of December 31, 2022. The term of the agreement is subject to annual appropriation and, therefore, terminates at the end of each current fiscal year, with annual renewal at the same terms and conditions of the original term, unless terminated by the District. The District refinanced the lease purchase in September 2021. The new terms take effect May 2022, with a 4% interest rate and annual payments of $93,991 in 2022 and $91,687 for subsequent periods.

NOTE 5 - *LONG-TERM OBLIGATIONS – continued*

Capital Lease Obligations - continued

The annual rental payments under the agreement are as follows:

Year Ended December 31,	Principal	Interest	Total
2023	$ 69,675	$ 22,012	$ 91,687
2024	72,461	19,226	91,687
2025	75,360	16,327	91,687
2026	78,374	13,313	91,687
2028	81,509	10,178	91,687
2028-2029	172,933	10,441	183,374
Total	$ 550,312	$ 91,497	$ 641,809

The District primarily uses the capital projects fund to retire debt on a year-to-year basis.

NOTE 6 - *OTHER LEASE COMMITMENTS*

The District has implemented the provisions of Governmental Accounting Standards Board Statement No. 87, *Leases,* for government-wide Statement of Net Assets recognition of leases and note disclosure of certain information about lease arrangements.

The District is the lessee of office equipment under operating leases. The District determines whether a contract is a lease at inception. Identified leases are subsequently measured, classified and recognized as lease commitments and leases with contractual terms longer than twelve months as either operating or finance. The District's equipment leases generally have terms from one to five years.

Right-to-use assets and lease obligations for operating leases are included in "ROU Lease Assets" and "Present Value of Lease Liability", respectively, in the Statement of Net Assets. Leased assets represent the District's right to use an underlying asset for the lease term and lease liabilities represent the District's obligation to make lease payments arising from the lease, which are subject to annual appropriation.

Operating right-of-use assets and associated lease liabilities are recognized based on the present value of future minimum lease payments to be made over the expected lease term, generally using the risk-free discount rate at the commencement date in determining the present value of future payments.

Following are the required future minimum base rental payments under the District's leases.

Year Ended December 31,	
2023	$ 1,008
2024	1,008
2025	1,008
2026	1,008
2027	756
Thereafter	-

NOTE 7 - *FPPA Statewide Defined Benefit Plan*

Plan Description: he Statewide Defined Benefit Plan (SWDB) is a cost-sharing multiple-employer defined benefit pension plan covering substantially all full-time employees of participating fire or police departments in Colorado hired on or after April 8, 1978 (New Hires), provided that they are not already covered by a statutorily exempt plan. As of August 5, 2003, the 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 by the Fire & Police Pension Association of Colorado (FPPA). FPPA issues a publicly available comprehensive annual financial report that can be obtained on FPPA's website at http://www.FPPAco.org.

Description of Benefits: 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 normal retirement pension if the members' 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 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 5 years of accredited service may leave contributions with the Plan and remain eligible for a retirement pension at age 55 equal to 2 percent of the member's average highest three years' pensionable earnings for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter.

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

In 2014, the members elected to increase the member contribution rate to the SWDB plan beginning in 2015. Member contribution rates increased 0.5 percent annually through 2022 to a total of 12 percent of pensionable earnings. Employer contributions increase 0.5 percent annually beginning in 2021 through 2030 to a total of 13.0 percent of pensionable earnings. In 2021 members of the SWDB plan and their employers are contributing at rate of 11.5 percent and 8.5 percent respectively, of pensionable earnings for a total contribution rate of 20 percent.

Through December 31, 2022, 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 statute or election of the membership.

NOTE 7 - *FPPA Statewide Defined Benefit Plan – continued*

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

The contribution rate for members and employers of affiliated social security employers is 5.5 percent and 4.25 percent, respectively, of pensionable earnings for a total contribution rate of 10.0 percent in 2021. Per the 2014-member election, members of the affiliate social security group had their required contribution rate increase 0.25 percent annually beginning in 2015 through 2022 to a total of 6 percent of pensionable earnings. Employer contributions will increase 0.25 percent annually beginning in 2021 through 2030 to a total 6.5 percent of pensionable earnings.

Basis of Presentation: The underlying financial information used to prepare the Schedule of Employer Contributions and Schedule of Collective Pension Amounts is based on FPPA's financial statements. FPPA follows the accounting principles and reporting guidelines as set forth by the Governmental Accounting Standards Board. The financial statements are prepared using the accrual basis of accounting and reflect the overall operations of FPPA.

