



DONALD WESCOTT FIRE PROTECTION DISTRICT

FINANCIAL STATEMENTS

AND

REQUIRED SUPPLEMENTARY INFORMATION

WITH

INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2023

ERICKSON, BROWN & KLOSTER, LLC
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Donald Wescott Fire Protection District
Colorado Springs, Colorado

Opinion

We have audited the accompanying financial statements of the governmental activities and each major fund of Donald Wescott Fire Protection District (District), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of December 31, 2023, 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 Opinion

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 opinion.

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.

INDEPENDENT AUDITORS' REPORT – CONTINUED

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Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. 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, Schedule of Revenues, Expenditures, and Change in Fund Balance, Budget and Actual – General Fund, the Schedule of Changes in Net Pension Liability/(Asset) and Related Ratios – Volunteer Plan, and the Schedule of Employer Contributions – Volunteer Plan 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

INDEPENDENT AUDITORS' REPORT – CONTINUED

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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.

Erickson, Brown & Kloster, LLC

Colorado Springs, Colorado

June 25, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

**DONALD WESCOTT FIRE PROTECTION DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED DECEMBER 31, 2023**

As management of Donald Wescott Fire Protection District (the District) we offer readers of the District’s annual financial report this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2023. Readers are encouraged to consider the information presented here in conjunction with the annual financial report.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the District exceeded its liabilities and deferred inflows by \$491,871 (net position). Of this amount, \$484,776 (unrestricted net position) may be used to meet the District’s ongoing obligations to its citizens and creditors.
- As of the close of the fiscal year, the General Fund reported an ending fund balance of \$407,038, an increase of \$67,747 in comparison with the prior year. Of the ending fund balance, \$5,000 is restricted and \$258,232 is either committed or assigned.
- At the end of the current fiscal year, ending fund balance was 12.15% of total expenditures and special items.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements presented are comprised of three components:

- 1) Government-wide financial statements,
- 2) Fund financial statements, and
- 3) Notes to the financial statements.

This report also contains other supplemental information in addition to the financial statements.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the District’s finances as a whole, in a manner similar to a private-sector business and includes two statements:

The *Statement of Net Position* presents information on all of 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 District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of 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.

**DONALD WESCOTT FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED DECEMBER 31, 2023**

OVERVIEW OF THE FINANCIAL STATEMENTS - Continued

Both government-wide financial statements (statement of net position and statement of activities) distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District include general and administrative activities and fire and emergency medical services.

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources segregated for specific activities or objectives. The fund financial statements provide more detailed information about the District's operations, focusing on its most significant funds, not the District as a whole. The District has only one fund, the General Fund, which is a governmental fund.

Governmental Fund - The District's basic services are included in this governmental fund, which focuses on (1) how money flows into and out of the fund and (2) the balances left at year-end that are available for spending or reserves. Consequently, the governmental fund statements provide a detailed short-term view that helps determine the status of financial resources that can be spent in the near future to finance the District's programs.

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. Thus, readers may better understand the long-term impact of the District's near-term financing decisions. To facilitate this comparison between governmental funds and governmental activities, reconciliations are provided for both the governmental fund balance sheet and the statement of revenues, expenditures, and changes in fund balance.

Notes to the Financial Statements - The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information - In addition to the basic financial statements and accompanying notes, this report also presents required supplemental information concerning the District. The District adopts an annual appropriated budget for the General Fund. A budgetary comparison schedule has been provided to allow for a direct comparison to each budget line item and to demonstrate compliance with the budget.

**DONALD WESCOTT FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED DECEMBER 31, 2023**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Condensed Statement of Net Position - Two-Year Comparison

	<u>2023</u>	<u>2022</u>	<u>Change</u>
Assets			
Current and Net Pension Assets	\$ 4,426,793	\$ 4,806,669	\$ (379,876)
Capital Assets, Net of Accumulated Depreciation	2,095	2,646	(551)
Total Assets	4,428,888	4,809,315	(380,427)
Deferred Outflows of Resources	132,400	645,396	(512,996)
Total Assets and Deferred Outflows	<u>\$ 4,561,288</u>	<u>\$ 5,454,711</u>	<u>\$ (893,423)</u>
Liabilities			
Current Liabilities	\$ 17,583	\$ -	\$ 17,583
Total Liabilities	17,583	-	17,583
Deferred Inflows of Resources	4,051,834	4,129,195	(77,361)
Total Liabilities and Deferred Inflows	<u>\$ 4,069,417</u>	<u>\$ 4,129,195</u>	<u>\$ (59,778)</u>
Net Position			
Net Investment in Capital Assets	\$ 2,095	\$ 2,646	\$ (551)
Restricted	5,000	81,000	(76,000)
Unrestricted	484,776	1,241,870	(757,094)
Total Net Position	<u>\$ 491,871</u>	<u>\$ 1,325,516</u>	<u>\$ (833,645)</u>

Capital assets consist of the following:

<u>Type</u>	<u>2023</u>	<u>2022</u>
Buildings and Improvements	\$ 67,383	\$ 67,383
Total Capital Assets, Gross	67,383	67,383
Accumulated Depreciation	(65,288)	(64,737)
Total Capital Assets, Net	<u>\$ 2,095</u>	<u>\$ 2,646</u>

Current Assets and Net Pension Assets

Current assets changed in 2023 due to increases in the net pension assets over last year, and current liabilities and long-term liabilities were reduced entirely during the year.

