

RATTLESNAKE FIRE PROTECTION DISTRICT

ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2022

RATTLESNAKE FIRE PROTECTION DISTRICT

ANNUAL FINANCIAL REPORT For the Year Ended December 31, 2022

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Report of Independent Certified Public Accountants

Board of Directors
Rattlesnake Fire Protection District

Opinion

We have audited the financial statements of governmental activities, the General Fund, and the budgetary comparison for the General Fund of the Rattlesnake Fire Protection 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 present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of the Rattlesnake Fire Protection 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 Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (“US 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 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 within one year after the date that the financial statements are issued or available to be issued.

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 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 US 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

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In performing an audit in accordance with US GAAS, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages iii through viii and the Schedule of Changes in Net Pension Liability and Related Ratios – Volunteer Firefighters Pension Plan page 24 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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 this required supplementary information in accordance with US GAAS, which consist of inquires 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 this information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Marc, James and Associates, PC

Highlands Ranch, Colorado
April 24, 2023

Management's Discussion and Analysis

As management of Rattlesnake Fire Protection District (the "District"), we offer the readers of the District's financial statements and related notes this narrative overview and analysis of the financial activities of the District for the year ended December 31, 2022.

Financial Highlights

- The government-wide net position of the District is defined by the amount that the District's assets and deferred outflows of resources exceeds its liabilities and deferred inflows of resources. The net position of the District at the close of the most recent fiscal year was \$3,370,967, of this amount \$1,848,124 (unrestricted net position) may be used to meet the District's ongoing obligations to residents and creditors.
- The District's net position decreased by \$243,293. The majority of the decrease can be attributed to additional salaries and benefits for adding staff to be available 24 hours a day.
- During 2022 the District spent a total of \$41,868 for capital equipment and building improvements. The fleet service lift project was complete, a new HVAC system was added to the District's training facility and a pump replacement for one of the fire engines.
- As of December 31, 2022, the District's general fund reported an ending balance of \$1,977,605, a decrease of \$129,153.

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 comprised of four components: 1) government-wide financial statements, 2) general fund financial statements, 3) notes to the financial statements and, 4) required supplemental information.

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 that of a private-sector business.

The statement of net position presents information on all of the District's assets, liabilities and deferred outflows and inflows of resources with the net difference 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 net 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 may result in cash flows in future fiscal periods.

The statement of activity identify functions of the District that are supported by charges for services and general revenues, primarily property taxes.

The governmental activities of the District include the fire prevention, fire protection, emergency medical services and support.

The government-wide financial statements can be found on pages 1 – 2 of this report.

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 governmental fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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 the balance 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 governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and change in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains one governmental fund, the general fund and adopts an annual appropriated budget for the general fund. A budgetary comparison statement has been provided for the general fund to demonstration compliance with its budget. There were no amendments to the 2022 budget.

The basic governmental fund financial statements can be found on pages 3 – 7 of this report.

Notes to the Financial Statements - The notes to the financial statements 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 starting on page 8 of this report.

Government-Wide Financial Analysis

As noted earlier, the District's net position may, over time, serve as a useful indicator of a government's financial position. The District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$3,370,967 at the close of the most recent fiscal year.

A little under half of the District's net position (43.51%) reflects its investment in capital assets (e.g., land, buildings and improvements, equipment and vehicles), net of accumulated depreciation and related debt, if any, used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to residents and visitors; consequently, these assets are not available for future spending.

At the end of the current fiscal year the District is able to report a positive net position.

Rattlesnake Fire Protection District Statement of Net Position

	2022	2021
Current and other assets	\$ 3,090,154	\$ 3,148,292
Capital assets, net of accumulated depreciation	1,466,766	1,610,810
Deferred outflows of resources	71,344	113,112
Net pension asset	2,463	-
Total Assets and Deferred Outflows of Resources	<u>4,630,727</u>	<u>4,872,214</u>
Current liabilities	74,356	28,895
Deferred inflows of resources	1,185,404	1,131,361
Total Liabilities and Deferred Inflows of Resources	<u>1,259,760</u>	<u>1,257,954</u>
Net Position		
Invested in capital assets, net of related debt	1,466,766	1,610,810
Restricted	56,077	54,232
Unrestricted	1,848,124	1,949,218
Total Net Position	<u>\$ 3,370,967</u>	<u>\$ 3,614,260</u>

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights ("TABOR") contains the requirement of establishing and maintaining an emergency reserve. The District's emergency reserve can only be used for specific events and circumstances as defined in TABOR. As of December 31, 2022 the District's emergency reserve was \$56,077.

The remaining balance of the net position, \$1,848,124 is available to meet the District's ongoing obligations.

There was a decrease in the District's net position for 2022 by \$274,487 primarily as a result of the District providing paid staff coverage 24 hours a day.

**Rattlesnake Fire Protection District
Statement of Activities**

	2022	2021
Revenue:		
Program revenues:		
Charges for services	\$ 167,153	\$ 122,775
Operating grants and contributions	21,060	20,750
Total program revenues	188,213	143,525
General revenues:		
Property taxes	1,013,028	927,792
Impact fees	87,410	194,835
Other income	254,478	240,206
Total general revenues	1,354,915	1,362,833
Total revenues	1,543,129	1,506,358
 Expenses:		
Fire protection – operation	1,600,510	1,343,905
Depreciation	185,912	186,747
Total expenses	1,786,422	1,530,652
 Change in Net Position	(243,293)	(24,294)
Net Position-Beginning	3,614,260	3,638,554
Net Position-Ending	\$ 3,370,967	\$ 3,614,260

Total revenue increased by \$36,771. The increase is due to the District collecting an additional \$44,378 in charges for services, \$85,236 in property taxes from the growth in the District and \$14,272 from other sources offset by a \$107,425 decrease in impact fees collected as a result in a lower number of new home starts.