As reported in FPPA's Other Supplementary Schedule of Fiduciary Net Position by Participating Employer in the December 31, 2021 Annual Report, employer contributions to SWDB plan were $63,304,906 compared to total employer contributions of $68,426,899 on the Schedule of Employer Contributions. Adjustments were made to reduce employer contributions to zero for departments that had no remaining members at year end and for know significant adjustments of non-recurring amounts.

The Schedule of Collective Pension Amounts represents total pension amounts for the SWDB plan. This schedule excludes employer-specific deferral amounts that may need to be recognized to comply with Governmental Accounting Standards Board (GASB) statement No. 68. Accounting and Financial Reporting for Pensions. Specifically, this schedule excludes deferral amounts arising from the changes in employer proportion, differences between employer contributions and proportionate share of contributions, and employer contributions subsequent to the measurement date.

Actuarial Valuation Dates: The collective total pension liability as of December 31, 2021 is based upon the January 1, 2022 actuarial valuation. The actuarially determined contributions as of December 31, 2021 are based upon the January 1, 2021 actuarial valuation.

Collective Net Pension (Liability) Asset: At December 31, 2022, the District reported a (liability)/ asset of $365,956 for its proportionate share of the net pension (liability)/ asset. The Plan's total pension liability is currently less than the fiduciary net position, resulting in an asset reported by the District. The net pension (liability)/ asset was measured as of December 31, 2021, and the total pension liability used to calculate the net pension (liability)/ asset was determined by an actuarial valuation as of January 1, 2022. The District's proportion of the net pension (liability)/ asset was based on the District's contributions to the Plan for calendar year 2021, relative to the total contributions of participating employers to the Plan.

At December 31, 2022 the District's proportionate share was 0.067528%, compared to 0.065319% at December 31, 2021.

For the year ended December 31, 2022, the District recognized net pension (revenues)/ expense of $(111,401).

NOTE 7 - FPPA Statewide Defined Benefit Plan – continued

Collective Net Pension (Liability) Asset *(continued)*: At December 31, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Experience	$ 104,791	$ 8,535
Change in Assumptions	52,188	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	244,917
Changes in Proportionate Share of Contribution	-	-
Contributions Subsequent to Measurement Date	64,293	-
Total	$ 221,272	$ 253,452

The $64,293 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as an adjustment against the net pension liability in the year ended December 31, 2022.

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

Year Ended December 31,	Amortization
2023	$ 69,988
2024	(11,955)
2025	(12,120)
2026	(17,534)
2027	(19,632)
Thereafter	(105,221)
Total	$ (96,474)

Actuarial Assumptions: The actuarial valuations of the Statewide Defined Benefit Plan were used to determine the total pension liability and actuarially determined contributions for the fiscal year ended December 31, 2021. The valuations used the following actuarial assumption and other inputs:

	Total Pension Liability	Actuarial Determined Contributions
Actuarial Valuation Date	January 1, 2022	January 1, 2021
Actuarial Method	Entry Age Normal	Entry Age Normal
Amortization Method	N/A	N/A
Amortization Period	N/A	N/A
Long-Term Investment Rate of Return, net	7.00%	7.00%
Projected Salary Increases*	4.25% - 11.25%	4.25% - 11.25%
Cost of Living Adjustment (COLA)	0.00%	0.00%
*Includes inflation at	2.5%	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.

NOTE 7 - *FPPA Statewide Defined Benefit Plan – continued*

Actuarial Assumptions - (*continued)*
At least every five years the FPPA's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2018 meeting, the Board of Directors reviewed and approved recommended changes to actuarial assumptions. The recommendations were made by the FPPA's actuaries, Gabriel, Roeder, Smith & Co., based on 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 services credit and other benefits where actuarial factors are used.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (assumed at 2.5%). Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2021 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	15.00%	9.26%
Absolute Return	10.00%	5.60%
Cash	2.00%	2.32%
Total	100%	

The discount rate used to measure the total pension liability was 7 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the SWDB plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

For the purposes of this valuation, the expected rate of return on pension plan investments is 7.0 percent; the municipal bond rate is 1.84 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 7.0 percent.