**DONALD WESCOTT FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED DECEMBER 31, 2023**

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

Capital Assets

Capital assets at the end of the year include buildings and improvements. All capital assets were transferred to Tri-Lakes Monument Fire Protection District as a result of an intergovernmental agreement (IGA) entered into on August 28, 2022.

Liabilities

The District has only current liabilities at the end of the year, as a result of the IGA.

Condensed Statement of Activities - Two-Year Comparison

	<u>2023</u>	<u>2022</u>	<u>Change</u>
Expenses			
Fire and Emergency Medical Services	\$ 551	\$ 1,782,345	\$ (1,781,794)
General and Administrative	142,370	502,624	(360,254)
Total Expenses	<u>142,921</u>	<u>2,284,969</u>	<u>(2,142,048)</u>
Revenues			
Program Revenues			
Charges for Services	-	80,234	(80,234)
Operating Grants and Contributions	1,899	71,590	(69,691)
General Revenues			
Property Taxes	3,081,676	3,014,553	67,123
Specific Ownership Tax	322,227	313,411	8,816
Miscellaneous	11,163	5,428	5,735
Investment Earnings	-	417	(417)
IGA Expenditures	(3,206,848)	(1,427,568)	(1,779,280)
Volunteer Pension Benefit	7,611	-	7,611
Loss on Disposal of Capital Assets	-	(11,129)	11,129
Loss on Transfer of Pension Plan for IGA	(908,452)	-	(908,452)
Loss on Transfer of Capital Assets for IGA	-	(2,450,232)	2,450,232
Total Revenues	<u>(690,724)</u>	<u>(403,296)</u>	<u>(287,428)</u>
Change in Net Position	(833,645)	(2,688,265)	1,854,620
Net Position - Beginning of Year	<u>1,325,516</u>	<u>4,013,781</u>	<u>(2,688,265)</u>
Net Position - End of Year	<u>\$ 491,871</u>	<u>\$ 1,325,516</u>	<u>\$ (833,645)</u>

**DONALD WESCOTT FIRE PROTECTION DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED DECEMBER 31, 2023**

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

Expenses

Expenses decreased in 2023 due to the IGA with Tri-Lakes Monument Fire Protection District. Expenses included all operational costs, including salary expenditures.

Revenues

Revenues decreased primarily due to increases in the expenditures and losses related to the IGA with Tri-Lakes Monument Fire Protection District, and similar decreases in program revenues that resulted from the IGA. Property taxes revenue increased as a result of a voter-approved increase in the mill levies for the District and the northern subdistrict, to address the loss of revenue with the reduction of the residential assessment rate.

GENERAL FUND FINANCIAL ANALYSIS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District accounts for all activity in a single general fund.

As discussed on page ii, the General Fund is the operating fund of the District. The ending fund balance was \$407,038, as reflected on the general fund balance sheet of the financial statements. Of this amount \$5,000 was TABOR restricted as a required reserve fund.

BUDGETARY HIGHLIGHTS

The IGA between the Donald Wescott and Tri-Lakes Monument Fire Protection District resulted in several direct benefits to both communities, including:

- Economy of scale - decreasing the number of administrative staff, reducing duplication of effort. The transfer of administrative staffed allowed the combined districts to pursue agency accreditation through the Commission of Fire Accreditation International (CFAI).
- Cost avoidance – TLMFPD was able to defer the cost of building a new fire station in the southwest corner of the district’s service area. Additionally, TLMFPD did not need to purchase a water tender.
- Improvement in fire and EMS services – with the IGA, Fire Station 5 (Highway 83) was regularly staffed, thus reducing response times. Additionally, Fire Stations 4 and 5 were staffed with Advanced Life Support (ALS) ambulances.

**DONALD WESCOTT FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED DECEMBER 31, 2023**

BUDGETARY HIGHLIGHTS - Continued

Schedule of Revenues, Expenditures, & Change in Fund Balance, Budget & Actual - General Fund

	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues			
General Property Tax	\$ 3,077,391	\$ 3,081,676	\$ 4,285
Specific Ownership Tax	275,000	322,227	47,227
Fire and Emergency Medical Services	-	1,898	1,898
Miscellaneous	-	11,163	11,163
Total Revenues	<u>3,352,391</u>	<u>3,416,964</u>	<u>64,573</u>
Expenditures			
General and Administrative	137,611	112,785	24,826
Facilities	7,932	7,637	295
Committed	32,000	21,947	10,053
IGA Expenditures	3,206,848	3,206,848	-
Total Expenditures	<u>3,384,391</u>	<u>3,349,217</u>	<u>35,174</u>
Net Change in Fund Balance	(32,000)	67,747	99,747
Beginning Fund Balance, January 1	<u>460,309</u>	<u>339,291</u>	<u>(121,018)</u>
Ending Fund Balance, December 31	<u>\$ 428,309</u>	<u>\$ 407,038</u>	<u>\$ (21,271)</u>

**DONALD WESCOTT FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED DECEMBER 31, 2023**

ECONOMIC FACTORS

The merging of the two fire districts saw several direct benefits to the community. The merger was validated through a third-party, independent review and analysis focusing on the long-term fiscal health of the two districts. It is essential that the fire district grows alongside the community to ensure it can continue to provide the best fire and EMS services. Additional personnel, upgrading fleet and facilities, and expanding programs and services will require fiscal discipline and discernment.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Donald Wescott Fire Protection District, 15415 Gleneagle Drive, Colorado Springs, CO 80921.

