

**COAL CREEK CANYON FIRE PROTECTION DISTRICT
FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2023**

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Green & Associates LLC

Certified Public Accountants & Business Consultants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Coal Creek Canyon Fire Protection District

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of Coal Creek Canyon Fire Protection District as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Coal Creek Canyon Fire Protection 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 Coal Creek Canyon Fire Protection 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 Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Coal Creek Canyon Fire Protection 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Coal Creek Canyon Fire Protection District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of 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 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, including omissions, 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.

PO Box 1576
Fort Collins, CO 80522

Green & Associates • LLC

PHONE (720) 839-6458
www.GreenCPAfirm.com

Certified Public Accountants & Business Consultants

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 of the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Coal Creek Canyon Fire Protection 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 Coal Creek Canyon Fire Protection 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 Changes in Fund balances – Budget and Actual, Schedule of Contributions – Multiyear, Schedule of Changes in Net Pension Liability / (Asset) and Related Ratios Multiyear, Schedule of the District's Proportionate Share of the Net Pension Liability – FPPA SWDB, Schedule of Pension Contributions – FPPA SWDB, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Fort Collins, Colorado
July 8, 2024

Management's Discussion and Analysis

Coal Creek Canyon Fire Protection District

Management's Discussion and Analysis

Introduction:

Management's Discussion and Analysis is intended to provide the reader and user of our financial statements with a narrative overview of the District's financial activities. Management's Discussion and Analysis (MD&A) should be read in conjunction with the District's financial statements and notes to the financial statements, beginning on page 7.

Overview of the Financial Statements of the District:

The audited financial statements of the District are:

- Statement of Net Position
- Statement of Activities
- Balance Sheet – Governmental Fund
- Statement of Revenues, Expenditures, and Changes in Fund Balance-Governmental Fund
- Notes to the Financial Statements

The financial statements of the District are presented as a special purpose government engaged in government type activities. These financial statements distinguish between the functions of the District that will be principally supported by taxes. The functions of the District include the provision of fire protection services and emergency services.

The **Statement of Net Position** is prepared using the full accrual basis of accounting, provides information about what is owned (assets) by the District, what is owed (liabilities) by the District, and what is the District's equity in its assets (Net Position). Over time, the comparison of changes in Net Position may provide a useful method of evaluating whether the financial position of the District is improving, deteriorating, or maintaining a status quo.

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

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

The **Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds** presents the activities of the District's funds using the modified accrual method of accounting which includes expenditures for capital assets and debt service obligations. This method approximates the reporting on a cash basis and closely follows the budgetary method.

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

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

Condensed Comparative Financial Information:
Condensed Statement of Net Position

	<u>2023</u>	<u>2022</u>
Current Assets		
Cash and cash equivalents	\$ 932,339	\$ 921,833
Other current assets	1,066,715	828,412
	<u>1,999,054</u>	<u>1,750,245</u>
Non Current Assets		
Capital assets – net	2,400,632	1,354,704
Other	-	53,855
Total Assets	<u>4,399,686</u>	<u>3,158,804</u>
Deferred Outflows of Resources	201,693	110,012
Current Liabilities	176,659	36,162
Long Term Liabilities	1,210,682	245,723
Total Liabilities	<u>1,387,341</u>	<u>281,885</u>
Deferred Inflows of Resources	<u>1,073,370</u>	<u>985,751</u>
Net Position		
Net investment in capital assets	1,521,115	1,354,704
Restricted	28,747	80,133
Unrestricted	590,806	566,343
Total Net Position	<u>\$ 2,140,668</u>	<u>\$ 2,001,180</u>

Condensed Statement of Activities

	<u>2023</u>	<u>2022</u>
Program Expenses		
Fire protection and emergency services	876,252	647,345
Total Program Expenses	<u>876,252</u>	<u>647,345</u>
Program Revenues		
Charges for services	-	-
Grants & contributions	73,898	11,683
Total Program Revenue	<u>73,898</u>	<u>11,683</u>
Net Program Expense	<u>802,354</u>	<u>635,662</u>
General Revenues	941,842	864,241
Change in Net Position	139,488	228,579
Net Position, Beginning of Year	2,001,180	1,772,601
Net Position, End of Year	<u>\$ 2,140,668</u>	<u>\$ 2,001,180</u>

This foregoing information is a summary of the financial information contained in the District's financial statements. For more about the information contained in this condensed, comparative financial information, we recommend a close review of the accompanying audited financial statements beginning on page 7.

Discussion of Financial Position and Operating Activities

The District's Net Position as of December 31, 2023 was \$2,140,668. This is an increase of \$139,488 from 2022. Capital expenditures are not expensed in this statement.

Unrestricted cash and cash equivalents of the District at December 31, 2023, totaled \$932,339. This is an increase of \$10,506 from the previous year.

Capital Assets, net of accumulated depreciation, of the District at December 31, 2023, totaled \$2,400,632, which includes additions of \$1,280,999 and disposals of fully depreciated assets.

General revenues were \$941,842 and relate primarily to taxes and earnings on investments. See page 8 of the accompanying Financial Statements for details of these revenues and expenses.

Fund Discussion

The Governmental Fund – General Fund balance decreased from \$926,722 in 2022 to \$883,695 in 2023. The fund balance includes \$28,747 for emergencies in accordance with TABOR requirements. The assets and liabilities are comprised primarily of cash, investments and property tax revenues to be realized in 2024.

Total Governmental Fund – General Fund revenues were exceeded by expenditures by \$43,027 see page 10 of the accompanying financial statements for the details of the revenues and expenditures.

General Fund Budgetary Discussion

Actual revenues for 2023 were \$1,116,705 more than the final budget. Actual expenditures for 2023 were \$852,585 more than the final budgeted expenditures primarily because of higher than expected capital outlay. See the accompanying financial statements for more detail. Actual expenditures exceeded budgeted amounts which may be a violation of state budget law. The budget was not amended for the year, as such all numbers are compared to the final budgeted amounts.