Operation expenses for fire protection increased by \$256,605, the increase is primarily due to additional payroll and benefits costs for the additional staff required to provide 24 hours a day coverage and general overall costs increase due to inflation.

Financial Analysis of the District’s Funds

As noted earlier, the District uses governmental fund accounting internally to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds - The focus of the District’s general 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, the unassigned fund balance may serve as a useful measure of the District’s net resources available for future spending, if necessary.

As of the end of the current fiscal year, the District’s general fund reported an ending balance of \$1,977,605, a decrease of \$129,153. Approximately 70% or \$1,369,045 constitutes unassigned fund balance, which is available for future spending, if necessary, at the District’s discretion. The remainder of the fund balance is non-spendable as it pertains to prepaid expenses, the projected budgetary deficit in 2023 and the required TABOR emergency reserve.

General Fund Budgetary Highlights

There were no amendments to the general fund budget for the year ending 2022.

Capital Assets

The District's investment in capital assets as of December 31, 2022 amounts to \$1,466,766 (net of accumulated depreciation). This investment in capital assets includes land, building and other improvements, equipment and apparatus. The District completed adding a lift to the fleet maintenance building, a new HVAC system to its training facility and a new pump for one of the fire engines.

Pension Asset

As reflected on the Statement of Net Position, the District's volunteer firefighter pension plan has a net pension asset of \$2,463, in accordance with Governmental Accounting Standards Board ("GASB") GASB No. 68, *Accounting and Financial Reporting for Pensions*.

Economic Factors and Next Year's Budget

The District has appropriated \$2,326,244 for spending in the 2023 fiscal year general fund budget.

- The District's budget for 2022 reflects general property tax revenue of \$1,012,639 (based on an assessed valuation for the District of \$102,255,760 and a mill levy of 9.903 mills).
- The District's budget for 2023 reflects general property tax revenue of \$1,038,193 (based on an assessed valuation for the District of \$102,083,922 and a mill levy of 10.170 mills).

There is still the on-going public health emergency related to the coronavirus pandemic ("COVID-19") and while the District has implement procedural changes there is still the constant threat of exposure and safety of the District's employees and residents it serves. While the District has received and will continue to participate in grants available to assist in expenditures related to maintaining the safety of the District employees along with the residents it serves, there is no guarantee on how long this type of funding will be available.

At the beginning of COVID-19 new construction slowed within the District. Subsequently construction has increased within the District creating an increase in demand for services provided by the District. In response the District approved adding additional personnel. Property valuations are re-assessed every odd year and the District anticipates based on the current market conditions for assessed valuations to increase at least through the next re-assessment in 2023. In an effort to maintain the District's property tax revenues from being diminished by the Gallagher Amendment, the District voters passed a ballot issue in 2018 to allow the District to maintain the assessed valuation rate at 7.2% which for the 2023 budget increased the mill levy to 10.170 from 9.898. The District's Board of Directors will continue to monitor legislation and other factors that may have any potential long-term impact on providing services by the District to its residents.

Requests for Information

This financial report is designed to provide a general overview of the Rattlesnake Fire Protection District's finances for all those with an interest in the finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

**Rattlesnake Fire Protection District
46220 Coal Creek Drive
Parker, CO 80138**

Basic Financial Statements

**RATTLESNAKE FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2022**

ASSETS

Cash and cash equivalents	\$ 96,244
Investments – state pool	1,932,414
Cash with fiscal agents	13,522
Intergovernmental receivable	6,008
Prepaid expenses	3,773
Property taxes receivable	1,038,193
Capital assets (not subject to depreciation)	
Land	43,448
Construction in progress	5,740
Capital assets (net of accumulated depreciation)	1,417,578

DEFERRED OUTFLOWS OF RESOURCES 71,344

NET PENSION ASSET 2,463

TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES 4,630,727

LIABILITIES

CURRENT LIABILITIES

Accounts payable	25,792
Payroll liabilities	6,034
Accrued wages and benefits payable	42,530
TOTAL CURRENT LIABILITIES	74,356

DEFERRED INFLOWS OF RESOURCES 1,185,404

TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES 1,259,760

NET POSITION

Invested in capital assets, net of related debt	1,466,766
Restricted for:	
TABOR emergency	56,077
Unrestricted	1,848,124
TOTAL NET POSITION	\$ 3,370,967

The accompanying notes are an integral part of these financial statements

**RATTLESNAKE FIRE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Program Revenues			Net Governmental Activities
Expenses	Charges for Services	Grants and Contributions		
Governmental activities:				
Fire protection operations	\$ (1,600,510)	\$ 167,153	\$ 21,060	\$ (1,412,297)
Depreciation	(185,912)	-	-	(185,912)
Total Governmental Activities	\$ (1,786,422)	167,153	\$ 21,060	(1,598,209)
General revenues:				
Property taxes				1,013,028
Specific ownership taxes				162,457
Impact fees				87,410
Outsourced fleet service				57,827
Mineral rights lease				1,355
Oil well service fees				3,000
Investment income				28,031
Other				1,808
Total General Revenues				1,354,916
Change in net position				(243,293)
NET POSITION – BEGINNING OF YEAR				3,614,260
NET POSITION – END OF YEAR				\$ 3,370,967

The accompanying notes are an integral part of these financial statements

**RATTLESNAKE FIRE PROTECTION DISTRICT
BALANCE SHEET – GENERAL FUND
DECEMBER 31, 2022**

ASSETS

Cash and cash equivalents	\$	96,244
Investments – state pool		1,932,414
Cash with fiscal agents		13,522
Intergovernmental receivable		6,008
Prepaid expenses		3,773
Property taxes receivable		1,038,193
TOTAL ASSETS	\$	<u>3,090,154</u>