FINANCIAL STATEMENTS

DONALD WESCOTT FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2023

	Governmental Activities
Assets	
Cash and Cash Equivalents	\$ 389,796
Cash Held by County Treasurer	24,753
Grants Receivable	5,100
Property Tax Receivable	3,913,067
Prepaid Expenses	4,972
Capital Assets, Net of Accumulated Depreciation	2,095
Net Pension Asset - Volunteer Pension	89,105
Total Assets	\$ 4,428,888
Deferred Outflows of Resources	
Pension - Volunteer	\$ 132,400
Total Deferred Outflows of Resources	\$ 132,400
Liabilities	
Accounts Payable	\$ 17,583
Total Liabilities	\$ 17,583
Deferred Inflows of Resources	
Property Taxes	\$ 3,913,067
Pension - Volunteer	138,767
Total Deferred Inflows of Resources	\$ 4,051,834
Net Position	
Net Investment in Capital Assets	\$ 2,095
Restricted	5,000
Unrestricted	484,776
Total Net Position	\$ 491,871

See Notes to Financial Statements

**DONALD WESCOTT FIRE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

	Program Revenues				
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net Program Expense	
Functions/Programs	Expenses				
Governmental Activities					
Fire and Emergency Medical Services	\$ 551	\$ -	\$ 1,899	\$ -	\$ 1,348
General and Administrative	142,370	-	-	-	(142,370)
Total Governmental Activities	\$ 142,921	\$ -	\$ 1,899	\$ -	(141,022)
General Revenues					
General Property Tax					3,081,676
Specific Ownership Tax					322,227
Miscellaneous					11,163
IGA Expenditures					(3,206,848)
Volunteer Pension Benefit					7,611
Loss on Transfer of Pension Plan for IGA					(908,452)
Total General Revenues					(692,623)
Change in Net Position					(833,645)
Net Position - Beginning					1,325,516
Net Position - Ending					\$ 491,871

See Notes to Financial Statements

**DONALD WESCOTT FIRE PROTECTION DISTRICT
BALANCE SHEET
GOVERNMENTAL FUND - GENERAL FUND
DECEMBER 31, 2023**

ASSETS

Assets

Cash and Cash Equivalents	\$	389,796
Cash Held by County Treasurer		24,753
Grants Receivable		5,100
Prepaid Expenses		4,972
Property Tax Receivable		<u>3,913,067</u>
Total Assets	\$	<u><u>4,337,688</u></u>

LIABILITIES AND FUND BALANCE

Liabilities

Accounts Payable	\$	17,583
Total Liabilities		<u>17,583</u>

Deferred Inflow of Resources

Property Tax		3,913,067
Total Deferred Inflow of Resources		<u>3,913,067</u>

Fund Balance

Nonspendable		4,972
Restricted		5,000
Committed		32,000
Assigned		226,232
Unassigned		138,834
Total Fund Balance		<u>407,038</u>

Total Liabilities, Deferred Inflow of Resources, and Fund Balance	\$	<u><u>4,337,688</u></u>
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**DONALD WESCOTT FIRE PROTECTION DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2023**

Total Fund Balance - Governmental Fund	\$	407,038
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Amounts reported for governmental activities in the statement of net position are different because:

The net pension asset and related deferred items are not available for current period expenditures and are therefore not reported in the funds.

Net Pension Asset		89,105
Deferred Outflows of Resources - Pension		132,400
Deferred Inflows of Resources - Pension		(138,767)

Capital assets used in governmental activities are not financial resources, and therefore are not reported as assets in governmental funds.

Capital Assets		67,383
Accumulated Depreciation		(65,288)

Total Net Position - Governmental Activities	\$	491,871
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**DONALD WESCOTT FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2023**

Revenues	
General Property Tax	\$ 3,081,676
Fire and Emergency Medical Services	1,898
Specific Ownership Tax	322,227
Miscellaneous	11,163
Total Revenues	3,416,964
 Expenditures	
General and Administrative	142,369
Total Expenditures	142,369
 Special Items	
IGA Expenditures	3,206,848
Total Special Items	3,206,848
Net Change in Fund Balance	67,747
Fund Balance - Beginning	339,291
Fund Balance - Ending	\$ 407,038

See Notes to Financial Statements

**DONALD WESCOTT FIRE PROTECTION DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
DECEMBER 31, 2023**

Total Net Change in Fund Balance - Governmental Funds	\$	67,747
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays.

