

LARKSPUR FIRE PROTECTION DISTRICT
Douglas County, Colorado

FINANCIAL STATEMENTS
December 31, 2023

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Independent Auditor's Report

Board of Directors
Larkspur Fire Protection District
Douglas County, Colorado

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Larkspur Fire Protection District, as of December 31, 2023, and the respective changes in financial position and the respective budgetary comparison for the General Fund 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 the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibility 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibility for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of the Proportionate Share of the Net Pension Liability/(Asset) – Fire and Police Pension Association – Statewide Defined Benefit Plan on page 32, the Schedule of District Contributions – Fire and Police Pension Association – Statewide Defined Benefit Plan on page 33, the Schedule of Changes in Net Pension Liability/(Asset) – FPPA - Volunteer Firefighters' Pension Plan on page 34, the Schedule of District Contributions – FPPA - Volunteer Firefighters' Pension Plan on page 35, and the Schedule of Net Pension Liability/(Asset) – FPPA – Volunteer Firefighters' Pension Plan on page 36 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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. Our opinions on the basic financial statements are not affected by this missing information.

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information is listed in the table of contents and does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

SCHILLING & COMPANY, INC.

Highlands Ranch, Colorado
September 12, 2024

BASIC FINANCIAL STATEMENTS

LARKSPUR FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION
December 31, 2023

ASSETS

Cash deposits and investments - unrestricted	\$ 4,139,017
Cash deposits and investments - restricted	183,414
Receivable from County Treasurer	19,988
Accounts receivable - Net of allowance for uncollectible accounts of \$260,589	86,863
Grants receivable	5,082
Property tax receivable	4,546,055
Lease receivable	82,900
Intergovernmental receivable - deployments	213,713
Prepaid expenses	100,044
Capital assets, not being depreciated	172,151
Capital assets, being depreciated, net of accumulated depreciation	3,784,808
Total assets	13,334,035

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows related to pension - FPPA Statewide Defined Benefit Plan	867,234
Deferred outflows related to pension - FPPA Volunteer Firefighters' Pension	259,586
Total deferred outflows of resources	1,126,820

LIABILITIES

Accounts payable	172,312
Interest payable	10,633
Compensated absences	83,258
Long-term liabilities:	
Due within one year	267,379
Due in more than one year	744,225
Net pension liability - FPPA Statewide Defined Benefit Plan	127,900
Net pension liability - FPPA Volunteer Firefighters' Pension	495,073
Total liabilities	1,900,780

DEFERRED INFLOWS OF RESOURCES

Deferred property taxes	4,546,055
Deferred inflows related to pension - FPPA Statewide Defined Benefit Plan	15,699
Deferred inflows related to pension - FPPA Volunteer Firefighters' Pension	125,025
Total deferred inflows of resources	4,686,779

NET POSITION

Net investment in capital assets	2,945,355
Restricted for emergencies	118,500
Restricted for debt service	190,486
Unrestricted	4,618,955
Total net position	\$ 7,873,296

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

**LARKSPUR FIRE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES
Year Ended December 31, 2023**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Public safety	\$ 3,877,522	\$ 237,956	\$ 166,962	\$ (3,326,729)
Interest and fiscal charges	42,555	-	-	(42,555)
Total	<u>\$ 3,920,077</u>	<u>\$ 237,956</u>	<u>\$ 166,962</u>	<u>(3,369,284)</u>

General revenues:

Taxes:	
Property taxes	3,475,727
Specific ownership taxes	321,650
Investment earnings	252,418
Other	18,386
Total general revenues	<u>4,068,181</u>
Change in net position	698,897
Net position - Beginning of year	7,174,399
Net position - End of year	<u>\$ 7,873,296</u>

