



TRI-LAKES MONUMENT FIRE PROTECTION DISTRICT

Excellence Integrity Loyalty Respect Service

TRI-LAKES MONUMENT FIRE PROTECTION DISTRICT

FINANCIAL STATEMENTS

AND

REQUIRED SUPPLEMENTARY INFORMATION

WITH

INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2021

ERICKSON, BROWN & KLOSTER, LLC
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Tri-Lakes Monument Fire Protection District
Monument, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Tri-Lakes Monument Fire Protection District (District) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of December 31, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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INDEPENDENT AUDITORS' REPORT – CONTINUED

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Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the Schedule of the District's Proportionate Share of the Net Pension Liability/(Asset), and the Schedule of Employer Contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing

INDEPENDENT AUDITORS' REPORT – CONTINUED

PAGE 3

standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Erickson, Brown & Kloster, LLC

Colorado Springs, Colorado
June 22, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

About our District

The Tri-Lakes Monument Fire Protection District (District) is a career fire department, serving approximately 41,000 residents across 52 square miles in northern El Paso County. An elected, seven-member board of directors is responsible for governing the District and providing strategic guidance and fiscal oversight of the District. There are three fire stations manned 24/7 services, 365 days per year, along with the necessary fire apparatus to support the emergency services in the community.

The District is pleased to provide this narrative discussion and analysis of the financial activities of the District for the calendar year ending December 31, 2021. The District discusses the financial performance within the context of the accompanying financial statements and disclosures following this section.

Overview of the Financial Statements

This **Management Discussion and Analysis** document introduces the District's basic financial statements which include: 1) Statement of Net Position; 2) Statement of Activities; 3) Balance Sheet – General Fund; 4) Reconciliation of the Balance Sheet – General Fund to the Statement of Net Position; 5) Statement of Revenues, Expenditures and Changes in Fund Balance; 6) Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balance of the Governmental Fund to the Statement of Activities; and 7) Notes to the Financial Statements.

The financial statements referenced above and the footnotes to the financial statements begin on page 3 and end on page 28. The Required Supplementary Information, *Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (non-GAAP basis) to Actual*, *Schedule of the District's Proportionate Share of the Net Pension (Asset)/Liability Fire Police Statewide Defined Benefit Plan*, and the *Schedule of Employer Contributions* on pages 29-31 provide information about the District's financial position as of December 31, 2021, its results of operations, information comparing actual revenues and expenditures with budgeted revenue and expenditures for the year, and information about the District's defined benefit pension plan.

The **Statement of Net Position** includes all of the District's assets and liabilities and provides information about the nature and amounts of investments in assets and the obligations to the District creditors. It also provides the basis for computing the rate of return, evaluates the capital structure of the District, and assesses the liquidity and financial flexibility of the District.

The **Statement of Activities** provides information about the components – Program Expenses, Program Revenue, General Revenues – of the District's annual operating activities and how those activities affected Net Position.

The **Balance Sheet – Governmental Fund – General Fund** presents the financial position of the District's funds using the traditional government modified accrual method of accounting, which does not reflect capital assets and debt obligations.

Overview of the Financial Statements - Continued

The Statement of Revenues, Expenditures, and Changes in Fund Balance – General Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, generally only current assets and current liabilities are included on the balance sheet. This method approximates the reporting on a cash basis and closely follows the budgetary method.

The reconciliations, which accompany these governmental fund statements, provide explanations of the specific differences in these statements as compared to the Statement of Net Position and the Statement of Activities.

The **Notes to Financial Statements** provide additional, required disclosures about the District, its accounting policies and practices, its financial position and operating activities, and other required information. The information included in these notes is essential to a full understanding of the information contained in the financial statements.

The **Budgetary Comparison Schedule** provides information comparing budgeted revenue and expenditure activities with the actual revenue and expenditure activities. When applicable, the schedule will include a comparison of the originally approved budget with the final amended budget.

Financial Highlights

The District receives revenue from three primary sources:

- The District provides rescue and emergency medical services.
- Property taxes are collected and disbursed by the El Paso County Treasurer's Office. The levies are certified to the Assessor and the Colorado Property Tax Administrator by the Board of County Commissioners. The Board of County Commissioners authorizes the Assessor to extend the levies on property as assessed. The District is a constituted taxing authority.
- Specific ownership taxes are collected and disbursed by the El Paso County Treasurer's Office.

Secondary sources of revenue are:

- Impact fees
- Inspections
- State/federal grants
- Investment income

Major disbursements are the normal operating expenses of delivering personnel services and benefits for services. These disbursements are detailed in the financial statements.

Financial Highlights - Continued

- The District's assets exceeded its liabilities by \$15,512,629 (net position) for the calendar year 2021. At the close of 2020, the assets exceeded liabilities by \$13,123,464 (net position). Approximately 34% of the District's net position represent net investment in capital assets. The District uses these capital assets to provide services and generate revenues for this fund.
- Net investment in capital assets of \$5,302,450, is calculated by taking property and equipment at cost, less the accumulated depreciation, less any outstanding debt used towards the purchase or construction of capital assets.
- The total net position of the District increased by \$2,389,165 during 2021 and increased by \$2,847,002 during 2020.
- Total net position is comprised of the following classifications:
 - (1) As of December 31, 2021, the net position includes an emergency reserve of \$366,000, representing approximately 3% of expenditures and impact fees restricted for capital improvements of \$1,265,519 for a total restricted net position of \$1,631,519.
 - (2) As of December 31, 2021 and 2020, the District has unrestricted net position of \$8,578,660 and \$8,141,446, respectively.

STATEMENT OF NET POSITION – GENERAL FUND

The statement of net position conveys the financial health of the District and includes all assets, liabilities and deferred inflow of resources, both financial and capital. The statement of net position uses the accrual basis of accounting.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) Tri-Lakes Monument Fire Protection District, Colorado for the Year Ended December 31, 2021

STATEMENT OF NET POSITION – GENERAL FUND - Continued

Condensed comparative statements of net position and comments relating to significant changes follow:

	<u>2021</u>	<u>2020</u>	<u>Change</u>
Assets			
Other Assets	\$ 20,386,855	\$ 18,025,574	\$ 2,361,281
Net Pension Asset	1,206,896	320,207	886,689
Capital Assets	6,969,337	5,465,620	1,503,717
Total Assets	<u>28,563,088</u>	<u>23,811,401</u>	<u>4,751,687</u>
Deferred Outflows of Resources	<u>1,930,473</u>	<u>2,048,860</u>	<u>(118,387)</u>
Total Assets and Deferred Outflows	<u>\$ 30,493,561</u>	<u>\$ 25,860,261</u>	<u>\$ 4,633,300</u>
Liabilities			
Current Liabilities	\$ 819,173	\$ 734,592	\$ 84,581
Net Pension Liability	-	-	-
Other Noncurrent Liabilities	2,043,124	2,147,729	(104,605)
Total Liabilities	<u>2,862,297</u>	<u>2,882,321</u>	<u>(20,024)</u>
Deferred Inflows of Resources	<u>12,118,635</u>	<u>9,854,476</u>	<u>2,264,159</u>
Net Position			
Net Investment in Capital Assets	5,302,450	3,626,860	1,675,590
Restricted	1,631,519	1,355,158	276,361
Unrestricted	8,578,660	8,141,446	437,214
Total Net Position	<u>15,512,629</u>	<u>13,123,464</u>	<u>2,389,165</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 30,493,561</u>	<u>\$ 25,860,261</u>	<u>\$ 4,633,300</u>

Assets

Other assets increased primarily due to a large increase in the El Paso County Assessor's assessed District value for 2022 compared to the assessed District value for 2021. Net pension asset increased due to changes in actuarial assumptions. The net pension asset was measured as of December 31, 2021, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. Capital assets increased due to the remodel and improvement of the Station 1 building.

Liabilities

Other Noncurrent Liabilities decreased due to payment on debt.