LIABILITIES

Accounts payable	\$	25,792
Payroll liabilities		6,034
Accrued wages and benefits payable		42,530
TOTAL LIABILITIES		<u>74,356</u>

DEFERRED INFLOWS OF RESOURCES

Property taxes		1,038,193
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TOTAL DEFERRED INFLOWS OF RESOURCES		<u>1,038,193</u>
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TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		<u>1,112,549</u>
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FUND BALANCE

Non-spendable		3,773
Assigned		548,710
Restricted		56,077
Unassigned		1,369,045

TOTAL FUND BALANCE		<u>1,977,605</u>
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TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	\$	<u>3,090,154</u>
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The accompanying notes are an integral part of these financial statements

**RATTLESNAKE FIRE PROTECTION DISTRICT
RECONCILIATION OF THE STATEMENT OF THE BALANCE SHEET –
GENERAL FUND TO THE CHANGE IN NET POSITION
DECEMBER 31, 2022**

Adjustments to reconcile the fund balance to the net position are as follows:

Fund balance per general fund balance sheet	\$	1,977,605
Capital assets used in governmental activities are not available financial resources and therefore, are not reported in the general fund.		1,466,766
Net pension asset of the district is not a financial resource available to the district and therefore, is not reported in the general fund.		2,463
Net deferred outflows and inflows of resources related to net pension asset are not current resources or liabilities and therefore, are not reported in the general fund.		(75,867)
Net position	\$	3,370,967

The accompanying notes are an integral part of these financial statements

**RATTLESNAKE FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN
FUND BALANCE-GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

REVENUES

Property taxes	\$ 1,013,028
Specific ownership taxes	162,457
Impact fees	87,410
Emergency medical services	124,768
Outsourced fleet services	57,827
Contributions	1,990
Grants	19,070
Mineral rights lease	1,355
Oil well service fees	3,000
CMS supplement payment	42,385
Investment income	28,031
Other	1,808
Total revenues	1,543,129

EXPENDITURES

Fire protection operations	1,630,414
Capital outlay	41,868
Total expenditures	1,672,282

CHANGE IN FUND BALANCE (129,153)

FUND BALANCE – BEGINNING OF YEAR	2,106,758
FUND BALANCE – END OF YEAR	\$ 1,977,605

The accompanying notes are an integral part of these financial statements

**RATTLESNAKE FIRE PROTECTION DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGE IN FUND BALANCE –GENERAL FUND
TO THE CHANGE IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2022**

Amounts reported for the governmental activities in the statement of activities are different because:

Change in fund balance	\$	(129,153)
The general fund reports capital outlays as expenditures. However, in the statement of activities the cost of the capital assets is allocated over their estimated useful lives and reported as depreciation expense:		
Capital outlay		41,868
Depreciation		(185,912)
		(144,044)
Difference in the recognition of pension expense as reflected in the general fund and the statement of activities.		
		29,904
Change in net position	\$	(243,293)

The accompanying notes are an integral part of these financial statements

**RATTLESNAKE FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – GENERAL FUND
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
Property taxes	\$ 1,028,548	\$ 1,013,028	\$ (15,520)
Specific ownership taxes	153,000	162,457	9,457
Interest on property taxes	500	1,000	500
Investment income	8,900	28,031	19,131
Grants	148,000	19,070	(128,930)
Emergency medical services	100,000	124,768	24,768
CMS supplement payment	4,000	42,385	38,385
Impact fees	144,500	87,410	(57,090)
Contributions	2,000	1,990	(10)
Water sales	1,000	680	(320)
Outsourced fleet services	75,000	57,827	(17,173)
Mineral rights lease	-	1,355	1,355
Resource deployment	50,000	-	(50,000)
Oil well service fees	3,000	3,000	-
Other	500	128	(372)
TOTAL REVENUES	<u>1,718,948</u>	<u>1,543,129</u>	<u>(175,819)</u>
EXPENDITURES:			
Operating Expenditures			
Payroll and payroll related expenses	1,193,065	1,183,029	10,036
Fire administration	105,700	104,454	1,246
Fire repair service	126,600	70,196	56,404
Firefighting	191,100	91,594	99,506
Fire station maintenance	73,850	78,258	(4,408)
Fire communication	44,062	42,710	1,352
Pension contribution	42,973	30,373	12,600
County Treasurer fee	30,379	29,800	579
Total Operating Expenditures	<u>1,807,729</u>	<u>1,630,414</u>	<u>177,315</u>
Capital Outlay	465,000	41,868	423,132
TOTAL EXPENDITURES	<u>2,272,729</u>	<u>1,672,282</u>	<u>600,447</u>
CHANGES IN FUND BALANCE	(553,781)	(129,153)	424,628
FUND BALANCE - BEGINNING OF YEAR	2,086,095	2,160,758	256,731
FUND BALANCE - END OF YEAR	<u>\$ 1,532,314</u>	<u>\$ 1,977,605</u>	<u>\$ 445,291</u>

The accompanying notes are an integral part of these financial statements

**RATTLESNAKE FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 – DEFINITION OF REPORTING ENTITY

The Rattlesnake Fire Protection District, a quasi-municipal corporation, is governed, pursuant to provisions of the Colorado Special District Act, by a five-member Board of Directors. The Board of Directors are elected by voters within the District boundaries or appointed. The District's service area is located in northwest Elbert County, Colorado. The District was established to provide fire protection and emergency medical services.

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 the financial accountability of governmental organizations 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

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of non-fiduciary activities of the primary government.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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 operation or capital requirements of a particular function or segment. Property and other taxes and other revenue not included as program revenue are reported as general revenues.