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

**LARKSPUR FIRE PROTECTION DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2023**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash deposits and investments - unrestricted	\$ 3,781,087	\$ -	\$ 357,930	\$ 4,139,017
Cash deposits and investments - restricted	-	183,414	-	183,414
Receivable from County Treasurer	19,988	-	-	19,988
Accounts receivable, net of allowance for uncollectible accounts of \$260,589	86,863	-	-	86,863
Property tax receivable	4,267,485	278,570	-	4,546,055
Lease receivable	82,900	-	-	82,900
Due from other funds	-	9,319	-	9,319
Intergovernmental receivable - deployments	213,713	-	-	213,713
Grants/other receivable	5,082	-	-	5,082
Prepaid expenditures	100,044	-	-	100,044
TOTAL ASSETS	<u>\$ 8,557,162</u>	<u>\$ 471,303</u>	<u>\$ 357,930</u>	<u>\$ 9,386,395</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 172,312	\$ -	\$ -	\$ 172,312
Due to other funds	9,319	-	-	9,319
Total liabilities	<u>181,631</u>	<u>-</u>	<u>-</u>	<u>181,631</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred property taxes	4,267,485	278,570	-	4,546,055
Deferred revenue - lease	82,900	-	-	82,900
Total deferred inflows of resources	<u>4,350,385</u>	<u>278,570</u>	<u>-</u>	<u>4,628,955</u>
FUND BALANCES				
Nonspendable for prepaid items	100,044	-	-	100,044
Restricted for emergencies	118,500	-	-	118,500
Restricted for debt service	-	192,733	-	192,733
Assigned for capital improvements	-	-	357,930	357,930
Assigned for subsequent years' expenditures	2,350,000	-	-	2,350,000
Unassigned	1,456,602	-	-	1,456,602
Total fund balances	<u>4,025,146</u>	<u>192,733</u>	<u>357,930</u>	<u>4,575,809</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 8,557,162</u>	<u>\$ 471,303</u>	<u>\$ 357,930</u>	<u>\$ 9,386,395</u>

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

**LARKSPUR FIRE PROTECTION DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
December 31, 2023**

Total Governmental Fund Balances	<u>\$ 4,575,809</u>
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund financial statements. However, in the Statement of Net Position, the cost of these items are capitalized and expensed over their estimated lives through annual depreciation expense.</p>	
Capital assets, net of accumulated depreciation	<u>3,956,959</u>
<p>Revenue deferred in the funds because it is not available to pay for current period expenditures is earned in the government-wide statements.</p>	
	<u>82,900</u>
<p>Liabilities, including bonds, leases, compensated, accrued interest and a net pension obligation are not due in the current period and therefore are not reported in the governmental funds.</p>	
Bonds payable and bond premium - due in one year	(229,339)
Bonds payable and bond premium - due in more than one year	(489,531)
Capital lease payable - due in one year	(38,040)
Capital lease payable - due in more than one year	(254,694)
Accrued interest payable	(10,633)
Compensated absences	(83,258)
Net pension liability - FPPA Statewide Defined Benefit Plan	(127,900)
Net pension liability - FPPA Volunteer Firefighters' Pension	(495,073)
	<u>(1,728,468)</u>
<p>Pension-related deferred inflows and outflows of resources are not financial resources and, therefore, are not reported in the Balance Sheet - Governmental Funds.</p>	
Deferred inflows related to pension - FPPA Statewide Defined Benefit Plan	(15,699)
Deferred inflows related to pension - FPPA Volunteer Firefighters' Pension	(125,025)
Deferred outflows related to pension - FPPA Statewide Defined Benefit Plan	867,234
Deferred outflows related to pension - FPPA Volunteer Firefighters' Pension	259,586
	<u>986,096</u>
Net position - governmental activities	<u><u>\$ 7,873,296</u></u>

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

**LARKSPUR FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUNDS
Year Ended December 31, 2023**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
REVENUES				
Property taxes	\$ 3,179,952	\$ 295,775	\$ -	\$ 3,475,727
Specific ownership taxes	321,650	-	-	321,650
Net investment income	215,010	14,807	22,601	252,418
Service fees	599,288	-	-	599,288
Uncollectible service fees	(373,355)	-	-	(373,355)
Deployment payments	166,962	-	-	166,962
Lease payments	12,000	-	-	12,000
Fire inspections	12,023	-	-	12,023
Grants	145,875	-	-	145,875
Special events and other	18,386	-	-	18,386
Total revenues	<u>4,297,791</u>	<u>310,582</u>	<u>22,601</u>	<u>4,630,974</u>
EXPENDITURES				
Current				
Fire administration	241,915	-	-	241,915
Wages and benefits	2,723,050	-	-	2,723,050
Volunteers	56,000	-	-	56,000
Communications	118,219	-	-	118,219
Training and prevention	41,351	-	-	41,351
Fleet	139,961	-	-	139,961
Operational equipment	108,222	-	-	108,222
Emergency management services	62,822	-	-	62,822
Physical properties	239,976	-	-	239,976
Capital Outlay - capitalized and non-capitalized	11,083	-	182,092	193,175
Debt service	-	264,484	47,232	311,716
Total expenditures	<u>3,742,599</u>	<u>264,484</u>	<u>229,324</u>	<u>4,236,407</u>
EXCESS REVENUE OVER (UNDER) EXPENDITURES				
	<u>555,192</u>	<u>46,098</u>	<u>(206,723)</u>	<u>394,567</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	564,653	564,653
Transfers out	(564,653)	-	-	(564,653)
Total other financing sources (uses)	<u>(564,653)</u>	<u>-</u>	<u>564,653</u>	<u>-</u>
NET CHANGE IN FUND BALANCE				
	(9,461)	46,098	357,930	394,567
FUND BALANCE - BEGINNING OF YEAR				
	4,034,607	146,635	-	4,181,242
FUND BALANCE - END OF YEAR				
	<u>\$ 4,025,146</u>	<u>\$ 192,733</u>	<u>\$ 357,930</u>	<u>\$ 4,575,809</u>