Capital Assets and Long-term Obligations

Capital Assets. The District's primary capital assets are buildings and fire suppression equipment. Capital asset additions in 2023 consisted primarily of the addition of vehicles and equipment. There were no disposals of assets during the year. See Note 3 of the Notes to the Financial Statements on page 17.

Long-term Debt. The district entered into a lease purchase agreement for the purchase of two pumpers in the amount of \$970,932 with payments commencing in 2023. The pumpers are scheduled to be received in 2024.

Economic Factors and Next Year's Budget. The District is expecting an increase in property taxes in 2024 relating to increases in assessed valuation. The expenses are projected to remain relatively the same. Other revenues of the district are not expected to fluctuate much in the upcoming year.

Requests for Information. This financial report is designed to provide a general overview of Coal Creek Canyon Fire Protection District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to the District at Coal Creek Canyon Fire Protection District, P.O. Box 7187 Crescent Branch, Golden, CO 80403

Basic Financial Statements

Coal Creek Canyon Fire Protection District
Statement of Net Position
December 31, 2023

Assets

Current Assets

Cash and cash equivalents	\$ 932,339
Prepaid expenses	10,096
Accounts receivable	3,623
Property taxes receivable	1,052,996
Total Current Assets	<u>1,999,054</u>

Noncurrent Assets

Capital assets	
Non-depreciable	1,256,791
Depreciable	4,126,610
Less: Accumulated depreciation	<u>(2,982,769)</u>
Net Capital Assets	<u>2,400,632</u>
Total Noncurrent Assets	<u>2,400,632</u>
Total Assets	<u>4,399,686</u>

Deferred Outflows of Resources

FPPA Volunteer Pension	138,146
FPPA SWDB Pension	<u>63,547</u>
Total Deferred Outflows of Resources	<u>201,693</u>

Liabilities

Current Liabilities

Accounts payable	53,064
Accrued wages	2,640
Other accrued liabilities	6,659
Accrued compensated absences	12,873
Accrued interest	20,669
Lease purchase - current portion	<u>80,754</u>
Total Liabilities	<u>176,659</u>

Long Term Liabilities

Lease purchase agreement - long-term	798,763
Net pension liability - SWDB	8,519
Net pension liability - Volunteer	<u>403,400</u>
Total Long Term Liabilities	<u>1,210,682</u>
Total Liabilities	<u>1,387,341</u>

Deferred Inflows of Resources

Deferred property taxes	1,052,996
FPPA Volunteer Pension	18,884
FPPA SWDB Pension	<u>1,490</u>
Total Deferred Inflows of Resources	<u>1,073,370</u>

Net Position

Net investments in capital assets	1,521,115
Restricted for emergencies	28,747
Unrestricted	<u>590,806</u>
Total Net Position	<u>\$ 2,140,668</u>

**Coal Creek Canyon Fire Protection District
Statement of Activities
For the Year Ended December 31, 2023**

		Program Revenues		Net (Expenses) Revenue and Changes in Net Position
Governmental Activities	Expenses	Charges for Service	Operating Grants and Contributions	Governmental Activities
Fire protection and emergency services	\$ 876,252	\$ -	\$ 73,898	\$ (802,354)
Total Governmental Activities	\$ 876,252	\$ -	\$ 73,898	(802,354)
 General Revenues				
Property taxes				800,015
Specific ownership taxes				50,008
Earnings on investments				17,324
Other				16,995
Gain on sale of capital assets				57,500
Total Revenues				941,842
Change in Net Position				139,488
Net Position - Beginning of Year				2,001,180
Net Position - End of Year				\$ 2,140,668

Fund Financial Statements

**Coal Creek Canyon Fire Protection District
Balance Sheet
December 31, 2023**

Assets

Current Assets

Cash and cash equivalents	\$ 932,339
Prepaid expenses	10,096
Accounts receivable	3,623
Property taxes receivable	1,052,996

Total Assets	\$ 1,999,054
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Liabilities

Current Liabilities

Accounts payable	\$ 53,064
Accrued wages	2,640
Other accrued liabilities	6,659

Total Liabilities	62,363
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Deferred Inflows of Resources

Deferred property tax revenue	1,052,996
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Total Deferred Inflows of Resources	1,052,996
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Equity

Fund Balance	
Restricted	28,747
Nonspendable	10,096
Unassigned	844,852

Total Fund Balance	883,695
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Total Liabilities, Fund Balance and Deferred Inflows	\$ 1,999,054
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Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

Amounts reported for governmental funds in the Statement of Net Position are different because:

Total fund balance	883,695
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Capital Assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	2,400,632
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Long-term liabilities, including leases payable and the related accrued interest, are not due and payable in the current period and, therefore, are not reported in the funds.	(900,186)
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Net pension liability, asset, and the related deferred inflows and outflows of resources are not current financial resources and are therefore not reported in the fund financial statements.	(230,600)
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Accrued compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the fund financial statements.	(12,873)
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Total Net Position	\$ 2,140,668
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Coal Creek Canyon Fire Protection District
Statement of Revenue, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2023

