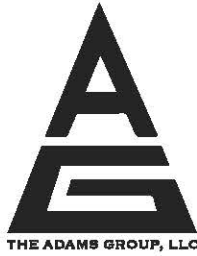


TIMBERLINE
FIRE PROTECTION DISTRICT
BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

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CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

Board of Directors
Timberline Fire Protection District
Black Hawk, Colorado

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the District, as of December 31, 2021, and the respective changes in financial position 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.

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 schedule, and GASB required pension schedules be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

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

The Adams Group, LLC

July 11, 2022
Denver, Colorado

TIMBERLINE FIRE PROTECTION DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

This section is the Timberline Fire Protection District's (the District) annual financial report's discussion and analysis of the District's financial performance from January 1, 2021, through December 31, 2021. Please read it in conjunction with the District's financial statements that follow this section.

The District was incorporated in April 1972 as a special district under the provisions of the Colorado Special District Act. The function of the District is to provide fire suppression, fire prevention and emergency rescue services to property and citizens within the District's jurisdiction and citizens passing through the jurisdiction with volunteer members located in rural Gilpin and Boulder Counties, Colorado.

FINANCIAL HIGHLIGHTS

An Amended Budget was adopted on April 12, 2021. Timberline began implementing Impact Fees within Gilpin County in June 2020. Impact fees for new construction are as follows: residential homes: \$2,327, commercial structures: \$2.82/sq ft., the fee has been quite successful as there has been considerable new construction within Gilpin County since the implementation of the fee.

Timberline had another incredibly successful wildland deployment season with state reimbursements slightly over \$400,000.

We also moved into a contract to purchase three (3) new Engines and two (2) new brush trucks, paid off the original 10-year lease-purchase one year early, and traded in two current Engines at the time the contract was signed. Two more engines will be traded in upon delivery of the new apparatus (expected February 2023).

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two parts - management's discussion and analysis and the basic financial statements (General Fund).

In prior years, the District has also reported the Pension Trust Fund, but no longer reports this fund as it is a component unit of the Fire and Police Pension Association (FPPA).

The General Fund is a governmental funds. Timberline previously carried a Capital Fund, however this was closed effective January 1, 2019 via voter approval.

The basic financial statements include footnotes that are an integral part of the financial statements that provide detailed additional information.

The governmental fund (General Fund) provides both long-term and short-term information about the District's overall operating financial status. These statements explain how expenditures are financed and what remains for future spending. The governmental fund statements report information about the District as a whole using the modified accrual basis of accounting. The statement of net assets includes all of the government's assets and liabilities.

The governmental fund financial statements of the District are combined in the following summary.

TIMBERLINE FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

The District's services are funded primarily through property taxes levied by the District and collected by Gilpin and Boulder Counties. Property tax revenues increased slightly in 2021.

Under GASB 34, the District must report depreciation on capital assets; however, this does not require the outlay of funds. Administration expense increased slightly primarily in salaries, wages, and benefits due to department staffing changes. All other expenditures were generally routine in Fire Fighting Equipment, Fire Prevention, Training, Communications, Medical, and Stations and Buildings.

CONTACTING THE DISTRICT'S ADMINISTRATIVE OFFICE

This financial report is designed to provide our citizens, taxpayers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Administrative Office at 303-582-5768, located at Station 7, 660 Hwy 46, Gilpin County. The District's mailing address is Timberline Fire Protection District, 660 Hwy 46, Black Hawk, CO 80422. You will be put in contact with the appropriate official.

Summary of Governmental Net Position for 2021 and 2020

	<u>2021</u>	<u>2020</u>
<u>Assets</u>		
Current and other assets	\$ 2,233,116	\$ 2,198,429
Capital assets	1,911,177	2,097,300
Total assets	<u>4,144,293</u>	<u>4,295,729</u>
 <u>Deferred Outflows of Resources</u>		
Pension related deferred outflows	<u>171,043</u>	<u>147,412</u>
 <u>Liabilities</u>		
Accounts payable	35,251	27,110
Accrued interest payable	0	2,948
Net pension liability	164,794	276,793
Long-term liabilities	28,566	294,556
Total liabilities	<u>228,611</u>	<u>601,407</u>
 <u>Deferred Inflows of Resources</u>		
Related to pension	250,791	109,646
Unavailable revenue - property taxes	<u>1,216,122</u>	<u>1,059,029</u>
 Net Position	<u>\$ 2,619,812</u>	<u>\$ 2,673,059</u>
 <u>Net Position</u>		
Invested in capital assets	1,911,177	1,821,631
Restricted	164,916	83,595
Unrestricted	543,719	767,833
Net Position	<u>\$ 2,619,812</u>	<u>\$ 2,673,059</u>

TIMBERLINE FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Summary of Governmental Revenues and Expenditures for 2021 and 2020