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

**LARKSPUR FIRE PROTECTION DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2023**

A reconciliation reflecting the differences between the governmental funds excess of revenues over expenditures and changes in net position reported for governmental activities in the statement of activities is as follows:

Net change in fund balances - Total governmental funds	<u>\$ 394,567</u>
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay	166,922
Depreciation	<u>(219,577)</u>
	<u>(52,655)</u>
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Change in deferred revenue	<u>(12,000)</u>
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Change in compensated absences	6,048
Accrued interest on long-term debt - Change in liability	1,713
Pension income - FPPA Statewide Defined Benefit Plan	4,384
Pension income - FPPA Volunteer Firefighters' Pension	<u>89,392</u>
	<u>101,537</u>
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position as the issuance of long-term debt increases liabilities and the repayment of long-term debt reduces liabilities in the statement of net position.	
Principal payment - bonds and capital lease	261,858
Amortization of bond premium	<u>5,590</u>
	<u>267,448</u>
Change in net position	<u><u>\$ 698,897</u></u>

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

LARKSPUR FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended December 31, 2023

	<u>Original</u> <u>Budgeted</u> <u>Amounts</u>	<u>Final</u> <u>Budgeted</u> <u>Amounts</u>	<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget -</u>
REVENUES				
Property taxes	\$ 3,180,495	\$ 3,180,495	\$ 3,179,952	\$ (543)
Specific ownership taxes	215,000	316,800	321,650	4,850
Net investment income	65,000	200,000	215,010	15,010
Grants	103,000	142,000	145,875	3,875
Service fees	200,000	200,000	599,288	399,288
Uncollectible service fees	-	-	(373,355)	(373,355)
Deployment payments	160,000	125,000	166,962	41,962
Lease payments	-	-	12,000	12,000
Fire inspections	-	12,000	12,023	23
Special events and other	2,500	4,500	18,386	13,886
Total revenues	<u>3,925,995</u>	<u>4,180,795</u>	<u>4,297,791</u>	<u>116,996</u>
EXPENDITURES				
<i>Fire administration</i>				
Audit	9,000	9,500	9,500	-
Bank charges/fees	800	1,300	1,064	236
Bookkeeping/payroll	5,500	6,600	6,480	120
County Treasurer's collection fees	48,000	48,000	47,676	324
Directors' fees	4,500	4,500	4,225	275
Dues/memberships	5,500	4,900	3,431	1,469
Election	-	30	30	-
HR services	10,500	-	-	-
Insurance	130,000	115,400	117,308	(1,908)
Legal fees	5,000	5,000	3,824	1,176
Office supplies	6,000	16,200	15,461	739
Morale and welfare	7,000	6,000	6,340	(340)
Wildland deployments	-	4,500	4,481	19
Recruitment and hiring	-	23,000	22,095	905
Total fire administration	<u>231,800</u>	<u>244,930</u>	<u>241,915</u>	<u>3,015</u>
<i>Wages and Benefits</i>				
Wages	2,236,500	2,291,000	2,264,132	26,868
Benefits	561,900	475,000	458,918	16,082
Total wages and benefits	<u>2,798,400</u>	<u>2,766,000</u>	<u>2,723,050</u>	<u>42,950</u>
<i>Volunteers</i>				
Incentive award program	10,000	-	-	-
Contribution to Firemen's Pension Fund	62,000	56,000	56,000	-
Total volunteers	<u>72,000</u>	<u>56,000</u>	<u>56,000</u>	<u>-</u>
<i>Communications</i>				
Communications/dispatch	40,000	40,000	25,539	14,461
IT/software maintenance	38,000	76,000	76,977	(977)
Telephone	4,200	4,400	4,369	31
Internet	7,500	7,500	7,574	(74)
Cable expense	1,600	1,600	1,581	19
Cellular	3,800	2,000	2,001	(1)
DCSO Radio maintenance	4,000	4,000	178	3,822
Total communications	<u>99,100</u>	<u>135,500</u>	<u>118,219</u>	<u>17,281</u>