Depreciation Expense		(551)
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Loss on Transfer of Pension Plan for IGA		(908,452)
Pension Expenses - Volunteer		7,611
		7,611

Change in Net Position - Governmental Activities	\$	(833,645)
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NOTES TO FINANCIAL STATEMENTS

**DONALD WESCOTT FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Donald Wescott Fire Protection District (District) is organized under the laws of the State of Colorado to operate and maintain a special district for the purpose of providing fire and emergency paramedical services to its residents.

The accounting policies of the District conform to generally accepted accounting principles (GAAP) as applicable to governments. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the District are discussed below.

Reporting Entity – The District is a special district governed by an elected five-member board. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government’s operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The District has no component units for which either discrete or blended presentation is required. During 2022, the District entered into an intergovernmental agreement with Tri-Lakes Monument Fire Protection District (TLMFPD) (See NOTE 9).

Government-Wide and Fund Financial Statements

Government-Wide Financial Statements - While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the governmentwide financial statements. The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the government. Governmental activities are normally supported by taxes, intergovernmental revenues, and other nonexchange transactions.

Fund Financial Statements - The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements.

The District reports the following major fund:

Governmental Fund

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

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources as they are needed.

**DONALD WESCOTT FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

Government-Wide Financial Statements - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Fund Financial Statements - 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 period or soon enough thereafter to pay liabilities of the current fiscal 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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, specific ownership taxes, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants recognize revenue when the qualifying expenditures have been incurred and all other grant requirements have been met, and the amount is received during the period or within the availability period of this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

General Budget - In accordance with the State Budget Law, the District's Board of Directors hold a public hearing in the fall of 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 line item within the total appropriation without notification.

Budgets are required by the state for all funds. Under Colorado Revised Statutes, the counties that reside in the District's judicial district shall pay necessary expenses of maintaining an office for the transaction of official business. A formal budget is adopted each calendar year with the respective counties.

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.

**DONALD WESCOTT FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

- A. Budgets are required by State law for all funds. By October 15, the District Manager submits to the District's Board of Directors a proposed budget for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them. All budgets lapse at year-end. Prior to December 31, the budget is adopted by formal resolution.
- B. Budgets are required to be filed with the State of Colorado within thirty days after the beginning of the fiscal year.
- C. Expenditures may not legally exceed appropriations at the fund level.
- D. Revisions that alter the total expenditures of any fund must be approved by the District's Board of Directors.
- E. Budgeted amounts reported in the accompanying financial statements are as originally adopted by the District's Board of Directors.

Budget Basis of Accounting - The modified accrual basis of accounting is used for budget purposes as well as financial reporting in the General Fund, except for capital lease refinancing. If the refinance does not generate or use cash proceeds, the refinances are not budgeted.

Cash and Cash Equivalents - Cash and cash equivalents are considered to be cash on hand and in the bank, and short-term investments with original maturities of three months or less from the date of acquisition.

Property Taxes Receivable - Taxes receivable include current year property taxes, which become payable January 1 of the following year.

Grants and Other Receivables - All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Prepaid Expenses - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures when consumed rather than when purchased.

Capital Assets - Capital assets, which include land, buildings, vehicles, and equipment, are reported in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. The capitalization level is \$2,000. Donated capital assets are valued at their estimated fair market value on the date received. Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset, or materially extend asset lives, are not capitalized. Improvements are capitalized and are depreciated over the remaining useful lives of the related capital assets, as applicable.

**DONALD WESCOTT FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Buildings, vehicles, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

Buildings and Land Improvements	5 to 40 years
Vehicles	5 to 10 years
Equipment	3 to 15 years

When depreciable property is acquired, depreciation is included in expense for the year of acquisition for the number of months during the year the asset was in service. When depreciable property is retired or otherwise disposed of, depreciation is included in expense for the number of months in service during the year of retirement and the related costs and accumulated depreciation are removed from the accounts with any gain or loss reflected in the statement of revenue, expenses and changes in fund net position.

Pensions – Prior to 2023, Donald Wescott Fire Protection District participated in the Statewide Defined Benefit Plan, a cost-sharing multiple-employer defined benefit pension plan administered by the Fire & Police Pension Association of Colorado. During 2022, the District entered into an intergovernmental agreement with Tri-Lakes Monument Fire Protection District (See NOTE 9), which transferred all employees to TLMFPD, including the related assets, liabilities, deferred outflows, and deferred inflows. As such, no balances for the Statewide Defined Benefit Plan are reflected in the government-wide financial statements.

The District participates in a Volunteer Pension Plan (Volunteer Plan) that is administered by the Fire & Police Pension Association of Colorado (FPPA) (see NOTE 5). As of December 31, 2023, the Volunteer Plan has not been merged with TLMFPD at the FPPA. Accordingly, the net pension liability, deferred outflows, deferred inflows, pension expense, and information about the fiduciary net position and additions to/deductions from the fiduciary net position of the Volunteer Plan have been determined using the economic resources measurement focus and the accrual basis of accounting and are reflected in the government-wide financial statements. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Long-term Liabilities - In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the debt using the straight-line method. Bonds payable are reported net of the applicable premium or discount.

In the fund financial statements, governmental fund types recognize premiums and discounts during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**DONALD WESCOTT FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Net Position Classifications

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

Net Investment in Capital Assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balance of any bonds, loans, notes or other borrowings that are attributable to the acquisition, construction or improvement of these assets.