	<u>2021</u>	<u>2020</u>
Property taxes	\$ 1,057,907	\$ 1,044,183
Specific ownership taxes	76,818	84,328
Impact fees	62,829	23,270
Intergovernmental revenues	0	0
Investment earnings	3,062	6,579
Contributions and grants	121,919	122,745
Miscellaneous	<u>474,388</u>	<u>284,029</u>
 Total Revenues	 <u>1,796,923</u>	 <u>1,565,134</u>
 Administration	 301,572	 313,590
Depreciation	317,210	350,340
Fire Fighting	720,930	551,597
Training	76,086	101,569
Communications	23,004	20,313
Repair service	252,909	152,575
Stations and buildings	73,096	80,162
Pension fund contribution	77,653	64,679
Interest	<u>7,710</u>	<u>9,061</u>
 Total Expenditures	 <u>1,850,170</u>	 <u>1,643,886</u>
 Net Change in Net Position	 (53,247)	 (78,752)
 Net Position - beginning of year	 <u>2,673,059</u>	 <u>2,751,811</u>
 Net Position - end of year	 <u>\$ 2,619,812</u>	 <u>\$ 2,673,059</u>

BASIC FINANCIAL STATEMENTS

TIMBERLINE FIRE PROTECTION DISTRICT
GOVERNMENTAL FUND BALANCE SHEET/STATEMENT OF NET POSITION

December 31,	2021		
	General Fund	Adjustments (Note 4)	Statement of Net Position
<u>Assets</u>			
Cash and investments	\$ 638,774	\$ 0	\$ 638,774
Cash with county treasurer	5,981	0	5,981
Property tax receivable	1,216,122	0	1,216,122
Accounts receivable	285,519	0	285,519
Net pension asset	0	86,720	86,720
Capital assets, net	0	1,911,177	1,911,177
Total Assets	<u>\$ 2,146,396</u>	<u>\$ 1,997,897</u>	<u>\$ 4,144,293</u>
<u>Deferred Outflows of Resources</u>			
Pension related deferred outflows	0	171,043	171,043
Total Deferred Outflows of Resources	<u>0</u>	<u>171,043</u>	<u>171,043</u>
<u>Liabilities, Deferred Inflow of Resources and Fund Balance/Net Position</u>			
<u>Liabilities</u>			
Accounts payable and accruals	\$ 35,251	\$ 0	\$ 35,251
Accrued interest payable	0	0	0
Net pension liability	0	164,794	164,794
<u>Long-term liabilities</u>			
Due within one year	0	14,283	14,283
Due in more than one year	0	14,283	14,283
Total Liabilities	<u>35,251</u>	<u>193,360</u>	<u>228,611</u>
<u>Deferred Inflows of Resources</u>			
Pension related deferred inflows	0	250,791	250,791
Unavailable revenue - deployment	271,557	(271,557)	0
Unavailable property taxes	1,216,122	0	1,216,122
Total Deferred Inflows of Resources	<u>1,487,679</u>	<u>(20,766)</u>	<u>1,466,913</u>
<u>Fund Balance/Net Position</u>			
Restricted	78,196	(78,196)	0
Unassigned	545,270	(545,270)	0
Total Fund Balance	<u>623,466</u>	<u>(623,466)</u>	<u>0</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 2,146,396</u>	<u>\$ (450,872)</u>	<u>\$ 1,695,524</u>
<u>Net Position:</u>			
Net investment in capital assets		1,911,177	1,911,177
Restricted		164,916	164,916
Unrestricted		543,719	543,719
Total Net Position		<u>\$ 2,619,812</u>	<u>\$ 2,619,812</u>

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

TIMBERLINE FIRE PROTECTION DISTRICT
STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE/NET POSITION/STATEMENT OF ACTIVITIES

For the Year Ended December 31,

	2021		
	General Fund	Adjustments (Note 4)	Statement of Activities
<u>Revenues</u>			
Taxes:			
Property taxes	\$ 1,057,907	\$ 0	\$ 1,057,907
Specific ownership taxes	76,818	0	76,818
Impact fees	62,829	0	62,829
Investment earnings	3,062	0	3,062
Contributions and grants	121,919	0	121,919
Other income	625,195	(150,807)	474,388
 Total revenues	 1,947,730	 (150,807)	 1,796,923
 <u>Expenditures/Expenses</u>			
Current:			
Administration	301,572	0	301,572
Fire fighting	775,472	(54,542)	720,930
Training	76,086	0	76,086
Communications	23,004	0	23,004
Repair service	252,909	0	252,909
Stations and buildings	73,096	0	73,096
Pension fund contribution	77,653	0	77,653
Debt service			
Principal	275,668	(275,668)	0
Interest	10,658	(2,948)	7,710
Depreciation	0	317,210	317,210
Capital expenditures	397,019	(397,019)	0
 Total Expenditures/Expenses	 2,263,137	 (412,967)	 1,850,170
 Excess (deficiency) of revenue over (under) expenditures	 (315,407)	 262,160	 (53,247)
 Fund balance/Net position			
Beginning of the year	938,873		2,673,059
End of the year	\$ 623,466	\$ 262,160	\$ 2,619,812

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

TIMBERLINE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity

Timberline Fire Protection District (the District) is an independent local governmental unit incorporated under the laws of the State of Colorado and organized under a charter and governed by an elected board of directors to provide volunteer fire protection and emergency services within the boundaries of the District in Boulder and Gilpin counties in Colorado. High Country Fire Protection District changed its name to Timberline Fire Protection District on April 1, 2011. Pursuant to an election and intergovernmental agreement, the Colorado Sierra Fire Protection District (Sierra) and the Timberline Fire Authority (Authority) merged into the Timberline Fire Protection District. This also occurred on April 1, 2011.