(Continued)

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

**LARKSPUR FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended December 31, 2023**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget -</u>
	(Continued)			
<i>Training and prevention</i>				
Fire/Life Safety/Mitigation education	1,500	3,000	3,020	(20)
Fire prevention equipment and supplies	6,500	6,500	1,758	4,742
Renewals and certificates	-	-	310	(310)
Firefighter training	20,000	35,000	30,860	4,140
Medical Training	5,000	5,000	3,143	1,857
Wildland Fire Training	-	-	2,260	(2,260)
Total training and prevention	<u>33,000</u>	<u>49,500</u>	<u>41,351</u>	<u>8,149</u>
<i>Fleet</i>				
Fuel - Fire/EMS/Admin.	41,000	38,000	26,140	11,860
Repairs and maintenance - Fire/EMS/Admin.	98,000	125,500	113,821	11,679
Total fleet	<u>139,000</u>	<u>163,500</u>	<u>139,961</u>	<u>23,539</u>
<i>Operational equipment</i>				
Firefighter equipment and supplies	18,000	32,000	27,355	4,645
SCBA	7,000	11,000	4,628	6,372
Equipment repairs and maintenance	3,000	3,500	5,426	(1,926)
PPE/Bunker gear	22,000	68,000	67,098	902
Wildland equipment and supplies	5,000	5,000	1,858	3,142
PILT grant expenses/ other	-	-	1,857	(1,857)
Total operational equipment	<u>55,000</u>	<u>119,500</u>	<u>108,222</u>	<u>11,278</u>
<i>Emergency Management Services</i>				
Equipment repairs and maintenance	2,500	2,500	1,903	597
EMS contracts	8,000	9,000	8,730	270
Medical equipment	3,000	3,000	3,221	(221)
Medical supplies	40,000	40,000	39,417	583
Ambulance licenses	400	400	375	25
Ambulance outside services/billing	14,000	11,000	9,176	1,824
Community/First Aid	1,000	1,000	-	1,000
Total emergency management services	<u>68,900</u>	<u>66,900</u>	<u>62,822</u>	<u>4,078</u>
<i>Physical properties</i>				
Station 161	86,050	196,640	156,881	39,759
Station 162	27,200	50,825	48,381	2,444
Station 164	15,545	31,500	34,714	(3,214)
Total physical properties	<u>128,795</u>	<u>278,965</u>	<u>239,976</u>	<u>38,989</u>
Capital outlay	-	-	11,083	(11,083)
Total expenditures	<u>3,625,995</u>	<u>3,880,795</u>	<u>3,742,599</u>	<u>138,196</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>300,000</u>	<u>300,000</u>	<u>555,192</u>	<u>255,192</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(300,000)	(564,653)	(564,653)	-
Total other financing sources (uses)	<u>(300,000)</u>	<u>(564,653)</u>	<u>(564,653)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	(264,653)	(9,461)	255,192
FUND BALANCE - BEGINNING OF YEAR	3,676,778	3,612,445	4,034,607	422,162
FUND BALANCE - END OF YEAR	<u>\$ 3,676,778</u>	<u>\$ 3,347,792</u>	<u>\$ 4,025,146</u>	<u>\$ 677,354</u>

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

**LARKSPUR FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023**

NOTE 1 - DEFINITION OF REPORTING ENTITY

Larkspur Fire Protection District (District), a quasi-municipal corporation, is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in Douglas County, Colorado. The District was established to provide fire protection services, including 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 forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The District is not financially accountable for any other organization, including a volunteer organization (Larkspur Volunteer Fire Auxiliary) that is not under the control of the District's Board of Directors. The District is not a component unit of any other primary governmental entity, including the Town of Larkspur.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-wide and Fund Financial Statements

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

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

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

LARKSPUR FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Depreciation is computed and recorded as an operating expense. Expenditures for property and equipment are shown as increases in assets and redemption of capital leases are recorded as a reduction in liabilities.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property tax, specific ownership tax, ambulance transportation service fees, deployment and grant revenue. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation paid.

The District reports the following major governmental funds:

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

The *Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the District.