NOTE 7 - *FPPA Statewide Defined Benefit Plan – continued*

Discount Rate: Regarding the sensitivity of the net pension liability/ (asset) to changes in the single discount rate, the following represents the plan's net pension liability/ (asset), calculated using a single discount rate of 7 percent, as well as what the plan's net pension liability/ (asset) would be if it were calculated using a single discount rate that is one percent lower or one percent higher:

	1% Decrease 6.0%	**Current Single Discount Rate Assumption 7.0%**	**1% Increase 8.0%**
Net Pension Liability/ (Asset)	$(74,736,029)	$(541,933,763)	$ (928,891,070)
Proportionate Share of Net Pension Liability/ (Asset)	$ (50,468)	$ (365,956)	$ (627,322)

Statewide Retirement Plan - During 2022, House Bill 22-1034 was signed into law. This legislation combines the assets and liabilities of the Statewide Defined Benefit Plan and Statewide Hybrid Plan to form the Statewide Retirement Plan effective January 1, 2023. The merger will result in increased longer term stability for both plans in addition to simplification of administration, operation and communication of benefits. The financial impact of the merger of plans is being determined.

Actuarial Experience Study - During 2022, FPPA engage Gabriel, Roeder, Smith & Co. to complete an actuarial experience study. The FPPA Board of Directors accepted the findings of the study at its July 28, 2022 meeting. These assumptions will be included in the Statewide Retirement Plan valuation as of January 1, 2023.

NOTE 8 - *VOLUNTEER FIREMEN'S PENSION FUND*

Plan Description: The District affiliated with the Fire and Police Pension Association of Colorado (FPPA) to administer its Volunteer Fire Fighter Pension Plan and to manage the plan's assets and activities. The Volunteer Firefighter Pension Plan is included in an agent multiple employer Public Employee Retirement System (PERS) maintained in trust by FPPA. The PERS represents the assets of numerous separate plans that have been pooled for investment purposes. It operates under rules consistent with the enabling legislation in Title 31, Article 30, Part 11 of the Colorado Revised Statutes. While the District's plan is pooled with other plans by FPPA, it is a separate plan and is administered by a board of trustees composed of District board members and volunteer firefighters, selected in accordance with Colorado state statutes. FPPA issues a publicly available comprehensive annual financial report that can be obtained at FPPAco.org. That report also includes the District's Volunteer Firefighter Pension Plan.

Benefits Provided: A volunteer firefighter electing to retire on or after the normal retirement date (the date on which he/ she has attained fifty years of age and completed twenty years of active service) is eligible for a monthly pension approved by the board, in accordance with state statute.

Benefits Used to Determine the Total Pension Liability for the Measurement Period Ending December 31, 2021 are as follows:

Normal retirement benefit at age 50 with 20 year of service (monthly):	
Regular	$500
Vested retirement benefit:	
With 10 to 20 years of service amount per year of service per minimum vesting years.	$25
Minimum vesting years	10
Funeral benefits (required benefit):	
Funeral benefit lump sum, one time only	$1,000

NOTE 8 - VOLUNTEER FIRE FIGHTER'S PENSION – continued

As of January 1, 2021, the latest actuarial valuation date, there were 5 active, 17 retirees and beneficiaries and 4 inactive, non-retired members.

Funding Policy: The funding of the plan by the District and members is authorized by the Board of Trustees. The contribution by the State of Colorado (the "State) toward fire pension funds has been a fixed dollar amount established by the legislature and allocated pro rata to all fire pension funds in the State who apply for State matching funds, based upon the amounts contributed by the employer up to a maximum of one half (1/2) mill on the assessed valuation or 90% of City contributions, whichever is less. Since the District currently offers maximum retirement benefits in excess of $300 per month on an actuarially sound basis, and (2) the amount of State contributions provided in the prior year.

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

Methods and assumptions used to determine contribution rates for the Fiscal Year Ended December 31, 2022:

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

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

NOTE 8 - *VOLUNTEER FIRE FIGHTER'S PENSION – continued*

Assumption Changes: The global assumption set for the Volunteer Firefighter plan administered by FPPA was changed in the 2018 Actuarial Experience Study. Effective with the January 1, 2019 valuations, significant changes affecting the Volunteer Firefighter plan valuations include 1) Reduce investment rate of return from 7.5% to 7.0%. 2) Update base morality tables and projections scales. 3) Increase withdrawal rates by 10.0%.

Single Discount Rate: Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) the 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 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%; the municipal ban rate is 1.84% (based on 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%.