Net Position

The increase in total net position of approximately \$2.4 million is a result of the District's revenue over expenses.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) Tri-Lakes Monument Fire Protection District, Colorado for the Year Ended December 31, 2021

STATEMENT OF ACTIVITIES

Condensed comparative statements and comments relating to significant changes:

	<u>2021</u>		<u>2020</u>		<u>Change</u>
Revenues					
Program Revenues					
Charges for Services	\$ 1,388,156	12%	\$ 1,216,305	11%	\$ 171,851
Capital Grants and Contributions	3,254	0%	4,704	0%	(1,450)
Total Program Revenues	<u>1,391,410</u>	12%	<u>1,221,009</u>	11%	<u>170,401</u>
General Revenues					
Taxes	10,334,974	86%	10,092,284	87%	242,690
Impact Fees	213,914	2%	157,731	1%	56,183
Investment Earnings	24,353	0%	22,417	0%	1,936
Gain on Disposal of Capital Assets	-	0%	47,113	0%	(47,113)
Miscellaneous	4,129	0%	41,256	0%	(37,127)
Total General Revenues	<u>10,577,370</u>	88%	<u>10,360,801</u>	89%	<u>216,569</u>
Total Revenues	<u>11,968,780</u>		<u>11,581,810</u>		<u>386,970</u>
Expenses					
Personnel Services	7,152,204	75%	6,618,285	76%	533,919
Administration	537,680	6%	597,243	7%	(59,563)
Buildings	139,222	1%	116,734	1%	22,488
Communications	192,181	2%	126,635	1%	65,546
Fire Prevention	12,223	0%	3,434	0%	8,789
Firefighting Equipment	112,509	1%	77,531	1%	34,978
Medical Equipment	88,128	1%	65,926	1%	22,202
Training and Education	79,038	1%	74,090	1%	4,948
Uniforms	33,454	0%	32,419	0%	1,035
Utilities	53,999	1%	45,539	1%	8,460
Vehicles	190,389	2%	142,625	2%	47,764
Depreciation	628,865	7%	670,119	8%	(41,254)
Loss on Disposal of Capital Assets	256,009	3%	-	0%	256,009
Miscellaneous Equipment	34,090	0%	106,040	1%	(71,950)
Interest	69,624	1%	58,188	1%	11,436
Total Expenses	<u>9,579,615</u>		<u>8,734,808</u>		<u>844,807</u>
Change in Net Position	2,389,165		2,847,002		<u>\$ (457,837)</u>
Net Position Beginning of Year	<u>13,123,464</u>		<u>10,276,462</u>		
Net Position End of Year	<u>\$ 15,512,629</u>		<u>\$ 13,123,464</u>		

Revenues

The District operations are funded by a combination of tax collections and program fees. Program revenues increased due to a combination of increased ambulance fees, increased wildland deployment revenue and a decrease in capital grants and contributions. General revenues increased due to an increase in Property Taxes and an increase in assessed property values which resulted in increased specific ownership tax.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) Tri-Lakes Monument Fire Protection District, Colorado for the Year Ended December 31, 2021

Expenses

Expenses increased primarily due to wages increases, and loss on disposal of capital assets. Salaries and benefits represent approximately 75% of total expenditures. For the year ended December 31, 2021, the District's revenues exceeded expenses by \$2,389,165, increasing the net position to \$15,123,464.

Budget Comparison

The 2021 budget was not amended. A comparison of the final budget and actual income statement follows:

	Original and Final Budget	Actual Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Tax Receipts	\$ 10,147,897	\$ 10,334,974	\$ 187,077
Operating Revenue	1,134,250	1,302,404	168,154
Interest	20,000	24,353	4,353
Miscellaneous Revenue	137,500	237,448	99,948
Total Revenues	11,439,647	11,899,179	459,532
Expenses			
Wages	5,745,948	5,755,118	(9,170)
Benefits	1,483,450	1,313,361	170,089
Administration	591,731	468,398	123,333
Buildings	139,364	139,222	142
Communications	234,700	192,181	42,519
Fire Prevention	15,000	12,223	2,777
Operational Equipment	261,500	234,091	27,409
Training and Education	118,975	79,038	39,937
Utilities	49,300	53,999	(4,699)
Vehicles	179,750	190,389	(10,639)
Miscellaneous Equipment	-	34,090	(34,090)
Capital Outlay	3,048,000	2,418,591	629,409
Debt Services	291,202	245,459	45,743
Impact Fee Refunds	125,000	-	125,000
General Fund Balance Reserve	(844,273)	-	(844,273)
Total Expenditures	11,439,647	11,136,160	303,487
Revenues over Expenditures (Non-GAAP Basis)	\$ -	\$ 763,019	\$ 763,019

District revenues exceeded budgeted by \$459,532 due to an increase in specific ownership and property taxes, ambulance revenue, and impact fees. Expenditures were less than budgeted by \$303,487.

Capital Asset and Long-term Debt Activity

The District's long-term debt is positive as all debt will be paid off by 2030. The District is also managing to put away savings for future capital purchases; something it has not been able to do in the past. Lastly, the District is evaluating the need for new fire stations. It is expected that any new planned debt that may be needed for any new fire stations will have community engagement and support before any plans are implemented.

Economic Conditions Affecting the District

A few issues will affect the District's financial position over the next few years.

1. The District is currently experiencing record growth in single-family housing quantities and market pricing which will enhance revenues. There are some predictions that the housing market boom will begin to subside over the next few years. If the trend is just quantity, only growth of District revenues would slow down. However, if market value is also affected negatively, this would affect District revenues negatively. At the time of the audit in early 2022, the county was still experiencing effects from the COVID virus which is still difficult to tell if there will be any long-term economic impacts as a result of this.
2. The Gallagher Amendment reduced property tax assessment values by 9% (7.96% to 7.2%). For the 2020 budget year, the residential assessment rate was 7.15%. The District passed a de-Gallaghering initiative in 2019 which allows the Board to raise its mill levy by an amount that offsets the lost revenue from the reduced RAR. Eventually, if growth does not offset any future Gallagher-induced reductions, this next amendment implementation would reduce tax revenues if the Board chose to not exercise its full de-Gallaghering option.
3. While growth continues within the District, the county has yet to approve an impact fee on building in the unincorporated areas. It is unknown what the future of this collection possibility will be.
4. El Paso County's ambulance contract has been extended to the end of 2025. The ambulance contract provides EMS services to fire districts that do not have their own EMS transport service unlike the District. It's possible that in the near future, the District may be asked to assist other fire districts with the provision of EMS service into their jurisdictions. This would translate to higher EMS-related revenues and expenses including the possibility of an additional staffed ambulance.
5. Significant commercial growth is currently in the planning stages for the District's coverage area. If this continues, there could be significant growing revenue coming to the District over the next few years.
6. Possible organizational consolidations which could affect District revenues/expenses are consistently talked about as future possibilities.

Contacting the District's Financial Management

This financial report provides a general overview of the District's finances, comply with finance-related laws and regulations, and demonstrate the District's commitment to public accountability. Any questions about this report or if additional information is required, contact the Fire Chief Andy Kovacs at akovacs@tlmfire.org.