The *Capital Projects Fund* is used to account for financial resources to be used for the acquisition, construction or expansion of major capital facilities and for the acquisition of vehicles and equipment.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated. For the year ended December 31, 2023, supplemental appropriations were approved by the Board for the General Fund and Debt Service Fund.

**LARKSPUR FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023**

Property Taxes

Property taxes are levied by the District Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April 30 or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

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

Capital Assets

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Depreciation expense has been computed using the straight-line method over the estimated economic useful lives:

Buildings	50 years
Vehicles	5-15 years
Equipment	5-15 years

Compensated Absences

Compensated absences are recorded as current salary when paid. It is the District's policy that employees may carry over no more than the total hours of vacation accrued within one calendar year into the subsequent year. Unused vacation hours are paid upon termination. A liability has been recorded in the government-wide financial statements for the accumulated vacation hours.

Cash and Investments

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

LARKSPUR FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

Service Fees

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

Debt Issue Costs and Original Issue Discount/Premium

In the government-wide financial statements, debt premiums and discounts are deferred and amortized over the life of the issue using the percentage of current principal payments to total debt issue. Debt issuance costs are expensed when incurred.

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until that time. The District has recognized deferred outflows of resources in the government-wide financial statements in accordance with presentation requirements for GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27* (GASB 68) and GASB Statement No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date - An Amendment of GASB 68* (GASB 71).

In addition to liabilities, the statement of net position and fund balance sheets will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position/fund balance that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. Property tax revenue that is related to a future period is recorded as deferred inflows. These amounts are deferred and will be recognized as an inflow of resources in the period that the amounts become available. The District has also recognized deferred inflows of resources in the government-wide financial statements in accordance with presentation requirements for GASB 68 and GASB 71.

Fund Balances – Governmental Funds

The District's governmental fund balances may consist of five classifications based on the relative strength of the spending constraints:

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

Restricted fund balance—the amounts constrained to specific purposes by their providers (such

**LARKSPUR FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023**

as grantors, bondholders, and 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 specific purpose. Intent can be expressed by the District Board of Directors or by an official or body to which the District Board of Directors delegates the authority.

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

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

Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements.

NOTE 3 - CASH DEPOSITS AND INVESTMENTS

Cash and investments as of December 31, 2023 consist of the following:

Deposits with financial institutions	\$ 22,845
Investments	4,299,586
Total cash and investments	<u>\$ 4,322,431</u>

Cash and Investments are reflected on the Statement of Net Position and the Balance Sheet – Governmental Funds as of December 31, 2023 as follows:

Cash and investments - Unrestricted	\$ 4,139,017
Cash and investments - Restricted	183,414
	<u>\$ 4,322,431</u>

**LARKSPUR FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023**

Cash Deposits

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

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

At December 31, 2023, the District's cash deposits had a bank balance of \$192,520 and a carrying balance of \$22,845.

Investments

The District has not adopted a formal investment policy, however, the District follows state statutes regarding investments.

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

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

Interest Rate Risk

Colorado revised statutes limit investment maturities to three years or five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

As of December 31, 2023, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Carrying Value</u>
COLOTRUST PLUS+	Weighted average under 60 days	<u>\$ 4,299,586</u>

LARKSPUR FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

COLOTRUST

At December 31, 2023, the District has invested \$4,299,586 in the Colorado Local Government Liquid Asset Trust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies and instrumentalities, and repurchase agreements collateralized with certain U.S. government agencies or instrumentalities. COLOTRUST PLUS+ may also invest in the highest rated commercial paper. Both the COLOTRUST PRIME and COLOTRUST PLUS+ portfolios are rated AAAM by Standard and Poor's.

Investment Valuation

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

However, the investments held by the District are not required to be categorized within the fair value hierarchy. These investments are measured at amortized cost or in certain circumstances the value is calculated using the net asset value (NAV) per share, or its equivalent of the investment. These investments include 2a7-like external investment pools and money market investments such as COLOTRUST.

COLOTRUST

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 to determine the value in accordance with FASB guidance. It is the goal of the Trust to maintain a NAV of \$1.00 per share, 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 per share.

Restricted Investments

Investments of \$183,414 held by the Debt Service Fund represent taxes levied for payment of debt service and are restricted for such purposes.