Regarding the sensitivity of the net pension liability/ (asset) to changes in the Single Discount Rate, the following represent the plan's net pension liability/ (asset), calculated using a Single Discount Rate of 7.0%, as well as what the plan's net pension liability/ (asset) would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

Long-term Rate of Return: 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, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Rate of Return
Cash	2.00%	2.32%
Fixed Income - Rates	10.00%	4.00%
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%	8.23%
Total	100%	

NOTE 8 - VOLUNTEER FIRE FIGHTER'S PENSION – continued

Sensitivity of the Proportionate Share of the Net Pension Liability/ (Asset) to Changes in the Discount Rate: Regarding the sensitivity of the net pension liability/ (asset) to changes in the Single Discount Rate, the following represents the plan's net pension liability/ (asset), calculated using a Single Discount Rate of 7%, as well as what the plan's net pension liability/ (asset) would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher.

	1% Decrease 6.0%	**Current Single Discount Rate Assumption 7.0%**	**1% Increase 8.0%**
Proportionate Share of Net Pension Liability/ (Asset)	$ 344,995	$ 230,515	$ 135,844

Pension Plan Fiduciary Net Position: Detailed information about the fiduciary net position is available in FPPA's comprehensive annual financial report which can be obtained at www.fppaco.org.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At December 31, 2022, the District reported a net pension liability of $230,515. The net pension liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2021.

For the year ended December 31, 2022, the District recognized pension income of $41,944. In connection with the District's Volunteer Fire and Police Protection Retirement Plan, the following deferred outflow of resources and deferred inflows of resources were reported at December 31, 2022:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Experience	$ -	$ -
Change in Assumptions	-	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	9,735	81,146
Total	$ 9,735	$ 81,146

Contributions subsequent to the measurement date of December 31, 2022, which are reported as deferred outflows of resources related to pensions, will be recognized as a reduction of the net pension liability in subsequent years. Other amounts reported as deferred outflow of resources and deferred inflow of resources related to pensions will be recognized as a component of pension expense in future years as follows:

Year Ended December 31,	Amortization
2023	$ (16,670)
2024	(26,403)
2025	(17,609)
2026	(10,729)
2027	-
Thereafter	-
Total	$ (71,411)

NOTE 9 - *DEFERRED COMPENSATION PLAN – SECTION 457*

The District offers its employees an additional voluntary deferred compensation plan created in accordance with IRC section 457 (the "457 Plan). The 457 Plan is administered by FPPA. The 457 Plan is available to all paid staff and permits participants to defer a portion of their salary to future years. All compensation deferred under the 457 Plan, together with all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are to be held in trust for the exclusive benefit of the participants and their designated beneficiaries. Compensation deferred under the 457 Plan is not available to participants until termination, retirement, death, or unforeseeable emergency.

Employees may elect or defer any percentage of their annual compensation, provided that the total annual contribution does not exceed limitations established by the Internal Revenue Service. The District contributes up to 8% of employee earnings. For the year ended December 31, 2022 the District and employees contributed $11,741 and $23,76, respectively.

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

NOTE 10 - *STATEWIDE DEATH & DISABILITY PLAN*

The District contributes to the Statewide Death and Disability Plan (D&D Plan) administered by FPPA. The D&D Plan is a cost sharing multiple -employer defined benefit death and disability plan covering full-time employees of substantially all fire and police departments in Colorado. As of August 5, 2003, the D&D Plan may include part-time police and fire employees. Contributions to the D&D Plan are used for the payment death and disability benefits. Employers who are covered by Social Security may elect supplementary coverage by the D&D Plan. As of January 1, 2020, Colorado police and sheriff departments who participate in Social Security have the option of affiliating for coverage under the Defined Benefit System and the Statewide Death and Disability Plan. The D&D Plan was established in 1980 pursuant to Colorado Revised Statutes and currently has 268 participating employer departments. Included in the that number are 7 contributing employers as of December 31, 2021, who are covered by Social Security and have elected supplementary coverage by the D&D Plan.