The accounting policies of the District conform to U.S. generally accepted accounting principles applicable to governmental entities. The following is a summary of the more significant policies:

Summary of Significant Accounting Policies

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements, which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the exercise of oversight responsibility by a governmental unit's elected officials as the basic criterion for including a possible component governmental agency in a governmental unit's reporting entity. Oversight responsibility includes, but is not limited to, selection of governing authority, ability to significantly influence operations, financial interdependency and accountability for fiscal matters.

The District does not exercise oversight responsibility over any other entity, nor is the District a component of any other governmental entity.

Government-wide and fund financial statements

The government-wide financial statements (i.e., statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. As a general rule, interfund activity is eliminated from the government-wide financial statements.

Major individual governmental funds are reported as separate columns in the fund financial statements. (i.e., the governmental funds balance sheet and the statement of governmental fund revenues, expenditures and changes in fund balances.)

TIMBERLINE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial and fiduciary fund 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. When both restricted and unrestricted resources are available for use, it is the Government's policy to use restricted resources first, then unrestricted resources as they are needed. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Fund accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The District uses governmental funds and a fiduciary fund.

Governmental funds

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources of funds and uses the 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 used to account for all financial resources of the District except those required to be accounted for in another fund. The general fund 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 – Exchange and non-exchange transactions

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. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, interest income is considered to be susceptible to accrual.

TIMBERLINE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues – Exchange and non-exchange transactions (continued)

Non-exchange transactions, in which the District receives value without directly giving value in return, includes grants and donations. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resource are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specific purpose, and 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.

Expense/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.

Budgets

In accordance with the Colorado Budget Law, the District's Board of Directors holds public hearings in the Fall each year to approve the budget and appropriate the funds for the ensuing year. The District's Board of Directors can modify the budget and appropriation resolutions upon completion of notification and publication requirements. The appropriation is at the total fund expenditures level and lapses at year end. Budgets for the governmental fund types are adopted on a basis consistent with U.S. generally accepted accounting principles. During 2021, the District recognized expenditures in excess of budget expenditures. This may be a violation of Colorado State Budget Law.

Encumbrance accounting (open purchase orders, contracts in process and other commitments for the expenditures of funds in future periods) is not used by the District for budget or financial reporting purposes.

Prepaid Expenses

Expenditures for insurance premiums on policies extending over more than one accounting period are amortized over the policy period.

Capital Assets

General capital assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

Capital assets are recorded at cost or estimated acquisition cost. The District maintains a capitalization threshold of \$5,000. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not.

TIMBERLINE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (continued)

Depreciation of all exhaustible capital assets is charged as an expense against their operations. Depreciation is provided over the estimated useful lives using the straight-line method.

Property taxes

Property taxes are levied by December 15, on assessed valuation as of August 25 of each year and attach as an enforceable lien on January 1 of the following year. These taxes are due in full by April 30; however, they are not delinquent if paid in installments by February 28, and June 15. Taxes become delinquent after those dates and are subject to interest charges.

Property taxes receivable of \$1,216,122 are reflected as deferred inflows of resources for amounts earned in 2021 but levied for a subsequent period.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Accordingly, the item, *unavailable revenue*, is reported for taxes levied in the current year but collected or remitted to the District in the next fiscal period.

Capital leases

Leasing agreements, for which the economic substance is a financing arrangement, are recorded as capital leases. Accordingly, where the District is the lessee, the asset and corresponding obligation are recorded in the District's financial statements.

Net Position

Net position presents the difference between assets and liabilities in the statement of net position. Net position invested in capital assets is reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are legal limitations imposed on their use by District legislation or external restrictions by creditors, grantors, laws or regulations of other governments.

Fund balance

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

TIMBERLINE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund balance (continued)

Nonspendable – Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation, or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. The District's restricted funds include amounts restricted for TABOR emergencies (\$48,847) and for water storage projects (\$29,349). Restricted net position also includes net pension asset of \$78,196.

Committed – Amounts that can be used only for specific purposes determined by a formal action of District's Board. The Board is the highest level of decision-making body for the district. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. At December 31, 2021, the District has no committed funds.

Assigned – Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Only the Board may assign fund balances for specific purposes. The District had no assigned funds as of December 31, 2021.

Unassigned – All other spendable amounts.

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

Tax, spending, and debt limitations

TABOR establishes revenue and spending limits, and imposes other specific requirements on state and local governments. In May 1998, the District's voters approved changes that reduced certain limits imposed by TABOR. As a result, the District is permitted to retain all revenues from all resources. TABOR is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of TABOR. However, the District has made certain interpretations of TABOR's language in order to determine its compliance.

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and volunteers and natural disasters. It carries commercial insurance coverage of these risks of loss. Claims have not exceeded coverage in any of the last three fiscal years.

TIMBERLINE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Contributed Services

The Board of Directors and the Volunteer Firefighters volunteer their time and perform a variety of tasks that assist the District in its operations. No amounts have been reflected in the financial statements for such services.