LARKSPUR FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 4 - CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2023 follows:

	Balance December 31, 2022	Additions	Deletions	Balance December 31, 2023
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 167,671	\$ -	\$ -	\$ 167,671
Projects in progress	-	4,480	-	4,480
	<u>167,671</u>	<u>4,480</u>	<u>-</u>	<u>172,151</u>
Capital assets, being depreciated				
Buildings	4,062,775	-	-	4,062,775
Vehicles	2,033,753	25,363	37,993	2,021,123
Vehicles - leased	700,000	-	-	700,000
Equipment	751,503	137,079	-	888,582
Total capital assets, being depreciated	<u>7,548,031</u>	<u>162,442</u>	<u>37,993</u>	<u>7,672,480</u>
Less accumulated depreciation for				
Buildings	1,190,821	81,075	-	1,271,896
Vehicles	1,855,861	47,396	37,993	1,865,264
Vehicles - leased	81,666	46,667	-	128,333
Equipment	577,740	44,439	-	622,179
Total accumulated depreciation	<u>3,706,088</u>	<u>219,577</u>	<u>37,993</u>	<u>3,887,672</u>
Total capital assets, being depreciated, net	<u>3,841,943</u>	<u>(57,135)</u>	<u>-</u>	<u>3,784,808</u>
Government capital assets, net	<u>\$ 4,009,614</u>	<u>\$ (52,655)</u>	<u>\$ -</u>	<u>\$ 3,956,959</u>

All depreciation expense relates to the public safety function.

**LARKSPUR FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023**

NOTE 5 - LONG-TERM OBLIGATIONS

The following is an analysis of changes in long-term obligations for the year ended December 31, 2023:

	<u>Balance at December 31, 2022</u>	<u>New Issues</u>	<u>Retirements</u>	<u>Balance at December 31, 2023</u>	<u>Due Within One Year</u>
G.O. Bonds - Series 2011	\$ 935,000	\$ -	\$ 225,000	\$ 710,000	\$ 225,000
Premium on 2011 Bonds	14,460	-	5,590	8,870	4,339
Lease - fire truck	329,592	-	36,858	292,734	38,040
Compensated absences	89,306	100,124	106,172	83,258	83,258
	<u>\$ 1,368,358</u>	<u>\$ 100,124</u>	<u>\$ 373,620</u>	<u>\$ 1,094,862</u>	<u>\$ 350,637</u>

The District's Debt Service Fund is used to liquidate the general obligation bonds and General Fund the compensated absences. The District's Capital Projects Fund is used to make the debt service payments on the lease.

\$3,035,000 General Obligation Refunding Bonds, Series 2011

On December 22, 2011, the District issued \$3,035,000 of General Obligation Refunding Bonds, Series 2011, to advance refund and defease (debt legally satisfied) the 2008 Capital Lease and the 2009 Capital Lease. The bonds bear interest at rates ranging from 2.00% to 4.00%. These bonds mature serially in annual installments on December 1 of each year which began in 2012. Interest is paid semiannually on June 1 and December 1 of each year, which commenced June 1, 2012.

Principal and interest on the general obligation bonds mature as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 225,000	\$ 26,969	\$ 251,969
2025	235,000	18,812	253,812
2026	250,000	10,000	260,000
	<u>\$ 710,000</u>	<u>\$ 55,781</u>	<u>\$ 765,781</u>

\$400,000 Equipment Lease/Purchase Agreement

On January 31, 2020, the District entered into a Lease Purchase Agreement with NBH Bank (Lessor) to finance the purchase of a fire truck (Lease Agreement). The Lease Agreement commencement date is January 31, 2020 with a final expiration date of February 1, 2030. Interest on the lease is 3.14% per annum with annual payments of \$47,231.84 due on February 1st of each year beginning February 1, 2021. The District has the option, on any payment date, to purchase all of the equipment that is subject to this Lease Agreement upon payment of the Option Purchase Price. The Option Purchase Price varies based on the payment date the District chooses to exercise the purchase option.

**LARKSPUR FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023**

An Event of Default will be considered to have occurred if 1) failure by the District to pay any annual rental payment; or 2) failure by the District to observe and perform any covenant, condition or agreement for a period of 30 days after written notice; or 3) any representation or warranty made by the District is untrue as of the date of the Lease Agreement; or 4) the District makes, permits, or suffers any unauthorized assignment, transfer, or other disposition of the Lease Agreement or any part of the equipment or; 5) the District becomes insolvent, or admits in writing its inability to pay its debts as they mature. In the Event of Default, the Lessor may, at it's option, take one or any combination of the following remedial steps: 1) enforce the Lease Agreement by appropriate action to collect amounts due or to become due, by acceleration of any amounts due; 2) take possession of the equipment and relet it; 3) terminate the Lease Agreement and repossess the equipment; 4) sell the equipment at a public or private sale; 5) pursue and exercise any other remedy available at law or in equity.