FINANCIAL STATEMENTS

TRI-LAKES MONUMENT FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2021

Assets

Current Assets

Cash and Cash Equivalents	\$ 6,062,868
Cash Held by Treasurer	85,894
Total Cash and Cash Equivalents	6,148,762
Investments	1,501,683
Receivables	
Accounts Receivable	165,389
Ambulance Receivable, Net of Allowance	343,110
Property Tax Receivable	10,805,474
Total Receivables, Net	11,313,973
Prepaid Expenses and Deposits	156,918
Total Current Assets	19,121,336

Noncurrent Assets

Cash - Restricted	1,265,519
Net Pension Asset	1,206,896
Capital Assets, Net of Accumulated Depreciation	6,969,337
Total Noncurrent Assets	9,441,752

Total Assets

28,563,088

Deferred Outflows of Resources

Pension	1,930,473
	1,930,473

Liabilities

Current Liabilities

Accounts Payable	173,548
Accrued Interest	37,792
Accrued Salaries	210,350
Compensated Absences	226,155
Current Capital Lease Payable	178,258
Total Current Liabilities	826,103

Noncurrent Liabilities

Accrued Liabilities (Impact Fees)	166,893
Compensated Absences	380,672
Capital Lease Payable	1,488,629
Total Noncurrent Liabilities	2,036,194

Total Liabilities

2,862,297

Deferred Inflows of Resources

Property Tax	10,805,474
Pension	1,313,161
Total Deferred Inflows of Resources	12,118,635

Net Position

Net Investment in Capital Assets	5,302,450
Restricted	1,631,519
Unrestricted	8,578,660
Total Net Position	\$ 15,512,629

See Notes to Financial Statements

TRI-LAKES MONUMENT FIRE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

	Governmental Activities
Program Expenses	
Wages	\$ 5,841,648
Benefits	1,310,556
Administration	537,680
Buildings	139,222
Communications	192,181
Fire Prevention	12,223
Firefighting Equipment	112,509
Medical Equipment	88,128
Training and Education	79,038
Uniforms	33,454
Utilities	53,999
Vehicles	190,389
Depreciation	628,865
Miscellaneous Equipment	34,090
Interest	69,624
Total Program Expenses	9,323,606
Program Revenue	
Ambulance Fees, Net of Contract Adjustments	1,112,609
Fire Inspection Fees	3,998
Wildland Deployment	271,549
Capital Grants and Contributions	3,254
Total Program Revenue	1,391,410
Net Program Expenses	(7,932,196)
General Revenues (Expenses)	
Property Taxes	9,249,560
Specific Ownership Taxes	1,085,414
Impact Fees	213,914
Investment Earnings	24,353
Loss on Disposal of Capital Assets	(256,009)
Miscellaneous	4,129
Total General Revenues (Expenses)	10,321,361
Change in Net Position	2,389,165
Net Position, Beginning of Year	13,123,464
Net Position, End of Year	\$ 15,512,629

See Notes to Financial Statements

**TRI-LAKES MONUMENT FIRE PROTECTION DISTRICT
BALANCE SHEET - GOVERNMENTAL FUND - GENERAL FUND
DECEMBER 31, 2021**

Assets

Cash and Cash Equivalents	\$	6,062,868
Cash Held by Treasurer		85,894
Cash - Restricted		1,265,519
Total Cash, Cash Equivalents, and Restricted Cash		7,414,281
Investments		1,501,683
Receivables		
Accounts Receivable		165,389
Ambulance Receivable, Net of Allowance		343,110
Property Tax Receivable		10,805,474
Total Receivables, Net		11,313,973
Prepaid Expenses and Deposits		156,918
Total Assets	\$	20,386,855

Liabilities and Fund Balance

Liabilities		
Accounts Payable	\$	173,548
Accrued Salaries		210,350
Total Liabilities		383,898
Deferred Inflows of Resources		
Unearned Revenue		10,805,474
Total Deferred Inflows of Resources		10,805,474
Fund Balance		
Nonspendable		156,918
Restricted		1,631,519
Unassigned		7,409,046
Total Fund Balance		9,197,483
Total Liabilities and Fund Balance	\$	20,386,855

**TRI-LAKES MONUMENT FIRE PROTECTION DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUND -
GENERAL FUND TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2021**

Reconciliation to Statement of Net Position

Total Fund Balance - Governmental Fund	\$	9,197,483
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The net pension asset and related deferred items are not available for current period expenditures and are therefore not reported in the fund.

Net Pension Asset		1,206,896
Deferred Outflows of Resources - Pension		1,930,473
Deferred Inflows of Resources - Pension		(1,313,161)

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund.

Cost		11,062,876
Accumulated Depreciation		(4,093,539)

Liabilities not due and payable in the current period are not reported in the governmental fund, but are reported in the statement of net position.

Accrued Liabilities		(166,893)
Accrued Interest		(37,792)
Capital Leases Payable		(1,666,887)
Compensated Absences		(606,827)

Total Net Position of Governmental Activities	\$	15,512,629
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TRI-LAKES MONUMENT FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
YEAR ENDED DECEMBER 31, 2021

	Governmental Activities
Revenues	
Charges for Services	
Ambulance Fees, Net of Contract Adjustments	\$ 1,112,609
Fire Inspection Fees	3,998
Wildland Deployment	271,549
Total Charges for Services	1,388,156
Property Taxes	9,249,560
Specific Ownership Taxes	1,085,414
Impact Fees	213,914
Proceeds from Sale of Capital Assets	30,000
Investment Earnings	24,353
Capital Grants and Contributions	3,254
Miscellaneous	4,129
Total Revenues	11,998,780
Expenditures	
Current	
Wages	5,774,379
Benefits	1,379,172
Administration	537,680
Buildings	139,222
Communications	192,181
Fire Prevention	12,223
Firefighting Equipment	112,509
Medical Equipment	88,128
Training and Education	79,038
Uniforms	33,454
Utilities	53,999
Vehicles	190,389
Miscellaneous Equipment	34,090
Capital Outlay	2,418,592
Debt Service	
Principal	171,873
Interest	73,586
Total Debt Service	245,459
Total Expenditures	11,290,515
Change in Fund Balance	708,265
Fund Balance, Beginning of Year	8,489,218
Fund Balance, End of Year	\$ 9,197,483

See Notes to Financial Statements

**TRI-LAKES MONUMENT FIRE PROTECTION DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

Net Change in Fund Balance - Governmental Fund	\$	708,265
Amounts reported for governmental activities in the statement of activities are different because:		
current financial resources and, therefore, are not reported as expenditures in governmental funds.		68,616
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense in the current period.		
Depreciation Expense		(628,865)
Gain on Disposal of Capital Assets		(256,009)
Capital Outlay		2,418,592
Proceeds on Sale of Capital Assets		(30,000)
Contingent impact fee refunds reported in the statement of activities do not require the use of current financial resources, and therefore are not reported in the governmental		
Beginning of Year		166,893
End of Year		(166,893)
Compensated absences reported in the statement of activities do not require the use of current financial resources, and therefore are not reported in the governmental fund.		
Beginning of Year		539,558
End of Year		(606,827)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position in the government-wide statements. This amount is the net effect of these differences.		
Payment of Principal on Capital Leases		171,873
Interest expense on capital lease obligations in the statement of activities differs from the amount reported in the governmental funds because interest expense is recognized as an expenditure in the funds when it is due. In the statement of activities, interest expense is recognized as it accrues regardless of when it is due. The additional interest expense reported in the statement of activities is the result of decreased accrued interest on capital leases.		
		3,962
Change in Net Position of Governmental Activities	\$	2,389,165

See Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS

TRI-LAKES MONUMENT FIRE PROTECTION DISTRICT NOTES TO FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - The Tri-Lakes Monument Fire Protection District provides fire protection and prevention, hazardous material response, and emergency medical and rescue services within the respective territorial limits of the two former fire districts described below.

The Tri-Lakes Monument Fire Authority (Authority) was formed and effective as of January 1, 2005, as a separate legal entity under Section 29-1-203, Colorado Revised Statutes (CRS). The Authority was established through an “Intergovernmental Fire District Establishment Agreement” between the Woodmoor/Monument Fire District and the Tri-Lakes Fire Protection District. Each of these districts formerly provided fire and rescue services to its respective area.

On October 2, 2007, the voters of the Woodmoor/Monument Fire Protection District approved a plan to dissolve the Woodmoor/Monument Fire Protection District, effectively dissolving the Tri-Lakes Monument Fire Authority as well. On January 1, 2008, Tri-Lakes Fire Protection District was the only remaining legal entity and formally changed its name to the Tri-Lakes Monument Fire Protection District (District).

