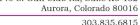
## **NORTH PARK HOSPITAL DISTRICT**

**Jackson County, Colorado** 

FINANCIAL STATEMENTS DECEMBER 31, 2022

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#### INDEPENDENT AUDITOR'S REPORT

Board of Directors North Park Hospital District Jackson County, Colorado

#### Report on the Audit of the Financial Statements

### **Opinions**

We have audited the financial statements of the governmental activities and the major fund of the North Park Hospital District (the "District") as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the North Park Hospital District as of December 31, 2022, and the respective changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the North Park Hospital District, and to meet our 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 the accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- > Exercise professional judgement 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 of 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 of 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 judgement, 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

Lugan and Associates, LLC

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages III – VII be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basis 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.

Aurora, Colorado September 20, 2023



## NORTH PARK HOSPITAL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended December 31, 2022

Our discussion and analysis of North Park Hospital District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2022. Please read it in conjunction with the District's basic financial statements which begin on page 1.

#### **Overview of the Financial Statements**

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

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

The Statement of Net Position presents information on all the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (i.e. uncollected taxes and earned but unused vacation leave.)

The government-wide financial statements detail functions of the District that are principally supported by tax revenues (governmental activities) and charges for services. The governmental activity of the District includes general government/emergency management services.

**Fund financial statements:** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District reports a governmental fund.

**Governmental funds:** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District reports a combined General Fund Balance Sheet/Statement of Net Position which is presented on page 1. The District also reports a combined Statement of General Fund Revenues, Expenditures and Changes in Fund Balance/Statement of Activities which is located on page 2.

The District adopts an annual appropriated budget for the General Fund. A budgetary comparison statement for the General Fund is located on page 3 of this report.

**Notes to the Financial Statements:** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 4-12 of this report.

#### **NET POSITION**

	December 31,				
	2022	2021			
ASSETS					
Current assets	\$ 2,692,783	\$ 2,324,829			
Capital assets	320,600	299,642			
Total assets	3,013,383	2,624,471			
LIABILITIES					
Current liabilities	8,854	18,867			
Total liabilities	8,854	18,867			
DEFERRED INFLOWS OF RESOURCES	646,482	586,496			
NET POSITION					
Invested in capital assets	320,600	299,642			
Restricted	31,000	36,000			
Unrestricted	2,006,447	1,683,466			
Total net position	\$ 2,358,047	\$ 2,019,108			

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$2,358,047 at the close of the most recent fiscal year.

The District's net position reflects its investment in capital assets (e.g. vehicles and equipment) less any related debt used to acquire those assets that is still outstanding.

The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

From 2021 to 2022, the District's current assets increased by \$367,954 primarily due to an increase in cash and investments by \$219,211 resulting from positive operating results during 2022, an increase in property taxes receivable of \$59,986 due to increases in assessed valuation of 8.2% and an increase in EMS receivable of \$90,981 due to an increase in the number of trips billed in 2022 compared to 2021.

#### **CHANGES IN NET POSITION**

	Years Ended December 31,				
	2022	2021			
REVENUES					
Program revenues:					
Charges for services	\$ 278,691	\$ 243,552			
Operating grants and contributions	39,132	9,914			
Capital grants and contributions	-	-			
General revenues:					
Property taxes	577,252	781,535			
Specific ownership taxes	104,455	93,935			
Investment earnings	17,596	685			
Other	13,074	11,571			
Total revenues	1,030,200	1,141,192			
EXPENSES					
Public safety - Emergency Management Services	691,261	662,646			
Total expenses	691,261	662,646			
CHANGE IN NET POSITION	338,939	478,546			
NET POSITION - BEGINNING OF YEAR	2,019,108	1,540,562			
NET POSITION - END OF YEAR	\$ 2,358,047	\$ 2,019,108			

The District's overall financial position, as measured by net position, increased \$338,939 during 2022. Total revenue decreased by \$110,992 or 9.73%. The decrease is primarily due to decreases in property taxes of \$185,587 from a significant decrease in assessed valuation for taxes collected in 2022. Charges for services increased by \$35,139 as a result of the number of EMS trips in 2022. EMS expenses increased \$18,633 or 2.78% from 2021 and 2022 with no specific line item causing the increase.

#### Financial Analysis of the District's Fund

As mentioned previously, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A discussion of the District's governmental fund follows.

**Governmental fund:** The focus of the District's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental fund reported an ending fund balance of \$2,037,447. Of this fund balance, \$10,455 is nonspendable, meaning it is not in spendable form. \$31,000 is restricted for emergencies under Taxpayers' Bill of Rights (TABOR). The remaining fund balance of \$1,805,375 is reported as unassigned.