Revenues	
Property taxes	\$ 800,015
Specific ownership taxes	50,008
Earnings on investments	17,324
Contributions	59,010
Grants	14,888
Other	16,995
Total Revenue	<u>958,240</u>
Expenditures	
Operating Expenses	
Wages and benefits	202,489
Buildings and grounds maintenance	28,452
Administrative expenses	96,484
Equipment maintenance and repair	96,882
Firefighting expense	95,096
Medical expense	17,117
Recruitment and retention	20,328
Pension contributions	57,000
County Treasurer fees	12,761
Capital outlay	1,280,999
Debt Service:	
Principal	91,415
Interest	30,676
Total Expenditures	<u>2,029,699</u>
Revenue Over (Under) Expenditures	<u>(1,071,459)</u>
Other Financing Sources	
Proceeds from sale of capital assets	57,500
Proceeds from issuance of leases	970,932
Total Other Financing Sources	<u>1,028,432</u>
Net Change in Fund Balance	(43,027)
Fund Balance, beginning of year	<u>926,722</u>
Fund Balance, end of year	<u>\$ 883,695</u>
Total Change in Fund Balance Governmental Fund	
	\$ (43,027)
Depreciation expense reported in the Statement of Activities does not require the use of current financial resources therefore is excluded from the fund statements.	
	(235,071)
Accrued vacation does not require the use of current financial resources and therefore the balances and the changes are not reported in the fund financial statements.	
	(2,067)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net position.	
	(879,517)
The changes in accrued interest are reported in the statement of activities but do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
	(20,669)
Changes arising from the change in Net pension liability and the related deferred inflows and outflows of resources are not current financial resources and are therefore not reported in the fund financial statements.	
	38,840
Capital outlay to purchase or build capital assets is reported in governmental funds as an expenditure. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over their useful lives.	
	1,280,999
Change in Net Position of Governmental Activities	<u>\$ 139,488</u>

Coal Creek Canyon Fire Protection District
Notes to Financial Statements
December 31, 2023

Note 1 Summary of Significant Accounting Policies

Financial Reporting Entity

In conformance with Governmental Accounting and Financial Reporting Standards, Coal Creek Canyon Fire Protection District, (the "District"), is the reporting entity for financial reporting purposes. The District is the primary government financially accountable for all activities of the District within the geographical area organized as the Coal Creek Canyon Fire Protection District. The District meets the criteria of a primary government: its Board of Directors is the publicly elected governing body; it is a legally separate entity; and it is fiscally independent.

In accordance with governmental accounting standards, the District has considered the possibility of inclusion of additional entities in its financial statements. The definition of the reporting entity is based primarily on financial accountability. No other entities have been included in the District's financial statements.

Basis of Presentation

The District's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements which provide a more detailed level of information.

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include the financial activities of the primary government and exclude the activity of funds that are fiduciary in nature.

The Statement of Net Position presents the financial position of the governmental activities at the end of the year. The Statement of Activities presents a comparison between program expenses and the program revenue for each program or function of the District's governmental activities. Program expenses are those that are specifically associated with a service, program or department; and therefore, clearly identifiable to a particular function. Program revenue includes charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenue are presented as general revenue of the District, with certain limited exceptions. The comparison of program expenses with program revenue identifies the extent to which each governmental function is self-financing or draws from the general revenue of the District.

Fund Financial Statements

During the year the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds.

Coal Creek Canyon Fire Protection District
Notes to Financial Statements (Continued)
December 31, 2023

Note 1 Summary of Significant Accounting Policies (Continued)

Fund Accounting

The accounts of the District are organized on the basis of funds which are considered a separate accounting entity. Funds used by the District are described below.

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.

Measurement Focus and Basis of Accounting

Government-wide Financial Statement

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. All assets and liabilities associated with the District are included in the Statement of Net Position.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet and only revenues that are available within 60 days are recorded in the Statement of Revenues, Expenditures and Changes in Fund Balance. The Statement of Revenues, Expenditures, and Changes in Fund Balance reports on the sources and uses of current financial resources. This approach differs from the manner in which the activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Revenue

Revenue resulting from exchange transactions, in which each party gives and receives essentially the same value, is recorded on the accrual basis, when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are both measurable and available to finance expenditures, which is typically within sixty days of realization. The transactions are classified as operating revenues.

Non-exchange transactions, in which the District receives value without directly giving value in return, include property taxes, grants, entitlements and donations. Revenue from property tax is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. These transactions are classified as non-operating revenues.

Property Taxes

The County Treasurer collects and remits property taxes to the District monthly. Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied for the current year prior to December 31 and are payable in full on April 30 of the subsequent year, or in two installments on February 28 and June 15. Property taxes are recorded as receivables and deferred revenue when levied. As taxes are collected, the receivable and deferral are reduced and income is recognized.

**Coal Creek Canyon Fire Protection District
Notes to Financial Statements (Continued)
December 31, 2023**

Note 1 Summary of Significant Accounting Policies (Continued)

Expenses/Expenditures

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

Cash and cash equivalents- The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with maturities of 90 days or less at the date of their acquisition.

Investments – investments are recorded at fair value, which approximates cost.

Receivables – all receivables are reported at their book value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. No allowance for doubtful accounts has been established since the District has the right to place a lien on the property to collect the balance due.

Assets and Liabilities

Capital assets –Capital assets are stated at cost or estimated cost. The capitalization threshold for fixed assets is \$5,000. Depreciation over the estimated useful lives of the assets is computed using the straight-line method. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Estimated useful lives are as follows:

<u>Description</u>	<u>Estimated Lives</u>
Land	N/A
Buildings	40 years
Improvements	10 years
Vehicles	5-15 years
Equipment	5-15 years

These assets are reported in the government-wide Statement of Net Position but are not reported in the fund financial statements.

Accrued Liabilities and Long-Term Obligation

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. Long-term debt obligations are not recognized as a liability on the governmental fund financial statements but instead are recorded when paid.

Compensated absences represent the accumulated unpaid vacation time accrued by the employees. Upon termination of employment each employee will be compensated for their unused vacation time at their current rate of pay up to a maximum of 240 hours. There is no payment for sick time upon termination of employment. In the government fund unpaid vacation is not expected to be paid from current resources and therefore is not accrued. Unpaid vacation is reported as a liability on the government-wide financial statements. The net change in compensated absences was \$2,067 for the year ended.