Prior to 1997, D&D Plan was primarily funded by the State of Colorado, whose contributions were established by Colorado Statute. In 1997 the State mad a one-time contribution of $39,000,000 to fund past and future service costs for all firefighters and police officers hire prior to January 1, 1997. Members hired on or after January 1, 1997, began contributing 2.4 percent of base salary to this D&D Plan as of January 1, 1997. Through December 31, 2020, contributions could be increased 0.1 percent biennially by the FPPA Board. The contribution rate increased to 2.8 percent of base salary and may be increased 0.2 percent annually by the FPPA Board. This percentage can vary depending on actuarial experience. All Contributions are made by members or on behalf of members. The contribution may be paid entirely by the employer or member, or may be split between the two as determine at a local level. The District contributed $22,860 or 3.2% of qualified wages to the D&D Plan for the year ended December 31, 2022.

For a complete listing of benefits provided and other plan details please visit www.fppaco.org

NOTE 11 - INTERGOVERNMENTAL AGREEMENTS & COMMITMENTS

Finance and Administrative Cooperative Services Agreement
The Gypsum Fire Protection District and Eagle River Fire Protection District entered into an agreement where ERFPD will provide general and professional finance and administrative services, including accounting work from the intermediate to the advanced level following Generally Accepted Accounting Principles (GAAP); budgeting; accounts payable; and accounts receivable; payroll; human resources, including management of personnel records, and insurance; and, general records retention in accordance with GFPD policy. The agreement, at the discretion of the District's management, will renew annually upon written acceptance by both parties.

The District paid $61,602 in fiscal year 2022 related to the intergovernmental agreement and there were no unpaid liabilities due as of year-end.

NOTE 12 - CONTINGENCIES

Claims
During the normal course of business, the District incurs claims and other assertions against it from various agencies and individuals. Management of the District and their legal representatives feel none of these claims or assertions are significant enough that they would materially affect the fairness of the presentation of the financial statements at December 31, 2022.

State/Federal Grants
Under terms of state & federal grants, periodic audits may be required, and certain costs may be questioned as not being appropriate expenditures. Such audits could lead to reimbursements to the grantor agencies. The Districts management is not aware of any wrongful spending for which they would have to reimburse the grantor agencies for expenditures.

NOTE 13 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors and omissions; injuries to employees; or acts of God. The District maintains commercial insurance for all risks of loss. The District did not have any claim settlements in excess of coverage for each of the past three years.

NOTE 14 - *STATUTORY COMPLIANCE*

A. TABOR Amendment – Revenue and Spending Limitation Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR contains revenue, spending, tax, and debt limitations, which apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government. Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years. TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of spending (excluding bonded debt service). The required reserve at December 31, 2022 is approximately $60,900.

The initial base for local government spending and revenue limits is December 31, 1992 fiscal year spending. Future spending and revenue limits are determined based on the prior year's fiscal year spending adjusted for inflation in the prior calendar year plus annual local growth. Fiscal year spending is generally defined as expenditures and reserve increases with certain exceptions. Revenue, if any, in excess of the fiscal year spending limit must be refunded in the next fiscal year unless voters approve retention of such revenue. In November 1995, voters approved a measure to allow the District to retain and spend all revenues in excess of the fiscal year spending limit and the 5.5% revenue increase limit provided the revenues are spent for fire, rescue and emergency medical services.

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

NOTE 15 - *SUBSEQUENT EVENTS*

Management has evaluated events subsequent to December 31, 2022 through the issuance date of this report. There have been no material events noted during this period that would impact the results reflected in this report or the District's results going forward.