Restricted Net Position - Consists of net position with constraints placed on the use either by external groups, such as creditors, or laws or regulations of other governments.

Unrestricted Net Position - Includes all other assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

Net Position Flow Assumption - The District may fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

Fund Balances - The governmental fund reports fund balance classifications based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the funds can be spent.

Fund balance descriptions are presented below:

Nonspendable - This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

Restricted - This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed - This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action that was used when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned - This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Directors or through the Board of Directors delegating this responsibility to management through the budgetary process. This classification also includes the remaining positive fund balance for any governmental funds except for the General Fund.

**DONALD WESCOTT FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Unassigned - This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

As of December 31, 2023, the District had nonspendable, restricted, committed, assigned, and unassigned fund balances.

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

Program Revenues - Amounts reported as *program revenues* include 1) fees and 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. Revenues that are not classified as program revenues, including all taxes, are reported as general revenues.

Property Taxes - Property taxes attach as an enforceable lien on real property and are levied as of January 1. The tax levy is payable in two installments due February 28 and June 15, or in one installment due April 30. The El Paso County Treasurer bills and collects the District's property tax. District property tax revenues are recognized when levied to the extent they result in current receivables. The tax rate for the year ended December 31, 2023 was 7.17 mills on an assessed valuation for 2023 of \$145,416,300. The District also has a Subdistrict with a tax rate for the year ended December 31, 2023 of 15.25 mills on an assessed valuation for 2023 of \$133,426,610.

Use of Estimates - The preparation of financial statements in conformity with 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.

NOTE 1 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budget Information

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In the fall, a proposed operation budget is submitted to the Board for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted by the District to obtain taxpayer comments.
3. Prior to December 31, the budget is legally enacted through passage of a resolution. This authorizes a lumpsum expenditure budget by fund for the District. This aggregate expenditure budget, by fund, then becomes the level of control upon which expenditures cannot legally exceed appropriations. An appropriation ordinance is also adopted which allocates the total budget by fund.

**DONALD WESCOTT FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY – Continued

4. Any revisions that alter the budget of any fund must be approved by the Board by passage of a resolution.
5. Formal budgetary integration is employed as a management control device during the year for the general and pension funds.
6. The budget for the general fund is adopted on a modified accrual basis. Budgeted amounts are as originally adopted or as amended by the Board.
7. All annual appropriations lapse at the end of the year.

NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS

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 the financial institution. The eligible collateral is determined by the PDPA.

The PDPA allows the financial institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution and held in trust for all the uninsured public deposits as a group. Colorado State Statutes require the market value of the collateral to be at least 102 percent of the aggregate uninsured deposits.

The State Regulatory Commissions 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.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of bank failure the District's deposits will not be returned to it. The District does not currently have a policy related to custodial credit risk. As of December 31, 2023, deposits with a bank balance of \$139,769 are uninsured but are not exposed to custodial credit risk because they are collateralized with securities held by the pledging financial institution through the PDPA.

Credit Risk - The District has not adopted a formal investment policy; however, the District follows State Statutes regarding investments.

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

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

**DONALD WESCOTT FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS – Continued

Interest Rate Risk - 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 the debt service reserve or sinking fund requirements. As of December 31, 2023, the District held no investment securities.

NOTE 3 – CAPITAL ASSETS

Capital assets consist of the following as of December 31, 2023:

<u>Type</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Useful Lives</u>
Buildings and Improvements	\$ 67,383	\$ (65,288)	\$ 2,095	5 - 40 years

Capital asset activity for the year ended December 31, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Ending Balance</u>
Capital Assets, Being Depreciated				
Buildings and Improvements	\$ 67,383	\$ -	\$ -	\$ 67,383
Total Capital Assets, Being Depreciated	67,383	-	-	67,383
Less: Accumulated Depreciation	(64,737)	(551)	-	(65,288)
Capital Assets, Being Depreciated, Net	2,646	(551)	-	2,095
Total Capital Assets, Net	<u>\$ 2,646</u>	<u>\$ (551)</u>	<u>\$ -</u>	<u>\$ 2,095</u>

Depreciation expense for the year ended December 31, 2023, was \$551, and was allocated to fire and emergency medical services.

NOTE 4 – NET POSITION

The District has a net position consisting of three components: 1) net investment in capital assets, 2) restricted, and 3) unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by outstanding debt that is attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2023, the District had net investment in capital assets consisting of capital assets, net of accumulated depreciation, totaling \$2,095.

The *restricted* component of net position includes net assets that are 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. As of December 31, 2023, the District had restricted net position for TABOR Emergency Reserves, totaling \$5,000 (See NOTE 8).

**DONALD WESCOTT FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 4 – NET POSITION - Continued

The *unrestricted* component of net position is the net amount of assets that do not meet the definition of net investment in capital assets or restricted net position. The District's unrestricted net position as of December 31, 2023, totaled \$484,776.