**Coal Creek Canyon Fire Protection District
Notes to Financial Statements (Continued)
December 31, 2023**

Note 1 Summary of Significant Accounting Policies (Continued)

Deferred Outflows / Inflows of Resources

The District implemented the provisions of GASB No. 63 Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position (GASB 63) and the provisions of GASB No. 65 Items Previously Reported as Assets and Liabilities (GASB 65). As a result in addition to assets, liabilities and net position, the statement of net position will sometimes report a separate section for deferred outflows of resources and deferred inflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period (deferred outflow) or the acquisition of net position that applies to future periods (deferred inflows).

Net Position

Equity is classified as net position and displayed in three components:

- a. Net investments in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted Net Position – consists of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The District utilizes restricted net position before utilizing unrestricted net position when an expense is incurred for both purposes.
- c. Unrestricted Net Position – all other net position that do not meet the definition of “restricted” or “net investment in capital assets.” These net position are available for future operations or distributions.

Fund Balance

Nonspendable- consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The nonspendable fund balance was \$10,096 relating to prepaid expenses as of December 31, 2023.

Restricted - General Fund - Article X, Section 20 of the Constitution of the State of Colorado (TABOR) requires the District to establish Emergency reserves (see Note 5). A reservation of \$28,747 of the General Fund balance has been made in compliance with this requirement.

Committed- General Fund - Committed fund balance includes those items which can be used for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. Those committed amounts cannot be used for any other purpose unless the Board of Directors formally removes or changes the specified uses. The District had a committed fund balance of \$0 as of December 31, 2023.

Assigned – Includes all amounts that are constrained by the District’s intent to be used for a specific purpose but are neither committed nor restricted. The assignment of these balances must occur through a formal action of the Board of Directors. As of December 31, 2023, the assigned fund balance was \$0.

**Coal Creek Canyon Fire Protection District
Notes to Financial Statements (Continued)
December 31, 2023**

Note 1 Summary of Significant Accounting Policies (Continued)

Unassigned- consists of the residual classification for the General Fund. This represents amounts that have not been assigned to other funds and that has not been restricted, committed, or assigned for specific purposes.

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.

Budgets and Budgetary Accounting

Budgets are adopted on a cash basis except for accrual of current vendor invoices. Annual appropriated budgets are adopted for the fund. All annual appropriations lapse at fiscal year-end. Actual expenditures were in excess of budgeted expenditures which may be a violation of state budget law.

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

- Budgets are required by state law for all funds. The budget includes proposed expenditures and the means of financing them. All appropriations lapse at year-end.
- Prior to December 31, the budget is adopted by formal resolution.
- Budgets are required to be filed with the State of Colorado within thirty days after the beginning of the fiscal year.
- Expenditures may not legally exceed appropriations at the fund level.
- The District Board must approve revisions that alter the total expenditures of any fund.
- Budgeted amounts reported in the accompanying financial statements are as originally adopted by the District Board or revised by the District Board.

Use of Estimates in the Preparation of Financial Statements

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

Note 2 Cash and Investments

Cash Deposits

As of December 31, 2023, the District's cash deposits had a carrying balance of \$517,442 with corresponding bank balance of \$530,139 of which \$250,000 is federally insured. The District had deposits in the amount of \$280,139 which are in excess of FDIC coverage. These deposits are collateralized under the Colorado Public Deposit Protection Act. 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 specified under the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

The Colorado Divisions of Banking 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.

Coal Creek Canyon Fire Protection District
Notes to Financial Statements (Continued)
December 31, 2023

Note 2 Cash and Investments (Continued)

Investments

Colorado statutes specify in which investment instruments the units of local government may invest:

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

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's deposit policy is in accordance with State statute. As of December 31, 2023, none of the District's bank deposits were exposed to custodial credit risk.

At December 31, 2023, the District had \$414,897 invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust offers shares in three portfolios, COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+ - The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under section 24-75-601, C.R.S., as amended.

COLOTRUST EDGE - The Trust operates similarly to a money market fund and each share is equal in value to \$10.00. The portfolio may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601.

A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAM by Standard & Poor's and is measured at net asset value (NAV). There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

**Coal Creek Canyon Fire Protection District
Notes to Financial Statements (Continued)
December 31, 2023**

Note 2 Cash and Investments (Continued)

Interest Rate Risk

Colorado statutes require that no investment may have a maturity in excess of five years from the date of purchase, unless an available active market exists. The District's investment portfolio does not contain investments that exceed that limitation of five years. A summary of cash and cash equivalents at December 31, 2023, is as follows:

Cash deposits	\$ 517,442
Colostrust	414,897
	<hr/>
Total cash and cash equivalents	<u>\$ 932,339</u>

Note 3 Capital Assets

	Balance at 12/31/2022	Additions	Deletions	Balance at 12/31/2023
Non-Depreciable				
Construction in progress	\$ 20,847	\$ 1,235,944	\$ -	\$ 1,256,791
Total Non-Depreciable	<u>20,847</u>	<u>1,235,944</u>	<u>-</u>	<u>1,256,791</u>
Depreciable				
Buildings and improvements	1,154,204	-	-	1,154,204
Firetrucks and equipment	2,666,299	45,055	(43,392)	2,667,962
Water system	304,444	-	-	304,444
Total Depreciable	<u>4,124,947</u>	<u>45,055</u>	<u>(43,392)</u>	<u>4,126,610</u>
Less Accumulated Depreciation				
Buildings and improvements	(529,497)	(32,444)	-	(561,941)
Firetrucks and equipment	(1,957,149)	(202,627)	43,392	(2,116,384)
Water system	(304,444)	-	-	(304,444)
Total Accumulated Depreciation	<u>(2,791,090)</u>	<u>(235,071)</u>	<u>43,392</u>	<u>(2,982,769)</u>
Net Capital Assets	<u>\$ 1,354,704</u>	<u>\$ 1,045,928</u>	<u>\$ -</u>	<u>\$ 2,400,632</u>

Depreciation expense has been allocated to the various activities as follows:

Firefighting and rescue operations	\$ 235,071
Total depreciation charged to expense	<u>\$ 235,071</u>

Note 4 Lease Purchase Agreement

On October 25, 2022 the District entered into a lease purchase agreement with All American Investment Group, LLC in the amount of \$970,932 at an interest rate of 4.70% and an expiration date of July 1, 2032. The terms of the lease require annual payments of \$122,092 during the life of the lease. The lease is secured by two Rosenbauer 4X4 pumper trucks. At the termination of the lease agreement the District will retain ownership to the property. Future minimum lease payments are as follows:

**Coal Creek Canyon Fire Protection District
Notes to Financial Statements (Continued)
December 31, 2023**

Note 4 Lease Purchase Agreement (Conintued)

Year	Principal	Interest	Total
2024	\$ 80,754	\$ 41,338	\$ 122,092
2025	84,550	37,542	122,092
2026	88,524	33,568	122,092
2027	92,684	29,408	122,092
2028	97,040	25,051	122,091
2029-2032	435,965	52,401	488,366
Total	<u>\$ 879,517</u>	<u>\$ 219,308</u>	<u>\$ 1,098,825</u>

	Balance 12/31/2022	Additions	Payments	Balance 12/31/2023	Amount due within one year
2021 Lease Purchase	\$ 970,932	\$ -	\$ (91,415)	\$ 879,517	\$ 80,754
Total	<u>\$ 970,932</u>	<u>\$ -</u>	<u>\$ (91,415)</u>	<u>\$ 879,517</u>	<u>\$ 80,754</u>

Note 5 Tax, Spending, and Debt Limitation

Article X, Section 20 of the Colorado Constitution, The Taxpayer’s Bill of Rights (TABOR), contains several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. TABOR is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of TABOR.

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

TABOR requires local governments to establish emergency reserves, which must be at least 3% of fiscal year spending, excluding bonded debt service. Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary or benefit increases. This District had an emergency reserve of \$28,747 as of December 31, 2023.

Note 6 Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster. The District maintains commercial insurance to mitigate their risks of loss. Settled claims have not exceeded commercial coverage in any of the past three fiscal years.

Note 7 Pension Plans

Volunteer Fireman’s Pension Plan

The District has established an agent multiple-employer defined benefit pension plan for volunteer firefighters (the “Plan”) as authorized by the State of Colorado statute. The Plan is administered by the FPPA. Any firefighter who has both attained the age of 50 and

**Coal Creek Canyon Fire Protection District
Notes to Financial Statements (Continued)
December 31, 2023**

Note 7 Pension Plans (Continued)

completed 20 years of active service shall be eligible for monthly pension. A lesser pension is available after 10 years of active service. A firefighter, who is disabled in the line of duty and whose disability is of such character and magnitude as to deprive the firefighter of earning capacity and extends beyond one year, shall be compensated in an amount determined by the pension Board of Directors. The annual financial report of FPPA may be obtained by contacting FPPA at 5290 DTC Parkway, Suite 100, Greenwood Village, CO 80111-2721. The plan consists of 41 retirees, 28 active members and 6 inactive non-retired members.

The Plan receives contributions from the District based on amounts determined by the pension board. As established by the legislature, the State of Colorado contributes 90% of the District's contribution. The contributions are not actuarially determined. An actuary is used to determine the adequacy of contributions. For the year ended December 31, 2023, the District contributed \$57,000. For the year ended December 31, 2022 the District contributed \$57,000 and the State contributed \$36,513 which was equal or greater than the required contributions to the Plan.

The plan provides retirement benefits as established by the pension fund's board of trustees which is comprised of the five directors of the district and two district volunteer firefighters. The pension board is responsible for establishing and amending benefit terms. Volunteers right to a benefit vests after 10 years and there are no forfeiture rules. Upon retirement, beneficiaries receive \$15 per month for every year of service, up to 20 years of service. All contributions are made by the district.

Pension Liabilities, Expense, and Deferred Outflows and Inflows of Resources

At December 31, 2023, the Department reported a liability of \$403,400 for its net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. For the year ended December 31, 2023, the Department recognized pension expense / (income) of \$18,977. At December 31, 2023, the department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows Resources	of	Deferred Inflows of Resources
Differences between actual and expected experience	\$0		\$18,884
Changes in assumptions	9,112		0
Net difference between actual and projected earnings on pension plan investments	72,034		0
Department contributions subsequent to the measurement date	57,000		N/A
Total	\$ 138,146		\$ 18,884

\$57,000 reported as deferred outflows of resources related to pensions resulting from Department contributions subsequent to the measurement date will be recognized as a

**Coal Creek Canyon Fire Protection District
Notes to Financial Statements (Continued)
December 31, 2023**

Note 7 Pension Plans (Continued)

reduction of the net pension liability in the year ended December 31, 2024. Deferred outflows / inflows of resources to be amortized are as follows:

Year Ending	Net Deferred Outflows / (Inflows) of Resources
2024	(13,128)
2025	8,776
2026	23,567
2027	43,047
2028	-
Thereafter	-
Total	62,262

Actuarial assumptions. The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	7.00 percent, compounded annually net of operating expenses, and including inflation
Projected salary increases	N/A
Cost of Living Adjustment	0.0 percent
Inflation	2.5 percent

On-duty related mortality is assumed to be 0.00020 per year for all members. The actuarial assumptions used in the January 1, 2021 valuation were based on the results of an actuarial experience study for the period ending December 31, 2018. As a result of the 2018 actuarial experience study, the main actuarial factor changes were:

- Decreased investment rate of return from 7.00%
- Revised the mortality rates

Asset Class	Target Allocation	Long Term Expected Rate of Return
Cash	1%	3.92%
Fixed Income - Rates	10%	5.45%
Fixed Income - Credit	5%	6.90%
Absolute Return	9%	6.49%
Long Short	6%	7.47%
Global Public Equity	35%	8.93%
Private Capital	34%	10.31%
Total	100%	

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

**Coal Creek Canyon Fire Protection District
Notes to Financial Statements (Continued)
December 31, 2023**

Note 7 Pension Plans (Continued)

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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Plans target asset allocation as of December 31, 2022, are summarized in the above table.