REQUIRED SUPPLEMENTARY INFORMATION

GYPSUM FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
December 31, 2022

	GENERAL FUND			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
BUDGETARY REVENUES:				
Local Property Taxes	$ 1,841,896	$ 1,904,000	$ 1,897,279	$ (6,721)
Specific Ownership Taxes	55,200	84,000	103,275	19,275
Out of District Calls	5,000	5,000	11,754	6,754
Fees, Permits, Fines and Other	250	1,037	12,844	11,807
Miscellaneous	-	13,482	17,873	4,391
Fundraising and Donations	-	10,000	10,100	100
Rental Income	-	2,000	2,000	-
Interest Income	18,200	18,200	42,064	23,864
Total Budgetary Revenues	1,920,546	2,037,719	2,097,189	59,470
BUDGETARY EXPENDITURES:				
General Expenditures:				
Capital Outlay	168,100	386,401	361,062	25,339
Community Education	2,000	3,000	1,730	1,270
County Treasurer Fees and Abatements	56,907	48,819	56,521	(7,702)
Dispatch and Intergovernmental Support	136,940	98,800	117,176	(18,376)
Dues and Subscriptions	2,500	2,500	2,621	(121)
Employee Benefits	184,822	247,218	172,459	74,759
Fleet – Gas and Oil	9,887	9,887	20,828	(10,941)
Insurance	49,310	49,310	47,707	1,603
Miscellaneous Administrative	37,324	33,022	30,156	2,866
Office Expense	20,300	12,200	11,643	557
Payroll Taxes	23,010	19,882	16,927	2,955
Pension Contributions – FPPA	82,269	106,593	87,153	19,440
Professional Services	53,760	63,300	40,497	22,803
Protective Clothing, Uniforms and Tools	56,974	43,895	30,850	13,045
Repairs and Maintenance – Building	13,269	26,360	8,354	18,006
Repairs and Maintenance – Equipment	46,775	70,447	19,476	50,971
Salaries and Benefits	857,935	970,702	839,762	130,940
Telecommunications	15,420	14,000	12,096	1,904
Training, Travel and Meals	36,774	36,774	10,704	26,070
Utilities	11,822	11,822	13,498	(1,676)
Volunteer Incentives/Reimbursements	20,500	35,500	13,358	22,142
Volunteer Pension Contributions – FPPA	23,000	23,000	22,704	296
Total Budgetary Expenditures	1,909,598	2,313,432	1,937,282	376,150
Excess of Budgetary Revenues Over (Under) Budgetary Expenditures	10,948	(275,713)	159,907	435,620
Fund Balance – Beginning of Year	1,686,342	1,686,342	2,563,716	877,374
Fund Balance – End of Year	$ 1,697,290	$ 1,410,629	$ 2,723,623	$ 1,312,994

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

GYPSUM FIRE PROTECTION DISTRICT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY/(ASSET)
AND RELATED RATIOS
FIRE AND POLICE PENSION ASSOCIATION OF COLORADO
Last 10 Fiscal Years *

Measurement Period End December 31,

Employer Plan:	2021	2020	2019
District's Portion of the Net Pension (Asset)/ Liability	.067528%	.065319%	.0688708%
District's Proportionate Share of the (Asset)/ Liability	$ (365,956)	$ (141,809)	$ (38,951)
District's Covered Payroll	714,368	543,612	507,600
District's Proportionate Share of the net Pension (Asset)/ Liability as a Percentage of Covered Payroll	(51) %	(26) %	(8) %
Plan Fiduciary Net Position as a Percentage of the Total Pension (Asset)/ Liability	116.20%	106.7%	101.9%

Volunteer Plan:

	2021	2020	2019
Total Pension Liability			
Service Cost	$ 4,395	$ 4,869	$ 4,869
Interest on Total Pension Liability	67,724	68,578	68,622
Benefit Charges	-	-	-
Diff between Expected and Actual Experience	-	(12,845)	-
Changes of Assumptions	-	-	-
Benefit Payments	(72,000)	(73,138)	(75,063)
Net Change in Total Pension Liability	119	(12,536)	(1,572)
Total Pension Liability - Beginning	1,000,712	1,013,248	1,014,820
Total Pension Liability – Ending (A)	$ 1,000,831	$ 1,000,712	$ 1,013,248
Plan Fiduciary Net Position			
Employer Contributions	$ 22,704	$ 22,704	$ 22,704
Pension Plan Net Investment Income	101,426	79,500	86,529
Benefit Payments	(72,000)	(73,138)	(75,063)
Pension Plan Administrative Expense	(6,323)	(5,026)	(6,599)
State of Colorado Suppl. Discretionary Payments	28,800	-	14,400
Net Change in Fiduciary Net Position	74,607	24,040	41,971
Plan Fiduciary Net Position – Beginning	695,709	671,669	629,698
Plan Fiduciary Net Position – Ending (B)	$ 770,316	$ 695,709	$ 671,669
Net Pension Liability – Ending (A) – (B)	$ 230,515	$ 305,003	$ 341,579
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	76.97%	69.52%	66.29%

*The amounts presented for each fiscal year were determined as of calendar year-end that occurred one year prior. Information is only available beginning in fiscal year 2015.

Notes to the Schedule of Employer's Net Position Liability for the Year Ended December 31, 2021:

NOTE 1- Changes of Assumptions
No changes in assumptions during the year presented.

NOTE 2- Changes of Benefit Terms
No changes during the years presented.