#### **General Fund Budgetary Highlights**

**Budget Variances.** The budget to actual comparison details for the General Fund can be seen on page 3 of the financial statements. Actual District revenues were more than budgeted District revenues by \$221,764. Actual District expenditures were less than budgeted expenditures by \$307,062.

#### **Capital Asset and Debt Administration**

**Capital Assets.** The District's investment in capital assets at December 31, 2022 amounted to \$320,600 (net of accumulated depreciation/amortization). The analysis of changes in capital assets is as follows:

## CAPITAL ASSETS (net of depreciation)

	2021		 Change			2022		
Vehicles	\$	220,236	\$ (27,398)		\$	192,838		
Equipment		79,406	 48,356			127,762		
Total	\$	299,642	\$ 20,958		\$	320,600		

During 2022, the District purchased two X Series Monitor/Defibrillators. Additional information on the District's capital assets can be found in Note 4 of this report.

**Long-Term Obligations.** The District has no long-term obligations as of December 31, 2022.

## **Economic Factors and Next Year's Budgets and Rates**

The District's assessed valuation increased from 2022 to 2023 by \$6,650,543 or 8.2%. The District has budgeted for increases in staffing and related benefits. The District has also budgeted amounts for capital outlay in 2023.

#### Request for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: North Park Hospital District, PO Box 613, Walden, CO 80480.



# NORTH PARK HOSPITAL DISTRICT GOVERNMENTAL FUND BALANCE SHEET AND STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES December 31, 2022

ACCETO	General Fund		Adjustments		Statement of Net Position		
ASSETS  Cash deposits and investments Cash with County Treasurer Property taxes receivable EMS customer receivable, net of allowance Prepaid expenses	\$	1,847,697 9,346 646,482 178,803 10,455	\$	- - - -	\$	1,847,697 9,346 646,482 178,803 10,455	
Capital assets, net of accumulated depreciation		-		320,600		320,600	
TOTAL ASSETS	\$	2,692,783		320,600		3,013,383	
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES Accounts payable	\$	8,854	\$	<u>-</u> _	\$	8,854	
Total Liabilities		8,854				8,854	
DEFERRED INFLOWS OF RESOURCES Unearned property tax revenue		646,482				646,482	
Total Deferred Inflows of Resources		646,482				646,482	
FUND BALANCES  Nonspendable for prepaid items Restricted for emergencies Assigned for subsequent years' expenditures Unassigned Total Fund Balances		10,455 31,000 190,617 1,805,375 2,037,447		(10,455) (31,000) (190,617) (1,805,375) (2,037,447)		- - - -	
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$	2,692,783					
NET POSITION Invested in capital assets Restricted for emergencies Unrestricted TOTAL NET POSITION			\$	320,600 31,000 2,006,447 2,358,047	\$	320,600 31,000 2,006,447 2,358,047	

# NORTH PARK HOSPITAL DISTRICT STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE/ STATEMENT OF ACTIVITIES GOVERNMENTAL ACTIVITIES Year Ended December 31, 2022

	Gene Fur		Adjus	tments	Statement of Activities		
REVENUES							
Program revenues:			•		•	070.004	
Charges for services, net		78,691	\$	-	\$	278,691	
Operating grants and contributions	Ç	39,132		-		39,132	
General revenues:		70 450				F70 4F0	
Property taxes		76,156		-		576,156	
Specific ownership taxes	10	04,455		-		104,455	
Delinquent taxes and interest		1,096		-		1,096	
Net investment income	٦	17,596		-		17,596	
Revenue share/ dividends		4,294		-		4,294	
Other		8,780		-		8,780	
Proceeds from sale of capital assets Total Revenues	1.03	30,200				1,030,200	
Total Nevertues	1,03	50,200				1,030,200	
EXPENDITURES / EXPENSES							
Emergency Management Services:							
Salaries and benefits	37	76,046		_		376,046	
Volunteer stipends		11,377		_		41,377	
Professional fees		58,825		_		58,825	
Insurance		30,482		_		30,482	
Office expense		5,325		-		5,325	
Election		2,451				2,451	
Public relations/contributions/scholarships		2,562		_		2,562	
County Treasurer's fees		-		-		-	
Utilities		5,738		-		5,738	
Communications	1	12,699		_		12,699	
Repairs and maintenance		4,530		-		4,530	
Fuel charges	1	11,879		-		11,879	
Crew expenses: uniforms/laundry/medical		3,612		-		3,612	
Medical supplies		9,653		-		9,653	
Operating supplies		1,154		-		1,154	
Equipment purchases	1	12,733		-		12,733	
Meals		9,576		-		9,576	
Mileage and training	2	25,623		-		25,623	
Dispatch services		14,285		-		14,285	
Intergovernmental agreement	1	18,000		-		18,000	
Miscellaneous		36		-		36	
Capital outlay	6	55,633		(65,633)		-	
Depreciation expense				44,675		44,675	
Total Expenditures	71	12,219		(20,958)		691,261	
NET CHANGE IN FUND BALANCE	31	17,981	(:	317,981)		-	
CHANGE IN NET POSITION		-	;	338,939		338,939	
FUND BALANCE/ NET POSITION							
BEGINNING OF YEAR	1 71	19,466		299,642		2,019,108	
END OF YEAR		37,447		320,600	\$	2,358,047	
	Ψ 2,00	,,, <del>,,,,</del>	Ψ	020,000	Ψ	2,000,071	