NOTE 2 - CASH AND INVESTMENTS

The District has adopted Governmental Accounting Standards Board Statement No. 40, Deposits and Investment Risk Disclosure (GASB 40). GASB 40 established and modifies disclosure requirements related to investment risks including credit risk (custodial credit risk and concentrations of credit risk), interest rate risk and foreign currency risk.

The District maintains its investments and deposits with financial institutions in accordance with state statutes for the investment of public funds. Deposits are stated at cost, which approximates market value. A summary of deposits and investments at December 31, 2021 follows:

Checking – interest bearing	\$ 199,258
Investments	439,516
Total cash and investments	<u><u>\$ 638,774</u></u>

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. 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 collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2021, the carrying amount and bank balance of the District's deposits were \$199,258 and \$213,630. Of the bank balances, \$250,000 was covered by FDIC insurance. Any balance in excess of FDIC during the year was covered by the PDPA.

Investments

Interest Rate Risk – The District's investment policy as it references Colorado Statutes requires that no investment may have a maturity in excess of five years from the date of purchase.

TIMBERLINE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Investments (continued)

The District invests funds in the Colorado Local Government Liquid Asset Trust (“COLOTRUST”). COLOTRUST is an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for the Trust’s portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust’s investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian’s internal records segregate investments owned by the Trust. COLOTRUST places no restrictions or limitations on withdrawals. COLOTRUST is rated AAAM by Standards & Poor’s and is measured at net asset value (NAV) by the District. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

As of December 31, 2021, the District had \$439,516 investments in COLOTRUST PRIME.

NOTE 3 - CAPITAL ASSETS

The following is a summary of changes in fixed assets during 2021:

	<u>12/31/20</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/21</u>
Capital assets, not being depreciated:				
Land	\$ 125,065	\$ 51,426	\$ 0	\$ 176,491
Construction in progress	<u>75,447</u>	<u>275,000</u>	<u>75,447</u>	<u>275,000</u>
Capital assets, being depreciated:				
Building	1,473,467	0	35,950	1,437,517
Equipment	3,729,190	146,040	904,363	2,970,867
Water storage	<u>152,737</u>	<u>0</u>	<u>0</u>	<u>152,737</u>
Totals fixed assets	<u>5,555,906</u>	<u>472,466</u>	<u>1,015,760</u>	<u>5,012,612</u>
Accumulated depreciation:				
Building	694,620	32,167	18,740	708,047
Equipment	2,661,232	278,933	655,641	2,284,524
Water storage	<u>102,754</u>	<u>6,110</u>	<u>0</u>	<u>108,864</u>
Total depreciation	<u>3,458,606</u>	<u>317,210</u>	<u>674,381</u>	<u>3,101,435</u>
Net Fixed Assets	<u>\$2,097,300</u>	<u>\$ 155,256</u>	<u>\$ 341,379</u>	<u>\$ 1,911,177</u>

Depreciation expense was \$317,210 for the year ended December 31, 2021.

TIMBERLINE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 4 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A reconciliation of the net change in fund balance, governmental fund to change in net position, governmental activities is as follows:

Net change in fund balance - total governmental fund: \$ (315,407)

Capital outlays to purchase or construct capital assets are reported in governmental fund as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and are allocated over their estimated useful lives as annual depreciation expense in the statement of activities.

Capital outlay	397,019
Depreciation expense	(317,210)
Proceeds from sale of fixed assets	(319,176)
Gain on sale of fixed assets	53,244

The issuance of long-term debt provides current financial resources to fund, while the repayment of the principal of long-term debt consumes the current financial resources of governmental fund. Neither transaction, however, has any effect on net position.

Principal payments	275,668
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Some expenses in the statement of activities do not require the use of current financial resources and are, therefore, not reported as expenditures in the governmental fund.

Change in accrued interest	2,948
Change in compensated absences	(9,679)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental fund.

Change in deployment receivables	115,125
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Some items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental fund. The (increases) decreases in these activities consist of:

Pension income	64,221
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Change in net position of governmental activities	\$ (53,247)
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TIMBERLINE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 4 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

A reconciliation of fund balance, governmental fund to net position, governmental activities is as follows:

Total fund balance, governmental fund	\$ 623,466
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the governmental funds.	1,911,177
Certain revenues not available to pay liabilities of the current period are deferred in the governmental funds.	
Deployment revenues	271,557
Certain assets and liabilities used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:	
Net pension asset	86,720
Net pension liability	(164,794)
Long-term liabilities, including loans payable are not due and payable in the current period, and therefore, are not reported in governmental funds.	
Compensated absences	(28,566)
Deferred outflows of resources used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	
Related to pension	171,043
Deferred inflows of resources used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	
Related to pension	<u>(250,791)</u>
Total net position of governmental activities	<u>\$ 2,619,812</u>

NOTE 5 - VOLUNTEERS' PENSION FUND

Plan Description

The District, on behalf of its volunteer firefighters, contributes to a defined benefit pension plan which is administered by FPPA. Assets of the plan are commingled for investment purposes in the Fire and Police member's Benefit Fund, an agent multiple-employer defined benefit pension plan administered by FPPA. The plan provides retirement benefits for members and beneficiaries according to the plan provisions as enacted and governed by the pension fund board of trustees. Colorado Revised Statutes (CRS), as amended, establishes basic benefit provisions under the plan.