NOTE 5 – FIRE & POLICE STATEWIDE DEFINED BENEFIT PLAN – VOLUNTEERS

Plan Description - Effective January 1, 2002, the District affiliated with the Fire and Police Pension Association of Colorado to administer its Volunteer Firefighter Pension Plan and to manage the plan's assets and activities. The Volunteer Firefighter Pension Plan is included in an agent multiple employer Public Employee Retirement System (PERS) maintained in trust by FPPA. The PERS represents the assets of numerous separate plans that have been pooled for investment purposes. It operates under rules consistent with the enabling legislation in Title 31, Article 30, Part 11 of the Colorado Revised Statutes. While the District's Volunteer Firefighter Pension Plan is pooled with other plans by FPPA, it is a separate plan and is administered by a board of trustees composed of District board members and volunteer firefighters, selected in accordance with Colorado state statutes. FPPA issues a publicly available annual comprehensive financial report that can be obtained at www.FPPAco.org. That report also includes the District's Volunteer Firefighter Pension Plan.

Benefits Provided - A volunteer firefighter electing to retire on or after the normal retirement date (the date on which he/she has attained fifty years of age and completed twenty years of active service) is eligible for a monthly pension approved by the board, in accordance with state statute. The monthly pension benefit for volunteer retirees is \$450. The Volunteer Firefighter Pension Plan also provides benefits for short and long term disability, survivors, and a one-time death benefit.

Memberships as of January 1, 2023:

Number of:	
Retirees and Beneficiaries	16
Active Members	2
Total	18

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

**DONALD WESCOTT FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 – FIRE & POLICE STATEWIDE DEFINED BENEFIT PLAN – VOLUNTEERS -
Continued**

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

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open*
Remaining Amortization Period	20 years*
Asset Valuation Method	5-Year Smoothed Fair Value
Inflation	2.50%
Salary Increases	N/A
Investment Rate of Return	7.00%
Retirement Age	50.00% per year of eligibility until 100.00% at age 65
Mortality	<p>Pre-retirement: 2006 central rates from the RP-2014 Employee Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years, 50% multiplier for off-duty mortality.</p> <p>Post-retirement: 2006 central rates from the RP-2014 Annuitant Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years.</p> <p>Disabled: 2006 central rates from the RP-2014 Disabled Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years.</p>

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

The actuarial assumptions shown above are associated with the Actuarially Determined Contribution for the Fiscal Year Ending December 31, 2022. The actuarial assumptions were changed for the Actuarial Valuation as of January 1, 2023 and as such, the Total Pension Liability was measured using those assumptions.

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

For the purpose of this valuation, the long-term expected rate of return on pension plan investments is 7.00 percent; the municipal bond rate is 4.05 percent (based on the weekly rate closest to but not later than the measurement date of the “state & local bonds” rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.00 percent.

**DONALD WESCOTT FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 – FIRE & POLICE STATEWIDE DEFINED BENEFIT PLAN – VOLUNTEERS –
Continued**

Long-term Rate of Return - The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic nominal rates of return for each major asset class included in the Fund’s target asset allocation as of December 31, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Cash	1.00%	3.92%
Fixed Income - Rates	10.00%	5.45%
Fixed Income - Credit	5.00%	6.90%
Absolute Return	9.00%	6.49%
Long/Short	6.00%	7.47%
Global Equity	35.00%	8.93%
Private Markets	34.00%	10.31%
	<u>100.00%</u>	

Sensitivity of the Donald Wescott Fire Protection District Proportionate Share of the Net Pension Liability/(Asset) to Changes in the Discount Rate - Regarding the sensitivity of the net pension liability/(asset) to changes in the Single Discount Rate, the following presents the plan’s net pension liability/(asset), calculated using a Single Discount Rate of 7.00 percent, as well as what the plan’s net pension liability/(asset) would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

Single Discount Rate		
1% Decrease	Assumption	1% Increase
6.00%	7.00%	8.00%
\$ (11,078)	\$ (89,105)	\$ (155,555)

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At December 31, 2023, the District reported an asset of \$89,105 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2022, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2022.

For the year ended December 31, 2023, the District recognized pension benefit of \$7,611.

**DONALD WESCOTT FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 – FIRE & POLICE STATEWIDE DEFINED BENEFIT PLAN – VOLUNTEERS –
Continued**

At December 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ -	\$ 59,376
Changes of Assumptions or Other Inputs	6,669	-
Net Difference Between Projected & Actual Earnings	125,731	79,391
	\$ 132,400	\$ 138,767

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

Fiscal Year Ending December 31,	Amortization
2024	\$ (26,537)
2025	(13,751)
2026	2,489
2027	31,432
Total	\$ (6,367)

NOTE 6 – RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District carries commercial insurance for these risks of loss, including worker’s compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage during any of the last three fiscal years.

NOTE 7 – CONTINGENCIES

Reduction of Assessed Valuation for Property Taxes - The tax boundaries of the District include certain areas that have been annexed into the City of Colorado Springs (the City) over time. In past years, the District and the City entered into a plan to transfer this property from the District but had not set a specific date as to when this transfer would occur.

In 2016, the District was notified that the City will be annexing the remaining dual jurisdiction areas within the District. As a result, the total assessed valuation of the District decreased about 66% beginning in 2018.