These financial statements should be read only in connection with the accompanying notes to financial statements.

## NORTH PARK HOSPITAL DISTRICT STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL GENERAL FUND

For the Year Ended December 31, 2022

Origina and Fin Budgete Amount		al ed	Actual	Variance with Final Budget - Positive (Negative)		
REVENUES	Ф 506	406 <b>¢</b>	E70 150	Φ	(40.240)	
Property taxes	\$ 586,		576,156	\$	(10,340)	
Specific ownership taxes		380	104,455		34,075	
Delinquent taxes and interest		000	1,096		96	
Ambulance fees	300,		528,094		228,094	
Uncollectible ambulance charges	(150,		(249,403)		(99,403)	
Net investment income		360	17,596		17,236	
Grants and donations		200	39,132		38,932	
Revenue share/ dividends		-	4,294		4,294	
Other		<u>-</u> _	8,780		8,780	
Total Revenues	808,	436	1,030,200		221,764	
EXPENDITURES						
Salaries and benefits	410,	946	376,046		34,900	
Volunteer stipends		000	41,377		18,623	
Professional fees		560	58,825		20,735	
Insurance		500	30,482		(1,982)	
Office expense		670	5,325		5,345	
Election		000	2,451		5,549	
Public relations/contributions/scholarships		000	2,562		438	
County Treasurer's fees		865	2,002		5,865	
Utilities		600	5,738		862	
Communications		900	12,699		8,201	
Repairs and maintenance		040	4,530		11,510	
Fuel charges		000	11,879		(1,879)	
Crew expenses: uniforms/laundry/medical		300	3,612		3,688	
Medical supplies		000	9,653		14,347	
Operating supplies		600	1,154		3,446	
Equipment purchases		000	12,733		12,267	
Meals		000	9,576		4,424	
		200	25,623		(2,423)	
Mileage and training Dispatch services		000	14,285		(2,423) 715	
		000	18,000		715	
Intergovernmental agreement Miscellaneous		100	36		- 64	
	200,		65,633		64	
Capital outlay			03,033		134,367	
Contingency		000	740.040		28,000	
Total Expenditures	1,019,	281	712,219		307,062	
NET CHANGE IN FUND BALANCE	(210,	845)	317,981		528,826	
FUND BALANCE - BEGINNING OF YEAR	1,693,	889	1,719,466		25,577	
FUND BALANCE - END OF YEAR	\$ 1,483,	044 \$	2,037,447	\$	554,403	

These financial statements should be read only in connection with the accompanying notes to financial statements.

#### NOTE 1 – DEFINITION OF REPORTING ENTITY

The North Park Hospital District (the District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized in 1960 and is governed pursuant to the provisions of the Colorado Special District Act. The District's service area is located within Jackson County (County). The District was organized for the purpose of providing emergency medical and ambulance services throughout the County.

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

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the District are described as follows:

#### Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of net position reports all financial and capital resources of the District, the difference between the assets, deferred outflows of resources and liabilities, deferred inflows of resources of the District being reported as net position.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

Taxes and other items not properly included among program revenues are reported instead as general revenues.

#### Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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 revenues as soon as all eligibility requirements imposed by the provider have been met. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown as increases in assets and redemption of bonds and notes are recorded as a reduction in liabilities.

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 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property and specific ownership taxes. Expenditures are recorded when the liability is incurred or the long-term obligation paid. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental fund:

The <u>General Fund</u> is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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.

## **Budgets**

In accordance with the Local Government Budget Law of Colorado, 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 appropriation is at the total fund expenditures level and lapses at year end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

## **Property Taxes**

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the Assessor to put the tax lien on the individual properties as of January 1 of the following 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 tax liens on delinquent properties are held in November and December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows of resources in the year they are levied and measurable. Property tax revenues are recorded as revenue in the year they are available or collected.