TIMBERLINE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 5 - VOLUNTEERS' PENSION FUND (CONTINUED)

FPPA issues a publicly available annual financial report that includes the assets of the volunteer plan. That report may be obtained by calling FPPA at 303-770-3772. Volunteer firefighters who complete the minimum annual training required by the District and are members in good standing of the volunteer organization, are eligible to participate in the plan for that year. Volunteers' rights to a benefit vest after ten years of service. Volunteers who retire at, or after the age of 50, with twenty years of credited service are entitled to benefit. Volunteers who retire with ten years of credited service are entitled to a partial benefit. Surviving spouses are entitled to a 50% benefit. In addition, the plan provides death and disability benefits funded by insurance policies.

At December 31, 2021, the following members were covered by the benefit terms:

Retirees and Beneficiaries	56
Inactive, Nonretired Members	1
Active Members	5
	<hr/>
	62
	<hr/> <hr/>

Benefits Provided

The Plan provides retirement, survivor, death, and funeral benefits. Retirement benefit for a member is \$340 a month for 20 or more years of service. Those members with a minimum of 10 years of service receive \$17 per month for every year of services.

Disability retirement benefit is \$170 per month for short term disability for line of duty injury payable for not more than one year. Long term disability for line of duty injury has a lifetime benefit of \$340 per month. Survivor benefits range from \$170 to \$225 monthly benefit depending of retirement eligibility, in life of duty, and other variables. Funeral benefit to the family members is a one-time payment of \$680.

Contributions

Contributions are determined by the FPPA actuary, using the entry age normal cost method as of January 1, 2020. Contributions into the pension fund are derived from two sources; contributions directly from the District and contributions from the State based on assessed property values and other formulas. For the year ended December 31, 2021, the District's contributions were \$29,000.

Volunteer Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2021, the District reported a net pension liability of \$164,794. The net pension liability was measured at December 31, 2020 and was determined by an actuarial valuation as of January 1, 2020. Standard update procedures were used to roll forward the total pension liability to December 31, 2021.

TIMBERLINE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 5 - VOLUNTEERS' PENSION FUND (CONTINUED)

Volunteer Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

For the year ended December 31, 2021, the District recognized pension income of \$85,787 for the volunteer plan. At December 31, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Net difference between projected and actual earnings on investments	\$ 0	\$ 114,010
Contributions subsequent to measurement date	29,000	0
Total	<u>\$ 29,000</u>	<u>\$ 114,010</u>

\$29,000 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows for the years ended December 31:

2022	\$ (38,874)
2023	(16,372)
2024	(40,600)
2025	(18,164)
Total	<u>\$ (114,010)</u>

Actuarial Assumptions

The total pension liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurements:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open*
Remaining Amortization Period	20 years*
Asset Valuation Method	5-Year smoothed fair value
Inflation	2.50%
Salary Increases	N/A
Investment Rate of Return	7.00%
Retirement Age	50% per year of eligibility until 100% at age 65

TIMBERLINE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 5 - VOLUNTEERS' PENSION FUND (CONTINUED)

Actuarial Assumptions (continued)

Mortality rates were based on the following:

- Pre-retirement: RP-2014 Employee Mortality Tables for males and females projected to 2018 using the MP-2017 projections scales, and then projected prospectively using the ultimate rates of the scale for all years, 50% multiplier for off-duty mortality.
- Post-retirement: RP-2014 Annuitant Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years.

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

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). Being that the plan's fiduciary net position is projected to be sufficient to pay benefits, the long-term expected rate of return of 7.00% was used as the discount rate.

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

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

TIMBERLINE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 5 - VOLUNTEERS' PENSION FUND (CONTINUED)

Actuarial Assumptions (continued)

The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the Volunteer 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 payment) to determine the total pension liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability [a]	Plan Fiduciary Net Position [b]	Net Pension Liabilities [a]-[b]
Volunteer Plan			
Balance, December 31, 2019	\$ 1,894,028	\$ 1,617,235	\$ 276,793
Changes for the year:			
Service cost	5,872	0	5,872
Interest	126,890	0	126,890
Net investment income	0	199,210	(199,210)
Contributions - employer	0	26,500	(26,500)
Benefit payments including refunds of employee contributions	(171,309)	(171,309)	0
Difference between expected and actual experience	(14,448)	0	(14,448)
Administrative expense	0	(13,397)	13,397
State of Colorado supplemental discretionary payment	0	18,000	(18,000)
Net changes	(52,995)	59,004	(111,999)
Balance, December 31, 2020	<u>\$ 1,841,033</u>	<u>\$ 1,676,239</u>	<u>\$ 164,794</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability calculated using the discount rate of 7.00 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

1% Decrease 6.00%	Current Single Discount Rate 7.00%	1% Increase 8.00%
\$ 323,497	\$ 164,794	\$ 27,911

TIMBERLINE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 5 - VOLUNTEERS' PENSION FUND (CONTINUED)

The Fire & Police Pension Association administers an agent multiple-employer Public Employee Retirement System (PERS). The PERS represents the assets of numerous separate plans that have been pooled for investment purposes. The pension plans have elected to affiliate with FPPA for plan administration and investment only. FPPA issues a publicly available comprehensive annual financial report that can be obtained at <http://www.fppaco.org>.