MEASUREMENT FOCUS AND FINANCIAL ACCOUNTING FRAMEWORK

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 upon receipt and maybe subject to requirements imposed by the provider.

RATTLESNAKE FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

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 District 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, claims, and judgments are recorded only when payment is made.

Property taxes, specific ownership taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period.

The District reports the following major governmental fund:

General Fund – the general fund is the primary operating fund of the District. It accounts for all financial resources of the District.

Fund Balance/Net Position

Fund Balance

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. The following classifications describe the relative strength of the spending constraints:

Non-spendable fund balance – the amount of fund balance that is not in spendable form or is legally or contractually required to be maintained intact

Restricted fund balance – the amounts constrained to specific purposes by their providers (such as grantors, bondholders, or higher levels of government), through constitutional provisions, or by enabling legislation

Committed fund balance – 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

Assigned fund balance – amounts the District intends to use for a special purpose. Intent can be expressed by the District's Board of Directors or by an official or body to which the District's Board of Directors delegates the authority.

Unassigned fund balance – amounts that are available for any purpose.

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, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and

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finally unassigned funds, as needed, unless the District Board of Directors has provided otherwise in its commitment or assignment actions.

As of December 31, 2022, the District’s fund balance consisted of the following:

Non-spendable		
Prepaid expenses	\$	3,773
Assigned		
Subsequent year deficient budget		548,710
Restricted		
TABOR Reserve		56,077
Unassigned		1,369,045
Total fund balance		<u>\$ 1,977,605</u>

Net Position

Net Position represents the difference between assets plus deferred outflows of resources less liabilities and deferred inflows of resources. The District reports three categories of net position, as follows:

Net investment in capital assets – consists of net capital assets, reduced by outstanding balances of any related debt obligations attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions may be imposed by federal or state organizations. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

When expenditure is incurred for purposes for which both restricted and unrestricted net positions are available, the District will use the most restrictive net position first.

Cash and Cash Equivalents-Investments

Cash and cash equivalents consist of cash on hand and amounts deposited in the bank and pooled state regulated investment accounts. Investments are stated at market value.

Capital Assets

Capital assets which include land, buildings and improvements, apparatus and related 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 and an estimated useful life in excess of one year. The District’s Board of Directors has the option to capitalize certain items less than \$5,000 in certain circumstances. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated and capital assets received through grants are recorded at estimated fair market value at date of donation.

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Capital assets are depreciated using the straight-line method over the following estimated useful lives.

Buildings	5 – 35	years
Improvements	20	years
Apparatus	5 – 15	years
Equipment	2 – 20	years

Deferred Outflows of Resources

In addition to assets, the District’s government-wide financial statements may include a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets by the government that is applicable to a future reporting period. As of December 31, 2022, the District’s deferred outflows of resources consist of:

Pension contributions subsequent to the net pension liability measurement date of 12/31/2021	\$ 30,373
Unamortized difference between the projected and actual earnings on pension plan investments for the year ending 12/31/18	16,189
Unamortized difference between the projected and actual earnings on pension plan investments for the year ending 12/31/2020	13,886
Unamortized difference due to pension plan assumption changes for the year ending 12/31/18	<u>10,896</u>
Total deferred outflows of resources - government-wide	<u>\$ 71,344</u>

Deferred Inflows of Resources

In addition to liabilities, the District’s government-wide financial statements may include a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. As of December 31, 2022, the District’s deferred inflows of resources consist of:

Property taxes receivable	\$ 1,038,193
Unamortized difference between expected and actual experience of the total pension plan liability for the year ending 12/31/18	3,840
Unamortized difference between the projected and actual earnings on pension plan investments for the year ending 12/31/19	30,077
Unamortized difference between the projected and actual earnings on pension plan investments for the year ending 12/31/20	38,351
Unamortized difference between the projected and actual earnings on pension plan investments for the year ending 12/31/21	<u>74,943</u>
Total deferred inflows of resources - government-wide	<u>\$ 1,185,404</u>

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of American (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

RATTLESNAKE FIRE PROTECTION DISTRICT
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Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions and natural disasters for which the District carries commercial insurance. Claims have not exceeded coverage in any of the three preceding years.

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

Formal budgetary integration is employed as a management control device during the year in the general fund. The Board of Directors adopted the District's budget in accordance with the Colorado Revised Statutes. Appropriations for the general fund lapse at the year-end.

The budgets for governmental fund types are adopted on a GAAP basis. The legal level of budgetary control (i.e. the level at which expenditures may not legally exceed appropriations) is the fund level. Total fund expenditure amounts determine the level at which expenditures may not legally exceed appropriations. Colorado Revised Statutes require the District to adopt a balanced budget. A balanced budget is when expenditures do not exceed the beginning cash balance plus revenues for the budget year. The District's Board of Directors can amend the budget and adopt supplemental budgets in accordance with the Colorado Revised Statutes. For 2022, the District's general fund budgeted expenditures exceeded budgeted revenues by \$553,781. The District's Board of Directors anticipated the use of prior year surpluses to fund the budgeted excess expenditures.

B. PROPERTY TAXES

Property taxes are levied on December 15 of each year and attach as an enforceable lien on property as of January 1. Property taxes are due as of January 1 of the following year and are payable in two equal installments due February 28 and June 15 if paid in installments, or April 30, with a single payment. Property taxes are delinquent as of August 1. If property taxes are not paid within subsequent statutory periods, the property will be sold at public auction. No provision has been made for uncollected property taxes, as all property taxes are deemed collectible. The Elbert County Treasurer bills and collects the property taxes and remits collections to the District on a monthly basis.