A seven-member Board of Directors governs the District. The District may:

- levy property taxes.
- enter into contracts.
- set and collect fees and charges.
- provide all services that a title 32 fire protection district may provide.
- hold title to property.
- sue and be sued.
- incur debt as permitted by state statute.

The District follows Governmental Accounting Standards Board (GASB) pronouncements that provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency. The District has no component units and has not included any component units within its reporting entity. The District is not a component of any other primary governmental entity.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governments. GASB is the accepted standard-setting body for governmental accounting and financial reporting.

Government-Wide and Fund Financial Statements

The District's basic financial statements consist of government-wide financial statements and fund financial statements.

**TRI-LAKES MONUMENT FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Government-wide Financial Statements - The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial information of the primary government. The statement of net position presents the financial condition of the governmental activities at year-end. The statement of activities presents a comparison between direct expenses and the program revenues for each program or function of the District's governmental activities. Program expenses are those that are specifically associated with a service, program, or department, and therefore, are clearly identifiable to a particular function. Program revenues include charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment. Other items not properly included among program revenues are reported instead as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements - During the year, the District segregates transactions related to certain district functions or activities in the governmental fund in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at a more detailed level.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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 when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

General Fund Financial Statements - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, generally only current assets and current liabilities are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

This reporting approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

**TRI-LAKES MONUMENT FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fund Accounting - The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other assets together with all related liabilities, obligations, reserves, and fund balances, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The District is a single fund entity, and all fund activity is conducted through the General Fund.

Governmental Funds - Governmental funds are those through which most governmental functions are typically financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

The District Reports the Following Major Governmental Fund:

General Fund -The General Fund is the operating fund used to account for all financial resources of the District. The General Fund balance is available to the District for any purpose, provided it is expended or transferred according to the general laws of Colorado and the bylaws of the District.

Revenues - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available.

Non-exchange transactions, in which the District receives value without directly giving value in return, include property taxes, grants, and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include: 1) timing requirements, which specify the year when the resource is required to be used, or the fiscal year when use is first permitted, 2) matching requirements, in which the District must provide local resources to be used for a specific purpose, and 3) expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized.

Property Tax Revenue - Property taxes are reported as a receivable and a deferred inflow of resources when the levy is certified and as revenue when due for collection in the subsequent year. Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the El Paso County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of December 31 of each year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or, if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally, sales of the

**TRI-LAKES MONUMENT FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

tax liens on delinquent properties are normally held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflow of resources in the year they are levied and measurable. The deferred inflow of resources is recorded as revenue in the year it is available or collected.

Expenses/Expenditures - On an accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Fund Balances - The General Fund reports fund balance classifications based primarily on the extent to which the District is bound to honor constraints on the specific purposes for the funds. Fund balances for the District's General Fund consists of the following classifications.

Non-spendable - includes amounts that (a) are not in spendable form or (b) legally or contractually required. The "not in spendable form" criterion includes items that are not expected to be converted to cash such as inventories, prepaid items, and long-term notes receivable.

Restricted - includes amounts that are restricted for specific purposes stipulated by external resource providers constitutionally or through enabling legislation.

Committed - includes amounts segregated for the specific purposes determined by the passage of a resolution of the District's board directors. Modification or changes to these commitments require approval through the District's board by resolution.

Assigned - includes amounts segregated by District's board of directors through their communications with management as to the intended use of segregated funds. Assigned funds are not legally restricted, nor committed by official board resolution, but are assigned based on management's understanding of the intended use of the funds.

Unassigned - this is the residual classification for any other funds not considered segregated by law, contractual obligation, board resolution or intent.

In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications, fund balance is reduced in the order of restricted, committed, assigned, and unassigned.

Net position classification in the Government Wide financial statements are as follows:

Net Investment in Capital Assets – this classification consists of capital assets net of accumulated depreciation, reduced by any outstanding debt attributed to the acquisition, construction, or improvement of the capital assets.

**TRI-LAKES MONUMENT FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Restricted Net Position - this classification consists of restrictions created by external creditors, grantors, contributors, laws or regulations of the other governments, enabling legislation and constitutional provisions.

Unrestricted Net Position - This classification represents the residual funds balances not classified in of the two categories above.

Budget Accounting - Budgets are prepared in accordance with the requirements of CRS - (29-1-103) and accordingly include "anticipated income and other means of financing proposed expenditures", and expenditures include, in addition to those shown in the operating statements, debt redemptions and capital expenditures.

The District adheres to the following procedures in establishing the budgetary data reflected in the financial statements. The District is required to adopt an annual operating budget. The budget is adopted on the cash basis of accounting, which is a non-GAAP basis.

- A. State law for all funds requires budgets. During September, the proposed budget is submitted to the Board of Directors by the budget officer for the fiscal year commencing the following January 1. The budget includes proposed expenditures and means of financing them.
- B. Public hearings are conducted by the Directors to obtain taxpayer comments.
- C. Prior to December 31, the budget is adopted, and appropriations made by formal resolution.
- D. Expenditures may not legally exceed appropriations at the fund level. Board approval is required for changes in the total budget of any fund or changes in project or department budgets. Budget amounts included in the financial statements are based on the final, legally amended budget.
- E. Budget appropriations lapse at the end of each year.

Cash, Cash Equivalents - Cash and cash equivalents include amounts in demand deposits, as well as short-term investments with a maturity date within three months of the date acquired by the District.

Investments - Investments for the District are measured at amortized cost or in certain circumstances the value is calculated using the net asset value (NAV) per share, or its equivalent of the investment.

Receivables - Customer receivables represent primarily ambulance charges earned and billed, but not collected. The receivables are reported net of an allowance for doubtful accounts, where applicable.

Capital Assets - Capital assets are reported in the government-wide statements only. All capital assets are capitalized at cost (or estimated historical cost). Donated capital assets are recorded at their fair market values as of the dates received.

**TRI-LAKES MONUMENT FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The District maintains a capitalization threshold of \$5,000. Improvements to capital assets are capitalized, and the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed. All reported capital assets are depreciated, except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the useful lives 3-39 years.

Pensions - For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Fire & Police Statewide Defined Benefit Plan and additions to/deductions from Fire & Police Statewide Defined Benefit Plan's fiduciary net position have been determined on the same basis as they are reported by the Fire & Police Pension Association of Colorado (FPPA). 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.

Compensated Absences - Vacation benefits are accrued as a liability on the government-wide statements as the benefits are earned, if the employees' rights to receive compensation are attributable to services already rendered, and it is probable the employer will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability as the benefits are earned by the employees. Up to 25 percent unused sick leave accruals will be paid, considering length of employment and the reason for separation, and will be paid at a rate of the employee's base pay scale plus longevity.

For the government-wide financial statements, compensatory time benefits are accrued as a liability as the benefits are earned by the employee, subject to certain limitations. For the governmental fund financial statements, compensatory time is only recorded as a liability when due. All compensated absence liabilities include salary-related payments, where applicable.

Accrued Liabilities and Long-Term Obligations - All payables, accrued liabilities, and long-term obligations are reported in the government-wide statements on the statement of net position.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and paid in full, from current financial resources, are reported as obligations of the fund. Long-term liabilities are recognized on the governmental fund financial statements only when due.

Capital Contributions - Contributions of capital in governmental fund financial statements arise from outside contributions of capital assets, from grants or outside contributions of resources restricted to capital acquisition and construction.

Estimates - The preparation of the financial statements, in conformity with GAAP, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**TRI-LAKES MONUMENT FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – CASH AND CASH EQUIVALENTS

Deposits - Colorado State statutes govern the District's cash deposits. The Public Deposit Protection Act (PDPA) for banks and savings and loans requires state regulators to certify eligible depositories for public deposits. PDPA requires eligible depositories with public deposits in excess of the federal insurance levels to create a single institution collateral pool of defined eligible assets. Eligible collateral includes obligations of the United States, obligations of the State of Colorado or local Colorado governments and obligations secured by first lien mortgages on real property located in the state. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the assets in the pool must be at least equal to 102 percent of the uninsured deposits.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of failure of the custodian, the District may not be able to recover the value of deposits that are in the possession of a third party.