NOTE 6 - STATEWIDE DEFINED BENEFIT PLAN

Plan Description

The District contributes to the Statewide Defined Benefit Plan, a cost-sharing multiple-employer defined benefit pension plan. The plan is administered by the Fire and Police Pension Association of Colorado (FPPA). The Plan provides retirement benefits for members and beneficiaries. Death and disability coverage is provided for members hired prior to January 1, 1997 through the Plan. All full-time, paid police officers of the Town are members of the Statewide Defined Benefit Plan.

Colorado statutes assign the authority to establish benefit provisions to the state legislature. FPPA issues a publicly available annual financial report that includes financial statements and requires supplementary information for both the SWDB and the Statewide Death and Disability Plan. FPPA issues a publicly available financial report that includes information on the plan. That report may be obtained at www.fppaco.org.

Benefits Provided

A plan member is eligible for a normal retirement pension once the member has completed twenty-five years of credited service and has attained the age of 55. Effective January 1, 2021, a member may also qualify for a normal retirement pension if the member's combined years of service and age equals at least 80, with a minimum age of 50 (Rule of 80).

The annual normal retirement benefit is 2 percent of the average of the member's highest three years' pensionable earnings for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter. The benefit earned prior to January 1, 2007 for members of affiliated Social Security employers will be reduced by the amount of Social Security income payable to the member annually. Effective January 1, 2007, members covered under Statewide Defined Benefit Social Security Component will receive half the benefit when compared to the Statewide Defined Benefit Plan. Benefit adjustments paid to retired members are evaluated annually and may be re-determined every October 1. The amount of any increase is based on the Board's discretion and can range from 0 to the higher of 3 percent or the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W).

TIMBERLINE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 6 - STATEWIDE DEFINED BENEFIT PLAN (CONTINUED)

Benefits Provided (continued)

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

Contributions

The District and eligible employees are required to contribute to the plan at rates established by State statutes. Employer contributions rates can only be amended by state statute. Member contribution rates can be amended by state statute or election of the membership. Effective January 1, 2021, contribution rates for employers and members may be increased equally by the FPPA Board of Directors upon approval through an election by both the employers and members.

Members of the SWDB plan and their employers contributed at a rate of 11% and 8%, respectively, of base salary for a total contribution rate of 19% in 2020. In 2014, the members elected to increase the member contribution rate to the SWDB plan beginning in 2015. Member contribution rates will increase 0.5% annually through 2022 to a total of 12% of pensionable earnings. Employer contributions are 8.5% in 2021. Employer contributions increased 0.5% annually beginning in 2021 through 2030 to a total of 13% of pensionable earnings. The District's contributions to the plan of the year ended December 31, 2020, were \$17,067, equal to the required contributions.

Statewide Pension Asset, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

At December 31, 2021, the District reported a net pension asset of \$86,720, representing its proportionate share of the net pension asset of the plan. The net pension asset was measured at December 31, 2020, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2021. The District's proportion of the net pension asset was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities. At December 31, 2020, the District's proportion was 0.0399% which was a decrease of 0.00990% from its proportion measured at December 31, 2019.

TIMBERLINE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 6 - STATEWIDE DEFINED BENEFIT PLAN (CONTINUED)

Statewide Pension Asset, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (continued)

For the year ended December 31, 2021, the District recognized pension income of \$4,522. At December 31, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between Expected and Actual Experience	\$ 73,547	\$ 345
Changes of Assumptions or other Inputs	36,883	0
Net Difference between Projected and Actual		
Earnings on Pension Plan Investments	0	89,074
Changes in Proportion and Differences between		
Contributions Recognized and Proportionate Share		
of Contributions	14,546	47,362
Contributions Subsequent to the Measurement Date	17,067	0
Total	<u>\$ 142,043</u>	<u>\$ 136,781</u>

\$17,067 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as an increase in the net pension asset in the year ended December 31, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows for the years ended December 31:

2022	\$ (13,145)
2023	(1,591)
2024	(16,577)
2025	(2,572)
2026	10,581
Thereafter	11,499
Total	<u>\$ (11,805)</u>

TIMBERLINE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 6 - STATEWIDE DEFINED BENEFIT PLAN (CONTINUED)

Actuarial Assumptions

The actuarial valuations as of January 1, 2021, determined the total pension liability using the following actuarial assumptions and other inputs:

	<u>Total Pension Liability</u>	<u>Actuarial Determined Contributions</u>
	January 1, 2021	January 1, 2020
Actuarial Valuation Date	Entry Age Normal	Entry Age Normal
Actuarial Method	N/A	Level % of Payroll, Oper
Amortization Method	N/A	30 years
Amortization Period	7.0%	7.0%
Long-term Investment Rate of Return*	4.25% - 11.25%	4.25% - 11.25%
Projected Salary Increases	0%	0%
Cost of Living Adjustments (COLA)	2.5%	2.5%
*Includes Inflation at		

For determining the total pension liability and actuarially determined contributions, the post-retirement mortality tables for non-disabled retirees uses the 2006 central rates from the RP-2014 Annuitant Mortality Tables projected to 2018 using the MP-2017 projection scales, and the projected prospectively using the ultimate rates of the scale for all years. The pre-retirement off-duty mortality tables are adjusted to 50% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00015.