DONALD WESCOTT FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 7 – CONTINGENCIES - Continued

Management of the District sought voter approval to increase the mill levy to replace revenue lost as a result of the annexation. In 2017 and 2022, northern subdistrict voters approved a 14.90 and 0.35 mill increase beginning in 2018 and 2023, and in 2022 District voters approved a 0.17 mill increase beginning in 2023 (See NOTE 8).

NOTE 8 – AMENDMENT TO COLORADO CONSTITUTION

Colorado voters passed an amendment to the *State Constitution*, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments.

The entity's activity provides the basis for calculation of limitations adjusted for allowable increases tied to inflation and local growth. Fiscal year spending and revenue limits are determined based on the prior year's spending adjusted for inflation and local growth. Revenue in excess of the limit must be refunded unless the voters approve retention of such revenue.

The Amendment requires, with certain exceptions, voter approval prior to imposing new taxes, increasing tax rates, increasing a mill levy above that for the prior year, extending an expiring tax, or implementing a tax policy change directly causing a net tax revenue gain to any local government.

On November 4, 1997, District voters approved an increase in the mill levy and authorized the District to collect, retain and spend for fire protection purposes all revenue from such tax levy and all other District revenue as a voter approved revenue change and an exception to the limits which otherwise apply, effective January 1, 1998 and continuing thereafter. This vote effectively removed the District from some provisions of TABOR.

On November 5, 2002, District voters approved a mill levy increase to 7.00 mills, effective January 1, 2003, in order to provide for District operations after the exclusion of various properties from the District. In 2022, District voters approved an additional mill levy increase of 0.17, for collection in calendar year 2023, to offset the loss of revenue with the reduction of the residential assessment rate.

On November 7, 2017, northern subdistrict voters approved a 14.90 mill levy increase beginning in levy year 2017, for collection in calendar year 2018, to be used for the continuing provision of services, programs and facilities within the Northern Subdistrict. In 2022, northern subdistrict voters approved an additional mill levy increase of 0.35, for collection in calendar year 2023, to offset the loss of revenue with the reduction of the residential assessment rate.

The Amendment requires that Emergency Reserves be established. These reserves must be at least 3.00 percent of Fiscal Year Spending (excluding bonded debt service) in 2023. Emergency reserves as of December 31, 2023 totaling \$5,000 have been presented as a reservation of fund balance. The District is not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

The Amendment is complex and subject to judicial interpretation. The entity believes it is in compliance with the requirements of the amendment. However, the entity has made certain interpretations in the amendment's language in order to determine its compliance.

**DONALD WESCOTT FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 9 – INTERGOVERNMENTAL AGREEMENT

On August 28, 2022 (implementation date), the District entered into an intergovernmental agreement (IGA) with the Tri-Lakes Monument Fire Protection District to facilitate the intention to merge the two entities. Included among the contents of the IGA were the transfer of all District employees to TLMFPD, the provision of emergency services by TLMFPD to extend throughout the jurisdiction of the District, the transfer of ownership of most real and personal property, with the exception of a fire station and cash accounts, from the District to TLMFPD, and the remittance of the District's revenues earned from its operational mill levy, specific ownership tax, interest earnings on tax collections, and any other fees collected for services provided. At the discretion of the District's Board of Directors, amounts shall be retained as deemed necessary to cover the costs of ongoing administration. During the year ended December 31, 2023, the District remitted \$3,206,848 to TLMFPD to transfer the amount of revenue collections received by the District for 2023. Both Districts have budgeted for 2024 the amounts to be remitted by the District to TLMFPD, which will be paid quarterly.

It is the express intent of this IGA to create a special agency relationship between the two Districts wherein Tri-Lakes Monument Fire Protection District shall act in the capacity of an independent contractor to Donald Wescott. Notwithstanding the intention of the IGA to act as an interim step toward merging, the two entities shall remain separate and distinct from one another.

NOTE 10 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date of the independent auditors' report, the date on which the financial statements were available to be released.

REQUIRED SUPPLEMENTARY INFORMATION

**DONALD WESCOTT FIRE PROTECTION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGE IN FUND BALANCE,
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED DECEMBER 31, 2023**

	<u>Budgeted Amounts</u>		<u>Actual Budgetary Basis</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
General Property Tax	\$ 3,077,391	\$ 3,077,391	\$ 3,081,676	\$ 4,285
Specific Ownership Tax	275,000	275,000	322,227	47,227
Fire and Emergency Medical Services	-	-	1,898	1,898
Miscellaneous	-	-	11,163	11,163
Total Revenues	<u>3,352,391</u>	<u>3,352,391</u>	<u>3,416,964</u>	<u>64,573</u>
Expenditures				
General and Administrative Facilities	137,611	137,611	112,785	24,826
Committed	7,932	7,932	7,637	295
IGA Expenditures	32,000	32,000	21,947	10,053
Total Expenditures	<u>3,206,848</u>	<u>3,206,848</u>	<u>3,206,848</u>	<u>-</u>
Net Change in Fund Balance	(32,000)	(32,000)	67,747	99,747
Beginning Fund Balance, January 1	<u>460,309</u>	<u>460,309</u>	<u>339,291</u>	<u>(121,018)</u>
Ending Fund Balance, December 31	<u>\$ 428,309</u>	<u>\$ 428,309</u>	<u>\$ 407,038</u>	<u>\$ (21,271)</u>