Principal and interest on the Lease Agreement mature as follows:

Year Ending December 31,	Principal	Interest	Total
2024	\$ 38,040	\$ 9,191	\$ 47,231
2025	39,235	7,997	47,232
2026	40,467	6,765	47,232
2027	41,738	5,494	47,232
2028	43,048	4,184	47,232
2029	44,400	2,832	47,232
2030	45,806	1,414	47,220
	<u>\$ 292,734</u>	<u>\$ 37,877</u>	<u>\$ 330,611</u>

Authorized but Unissued Debt

At December 31, 2023, the District had \$165,000 in authorized but unissued debt for refunding purposes.

NOTE 6- FUND EQUITY

At December 31, 2023, the District reported the following classifications of fund equity.

Nonspendable Fund Balance

The nonspendable fund balance in the General Fund in the amount of \$100,044 is comprised of prepaid amounts which are not in spendable form.

Restricted Fund Balance

The restricted fund balance in the amount of \$118,500 in the General Fund is comprised of the Emergency Reserves that have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 13).

The restricted fund balance in the Debt Service Fund in the amount of \$192,733 is to be used exclusively for debt service requirements (see Note 5).

LARKSPUR FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

Assigned Fund Balance

The assigned fund balance in the General Fund in the amount of \$2,350,000 is comprised of amounts assigned by the Board of Directors by a resolution to eliminate the projected budgetary deficit in the subsequent year's budget.

The assigned fund balance in the Capital Projects Fund of \$357,930 is to be used for capital purchases.

NOTE 7 - NET POSITION

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

Net investment in capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2023, the District had a net investment in capital assets of \$2,945,355.

Restricted net position includes amounts that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

The District had restricted net position as of December 31, 2023 as follows:

	<u>Governmental Activities</u>
Restricted net position:	
Emergencies (see Note 13)	\$ 118,500
Debt service (see Note 5)	<u>190,486</u>
	<u><u>\$ 308,986</u></u>

The District's unrestricted net position at December 31, 2023 totaled \$4,618,955.

NOTE 8 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2023. The Pool is an organization created by an intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for workers compensation coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from

**LARKSPUR FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023**

the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool, may be returned to the members pursuant to a distribution formula.

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

NOTE 9 – FIRE AND POLICE PENSION ASSOCIATION OF COLORADO

Statewide Defined Benefit Pension Plan

Summary of Significant Accounting Policies

Pensions. The District participates in the Statewide Defined Benefit Plan (SWDBP), a cost-sharing multiple-employer defined benefit pension fund administered by the Fire and Police Pension Association of Colorado ("FPPA"). The net pension liability/(asset), deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the SWDBP have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the SWDBP

Plan description. The SWDBP covers substantially all full-time firefighter and police officer employees of participating fire or police departments in Colorado hired on or after April 8, 1978, provided that they are not already covered by a statutorily exempt plan. As of August 5, 2003, the SWDBP may include clerical and other personnel from fire districts whose services are auxiliary to fire protection. Plan benefits are specified in Title 31, Articles 30, 30.5 and 31 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth in the FPPA Rules and Regulations, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. FPPA issues a publicly available comprehensive annual financial report that can be obtained at www.fppaco.org. As of January 1, 2023, the Statewide Defined Benefit Plan and the Statewide Defined Benefit Plan have merged to form the Statewide Retirement Plan (SRP) and the Statewide Defined Benefit Plan becomes the Defined Benefit Component of the Statewide Retirement Plan.

Benefits provided. FPPA provides retirement and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement.

The following types of retirement are available under the SWDBP:

- **Normal:** 25 years of service and age 55 with a 2% benefit for each year of service for the first ten years, then a 2.5% benefit for each year of service thereafter. Benefits are based on the average of the highest 3 years' base salary (as defined in FPPA Rule 101.05). Effective January 1, 2021, a member may also qualify for normal retirement

LARKSPUR FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

pension if the member's combined years of service and age equals at least 80, with a minimum age of 50 (Rule of 80).