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

Sensitivity of the Department's proportionate share of the net pension liability to changes in the discount rate. The following presents the Department's net pension liability/(asset) calculated using the discount rate of 7.00 percent, as well as what the Department's net pension liability/(Asset) would be if it were calculated using a discount rate that is 1-percentagepoint lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1.00% Decrease	Current Discount Rate*	1.00% Increase
Department's net pension liability/(asset)	\$582,975	\$403,400	\$252,070

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Fire & Police Pension Association of Colorado financial report.

Statewide Defined Benefit Pension Plan

Plan Description. The District contributes to the Fire and Police Pension Association (FPPA) to provide retirement benefits for paid employees and beneficiaries. Colorado statutes assign the authority to establish benefit provisions to the state legislature. FPPA issues a publicly available annual comprehensive financial report that can be obtained on FPPA's website at <http://www.fppaco.org>.

The Statewide Defined Benefit Plan is a cost-sharing multiple-employer defined benefit pension plan covering substantially all full-time employees of participating fire or police Districts in Colorado hired on or after April 8, 1978 (New Hires), provided that they are not already covered by a statutorily exempt plan. As of August 5, 2003, the Plan may include clerical and other personnel from fire districts whose services are auxiliary to fire protection. The Plan became effective January 1, 1980. As of January 1, 2023, Statewide Defined Benefit Plan and the Statewide Hybrid Plan have merged to form the Statewide

**Coal Creek Canyon Fire Protection District
Notes to Financial Statements (Continued)
December 31, 2023**

Note 7 Pension Plans (Continued)

Retirement Plan (SRP) and the Statewide Defined Benefit Plan becomes the Defined Benefit Component of the Statewide Retirement Plan.

Colorado Revised Statutes Title 31, Article 31 grants the authority to establish and amend the benefit terms to the Fire & Police Pension Association of Colorado Board of Directors.

Benefits Provided. SWDBP provides retirement and disability, annual increases and death benefits to members or their beneficiaries. A member is eligible for normal retirement pension once the member has completed 25 years of credited service and has attained the age of 55.

Effective January 1, 2021, a member may also qualify for a normal retirement pension if the member's combined years of service and age equals at least 80, with a minimum age of 50 (rule of 80).

The annual normal retirement benefit is 2.0 percent of the average of the member's highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter. 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. 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 zero percent to the higher of 3.0 percent or the Consumer Price Index for Urban Wage Earners and Clerical Workers.

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

Contributions. Contribution rates for employers and members may be increased equally by the FPPA Board of Directors upon approval through an election by both the employers and members.

In 2014, the members elected to increase the member contribution rate to the SWDB plan beginning in 2015. Member contribution rates increased 0.5 percent annual through 2022 to a total of 12 percent of pensionable earnings. Employer contributions increased 0.5 percent annually beginning in 2021 through 2030 to a total of 13.0 percent of pensionable earnings. In 2022, members of the SWDB plan and their employers were contributing at the rate of 12.0 percent and 9.0 percent, respectively, of pensionable earnings for a total contribution rate of 21.0 percent.

**Coal Creek Canyon Fire Protection District
Notes to Financial Statements (Continued)
December 31, 2023**

Note 7 Pension Plans (Continued)

Contributions from members and employers of departments reentering the system are established by resolution and approved by the FPPA Board of Directors. The member and employer contribution rates will increase through 2030 as described above for the non-reentering departments. Effective January 1, 2021, reentry departments may submit a resolution to the FPPA Board of Directors to reflect the actual cost of reentry by department. Each reentry department is responsible to remit contributions to the plan in accordance with their most recent FPPA Board of Directors approved resolution.

The contribution rate for members and employers of affiliated social security employers is 6.0 percent and 4.5 percent, respectively, of pensionable earnings for a total contribution rate of 10.5 percent in 2021. Per the 2014-member election, members of the affiliate social security group had their required contribution rate increase 0.25 percent annually beginning in 2015 through 2022 to a total of 6.0 percent of pensionable earnings. Employer contributions will increase 0.25 percent annually beginning in 2021 through 2030 to a total of 6.5 percent of pensionable earnings. Contributions to the Plan from the District were \$8,772 for the year ended December 31, 2023.

Pension Asset, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At December 31, 2023, the District reported a net pension liability of \$8,519 for its proportionate share. The net pension liability 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 that date. The proportion of the net pension asset was based on a projection of the long-term share of contributions to the pension plan relative to the projected contributions, actuarially determined.

At December 31, 2022, the District's proportion was 0.0095975492 percent, which was a decrease of 0.0003400632 from its proportion measured as of December 31, 2021.

For the year ended December 31, 2023, the District recognized pension expense of \$14,633. 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
Differences between actual and expected experience	\$18,440	\$1,046
Changes in assumptions	10,914	0
Net difference between actual and projected earnings on pension plan investments	19,275	0
Net impact in change in proportionate share	6,146	444
Contributions subsequent to the measurement date	8,772	N/A
Total	\$63,547	\$1,490

**Coal Creek Canyon Fire Protection District
Notes to Financial Statements (Continued)
December 31, 2023**

Note 7 Pension Plans (Continued)

\$8,772 in total reported as deferred outflows of resources related to pension resulting from District's contributions subsequent to measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended	Pension Expense
2024	\$ 5,532
2025	9,173
2026	12,399
2027	16,808
2028	4,084
Thereafter	5,289
Total	<u>\$ 53,285</u>

Actuarial Assumptions

The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	Total Pension Liability	Actuarial Determined Contributions
	January 1, 2023	January 1, 2022
Actuarial Method	Entry Age Normal	Entry Age Normal
Amortization Method	N/A	Level % of Payroll, Open
Amortization Period	N/A	30 Years
Long-term Investment Rate of Return*	7.0%	7.0%
Projected Salary Increases*	4.25-11.25%	4.25-11.25%
Cost of Living Adjustments (COLA)	0.0%	0.0%
*Includes Inflation at	2.5%	2.5%

For determining the total pension liability, the post-retirement mortality tables for non-disabled retirees uses the Pub-2010 Safety Healthy Annuitant Mortality Tables projected with the ultimate values of the MP-2020 projection scale. The preretirement off-duty mortality tables are adjusted to 60% of the MP-2020 mortality tables for active employees. The on-duty mortality rate is 0.00015.