See Independent Auditors' Report and Notes to Required Supplementary Information

DONALD WESCOTT FIRE PROTECTION DISTRICT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY/(ASSET)
AND RELATED RATIOS MULTI-YEAR
VOLUNTEER PLAN
LAST 10 FISCAL YEARS (AS AVAILABLE)

Measurement Period Ending December 31,	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability								
Service Cost	\$ 12,068	\$ 12,068	\$ 2,984	\$ 2,984	\$ 3,232	\$ 3,232	\$ 4,729	\$ 4,729
Interest on the Total Pension Liability	60,174	59,799	52,770	53,284	55,156	55,589	54,417	54,957
Benefit Changes	-	97,304	-	-	-	-	-	-
Difference Between Expected and Actual Experience	(81,288)	-	5,566	-	679	-	1,930	-
Assumption Changes	9,130	-	-	-	31,883	-	19,605	-
Benefit Payments	(69,795)	(63,333)	(62,040)	(65,140)	(64,876)	(64,320)	(64,320)	(69,360)
Net Change in Total Pension Liability	(69,711)	105,838	(720)	(8,872)	26,074	(5,499)	16,361	(9,674)
Total Pension Liability - Beginning	888,003	782,165	782,885	791,757	765,683	771,182	754,821	764,495
Total Pension Liability - Ending	<u>\$ 818,292</u>	<u>\$ 888,003</u>	<u>\$ 782,165</u>	<u>\$ 782,885</u>	<u>\$ 791,757</u>	<u>\$ 765,683</u>	<u>\$ 771,182</u>	<u>\$ 754,821</u>
Plan Fiduciary Net Position								
Employer Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,800
Pension Plan Net Investment Income	(85,030)	142,937	116,896	124,052	991	128,233	47,660	17,667
Benefit Payments	(69,795)	(63,333)	(62,040)	(65,140)	(64,876)	(64,320)	(64,320)	(69,360)
Pension Plan Administrative Expense	(5,070)	(7,958)	(5,767)	(6,648)	(6,453)	(6,261)	(1,701)	(3,701)
State of Colorado Supplemental Discretionary Payment	-	-	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	(159,895)	71,646	49,089	52,264	(70,338)	57,652	(18,361)	(49,594)
Plan Fiduciary Net Position - Beginning	1,067,292	995,646	946,557	894,293	964,631	906,979	925,340	974,934
Plan Fiduciary Net Position - Ending	<u>\$ 907,397</u>	<u>\$ 1,067,292</u>	<u>\$ 995,646</u>	<u>\$ 946,557</u>	<u>\$ 894,293</u>	<u>\$ 964,631</u>	<u>\$ 906,979</u>	<u>\$ 925,340</u>
Net Pension Liability/(Asset) - Ending	\$ (89,105)	\$ (179,289)	\$ (213,481)	\$ (163,672)	\$ (102,536)	\$ (198,948)	\$ (135,797)	\$ (170,519)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	110.89%	120.19%	127.29%	120.91%	112.95%	125.98%	117.61%	122.59%
Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net Pension Liability as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Information is only available beginning in fiscal year 2015. Complete 10-year information will be presented in future years, as it becomes available.

**DONALD WESCOTT FIRE PROTECTION DISTRICT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
VOLUNTEER PLAN
FISCAL YEARS ENDED DECEMBER 31,**

	Statutorily Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contributions as a % of Covered Payroll
2023	\$ 14,273	\$ -	\$ 14,273	N/A	N/A
2022	\$ -	\$ -	\$ -	N/A	N/A
2021	\$ -	\$ -	\$ -	N/A	N/A
2020	\$ -	\$ -	\$ -	N/A	N/A
2019	\$ -	\$ -	\$ -	N/A	N/A
2018	\$ -	\$ -	\$ -	N/A	N/A
2017	\$ -	\$ -	\$ -	N/A	N/A
2016	\$ -	\$ -	\$ -	N/A	N/A
2015	\$ -	\$ 5,800	\$ (5,800)	N/A	N/A

Information is only available beginning in fiscal year 2015. Complete 10-year information will be presented in future years, as it becomes available.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

**DONALD WESCOTT FIRE PROTECTION DISTRICT
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION**

BUDGETARY INFORMATION

Donald Wescott Fire Protection District (District) adheres to the following procedures in establishing the budgetary data reflected in the budgetary comparison schedule.

The District is required to adopt an annual operating budget. The budget is adopted on the cash basis of accounting, which is a non-GAAP basis. On or before October 15, the Fire Chief submits to the Board of Directors a proposed budget for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them. Public hearings are conducted by the Board of Directors to obtain taxpayer comments. The District adopts budgets for all funds. The General Fund uses the current financial resources measurement focus and the modified accrual basis of accounting in preparing the budgets.

Expenditure estimates in the annual budget are enacted into law by the passage of appropriation resolutions. Budgetary control exists at the total fund level and encumbrance accounting is not employed as a part of the budgetary process.

PENSION INFORMATION

Changes in Plan Provisions - The plan provisions have not changed since the prior valuation. The member contribution rate increased in 2023 as a result of member election.

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