#### **Capital Assets**

Capital assets, which include vehicles and equipment are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Depreciation expense has been computed using the straight-line method over 10 years for vehicles and 3-10 years for equipment.

#### **Ambulance Charges**

The District provides emergency medical services. Emergency response related receivables are shown net of an allowance for uncollectible accounts. The District's policy is to establish an allowance for uncollectible accounts based on historical collection trends.

#### **Deferred Inflows of Resources**

In addition to liabilities, the statement of net position and fund balance sheets 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/fund balance that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. Property tax revenue that is related to a future period is recorded as deferred inflows. These amounts are deferred and will be recognized as an inflow of resources in the period that the amounts become available.

### **Fund Equity**

Fund balance for governmental funds are reported in the categories listed below to make the nature and extent of the constraints placed on a government's fund balances more transparent. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

Nonspendable fund balance—the amount of fund balance that is not in spendable form (such as inventory or prepaids) or is legally or contractually required to be maintained intact.

<u>Restricted fund balance</u>—the amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

<u>Committed fund balance</u>—amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.

<u>Assigned fund balance</u>—amounts the District intends to use for a specific purpose. Intent can be expressed by the District Board of Directors or by an official or body to which the District Board of Directors delegates the authority.

<u>Unassigned fund balance</u>—amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

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 District Board of Directors has provided otherwise in its commitment or assignment actions.

#### **NOTE 3 - CASH AND INVESTMENTS**

#### Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by Statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2022, the District's cash deposits had a bank balance of \$776,665 and carrying balance of \$775,772. The District had cash on hand at December 31, 2021 of \$239.

Cash deposits and investments are reported on the Statement of Net Position and the Balance Sheet – Governmental Fund as follows:

Cash and Cash Deposits \$ 776,011 Investments (COLOTRUST Plus+) 1,071,686 \$ 1,847,697

#### Investments

The District follows Colorado State Statutes which specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- . Obligations of the United States and certain U.S. government agency securities and securities of the World Bank
- . General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- . Commercial paper
- . Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- . Local government investment pools

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.

#### **Interest Rate Risk**

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors.

#### Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rate by a nationally recognized statistical rating organization.

#### COLOTRUST

As of December 31, 2022, the District has invested in the Colorado Local Government Liquid Asset Trust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund. The Trust offers shares in three portfolios, COLOTRUST Prime (Prime), COLOTRUST Plus+ (Plus+) and COLOTRUST Edge (Edge). All portfolios may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies and instrumentalities, and repurchase agreements collateralized with certain U.S. government agencies or

instrumentalities. COLOTRUST Plus+ and COLOTRUST Edge may also invest in the highest rated commercial paper. The Prime and Plus+ portfolios are restricted to a weighted average maturity (WAM) of 60 days or less while the Edge portfolio incorporates longer-dated securities with a WAM of 60 days or more. Both Prime and Plus+ portfolios are rated AAAm by Standard and Poor's and the EDGE portfolio is rated AAAf/S1 by Fitch Ratings. Information related to COLOTRUST, including the annual audited financial statements, can be found at the COLOTRUST website at <a href="https://www.colotrust.com">www.colotrust.com</a>.

#### **Investment Valuation**

Certain investments are measured at fair value on a recurring basis are 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. However, the investments held by the District are not required to be categorized within the fair value hierarchy. These 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 such as COLOTRUST.

COLOTRUST records its investments at fair value and the District records its investments in COLOTRUST at net asset value as determined by fair value. Each share of Prime and Plus is equal in value to \$1.00 and the redemption frequency is daily with no redemption notice period. Edge's net asset value is managed to approximate a \$10.00 transactional share price and the redemption frequency is five business days. The principal value of an Edge investment may fluctuate and could be greater or less than \$10.00 per share at time of purchase, prior to redemption, and at the time of redemption. There are no unfunded commitments.

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#### **NOTE 4 - CAPITAL ASSETS**

An analysis of the changes in capital assets for the year ended December 31, 2022 follows:

	В	alance at					Ва	alance at	
	De	December 31					December		
		2021 Increases		creases	Decreases			2022	
Capital assets, being depreciated:		_							
Vehicles	\$	514,112	\$	-	\$	-		514,112	
Equipment		314,647		65,633				380,280	
Total capital assets, being depreciated		828,759		65,633				894,392	
Less accumulated depreciation for:									
Vehicles		293,876		27,399		-		321,275	
Equipment		235,241		17,276				252,517	
Total accumulated depreciation		529,117		44,675				573,792	
Total capital assets, net	\$	299,642	\$	20,958	\$		\$	320,600	

Depreciation expense is charged to emergency management services function/activity.