Property taxes are recorded initially as deferred inflows of resources in the year the property taxes are levied and measurable since the property taxes are not normally available nor are the property taxes budgeted as a resource until the subsequent year. The property taxes are recorded as revenue in the subsequent year as the property taxes are received.

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NOTE 4 – DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. DEPOSITS 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. The eligible collateral is determined by the PDPA. The PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The State Regulatory Commissions for banks and savings associations 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 – In the case of deposits, there is the risk that in the event of a bank failure, the District’s deposits may not be returned. As of December 31, 2022, the District’s deposits were not exposed to custodial credit risk as all deposits were insured by the Federal Deposit Insurance Commission or collateralized in accordance with PDPA.

Investments

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

- Obligations of the United States and certain U.S. governmental agency securities.
- Certain international agency securities.
- General obligation and revenue bonds of U.S. and local governmental 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.

Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from prevailing market interest rates, the District’s investment policy states that the weighted average maturity of the portfolio shall be no longer than 5 years.

Credit Risk – The District’s investment policy is to apply the prudent person rule where investments are made, as a prudent person would be expected to act. The District’s investment policy limits investments in fixed income securities to U.S. Treasury Bills, Notes and Bonds, Certificate of Deposits, Commercial Paper, Money Market Funds and Colorado Public Investment Pools. The investment policy limits investment in commercial paper to be rated AI/PI by at least one nationally recognized rating agency at the time of purchase. Money market funds are to be registered as an investment company.

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COLOTRUST – At December 31, 2022, the District had \$1,932,414 invested in the Colorado Local Government Liquid Trust (“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, COLOTRUST PLUS+ and COLOTRUST EDGE. COLOTRUST PRIME and COLOTRUST PLUS+ 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+ may also invest in the highest rated commercial paper. COLOTRUST EDGE invests in high-quality long-duration securities. COLOTRUST PRIME and COLOTRUST PLUS+ portfolios are rated AAAM by Standard & Poor’s. COLOTRUST EDGE portfolio is rated AAAf/S1 by Fitch Ratings.

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

The District has investments not categorized with 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. The District held investments in COLOTRUST at year end for which the investment valuation was determined as follows.

COLOTRUST determines the NAV of the shares of each portfolio as of the close of business of each day. The NAV per share of each portfolio is computed by dividing the total value of the securities and other assets of the portfolios, less any liabilities, by the total outstanding shares of the portfolios. Liabilities, which include all expenses and fees of COLOTRUST, are accrued daily. The NAV is calculated at fair value using various inputs in determine value in accordance with GASB guidance. It is the goal of the Trust to maintain a NAV of \$1.00 per share for the COLOTRUST PRIME and COLOTRUST PLUS+ portfolios and a NAV of \$10.00 per share for the COLOTRUST EDGE portfolio, however changes in interest rates may affect the fair value of the securities held by COLOTRUST and there can be no assurance that the NAV will not vary from \$1.00 or \$10.00 per share.

B. EMERGENCY MEDICAL SERVICES (“EMS”)

The District grants credit to residents, visitors and third-party medical payers for EMS and EMS support response services provided by the District. Due to the uncertainty related to the various third-party payer adjustments and the actual collection of the EMS and EMS support response fees, the District recognizes revenue associated with the EMS and EMS support responses services on the cash basis thereby recognizing the revenue when the payment for EMS and EMS support services is received.

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C. CAPITAL ASSETS

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

	Balance at December 31, 2021	Additions	Deletions	Balance at December 31, 2022
Capital assets - not subject to depreciation				
Land	\$ 43,448	\$ -	\$ -	\$ 43,448
Construction in progress	18,360	-	(12,620)	5,740
Total capital assets not being depreciated	<u>61,808</u>	<u>-</u>	<u>(12,620)</u>	<u>49,188</u>
Capital assets, subject to depreciation				
Buildings and improvements	1,734,385	5,407	-	1,739,792
Improvements other than buildings	595,408	-	-	595,408
Apparatus	3,198,083	33,811	-	3,231,894
Machinery and equipment	982,166	15,270	-	997,436
Total capital assets being depreciated	<u>6,510,042</u>	<u>54,488</u>	<u>-</u>	<u>6,564,530</u>
Less depreciation				
Buildings and improvements	(724,376)	48,390	-	(772,766)
Improvements other than buildings	(595,408)	-	-	(595,408)
Apparatus	(2,961,517)	(63,605)	-	(3,025,122)
Machinery and equipment	(679,739)	(73,917)	-	(753,656)
Total accumulated depreciation	<u>(4,961,040)</u>	<u>(185,912)</u>	<u>-</u>	<u>(5,146,952)</u>
Total capital assets being depreciated, net	<u>1,549,002</u>	<u>(131,424)</u>	<u>-</u>	<u>1,417,578</u>
Capital assets - net	<u>\$ 1,610,810</u>	<u>\$ (131,424)</u>	<u>\$ (12,620)</u>	<u>\$ 1,466,766</u>

NOTE 5 – OTHER INFORMATION

A. Pension Plans

Volunteer Firefighters' Pension

Description of the Plan and Benefits Provided

The District, on behalf of its volunteer firefighters, contributes to a defined benefit pension plan (“Plan”) that is affiliated with the Colorado Fire and Police Pension Association (“FPPA”). Assets of the plan are commingled for investment purposes in the Fire and Police Member’s Benefit Plan, an agent multiple-employer defined benefit pension plan administered by FPPA. The Plan provides retirement benefits for members and beneficiaries according to the Plan provisions as enacted and is governed by the District’s Pension Plan Board of Trustees. Colorado Revised Statutes, as amended, establishes basic benefit provisions under the Plan. FPPA issues publicly available annual financial reports that include assets of the volunteer plan. That report may be obtained by calling the FPPA at (303) 770-3772 in the Denver Metro area, or 1-800-332-FPPA (3772) from outside the metro area. The District’s Pension Plan Board of Trustees is composed of the five Directors of the District and two District volunteer firefighters. Volunteer firefighters who complete the minimum annual training required by the District and are members in good standing, are eligible to participate in the Plan for that year.