At December 31, 2021, the carrying amount of the District's cash balance was \$7,328,387 and the bank balances were \$7,370,391. Of the bank balances, \$500,000 was covered by federal depository insurance and \$6,870,391 falls under the provisions of the PDPA, which is collateralized in single institution pools.

Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. CRS specifies investment instruments meeting defined rating and risk criteria in which the District may invest:

- United States Treasury Obligations
- United States Government Agency and Instrumentality Obligations
- Certificates of Deposits
- Commercial Paper
- Investment-Grade Obligations of The State
- Repurchase Agreements
- Money Market Mutual Funds
- Local Government Investment Pools

Restricted Cash - As of December 31, 2021, \$1,265,519 of cash collected from land development charges (impact fees) was restricted for capital expenditures in a separate, interest-bearing account (see NOTE 12).

NOTE 2 – INVESTMENTS

The District is subject to the provisions of the Colorado Revised statutes 24-75-601, which is titled "Concerning Investments in Securities by Public Entities." Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements. Revenue bonds of local government securities, corporate and bank securities, and guaranteed investment contracts not purchased with bond proceeds are limited to maturities of three years or less.

**TRI-LAKES MONUMENT FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 – INVESTMENTS - Continued

The COLOTRUST PLUS+ is rated AAAM by Standard and Poor’s and the weighted average maturity to reset (WAM)(R) is kept under 60 days.

As of December 31, 2021, the District had the following investments:

Investment	Maturity	Restriction	Amount
COLOTRUST PLUS+	Weighted Average under 60 Days	None	\$ 1,501,683

Certain investments are required to be measured at fair value on a recurring basis and categorized within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure an asset’s fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District’s investments are not categorized within the fair value hierarchy. Instead, the District’s investments are measured at amortized cost or in certain circumstances the value is calculated using the net asset value (NAV) per share, or its equivalent of the investment. These investments include 2a7-like external investment pools and money market investments. The District held investments in COLOTRUST at year-end for which the investment valuations were determined as follows.

COLOTRUST determines the NAV of the shares of each portfolio as of the close of business of each day. The NAV per share of each portfolio is computed by dividing the total value of the securities and other assets of the portfolios, less any liabilities, by the total outstanding shares of the portfolios. Liabilities, which include all expenses and fees of COLOTRUST, are accrued daily. The NAV is calculated at fair value using various inputs in determine value in accordance with FASB guidance. It is the goal of the Trust to maintain a NAV of \$1 per share, however changes in interest rates may affect the fair value of the securities held by COLOTRUST and there can be no assurance that the NAV will not vary from \$1 per share. The investment pool financial statements can be obtained at www.colotrust.com.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable primarily consists of billings for ambulance services and tax revenues. Receivables are recorded on the District's financial statements to the extent that the amounts are determined to be material and substantiated, not only by supporting documentation but also by a reasonable, systematic method of determining their existence, completeness, valuation and collectability. The allowance for uncollectible accounts on ambulance billings at December 31, 2021, was \$630,642, for a net ambulance receivable balance of \$343,110.

**TRI-LAKES MONUMENT FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 4 – CAPITAL ASSETS

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

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Non-depreciable Capital Assets				
Land	\$ 424,060	\$ -	\$ -	\$ 424,060
Depreciable Capital Assets				
Buildings and Improvements	3,981,476	1,806,570	(815,887)	4,972,159
Vehicles	3,303,665	32,900	-	3,336,565
Ambulances	677,484	253,928	(35,897)	895,515
Firefighting Equipment	366,278	325,192	-	691,470
Medical Equipment	300,576	-	-	300,576
Communications Equipment	396,350	-	-	396,350
Specialty Vehicles	46,183	-	-	46,183
Total Depreciable Capital Assets	<u>9,072,012</u>	<u>2,418,590</u>	<u>(851,784)</u>	<u>10,638,818</u>
Accumulated Depreciation				
Buildings and Improvements	1,606,455	192,284	(555,475)	1,243,264
Vehicles	1,485,704	221,248	-	1,706,952
Ambulance	249,511	79,612	(10,301)	318,822
Firefighting Equipment	182,307	61,056	-	243,363
Medical Equipment	150,649	43,858	-	194,507
Communications Equipment	348,514	26,189	-	374,703
Specialty Vehicles	7,312	4,618	-	11,930
Total Accumulated Depreciation	<u>4,030,452</u>	<u>628,865</u>	<u>(565,776)</u>	<u>4,093,541</u>
Total Depreciable Capital Assets, Net	<u>5,041,560</u>	<u>1,789,725</u>	<u>(286,008)</u>	<u>6,545,277</u>
Governmental Activities Capital Assets, Net	<u>\$ 5,465,620</u>	<u>\$ 1,789,725</u>	<u>\$ (286,008)</u>	<u>\$ 6,969,337</u>

Depreciation expense for the year ended December 31, 2021, was \$628,865.

NOTE 5 – LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended December 31, 2021:

Lease-Purchase Option Agreements - The District has issued multiple municipal securities for the purchase and construction of capital assets, structured through lease-purchase financing agreements. The lease-purchase agreements require the annual appropriation of funds sufficient to cover the debt service payments.

**TRI-LAKES MONUMENT FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 – LONG-TERM LIABILITIES - Continued

The lease-purchase agreements are exempt from the provisions of SEC Rule 15c2-12 by reason of the total securities issued being less than \$1 million in aggregate. The lease purchase agreements obtained a right of first lien on all assets, including any improvements. The District has agreed to maintain appropriate liability coverage for the assets purchased and to maintain the assets in good repair. The District is in compliance with all reporting requirements and covenanted terms of the various agreements as of December 31, 2021.

The following is a summary of the capital lease terms:

Lease	Start Date	Interest Rate	Maturity Date	Principal Balance
Pumper Truck Lease	5/11/2018	4.00%	5/11/2028	\$ 427,729
Pumper Truck Lease	1/18/2019	4.75%	1/18/2029	507,743
Office Building Suites	9/14/2020	3.50%	9/14/2030	731,415
Total				<u><u>\$ 1,666,887</u></u>

Capital lease assets acquired and their book value as of December 31, 2021, are as follows:

	Historical Costs	Accumulated Depreciation	Book Value
Vehicles	\$ 2,531,043	\$ (1,236,410)	\$ 1,294,633
Building	1,780,002	(656,868)	1,123,134
	<u><u>\$ 4,311,045</u></u>	<u><u>\$ (1,893,278)</u></u>	<u><u>\$ 2,417,767</u></u>

The following is a summary of the estimated future minimum lease payments for the District's capital leases:

December 31,	Principal	Interest	Total
2022	\$ 178,258	\$ 67,201	\$ 245,459
2023	185,473	59,987	245,460
2024	192,984	52,476	245,460
2025	200,804	44,656	245,460
2026	208,945	36,514	245,459
2027-2030	700,423	60,576	760,999
	<u><u>\$ 1,666,887</u></u>	<u><u>\$ 321,410</u></u>	<u><u>\$ 1,988,297</u></u>

NOTE 6 – OPERATING LEASES

In November 2017, the District began a 5-year lease of office space, with minimum rent for the first year of \$2,960 per month. Monthly payments increase by \$89 each subsequent year. Beginning in January 2018, the District is also obligated to pay the property owner a proportionate share of operating expenses of \$834 per month.

**TRI-LAKES MONUMENT FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 – OPERATING LEASES - Continued

In 2021 the District rented office space and paid for operating expenses for 3 months before buying the office space. The rent and operating expenses due were based on usage of the facilities. Total office space lease expense for the year ended December 31, 2021, was \$46,953.

Future minimum lease payments are:

<u>December 31,</u>	<u>Office Space</u>
2022	\$ 33,165
Total	<u>\$ 33,165</u>

NOTE 7 – FIRE & POLICE STATEWIDE DEFINED BENEFIT PLAN

Plan Description - The Fire & Police Statewide Defined Benefit Plan (Plan) 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. 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 Plan became effective January 1, 1980 and as of December 31, 2020, had 221 participating employer fire and police departments.