#### **NOTE 5- FUND EQUITY**

At December 31, 2022, the District reported the following classifications of fund equity.

### Nonspendable Fund Balance

The nonspendable fund balance in the General Fund in the amount of \$10,455 comprised of prepaid amounts which are not in spendable form.

#### **Assigned Fund Balance**

The assigned fund balance in the General Fund represents the amount appropriated for use in the budget for the year ending December 31, 2023.

#### **Restricted Fund Balance**

The restricted fund balance in the amount of \$31,000 in the General Fund is comprised of the Emergency Reserves that have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 8).

#### **NOTE 6 - NET POSITION**

The District has net position consisting of three components – net investment in capital assets, restricted and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation. As of December 31, 2022, the District had investment in capital assets of \$320,600.

Restricted net position is restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position as of December 31, 2022 of \$31,000 related to Article X, Section 20 of the Colorado Constitution (Note 8).

#### **NOTE 7 - RISK MANAGEMENT**

Except as provided in the Colorado Governmental Immunity Act, as amended, without waving any privileges or protections as set forth therein, the District may be exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God.

The District carries commercial insurance coverage for other risks of loss including liability, property and public officials' coverage. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

#### **NOTE 8- TAX, SPENDING AND DEBT LIMITATIONS**

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations that apply to the State of Colorado and all local governments.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

On May 5, 1998, a majority of the District's voters passed a ballot question for the 1996 fiscal year and in each fiscal year thereafter that authorizes the District to collect, retain and expend the full revenues which are authorized under law or which may lawfully be received by the District from any source; including without limitation all lawful interest received on the District accounts, and all monies lawfully received by the District from the State of Colorado or any of its political subdivisions; such increase in revenue, in retention of such revenue, and in spending in each such fiscal year to be in excess of any revenue collection, retention or spending limitation otherwise applicable under Article X, Section 20 of the Colorado Constitution or any other law.

On November 8, 2016 a majority of the District's voters passed a ballot question that authorizes the District to increase taxes by \$300,000 annually commencing in 2017, and by such greater or lesser amount as may be collected annually thereafter from an additional ad valorem property tax mill levy not to exceed 7.000, as adjusted from time to time due to legislative and constitutional adjustments for the purpose of paying the

District's administration, operations and maintenance and other similar expenses, and shall the revenue from such taxes and any investment income be collected, retained and spent by the District in each fiscal year through and including 2017 and each year thereafter, without regard to any spending, revenue-raising, or other limitation contained within Article X, Section 20 of the Colorado Constitution, the limits imposed on increases in property taxation by Section 29-1-301, C.R.S., in any year, or any other law which purports to limit the District's revenues or expenditures as it currently exists or as it may be amended in the future, all without limiting in any year the amount of other revenues that may be collected and spent by the District.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

The District has no authorized but unissued debt as of December 31, 2022.

## NOTE 9 – RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENT AND FUND FINANCIAL STATEMENTS

The Government Fund Balance/Statement of Net Position includes an adjustments column. The adjustment has the following element:

 Capital assets used in government activities are not financial resources and, therefore are not reported in the funds: Capital assets of \$320,600 were recorded.

The Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance/Statement of Activities includes an adjustment column. The adjustment has the following element:

• Governmental funds report capital outlays as expenditures, however, in the statement of activities, the costs of those assets are allocated over the asset life as depreciation expense. Depreciation expense of \$44,675 has been recorded along with a capital asset addition of \$65,633.

#### **NOTE 10 – DEFINED CONTRIBUTION PENSION PLAN**

The District has adopted a single employer defined contribution pension plan administered by Colorado Retirement Association (CRA) which covers substantially all employees (minimum eligibility requirements of 20 or more hours of work per week and one 12 months per year). Contribution requirements of the District and eligible employees are established and may be amended by the District Board of Directors. Eligible employees must participate in the plan with an elected contribution of 3% of gross wages less overtime pay. The District matches the employees 3% contribution level.

Withdrawal from the Plan may occur only upon retirement, death, disability or termination of employment. Employees vest 100% in personal and employer contributions immediately. There is no liability for benefits under the plan beyond the District's matching

payments. For the year ended December 31, 2022, employee contributions totaled \$7,113 and the District recognized pension expense of \$7,113.

#### **NOTE 11 – DEFERRED COMPENSATION PLAN**

The District has a deferred compensation plan created in accordance with Internal Revenue Code Section 457. This plan is administered by Colorado Retirement Association (CRA). Participation in the plan is optional for all employees. The plan allows the employees to contribute to a Roth account or to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement or death or unforeseen emergencies.

This information is an integral part of the accompanying financial statements.