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The District makes contributions based upon District established benefits and funding requirements which are based upon an actuarial study. Plan participants do not make contributions. The State of Colorado may also contribute to the plan in an amount set by statute.

The Plan provides retirement benefits for Plan participants and beneficiaries according to the Plan provisions as enacted and governed by the District’s Plan Board of Trustees as follows:

Normal Retirement Benefit at Age 50 with 20 years of service (monthly)	\$ 375
Disability Retirement Benefit (monthly)	
Short Term Disability for line of duty injury	150
Long Term Disability for line of duty injury	300
Survivor Benefits (monthly)	
Death in the line of duty, before retirement eligible	187
Death after normal retirement	187
Death after disability retirement	75
Funeral Benefit, lump sum, one-time only	100

Plan participants rights to a benefit vest after ten years of service. Plan Participants, who retire with 10 years of credited services, are entitled to a partial benefit. Surviving spouses are entitled to 50% benefits. The above benefit provisions were also used to determine the total pension liability, discussed subsequently.

Plan participants covered by the Plan

Retirees and Beneficiaries	29
Inactive, Nonretired Members	8
Active Members	<u>24</u>
Total Participants	<u>61</u>

Net Pension Liability (Asset) and Change in the Net Pension Liability (Asset)

As defined within GASB Statement No. 68, *Employer Reporting for Pension Plan*, (“GASB 68”) the Net Pension Liability/(Asset) (“NPL”) (“NPA”) is the difference between the Total Pension Liability (“TPL”) and the Plan’s Net Position Available for Benefits. This is analogous to the Plan’s accrued liability less than the market value of the Plan’s assets. The TPL is based upon on an actuarial valuation performed as of January 1, 2021 and the measurement date of December 31, 2021. As permitted under GASB 68, the measurement date is within one year of the District’s fiscal year-end of December 31, 2022, and may be used to fulfill the December 31, 2022 reporting requirements.

The change in the Plan’s NPL/NPA consists of the following:

Service Cost	\$ 16,633
Interest on the TPL	91,930
District contribution	(28,953)
State of Colorado supplemental discretionary payment	(12,600)
Net investment income	(179,213)
Plan administrative expense	<u>12,042</u>
Change in the Net Pension Liability/(Asset)	(100,161)
Net Pension Liability – Beginning of the Year	<u>97,698</u>
Net Pension Asset – End of the Year	<u>\$ (2,463)</u>

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As of December 31, 2021, the measurement date, the NPA consisted of the following:

Total Pension Liability	\$	1,369,293
Plan Net Position Available for Benefits		<u>1,371,756</u>
Net Pension (Asset)	\$	<u>(2,463)</u>
Percentage of Plan Net Position Available for Benefits to Total Pension Asset		<u>100.18%</u>

The Plan's NPL/(NPA) is calculated using a Single Discount Rate of 7.00%. The Plan's NPL/(NPA) calculated using a Single Discount Rate that is 1% lower or 1% higher is as follows:

1% Decrease <u>6.00%</u>	<u>7.00%</u>	1% Increase <u>8.00%</u>
<u>\$ 166,694</u>	<u>\$ (2,463)</u>	<u>\$ (141,192)</u>

Basis for Determining the District and Actuarial Calculated Contributions

The actuarially determined contributions are calculated as of January 1 of odd numbered years. The contribution rates have a one-year lag, as such, the actuarial valuation as of January 1, 2021, determined the contribution amounts for 2022 and 2023.

The methods and assumptions used to determine the contribution rates are as follows:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar
Remaining Amortization Period	20 years
Asset Valuation Method	5-Year smoothed fair value
Inflation	2.5%
Investment Rate of Return	7.0%
Retirement Age	50% per year of eligibility until 100% at age 65
Mortality	Pre-retirement: RP2014 Employee Mortality Tables for males and females projected to 2018- using the MP-2017 projection scales and then projected using the ultimate rates of the scale for all years, 50% multiplier for off-duty mortality Post-retirement: RP2014 Annuitant Mortality Tables for males and females projected to 2018- using the MP-2017 projection scales and then projected using the ultimate rates of the scale for all years Disabled: RP2014 Disabled Mortality Table

The actuarial valuation calculated on January 1, 2021 for the contribution amounts for 2022 and 2023 have no assumption changes.

For the year ending December 31, 2021, the actuarial and actual contributions were as follows:

<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>
<u>\$ 41,553</u>	<u>\$ 41,553</u>	<u>\$ -</u>

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Deferred Outflows and Inflows of Resources – Pension Plan

The deferred outflows and inflows of resources, as applicable, related to the Plan are amounts used under GASB 68 in developing the annual pension expense. The deferred outflows and inflows of resources arise from differences between expected and actual experiences and changes, as applicable, of assumptions. The portions of these amounts which are not included in the current pension expense are reflected on the statement of net position as deferred outflows and inflows of resources.