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

At least every five years the FPPA's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2022 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial

**Coal Creek Canyon Fire Protection District
Notes to Financial Statements (Continued)
December 31, 2023**

Note 7 Pension Plans (Continued)

assumptions. The recommendations were made by the FPPA's actuaries, Gabriel, Roeder, Smith & Company, based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2023. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where 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 of 2.25%. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2022 are summarized in the following table:

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

Discount Rate

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

For the purpose of this valuation, the 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.

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:

**Coal Creek Canyon Fire Protection District
Notes to Financial Statements (Continued)
December 31, 2023**

Note 7 Pension Plans (Continued)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

Discount Rate:	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Proportionate share of the net pension liability (asset)	\$58,728	\$8,519	\$(33,071)

Pension Plan Fiduciary Net Position

Detailed information about the SWDB's fiduciary net position is available in FPPA's annual comprehensive financial report, which can be obtained at <http://www.fppaco.org>.

Note 8 Voluntary Investment Program

Description. Effective May 1, 2010 employees of the District who are members of the SWDB (see Note 8) may voluntarily contribute to the Voluntary Investment Program ("457 Plan"), an Internal Revenue Code Section 457 defined contribution plan administered by FPPA. Plan participation is optional, and contributions are separate from others made to FPPA. Title 24, Article 51, Part 14 of the CRS, as amended, assigns the authority to establish the 457 Plan provisions to the State Legislature.

Funding Policy. The 457 Plan is funded by voluntary member contributions of up to a maximum limit set by the IRS (\$20,500 for calendar year 2022 and \$22,500 for the calendar years 2023). Catch-up contributions up to \$6,500 for calendar years 2022 and up to \$7,500 for 2023 were allowed for participants who had attained age 50 before the close of the plan year, subject to the limitations of IRC §414(v). For the years ended December 31, 2023 and 2022-member pre- tax contributions were \$0 and \$0, respectively.

Required Supplementary Information

Coal Creek Canyon Fire Protection District
Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2023

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with final budget favorable (unfavorable)</u>
Revenues			
Property taxes	\$ 798,167	\$ 800,015	\$ 1,848
Specific ownership taxes	41,000	50,008	9,008
Earnings on investments	1,500	17,324	15,824
Contributions	3,500	59,010	55,510
Grants and other donations	-	14,888	14,888
Other	10,800	16,995	6,195
Sales of assets	15,000	57,500	42,500
Lease proceeds	-	970,932	970,932
Total Revenue	<u>869,967</u>	<u>1,986,672</u>	<u>1,116,705</u>
Expenditures			
Opertating Expenses			
Wages and benefits	173,344	202,489	(29,145)
Buildings and grounds maintenance	25,500	28,452	(2,952)
Administrative expenses	122,200	96,484	25,716
Equipment maintenance and repair	65,000	96,882	(31,882)
Firefighting expense	121,000	95,096	25,904
Medical expense	22,000	17,117	4,883
Rcruitment and retention	52,449	20,328	32,121
Pension contributions	57,000	57,000	-
County Treasurer fees	12,927	12,761	166
Capital outlay	400,000	1,280,999	(880,999)
Debt Service:	125,694	122,091	3,603
Total Expenditures	<u>1,177,114</u>	<u>2,029,699</u>	<u>(852,585)</u>
Net Change in Fund Balance	<u>\$ (307,147)</u>	<u>(43,027)</u>	<u>\$ 264,120</u>
Fund Balance, beginning of year		<u>926,722</u>	
Fund Balance, end of year		<u>\$ 883,695</u>	

**Coal Creek Canyon Fire Protection District
Schedule of Contributions Multiyear
Last 10 Fiscal Years ****

<u>FY Ending December 31,</u> (a)	<u>Actuarially Determined Contribution</u> (b)	<u>Actual Contribution *</u> (c)	<u>Contribution Deficiency (Excess)</u> (d) = (b) - (c)	<u>Covered Payroll</u> (e)	<u>Actual Contribution as a % of Covered Payroll</u> (f)
2022	\$ 93,513	\$ 76,282	\$ 17,231	N/A	N/A
2021	\$ 86,840	\$ 93,054	\$ (6,214)	N/A	N/A
2020	\$ 86,840	\$ 88,360	\$ (1,520)	N/A	N/A
2019	\$ 61,472	\$ 88,526	\$ (27,054)	N/A	N/A
2018	\$ 60,120	\$ 81,152	\$ (21,032)	N/A	N/A
2017	\$ 60,120	\$ 81,764	\$ (21,644)	N/A	N/A
2016	\$ 59,002	\$ 77,676	\$ (18,674)	N/A	N/A
2015	\$ 59,002	\$ 94,655	\$ (35,653)	N/A	N/A
2014	\$ 59,002	\$ 24,422	\$ 34,580	N/A	N/A
2013	\$ 52,548	\$ 52,548	\$ -	N/A	N/A

* Includes both employer and State of Colorado Supplemental Discretionary Payment

Notes to the Schedule of Contributions

Valuation Date

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 2021 and 2022.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open*
Remaining Amortization Period	20 Years*
Asset Valuation Method	5-Year smoothed market
Inflation	2.50%
Salary Increases	N/A
Rate of Return	7.00%
Retirement Age	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.
Mortality	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. 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.