Employers once had the option to elect to withdraw from the Plan, but a change in State statutes permitted no further withdrawals after January 1, 1988.

Colorado Revised Statutes Title 31, Article 31 grants the authority to establish and amend the benefit terms to the Fire & Police Pension Association of Colorado Board of Directors. The FPPA issues a publicly available financial report that may be obtained at www.fppaco.org.

Benefits Provided - A member is eligible for a normal retirement pension once the member has completed 25 years of credited service and has attained the age of 55. The annual normal retirement benefit is 2.0 percent of the average of the member’s highest three years’ base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter. Effective January 1, 2021, members with combined age and years of service totaling 80 or more, with a minimum age of 50, will also qualify for a normal retirement pension. 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. Beginning January 1, 2007, members of affiliated social security employers will participate in the FPPA supplemental social security program which will provide benefits equal to 1.0 percent of the average of the member's highest three years base salary for each year of credited service up to ten years plus 1.25 percent for each year thereafter. Benefits paid to retired members and beneficiaries may be increased annually on October 1. The amount is based on the FPPA Board of Director’s discretion and can range from 0 to the higher of 3 percent or the Consumer Price Index.

**TRI-LAKES MONUMENT FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 – FIRE & POLICE STATEWIDE DEFINED BENEFIT PLAN - Continued

In addition, upon retirement a member may receive additional benefits credited to the member's Separate Retirement Account (SRA) each year after January 1, 1988. These are attributable to contributions in excess of the actuarially determined pension cost and the allocation of the net Fire & Police Members' Benefit Investment Fund earnings and losses thereon. Members do not vest in amounts credited to their SRA until retirement or disability, and the Plan may use such stabilization reserve amounts to reduce pension cost in the event such cost exceeds contributions. Members reentering the system have a higher contribution rate. As a result, their SRA has two components: the standard SRA, and the reentry SRA. The reentry SRA cannot be used to subsidize the costs for the non-reentry members. Effective July 1, 2020, the standard SRA contribution rate for members of the Plan was set at 0 percent. The reentry SRA contribution rate was set at 3.80 percent.

A member is eligible for an early retirement after completion of 30 years of service or attainment of age 50 with at least five years of credited service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, an employee may elect to have member contributions, along with 5.0 percent as interest, returned as a lump sum distribution.

Alternatively, a member with at least five years of accredited service may leave contributions with the Plan and remain eligible for a retirement pension at age 55 equal to 2.0 percent of the member's average highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter.

A member may elect to participate in the Deferred Retirement Option Plan (DROP) after reaching eligibility for normal retirement, early retirement, or vested retirement and age 55. A member can continue to work while participating in the DROP but must terminate employment within 5 years of entry into DROP. The member's percentage of retirement benefit is determined at the time of entry into DROP.

The monthly payments that begin at entry into DROP are accumulated in a DROP account until the member terminates service, at which time the DROP accumulated benefits can be paid as periodic installments, a lump sum, or if desired, a member may elect to convert the DROP to a lifetime monthly benefit with survivor benefits. While participating in DROP, the member continues to make pension contributions that are credited to DROP. Effective January 1, 2003, the member shall self-direct the investments of their DROP funds. The DROP balance invested with the asset custodian at December 31, 2020 was \$90,612,444. This amount was not included in the SWDB Plan Net Position.

Contributions - The Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. Contribution rates for this plan are set by State statute. Employer contribution rates can only be amended by State statute. Member contribution rates can be amended by State statute or by election of the membership.

**TRI-LAKES MONUMENT FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 – FIRE & POLICE STATEWIDE DEFINED BENEFIT PLAN – Continued

Members of the Plan and their employers are contributing at the rate of 11.0 percent and 8.0 percent, respectively, of base salary for a total contribution rate of 19.0 percent through 2020. In 2014, the members elected to increase the member contribution rate to the Plan beginning in 2015. Member contribution rates will increase 0.5 percent annually through 2022 to a total of 12.0 percent of base salary, and employer contributions will remain at 8.0 percent through December, 31, 2020. In 2020, legislation was enacted to increase the employer contributions rate to the Plan beginning in 2021. Employer contribution rates will increase 0.5 percent annually through 2030 to a total of 13.0 percent of base salary. These increases result in a combined contribution rate of 25.0 percent in 2030.

Contributions from members and employers of departments reentering the system are established by resolution and approved by the FPPA Board of Directors. The reentry group had a combined contribution rate of 20.0 percent of base salary from 2014 through 2020. Effective January 1, 2021, the continuing rate of contribution for reentry groups is determined for each reentry group and varies. The additional contribution amount is determined locally and may be paid by the member, the employer or split 50/50. Per the 2014 member election, the reentry group also had their required member contribution rate increase 0.5 percent annually beginning in 2015 through 2022. Per the 2020 legislation, the reentry group also had their required employer contribution rate increase 0.5 percent annually beginning in 2021 through 2030. These increases result in a minimum combined contribution rate of 25.0 percent in 2030. In 2020, the total combined member and employer contribution rate was 23.0 percent.

Contributions to the Plan from the District were \$388,983 for the year ended December 31, 2021.

Net Pension Asset - At December 31, 2021, the District reported an asset of \$1,206,896 for its proportionate share of the Plan's net pension asset. The net pension asset was measured as of December 31, 2020, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of January 01, 2021. The District's proportion of the net pension asset was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating departments, actuarially determined. At December 31, 2020, the District's proportion was 0.555917 percent, compared to 0.566174 percent measured as of December 31, 2019.

**TRI-LAKES MONUMENT FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 – FIRE & POLICE STATEWIDE DEFINED BENEFIT PLAN – Continued

Pension expense for the year ended December 31, 2021 was \$324,979. At December 31, 2021, 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
Differences Between Actual and Expected Experience	\$ 1,023,567	\$ 4,800
Changes in Assumptions	513,311	-
Net Difference Between Actual and Projected Earnings on Pension Plan Investments	-	1,239,656
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	-	68,705
District Contributions Subsequent to Measurement Date	393,595	-
Total	\$ 1,930,473	\$ 1,313,161

The \$393,595 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 asset in the year ended December 31, 2021.

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

Years Ended December 31,	Amortization
2021	\$ (144,500)
2022	16,291
2023	(192,267)
2024	18,636
2025	211,787
Thereafter	305,745
	\$ 215,692

**TRI-LAKES MONUMENT FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 – FIRE & POLICE STATEWIDE DEFINED BENEFIT PLAN – Continued

Actuarial Assumptions – The actuarial valuations for the Plan were used to determine the total pension asset and actuarially determined contributions for the measurement year ending December 31, 2020. The valuation used the following actuarial assumption and other inputs:

	Total Pension Liability	Actuarial Determined Contributions
Actuarial Valuation Date	January 01, 2021	January 01, 2020
Actuarial Method	Entry Age Normal	Entry Age Normal
Amortization Method	N/A	Level % of Payroll, Open
Amortization Period	N/A	30 Years
Long-term Investment Rate of Return*	7.0%	7.0%
Projected Salary Increases*	4.25%-11.25%	4.25%-11.25%
Cost of Living Adjustments (COLA)	0%	0%
* Includes Inflation at	2.5%	2.5%

For determining the total pension liability and actuarial 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 scales for all years. The pre-retirement off-duty mortality tables are adjusted to 50% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00015.