Deferred outflows of resources as of the District’s fiscal year ending December 31, 2022, are as follows:

Deferred outflow of resources to be recognized in future pension expense resulting from differences between projected and actual Plan investment income	\$ 30,075
Deferred outflow of resources to be recognized in future pension expense resulting from change in assumptions	10,896
District contributions to the Plan subsequent to the measurement date	<u>30,373</u>
Total deferred outflows of resources – pension	<u>\$ 71,344</u>

Deferred inflows of resources as of the District’s fiscal year ending December 31, 2022, are as follows:

Unamortized difference between expected and actual experience of the TPL	\$ 3,840
Deferred inflow of resources to be recognized in future pension expense resulting from differences between projected and actual Plan investment income	<u>143,371</u>
Total deferred inflows of resources – pension	<u>\$ 147,211</u>

Future amortization of the deferred outflows of resources excluding contributions subsequent to the measurement date of December 31, 2022, are as follows:

	2018	2019	2020	Total
2023	27,085	-	13,886	40,971
	<u>\$ 27,085</u>	<u>\$ -</u>	<u>\$ 13,886</u>	<u>\$ 40,971</u>

Future accretion of the deferred inflows of resources excluding subsequent contributions to the measurement date as of December 31, 2022, are as follows:

	2018	2019	2020	2021	Total
2023	(3,840)	(15,038)	(12,784)	(18,736)	(50,398)
2024	-	(15,039)	(12,784)	(18,736)	(46,559)
2025	-	-	(12,783)	(18,736)	(31,519)
2026	-	-	-	(18,735)	(18,735)
	<u>\$ (3,840)</u>	<u>\$ (30,077)</u>	<u>\$ (38,351)</u>	<u>\$ (74,943)</u>	<u>\$ (147,211)</u>

Fire and Police Statewide Defined Benefit Plan

Description of the Plan and Benefits Provided

The District has thirteen full-time employees that participate in the Fire and Police Pension Association of Colorado’s Statewide Defined Benefit Plan (“SWDB”). The SWDB plan covers all firefighter and police officer employees of the participating fire and police departments in Colorado hired after April

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8, 1978. The SWDB plan is a multi-employer plan administered by the FFPA. Members of the SWDB plan may receive a monthly lifetime benefit upon meeting the eligibility requirements for normal, early, vested or deferred retirement.

A member is eligible for a normal retirement pension once the member has completed twenty-five years of credited service and has attained the age of 55.

The annual normal retirement benefit is 2 percent of the average of the member’s highest three years’ base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter. The benefit earned prior to January 1, 2007 for members of affiliated Social Security employers will be reduced by the amount of Social Security income payable to the member annually. Effective January 1, 2007, members currently covered under Social Security will receive half the benefit when compared to the SWDB plan. Benefits paid to retired members are evaluated and may be re-determined every October 1. The amount of any increase is based on the Board’s discretion and can range from 0 to the higher of 3 percent or the Consumer Price Index.

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

Contributions

Members of the SWDB plan and employers are contributing at the rate of 12% and 9%, respectively, of base salary for a total contribution rate of 21% in 2022. Employer contributions will increase by 0.5% annually starting in 2021 through 2030 to a total of 13% resulting in a combined contribution rate of 25% in 2030.

Contributions made to the SWDB plan for the current year and 5 previous years are as follows:

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Member Contributions	\$ 83,682	\$ 63,949	\$ 28,330	\$ 21,475	\$ 19,956
District Contributions	\$ 62,762	\$ 47,249	\$ 20,511	\$ 16,523	\$ 16,035

Pension Liabilities/Assets, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

SWDB plan is also subject to the provisions of GASB 68 which provides guidance for the potential recognition of the District’s proportionate share of the SWDB plan net pension liability/(asset) and any related deferred outflows or deferred inflows. The District has evaluated the impact of GASB 68 on the SWDB plan and has determined the District’s proportionate share of the SWDB plan net pension liability/(asset) and any related deferred outflows of resources or deferred inflows of resources are immaterial. As such, as permitted under GAAP, the District’s proportionate share of the SWDB plans net pension liability/(asset) and any related deferred outflows or deferred inflows are not reflected.

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B. Tax, Spending and Debt Limitations

Colorado voters passed an amendment to the State Constitution in 1992, Article X, Section 20, (“TABOR”) which has several limitations, including revenue raising, spending abilities, and other specific requirements for state and local governments. TABOR excludes from its provision Enterprise Activities. Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10 percent of their annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR.

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

In 2013, the electors of the District authorized the District to collect and spend all revenue received in 2013 and subsequent years, notwithstanding the limitations of TABOR, without increasing its mill levy above current levels without further voter approval.

TABOR requires that Emergency Reserves be established. These Emergency Reserves must be at least 3 percent of Fiscal Year Spending (excluding bonded debt service) from 1995 and thereafter. The District’s Emergency Reserves as of December 31, 2022, totaling \$56,077 have been presented as a restriction in the general fund and net position. The District is not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary and benefit increases.

The District’s Board of Directors 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 and qualification as an Enterprise will require judicial interpretation.

In 2018, the electors of the District authorized the District to adjust the District’s mill levy up or down, in response to legislative changes to the residential property tax assessment percentage. The District levied 9.903 mills for property taxes to be collected in 2022.

C. Impact Fee

In 2016, the State of Colorado passed House Bill 16-1088, *Fire Protection District Impact Fee* on new development. The legislation authorizes Fire Districts to impose an impact fee on the construction of new buildings, structures, facilities, or improvements, including oil and gas wells, on previously improved or unimproved real property for reasonable related added cost of fire protection services from the Fire Districts. Additionally, the County where the Fire District resides must be involved with the assessment and collection of the agreed impact fees.

In 2017, the District contracted for an Impact Fee Study with the results of the study decreasing the residential fee from \$3,180 to \$2,897 per dwelling unit and commercial developments from \$1.65 to \$1.35 per square foot. The impact fee rates became effective January 1, 2018 and will be effective until the next required Impact Fee Study in 2024. For the year ending December 31, 2022 the District collected \$87,410.