At least every five years the FPPA's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2018 meeting, the Board 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).

TIMBERLINE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 6 - STATEWIDE DEFINED BENEFIT PLAN (CONTINUED)

Actuarial Assumptions

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Nominal 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	<u>100 %</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the SWDB plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension asset calculated using the discount rate of 7.0%, as well as the District's proportionate share of the net pension liability (asset) if it were calculated using a discount rate that is one percentage point lower (6.0%) or one percentage point higher (8.0%) than the current rate, as follows:

1% Decrease 6.00%	Current Single Discount Rate 7.00%	1% Increase 8.00%
\$ 87,270	\$ (86,720)	\$ (230,804)

Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in FPPA's separately issued financial report, which may be obtained at www.fppaco.org.

TIMBERLINE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 7 - LONG-TERM OBLIGATIONS

The following is an analysis of the changes in the District's long-term obligations for the year ended December 31, 2021:

	Balance at December 31, 2020	Additions	Reductions	Balance at December 31, 2021	Due Within One Year
Governmental Activities					
Capital lease	\$ 275,669	\$ 0	\$ (275,669)	\$ 0	\$ 0
Compensated absences	18,887	24,023	(14,344)	28,566	14,283
Total	<u>\$ 294,556</u>	<u>\$ 24,023</u>	<u>\$ (290,013)</u>	<u>\$ 28,566</u>	<u>\$ 14,283</u>

Capital Lease

On January 30, 2013, the District entered into a capital lease obligation for five pumpers valued at \$1,908,554. The District sold existing equipment as part of the planned rotation of equipment and financed the remaining \$1,262,886. Annual payments of \$143,163 are due on August 1 consisting of principal and interest at a rate of 2.567%. During 2021, the capital lease obligation was paid in full. The District disposed of some trucks for gross proceeds of approximately \$319,000 resulting in a gain on disposal of approximately \$53,000 reflected in the statement of activities. The District also paid a deposit of \$275,000 for the purchase of new trucks which are expected to be delivered in 2022 or 2023.

Amortization of the capital lease obligation is included with depreciation expense, see Note 3. The lease purchase agreements do not constitute general obligation debts of the District as defined by Colorado revised statutes.

REQUIRED SUPPLEMENTARY INFORMATION

TIMBERLINE FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL –
GENERAL FUND

For the Years Ended December 31,

2021

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues</u>				
Taxes:				
Property taxes	\$ 1,059,029	\$ 1,057,907	\$ 1,057,907	\$ 0
Specific ownership taxes	65,000	76,818	76,818	0
Impact fees	0	0	62,829	62,829
Investment earnings	5,000	3,062	3,062	0
Contribution and grants	92,689	116,919	121,919	5,000
Miscellaneous	72,150	674,061	625,195	(48,866)
Total revenues	<u>1,293,868</u>	<u>1,928,767</u>	<u>1,947,730</u>	<u>18,963</u>
<u>Expenditures</u>				
Current:				
Administration	336,401	365,095	301,572	63,523
Fire fighting	457,125	856,577	775,472	81,105
Training	85,690	68,937	76,086	(7,149)
Communications	30,130	31,573	23,004	8,569
Repair service	66,605	66,381	252,909	(186,528)
Stations and buildings	73,846	73,243	73,096	147
Pension fund contributions	80,764	77,653	77,653	0
Debt service				
Principal	136,088	275,668	275,668	0
Interest	7,076	10,659	10,658	1
Capital outlay	60,000	417,690	397,019	20,671
Total expenditures	<u>1,333,725</u>	<u>2,243,476</u>	<u>2,263,137</u>	<u>(19,661)</u>
Excess (deficiency) of revenue over (under) expenditures	(39,857)	(314,709)	(315,407)	(698)
Fund balances – January 1, 2021			<u>938,873</u>	
Fund balances – December 31, 2021			<u>\$ 623,466</u>	

TIMBERLINE FIRE PROTECTION DISTRICT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
VOLUNTEER PENSION TRUST FUND
LAST 10 FISCAL YEARS*