At least every five years the FPPA’s Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2018 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the FPPA’s actuaries, Gabriel, Roeder, Smith & Co., based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2019. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

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

**TRI-LAKES MONUMENT FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 – FIRE & POLICE STATEWIDE DEFINED BENEFIT PLAN – Continued

Best estimates of arithmetic real rates of return for each major asset class included in the Fund’s target asset allocation as of December 31, 2020, are summarized in the table below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Global Equity	39%	8.23%
Equity Long/Short	8%	6.87%
Private Markets	26%	10.63%
Fixed Income - Rates	10%	4.01%
Fixed Income - Credit	5%	5.25%
Absolute Return	10%	5.60%
Cash	2%	2.32%
Total	100%	

Discount Rate – The discount rate used to measure the total pension asset was 7.0 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 FPPA Board of Director’s funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the Plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.0 percent; the municipal bond rate is 2.0 percent (based on the weekly rate closest to but not later than the measurement date of the “state and local bonds” rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.0 percent.

**TRI-LAKES MONUMENT FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 – FIRE & POLICE STATEWIDE DEFINED BENEFIT PLAN – Continued

Sensitivity of The District’s Proportionate Share of the Net Pension Asset to Changes in the Discount Rate – The following presents the District’s proportionate share of the net pension asset calculated using a Single Discount Rate of 7.0 percent, as well as what the District’s proportionate share of the net pension asset would be if it were calculated using a Single Discount Rate that is one percentage point lower (6.0 percent), or one percentage-point higher (8.0 percent) than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Collective Net Pension Liability/(Asset)	\$ 218,447,475	\$ (217,100,397)	\$ (577,813,278)
Proportionate Share of Net Pension Liability/(Asset)	\$ 1,214,387	\$ (1,206,898)	\$ (3,212,162)

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

NOTE 8 – SECTION 457 DEFERRED COMPENSATION PLAN

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

Employees may elect to defer any percentage of their annual compensation, provided that the total annual contribution does not exceed limitations established by the Internal Revenue Service. The District does not contribute to the 457 Plan. For the year ended December 31, 2021, employee contributions totaled \$127,418.

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

NOTE 9 – FIRE & POLICE STATEWIDE DEATH & DISABILITY PLAN

Plan Description - The District contributes to Fire & Police Pension Association Statewide Death & Disability Plan (D&D Plan), which is a cost-sharing, multiple-employer, defined benefit death and disability plan administered by the FPPA. The D&D Plan provides death and disability benefits for those new hires employed after January 1, 1997 and their beneficiaries. Title 31, Article 30 of the CRS, as amended, assigns the authority to establish benefit provisions to the state legislature. The FPPA issues a publicly available financial report that may be obtained at www.fppaco.org.

**TRI-LAKES MONUMENT FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 9 – FIRE & POLICE STATEWIDE DEATH & DISABILITY PLAN - Continued

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

Benefits Provided – Benefits are established by Colorado statute.

If a member dies prior to normal retirement eligibility while off-duty, the surviving spouse and/or dependent children shall receive a benefit equal to 40 to 50 percent of the monthly base salary paid to the member prior to death. As of October 15, 2002, if a member dies prior to retirement while on-duty; the surviving spouse and/or dependent children shall receive a benefit equal to 40 to 70 percent of the member's monthly base salary. Benefits will be paid to the spouse until death and to dependent children until age 23, death, marriage or other termination of dependency. Benefits may be extended for an incapacitated child.

A member who becomes disabled prior to normal retirement eligibility shall be eligible for disability benefits. If the member is disabled, the member shall receive 40 to 70 percent of their base salary preceding disability. Benefits are payable for either a maximum of five years or as long as the member remains disabled, depending on the type of disability.

A benefit adjustment of up to 3 percent may be granted to members and spouses by the FPPA Board of Directors annually. Totally disabled members and their beneficiaries receive an automatic benefit adjustment each year of 3 percent. The benefit adjustment is effective October 1. A benefit adjustment may begin after receiving benefits for at least 12 calendar months prior to October 1.

Contributions – Prior to 1997, the D&D Plan was primarily funded by the State of Colorado, whose contributions were established by Colorado statute. In 1997 the State made a one-time contribution of \$39,000,000 to fund past and future service costs for all firefighters and police officers hired prior to January 1, 1997.

Members hired on or after January 1, 1997, began contributing 2.4 percent of base salary to the 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 as of January 1, 2019. Effective January 1, 2021, the contribution rate increased to 3.0 percent of base salary and may be increased 0.2 percent annually by the FPPA Board. This percentage can vary depending on actuarial experience. All contributions are made by members or on behalf of members. The contribution may be paid entirely by the employer or member, or may be split between the employer and the member as determined at the local level. Contributions to the D&D Plan were \$132,240 for the year ended December 31, 2021.

**TRI-LAKES MONUMENT FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 10 – RISK MANAGEMENT

The District maintains third-party coverage related to torts, theft of, damage to and destruction of assets; errors and omissions and natural disasters. There were no significant reductions in insurance coverage from the prior year, and there have been no settlements that exceed the District's insurance coverage during the past three years.

For the year ended December 31, 2021, employees of the District were covered by a health insurance plan. District employees may increase coverage and add dependents to their policies at their expense through payroll deductions. Employees were also covered by dental and vision plans.

NOTE 11 – WORKER'S COMPENSATION COVERAGE

District employees are covered by an insurance plan that provides compensation for each employee of up to \$100,000 for bodily injury by accident, and up to \$500,000 for disease. For the year ended December 31, 2021, the District incurred costs of \$86,001 to provide this coverage.

NOTE 12 – NET POSITION AND FUND BALANCE

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by outstanding debt that is attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2021, the District had net investment in capital assets as follows:

Net Investment in Capital Assets	
Capital Assets, Net of Depreciation	\$ 6,969,337
Less: Capital Lease Obligations	(1,666,887)
Net Investment in Capital Assets	<u><u>\$ 5,302,450</u></u>

A summary of restricted net position and fund balance is as follows:

Restriction	Net Position/ Fund Balance
TABOR Emergency Reserve	\$ 366,000
Impact Fee Capital Improvements	1,265,519
	<u><u>\$ 1,631,519</u></u>

In November 1992, the voters of Colorado approved the Taxpayer's Bill of Rights (TABOR), which added Section 20 to Article X, of the Colorado Constitution. In general, TABOR restricts the ability of the State and local governments to increase revenues and spending, to impose taxes, and to issue debt and certain other types of obligations without voter approval. TABOR generally applies to the State and all local governments, including the District.

**TRI-LAKES MONUMENT FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 12 – RESTRICTED NET POSITION AND FUND BALANCE - Continued

Some provisions of TABOR are unclear and will require further judicial interpretation. No representation can be made as to the overall impact of TABOR on the future activities of the District,

including its ability to generate sufficient revenues for its general operations, to undertake additional programs, or to engage in any subsequent financing activities.

TABOR also requires local governments to establish emergency reserve funds. The reserve fund must consist of at least 3 percent of fiscal year spending. TABOR allows local governments to impose emergency taxes (other than property taxes) if certain conditions are met. Local governments are not allowed to use emergency reserves or taxes to compensate for economic conditions, revenue shortfalls, or local government salary or benefit increases. As of December 31, 2021, \$366,000 is restricted for emergencies.

TABOR is complex and subject to interpretation. Ultimate implementation may depend upon litigation and legislative guidance. The District believes it has complied with all aspects of the TABOR amendment.

The District voters approved and authorized the District to collect, retain and spend for fire protection purposes all revenue from tax levies and all other District revenue as a voter approved revenue change and an exception to the limits which otherwise apply. This vote effectively removed the District from some provisions of TABOR.

Colorado Revised Statutes require that money collected from land development charges (impact fees) be deposited in an interest-bearing account which clearly identifies the category, account, or fund of capital expenditure for which such charge was imposed. As of December 31, 2021, the District had \$1,265,519 of unexpended impact fees. The unexpended impact fees are restricted for capital improvements.

The unrestricted component of net position is the net amount of assets that do not meet the definition of net investment in capital assets or restricted net position. The District's unrestricted net position as of December 31, 2021, totaled \$8,578,660.