NOTE 3- Changes of Size or Composition of Population Covered by Benefit Terms
No changes during the years presented above.

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

2018	2017	2016	2015
.071747%	.62193%	.051518%	.52037%
$ 90,707	$ (89,475)	$ 18,616	$ (917)
480,600	363,792	263,666	252,256
19%	(24) %	7%	(.03) %
95.2%	106.3%	98.21%	100.10%
$ 8,379	$ 8,379	$ 8,074	$ 8,074
65,168	64,658	61,564	60,639
-	-	-	-
68,122	-	10,389	-
44,099	-	21,036	-
(70,200)	(62,420)	(57,595)	(55,200)
115,568	10,617	43,468	13,513
899,252	888,635	845,167	831,654
$ 1,014,820	$ 899,252	$ 888,635	$ 845,167
$ 22,704	$ 22,704	$ 13,280	$ 35,977
35	87,184	31,589	10,794
(70,200)	(62,420)	(57,595)	(55,200)
(6,023)	(5,900)	(1,222)	(2,296)
14,400	11,952	14,400	14,400
(39,084)	53,520	452	3,675
668,782	615,262	614,810	611,135
$ 629,698	$ 668,782	$ 615,262	$ 614,810
$ 385,122	$ 230,470	$ 273,373	$ 230,357
62.05%	74.37%	72.74%	72.74%

GYPSUM FIRE PROTECTION DISTRICT
SCHEDULE OF EMPLOYER'S CONTRIBUTIONS
FIRE AND POLICE PENSION ASSOCIATION OF COLORADO
Last 10 Fiscal Years *

Employer Plan:	2022	2021	2020
Contractually Required Contribution	$ 64,293	$ 46,207	$ 41,972
Contributions in Relation to Contractually Required Payment	(64,293)	(46,207)	(41,972)
Contribution Deficiency (Excess)	$ -	$ -	$ -
District's Covered Payroll	714,368	543,612	524,650
Contributions as a Percentage of Covered Payroll	9%	8.5%	8%

Volunteer Plan:	2022	2021	2020
Actuarially Determined Contribution	$ 37,104	$ 43,373	$ 43,733
Actual Contribution, Including State of Colorado Discretionary Payment	41,593	51,504	22,704
Contribution Deficiency (Excess)	$ (4,489)	$ (7,771)	$ 21,029

Notes to the Schedule of Employer's Net Position Liability for the Year Ended December 31, 2022:

NOTE 1- *Changes of Assumptions*
No changes during the years presented.

NOTE 2- *Changes of Benefit Terms*
No changes during the years presented.

NOTE 3- *Changes of Size or Composition of Population Covered by Benefit Terms*
No changes during the years presented above.

NOTE 4- *Actual Contribution, Including State of Colorado*
Discretionary payment totaled $14,400 for the Volunteer Plan.

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

2019	2018	2017	2016	2015
$ 40,608	$ 38,448	$ 29,103	$ 21,093	$ 20,181
(40,608)	(38,448)	(29,103)	(21,093)	(20,181)
$ -	$ -	$ -	$ -	$ -
507,600	480,600	363,792	263,666	252,266
8%	8%	8%	8%	8%

2019	2018	2017	2016	2015
$ 34,096	$ 34,096	$ 34,646	$ 27,680	$ 50,377
37,104	37,104	34,646	27,680	50,377
$ (3,008)	$ (3,008)	$ -	$ -	$ -

SUPPLEMENTARY INFORMATION

GYPSUM FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
December 31, 2022

	CAPITAL PROJECTS FUND			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
BUDGETARY REVENUES:				
General Revenues:				
Impact Fees	$ 16,313	$ 16,313	$ 127,614	$ 111,301
Interest Income	707	707	1,856	1,149
Total Budgetary Revenues	17,020	17,020	129,470	112,450
BUDGETARY EXPENDITURES:				
General Expenditures:				
Collection Fees	500	500	-	500
Debt Service:				
Principal	53,027	53,027	66,995	(13,968)
Interest	42,638	42,638	26,996	15,642
Total Budgetary Expenditures	96,165	96,165	93,991	2,174
Excess of Budgetary Revenues Over (Under) Budgetary Expenditures	(79,145)	(79,145)	35,479	114,624
Fund Balance – Beginning of Year	480,624	480,624	483,110	2,486
Fund Balance – End of Year	$ 401,479	$ 401,479	$ 518,589	$ 117,110

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