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D. Oil and Gas Lease

In 2017, the District entered into an oil and gas lease with Lotus Land & Minerals, LLC to lease the mineral rights under certain properties owned by the District. The primary term of the lease is for four years with an option for an additional two years. In October 2021, the option was exercised and \$19,004 was received as consideration. In 2022, the District started to receive payments for oil and gas production per the terms of the lease. A total of \$1,355 has been received as of December 31, 2022.

E. Intergovernmental Agreement

In 2013, the District entered into an Intergovernmental Agreement ("IGA") for the construction and operation of a Joint Facility with Elizabeth Fire Protection District. The Joint Facility enables both Districts to provide high quality and cost-effective emergency services to its residents along with an improvement in insurance ratings. In 2017, the District moved its fleet operations into the Joint Facility. Subsequently, under mutual agreement any costs incurred over the minimum operating costs of the Joint Facility are the responsibility of the District.

F. Related Parties Transactions

The District may from time-to-time purchase goods or services from entities related to Directors, current and past employees or volunteers of the District. These purchases are on the same terms and conditions as those entered into with non-related parties. For the year ending December 31, 2022 the District had \$1,308 of related party transactions.

G. Coronavirus Pandemic

In December 2019, an outbreak of COVID-19 originated in Wuhan, China and has since spread world-wide, including the United States. In March 2020, the World Health Organization characterized COVID-19 as a pandemic.

COVID-19 has adversely affected the economics and financial markets of the United States, including Colorado, resulting in a world-wide economic downturn, operational closures, and social restrictions that have impacted the operations of the District.

The District continues to monitor and assess the effects of the COVID-19 pandemic on the District; however, the ultimate impact of the COVID-19 outbreak or a similar health epidemic is highly uncertain and subject to change.

The Federal Government has announced effective May 11, 2023 will be the end of the Public Health Emergency.

H. Management's Evaluation of Subsequent Events

The preparation of the District's financial statements and accompanying notes in conformity with generally accepted accounting principles requires management of the District to evaluate transactions and events subsequent to the balance sheet date involving the District. Management has evaluated the subsequent transactions and events of the District through April 24, 2023, which is the date the financial statements and accompanying footnotes were approved and available for issuance.

Required Supplementary Information

RATTLESNAKE FIRE PROTECTION DISTRICT
VOLUNTEER FIREFIGHTERS' PENSION PLAN
SCHEDULE OF CHANGE IN NET PENSION ASSET(LIABILITY)
AND RELATED RATIOS

Year 8 (prospectively since 2014)

Measurement period ended December 31.	2014	2015	2016	2017	2018	2019	2020	2021
Total Pension Plan Liability								
Service cost	\$ 25,995	\$ 28,371	\$ 28,371	\$ 24,293	\$ 24,293	\$ 15,504	\$ 15,504	\$ 16,633
Interest on the total pension liability	83,444	78,471	81,920	85,609	87,354	86,035	87,618	91,930
Difference between expected and actual experience of the total pension liability	(116,359)	-	(11,145)	-	(21,192)	-	41,658	-
Assumption changes	-	-	26,158	-	60,140	-	-	-
Benefit payments	(60,890)	(60,202)	(61,538)	(87,154)	(86,083)	(77,566)	(80,316)	(87,281)
Net change in total pension liability	(67,810)	46,640	63,766	22,748	64,512	23,973	64,464	21,282
Total pension plan liability - beginning	1,129,718	1,061,908	1,108,548	1,172,314	1,195,062	1,259,574	1,283,547	1,348,011
Total pension plan liability - ending	\$ 1,061,908	\$ 1,108,548	\$ 1,172,314	\$ 1,195,062	\$ 1,259,574	\$ 1,283,547	\$ 1,348,011	\$ 1,369,293
Pension Plan Fiduciary Net Position								
District contributions	\$ 30,817	\$ 30,817	\$ 30,817	\$ 30,817	\$ 30,817	\$ 22,707	\$ 28,953	\$ 28,953
Pension plan net investment income	63,448	17,716	52,260	144,949	858	147,719	143,163	179,213
Benefit payments	(60,890)	(60,202)	(61,538)	(87,154)	(86,083)	(77,566)	(80,316)	(87,281)
Pension Plan administrative expenses	(1,836)	(2,931)	(1,830)	(13,951)	(13,551)	(12,220)	(10,218)	(12,042)
State of Colorado supplemental discretionary contribution	16,748	16,748	12,600	12,600	12,600	12,600	12,600	12,600
Net change in Pension Plan fiduciary net position	48,287	2,148	32,309	87,261	(55,359)	93,240	94,182	121,443
Pension plan fiduciary net position - beginning	948,245	996,532	998,680	1,030,989	1,118,250	1,062,891	1,156,131	1,250,313
Pension plan fiduciary net position - ending	\$ 996,532	\$ 998,680	\$ 1,030,989	\$ 1,118,250	\$ 1,062,891	\$ 1,156,131	\$ 1,250,313	\$ 1,371,756
Net Pension Asset (Liability)	\$ (65,376)	\$ (109,868)	\$ (141,325)	\$ (76,812)	\$ (196,683)	\$ (127,416)	\$ (97,698)	\$ 2,463
Pension Plan Fiduciary Net Position as a % of Total Pension Plan Liability	93.84%	90.09%	87.94%	93.57%	84.38%	90.07%	92.75%	100.18%
Net Pension Plan Liability as % of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Schedule of Contributions								
Actuarially determined contribution	\$ 35,311	\$ 35,311	\$ 35,307	\$ 35,307	\$ 35,307	\$ 35,307	\$ 41,553	\$ 41,553
Actual contributions	47,565	47,565	43,417	43,417	43,417	35,307	41,553	41,553
Contribution deficiency (excess)	\$ (12,254)	\$ (12,254)	\$ (8,110)	\$ (8,110)	\$ (8,110)	\$ -	\$ -	\$ -