**TRI-LAKES MONUMENT FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 13 – CONTINGENCY

In 2006, the District's Board of Directors approved an impact fee for a five-year period. In 2015, the District discovered that impact fees authorized in 2006 were still being collected, more than five years since the original authorization. In 2016, the District ceased collection of impact fees and offered developer/builders, which provide sufficient proof to the District that it paid impact fees in the period October 1, 2011 through December, 31 2015, a settlement agreement. In exchange for a waiver and release of claims provided by the developer/builders, the District agreed to pay the developer/builder 50 percent of the impact fees collected since the original authorization expired. Impact fees collected during this time period were approximately \$634,000. In 2016, the District accrued a liability of \$317,000, equal to 50 percent of these impact fees. Requested reimbursements will be made out of the restricted impact fee funds (see NOTES 1 and 12).

The remaining accrued liability at December 31, 2021 is \$166,893. It is possible developer/builders who have not signed waivers could pursue reimbursements for the entire amount of impact fees paid during the time period in question, approximately \$334,000.

NOTE 14 – RISKS AND UNCERTAINTIES

Coronavirus (COVID-19) Pandemic

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to a number of other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, several states in the U.S., have declared a state of emergency.

Potential impacts to the District include disruptions or restrictions on our ability to provide fire protection services. We cannot anticipate all of the ways in which health pandemics such as COVID-19 could adversely impact the District. Although we are continuing to monitor and assess the effects of the COVID-19 pandemic on the District, the ultimate impact of the COVID-19 outbreak or a similar health pandemic is highly uncertain and subject to change.

NOTE 15 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 22, 2022, the date on which the financial statements were available to be issued.

In February of 2022 the Board of Directors approved the purchase of a 2022 squad vehicle costing approximately \$224,600.

In 2022 the District will be working towards unification with Donald Wescott Fire Protection District. We cannot anticipate all of the ways in which the unification could adversely impact the District. Although we are continuing to monitor and assess the effects of the unification on the District, the ultimate impact of the unification is highly uncertain and subject to change.

REQUIRED SUPPLEMENTARY INFORMATION

TRI-LAKES MONUMENT FIRE PROTECTION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) TO ACTUAL
YEAR ENDED DECEMBER 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual Budgetary Basis</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenue				
Tax Receipts	\$ 10,147,897	\$ 10,147,897	\$ 10,334,974	\$ 187,077
Operating Revenue	1,134,250	1,134,250	1,302,404	168,154
Interest	20,000	20,000	24,353	4,353
Miscellaneous Revenue	137,500	137,500	237,448	99,948
Total Revenue	<u>11,439,647</u>	<u>11,439,647</u>	<u>11,899,179</u>	<u>459,532</u>
Expenditures				
Wages	5,745,948	5,745,948	5,755,118	(9,170)
Benefits	1,483,450	1,483,450	1,313,361	170,089
Administration	591,731	591,731	468,398	123,333
Buildings	139,364	139,364	139,222	142
Communications	234,700	234,700	192,181	42,519
Fire Prevention	15,000	15,000	12,223	2,777
Operational Equipment	261,500	261,500	234,091	27,409
Training and Education	118,975	118,975	79,038	39,937
Utilities	49,300	49,300	53,999	(4,699)
Vehicles	179,750	179,750	190,389	(10,639)
Miscellaneous Equipment	-	-	34,090	(34,090)
Capital Outlay	3,048,000	3,048,000	2,418,592	629,408
Debt Service	291,202	291,202	245,459	45,743
Impact Fee Refunds	125,000	125,000	-	125,000
General Fund Balance Reserve	(844,273)	(844,273)	-	(844,273)
Total Expenditures	<u>11,439,647</u>	<u>11,439,647</u>	<u>11,136,161</u>	<u>303,486</u>
Revenues over Expenditures (Non-GAAP Basis)	<u>\$ -</u>	<u>\$ -</u>	<u>763,018</u>	<u>\$ 763,018</u>
GAAP Adjustments				
Accounts Receivable			(16,151)	
Ambulance Receivable, Net of Allowance			85,752	
Prepaid Expenses and Deposits			(65,811)	
Accounts Payable			(69,282)	
Accrued Salaries			(19,261)	
Proceeds from Sale of Capital Assets			30,000	
Change in Fund Balance			708,265	
Beginning Fund Balance			<u>8,489,218</u>	
Ending Fund Balance			<u>\$ 9,197,483</u>	

See Independent Auditors' Report and Notes to Required Supplementary Information

**TRI-LAKES MONUMENT FIRE PROTECTION DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION (ASSET)/LIABILITY
FIRE POLICE STATEWIDE DEFINED BENEFIT PLAN
AS OF DECEMBER 31,**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
District's Proportion of the Net Pension Liability/(Asset)	0.56%	0.57%	0.56%	0.48%	0.50%	0.50%
District's Proportionate Share of the Net Pension (Asset)/Liability	\$ (1,206,896)	\$ (320,207)	\$ 710,680	\$ (687,180)	\$ 179,319	\$ (8,871)
District's Covered Payroll Pension (Asset)/Liability	\$ 4,465,000	\$ 4,173,000	\$ 3,765,000	\$ 2,736,000	\$ 2,598,000	\$ 2,350,000
District's Proportionate Share of the Net as a Percentage of its Covered Payroll	-27.03%	-7.67%	18.88%	-25.12%	6.90%	-0.38%
Plan Fiduciary Net Position as a Percentage of the Total Pension (Asset)/Liability	106.70%	101.90%	95.20%	106.30%	98.21%	100.10%

The amounts presented for each fiscal year were determined as of the District's measurement date (the calendar year-end that occurred one year prior to the fiscal year-end). Information is only available beginning in fiscal year 2014.

**TRI-LAKES MONUMENT FIRE PROTECTION DISTRICT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FISCAL YEARS ENDED DECEMBER 31,**

	Statutorily Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contributions as a % of Covered Payroll
2021	\$ 393,595	\$ 393,595	\$ -	\$ 4,920,000	8%
2020	\$ 357,214	\$ 357,214	\$ -	\$ 4,465,000	8%
2019	\$ 333,831	\$ 333,831	\$ -	\$ 4,173,000	8%
2018	\$ 301,234	\$ 301,234	\$ -	\$ 3,765,000	8%
2017	\$ 218,915	\$ 223,515	\$ (4,600)	\$ 2,736,000	8%
2016	\$ 207,783	\$ 203,183	\$ 4,600	\$ 2,598,000	8%
2015	\$ 187,893	\$ 187,893	\$ -	\$ 2,350,000	8%
2014	\$ 193,533	\$ 193,533	\$ -	\$ 2,419,000	8%

Information is only available beginning in fiscal year 2014.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

**TRI-LAKES MONUMENT FIRE PROTECTION DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

BUDGETARY INFORMATION

Tri-Lakes Monument Fire Protection District (District) adheres to the following procedures in establishing the budgetary data reflected in the budgetary comparison schedule.

The District is required to adopt an annual operating budget. The budget is adopted on the cash basis of accounting, which is a non-GAAP basis. During September, the proposed budget is submitted to the Board of Directors by the budget officer for the fiscal year commencing the following January 1. The budget includes proposed expenditures and means of financing them. Public hearings are conducted by the Directors to obtain taxpayer comments. Prior to December 31, the budget is adopted, and appropriations made by formal resolution.

Expenditures may not legally exceed appropriations at the fund level. Board approval is required for changes in the total budget of any fund or changes in project or department budgets. Budget amounts included in the financial statements are based on the final, legally amended budget. Budget appropriations lapse at the end of each year. Appropriations may increase during the fiscal year provided unanticipated revenue offsets them.

PENSION INFORMATION

Changes in Plan Provisions - The plan provisions have not changed since the prior valuation. The member contribution rate will increase in 2022 as a result of the member election.

Benefit Adjustments - Benefits to members and beneficiaries may be increased annually on October 1. The amount is based on the Fire & Police Pension Association Board of Directors' discretion and can range from 0 percent to the higher of 3 percent or the Consumer Price Index. Benefit adjustment may begin once the retired member has been receiving retirement benefits for at least 12 calendar months prior to October 1.