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

Coal Creek Canyon Fire Protection District
Required Supplementary Information
Schedule of Changes in Net Pension Liability / (Asset) and Related Ratios Multiyear
Last 10 Fiscal Years

Measurement date December 31,	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability									
Service cost	\$ 22,258	\$ 22,258	\$ 21,352	\$ 21,352	\$ 19,724	\$ 19,724	\$ 20,488	\$ 20,488	\$ 19,596
Interest	116,094	114,220	115,484	113,453	109,775	108,329	104,060	101,921	98,074
Changes of benefit terms	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(34,925)	-	(46,694)	-	62,665	-	(4,765)	-	24,324
Changes of assumptions	16,852	-	-	-	66,681	-	43,269	-	-
Benefit payments, including refunds of employee contributions	(109,740)	(109,668)	(107,664)	(103,978)	(101,096)	(116,168)	(95,720)	(92,130)	(90,185)
Net Change in Total Pension Liability	10,539	26,810	(17,522)	30,827	157,749	11,885	67,332	30,279	51,809
Total Pension Liability - Beginning	1,701,483	1,674,673	1,692,195	1,661,368	1,503,619	1,491,734	1,424,402	1,394,123	1,342,314
Total Pension Liability - Ending	1,712,022	1,701,483	1,674,673	1,692,195	1,661,368	1,503,619	1,491,734	1,424,402	1,394,123
Plan Fiduciary Net Position									
Contributions - Employer	57,000	57,000	57,000	57,000	53,000	53,000	53,000	70,621	-
Net investment income	(114,460)	187,340	148,394	149,021	(90)	142,467	51,946	17,374	63,093
Benefit payments, including refunds of employee contributions	(109,740)	(109,668)	(107,664)	(103,978)	(101,096)	(116,168)	(95,720)	(92,130)	(90,185)
Administrative expense	(16,451)	(15,448)	(12,973)	(17,640)	(16,348)	(15,281)	(1,825)	(2,908)	(1,828)
State of Colorado supplemental discretionary payments	36,513	36,054	31,360	31,526	28,152	28,764	24,676	24,034	24,422
Net Change in Plan Fiduciary Net Positions	(147,138)	155,278	116,117	115,929	(36,382)	92,782	32,077	16,991	(4,498)
Plan Fiduciary Net Position - Beginning	1,455,760	1,300,482	1,184,365	1,068,436	1,104,818	1,012,036	979,959	962,968	967,466
Plan Fiduciary Net Position - Ending	1,308,622	1,455,760	1,300,482	1,184,365	1,068,436	1,104,818	1,012,036	979,959	962,968
Net Pension liability - Ending	403,400	245,723	374,191	507,830	592,932	398,801	479,698	444,443	431,155
Plan fiduciary net position as a percentage of the total pension liability	76.44%	85.56%	77.66%	69.99%	64.31%	73.48%	67.84%	68.80%	69.07%
Covered payroll	N/A	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	N/A

* This report is intended to show 10 years of data. Additional years will be shown as the information becomes available.

Coal Creek Canyon Fire Protection District
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability - FPPA SWDB
Last 10 Fiscal Years *

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability / asset	0.0095975482%	0.0099376124%	0.0090387455%	0.0103678802%	0.0100711752%	0.0115398505%	0.0131891959%	0.0000000000%	0.0000000000%	0.0000000000%
District's proportional share of the net pension liability (asset)	\$ 8,519	\$ (53,855)	\$ (19,623)	\$ (5,864)	\$ 12,733	\$ (16,602)	\$ 4,766	\$ -	\$ -	\$ -
District's percentage of net pension liability (asset) as a percent of covered payroll	9.86%	-63.36%	-27.03%	-8.44%	17.54%	-23.90%	7.06%	0.00%	0.00%	0.00%
District's covered payroll	86,411	85,000	72,600	69,450	72,600	69,450	67,463	N/A	N/A	N/A
Total pension liability	3,752,109,029	3,352,605,624	3,230,485,701	2,919,378,738	2,653,120,261	2,269,410,684	2,021,526,883	1,846,961,999	1,652,901,084	1,533,631,141
Plan fiduciary net position	3,663,348,061	3,894,539,387	3,447,586,098	2,975,935,079	2,526,692,808	2,413,276,447	1,985,393,043	1,848,724,853	1,765,758,630	1,623,049,809
Net pension liability (asset)	\$ 88,760,968	\$ (541,933,763)	\$ (217,100,397)	\$ (56,556,341)	\$ 126,427,453	\$ (143,865,763)	\$ 36,133,840	\$ (1,762,854)	\$ (112,857,546)	\$ (89,418,668)
Plan fiduciary net position as a percentage of the total pension	98%	116%	107%	102%	95%	106%	98%	100%	107%	106%

* This report is intended to show 10 years of data. Additional years will be shown as the information becomes available.

**Coal Creek Canyon Fire Protection District
Schedule of Contributions Multiyear - FPPA SWDB
Last 10 Fiscal Years**

FY Ending December 31,	Actuarially Determined Contribution	Actual Contribution *	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
(a)	(b)	(c)	(d) = (b) - (c)	(e)	(f)
2023	\$ 8,772	\$ 8,772	\$ -	92,332	9.50%
2022	7,777	7,777	-	86,411	9.00%
2021	6,800	6,800	-	85,000	8.00%
2020	5,808	5,808	-	72,600	8.00%
2019	5,556	5,556	-	69,450	8.00%
2018	5,397	5,397	-	67,463	8.00%
2017	5,400	5,400	-	67,500	8.00%
2016	5,400	5,400	-	67,500	N/A
2015	-	-	-	-	N/A
2014	-	-	-	-	N/A

* Includes both employer and State of Colorado Supplemental Discretionary Payment