Measurement period ending December 31,	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Service cost	\$ 5,872	\$ 5,872	\$ 9,048	\$ 9,048	\$ 16,736	\$ 16,736	\$ 21,725
Interest	126,890	129,458	137,847	139,440	119,977	120,768	117,944
Benefit changes	0	0	0	0	222,964	0	115,215
Differences between expected and actual experience	(14,448)	0	(30,341)	0	2,491	0	(79,054)
Changes of assumptions	0	0	68,613	0	65,641	0	0
Benefit payments including refunds of employee contributions	(171,309)	(172,711)	(171,443)	(168,096)	(161,072)	(135,505)	(135,921)
Net changes	(52,995)	(37,381)	13,724	(19,608)	266,737	1,999	39,909
Total pension liability-beginning	1,894,028	1,931,409	1,917,685	1,937,293	1,670,556	1,668,557	1,628,648
Total pension liability-ending	<u>\$ 1,841,033</u>	<u>\$ 1,894,028</u>	<u>\$ 1,931,409</u>	<u>\$ 1,917,685</u>	<u>\$ 1,937,293</u>	<u>\$ 1,670,556</u>	<u>\$ 1,668,557</u>
 Plan Fiduciary Net Position							
Net investment income	\$ 199,210	\$ 215,956	\$ 20,000	\$ 230,521	\$ 86,515	\$ 28,455	\$ 115,299
Contributions - employer	26,500	15,000	2,145	15,300	15,300	17,837	15,300
Benefit payments including refunds of employee contributions	(171,309)	(172,711)	(171,443)	(168,096)	(161,072)	(135,505)	(135,921)
Administrative expense	(13,397)	(16,230)	(14,627)	(15,078)	(2,872)	(1,200)	(3,025)
State contributions	18,000	13,770	0	13,770	16,053	13,770	41,220
Net changes	59,004	55,785	(163,925)	76,417	(46,076)	(76,643)	32,873
Plan fiduciary net position-beginning	1,617,235	1,561,450	1,725,375	1,648,958	1,695,034	1,771,677	1,738,804
Plan fiduciary net position-ending	1,676,239	1,617,235	1,561,450	1,725,375	1,648,958	1,695,034	1,771,677
Net pension liability/(asset)-ending	<u>\$ 164,794</u>	<u>\$ 276,793</u>	<u>\$ 369,959</u>	<u>\$ 192,310</u>	<u>\$ 288,335</u>	<u>\$ (24,478)</u>	<u>\$ (103,120)</u>
 Plan fiduciary net position as a percentage of total pension liability	91.05%	85.39%	80.85%	89.97%	85.12%	101.47%	106.18%
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability as percentage of covered employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A

*- Fiscal year 2014 was the first year of implementation, therefore only available years are shown.

TIMBERLINE FIRE PROTECTION DISTRICT
SCHEDULE OF CONTRIBUTIONS
VOLUNTEER PENSION TRUST FUND
LAST 10 FISCAL YEARS*

Fiscal year ending December 31,	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 48,346	\$ 32,541	\$ 32,541	\$ 32,541	\$ 6,032	\$ 6,032	\$ 15,179	\$ 15,179
Actual contribution	<u>44,500</u>	<u>28,770</u>	<u>15,000</u>	<u>20,000</u>	<u>29,070</u>	<u>31,353</u>	<u>31,607</u>	<u>56,520</u>
Contribution excess (deficit)	<u>\$ (3,846)</u>	<u>\$ (3,771)</u>	<u>\$ (17,541)</u>	<u>\$ (12,541)</u>	<u>\$ 23,038</u>	<u>\$ 25,321</u>	<u>\$ 16,428</u>	<u>\$ 41,341</u>
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Actual contribution as a percentage of covered employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

*- Fiscal year 2014 was the first year of implementation, therefore only available years are shown.

TIMBERLINE FIRE PROTECTION DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
STATEWIDE DEFINED BENEFIT PLAN
LAST 10 FISCAL YEARS*

Measurement period ending December 31,	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's proportion (percentage) of the collective net pension liability	0.03990%	0.03000%	0.03210%	0.02010%	0.0115%	0.0173%	0.0237%	0.0372%
District's proportionate share of the collective net pension liability (asset)	\$ (86,720)	\$ (16,985)	\$ 40,595	\$ (28,979)	\$ 4,140	\$ 306	\$ 26,716	\$ 33,281
Covered payroll	\$ 303,363	\$ 153,250	\$ 152,425	\$ 152,425	\$ 152,425	\$ 152,425	\$ 84,025	\$ 106,450
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	28.60%	(11.08%)	26.63%	(19.01%)	2.72%	0.20%	31.80%	31.26%
Plan fiduciary net pension as a percentage of the total pension liability	106.7%	101.9%	95.2%	106.3%	98.2%	100.1%	106.8%	105.8%

*- Fiscal year 2014 was the first year of implementation, therefore only available years are shown.

TIMBERLINE FIRE PROTECTION DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS AND RELATED RATIOS
LAST 10 FISCAL YEARS*

Fiscal year ending December 31,	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Statutorily required contributions	\$ 17,067	\$ 24,269	\$ 12,260	\$ 12,194	\$ 12,194	\$ 12,194	\$ 29,070	\$ 56,520	\$ 80,500
Contributions in relation to the statutorily required contributions	<u>17,067</u>	<u>24,269</u>	<u>12,260</u>	<u>12,194</u>	<u>12,194</u>	<u>12,194</u>	<u>31,607</u>	<u>56,520</u>	<u>86,300</u>
Contribution deficit (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (2,537)</u>	<u>\$ 0</u>	<u>\$ (5,800)</u>
Covered payroll	\$ 200,789	\$ 303,363	\$ 153,250	\$ 152,425	\$ 152,425	\$ 152,425	\$ 84,025	\$ 106,450	\$ 161,663
Contribution as a percentage of covered payroll	8.5%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%

*Fiscal year 2014 was the first year of implementation, therefore only available years are shown.