- Early: 30 years of service or age 50 with a 2% benefit for each year of service for the first ten years, then a 2.5% benefit for each year of service thereafter. Benefits are based on the average of the highest 3 years' base salary (as defined in FPPA Rule 101.05). The early retirement benefit that the member would have received at normal retirement (age 55) is reduced on an actuarial equivalent basis to reflect the receipt of the benefit.
- Vested: 5 years of service payable at age 55 with a 2% benefit for each year of service for the first ten years, then a 2.5% benefit for each year of service thereafter. Benefits are based on the average of the highest 3 years' base salary (as defined in FPPA Rule 101.05).
- Deferred: Members who qualify for a normal or vested retirement, may defer the receipt of their benefit pension to as late as age 65 and receive the actuarial equivalent of the benefit. (as defined in FPPA Rule 101.05).

The SWDBP has a deferred retirement option plan (DROP) that allows members to enter the program if they meet one of the following criteria: 1) member is eligible for normal retirement or 2) member is vested or 3) member is eligible for early retirement. The DROP plan allows a member to choose to continue employment for a maximum of five years. During this period of continued employment, the member's retirement benefits as well as employee contributions are paid into a member's DROP account. At the end of the DROP period, the member ceases employment and receives the amount accumulated in the DROP account either in a periodic, lump sum or a monthly lifetime benefit.

Each member must elect a payment option for retirement benefits shortly before benefit payments are paid to ensure that the beneficiary and payment option factors are accurate. The member has six payment options. The payment options allow the member to receive full retirement benefits during the member's lifetime or receive reduced retirement benefits so that a designated beneficiary may receive a portion of the retirement benefit either during the member's lifetime or after the member's death depending on the option selected.

Vested members with more than 5 years of service and non-vested members with less than 5 years of service may elect to withdraw their member contribution accounts upon termination of employment with all FPPA employers; waiving rights to any lifetime retirement benefits earned. The member's contributions plus 5% interest may be refunded to the member with all other contributions being forfeited. If a refund is chosen, stabilization reserve account monies and all employer contributions are forfeited.

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement benefit adjustments (formerly referred to as COLAs). Benefit adjustments are not guaranteed and are determined annually by the FPPA Board of Directors based on the most recent actuarial study. The amount of the benefit adjustment can be 0% to 3%, or the greater of the Consumer Price Index (CPI) per year. Benefit adjustments may begin once the retired member has been receiving retirement benefits for at least 12 calendar months prior to October 1.

Contributions. Eligible employees and the District are required to contribute to the SWDBP at a rate set by Colorado statute. Employer contribution rates can only be amended by state statute.

**LARKSPUR FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023**

Member contribution rates can be amended by statute or by election of the membership. In 2013, the members elected to increase the member contribution rate to the SWDB plan beginning in 2015. Member contribution rates increased 0.5 percent annually through 2022 to a total of 12.0 percent of pensionable earnings. Employer contributions increase 0.5 percent annually beginning in 2021 through 2030 to a total of 13.0 percent of pensionable earnings. Contributions to the SWDBP from the District were \$109,900 for the year ended December 31, 2023.

Annually, at the discretion of the Board of Directors of FPPA, the difference between the combined member/employer contributions and the actuarially determined contribution rate may be allocated to the stabilization reserve account (SRA). If the cost of the SWDBP exceeds the combined member/employer contribution rate, funds from the SRA may be used to make up the shortfall. Amounts set aside in the SRA are allocated to individual accounts for each member. A member may receive the amounts in this individual account upon election of Normal, Early or Vested retirement.

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

As of December 31, 2023, the District reported a net pension liability of \$127,900 for its proportionate share of the 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 January 1, 2023. The District's proportion of the net pension liability was based on District contributions to the SWDBP for the calendar year 2022 relative to the total contributions of participating employers to the SWDBP.

As of the December 31, 2023, the District's proportion was 0.1440948 percent, which was an increase of 0.014843 percent from its proportion as of December 31, 2022.

For the year ended December 31, 2023, the District recognized pension revenue of \$4,384. At December 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 276,859	\$ 15,699
Changes of assumptions and other inputs	163,857	-
Net difference between projected and actual earnings on pension plan investments	289,434	-
Change in proportion and differences between contributions recognized and proportionate share of contributions	27,184	-
Contributions subsequent to the measurement date	109,900	-
Total	<u>\$ 867,234</u>	<u>\$ 15,699</u>

The \$109,900 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as an decrease of the net pension liability in the year ending December 31, 2024.

**LARKSPUR FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023**

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

<u>Year Ending December 31</u>	
2024	\$ 78,344
2025	132,713
2026	178,320
2027	243,482
2028	53,342
2029	29,046
2030	14,834
2031	11,554
	<u>\$ 741,635</u>

Actuarial assumptions. The total pension liability in the January 1, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial Method	Entry Age Normal
Amortization Method	Not applicable
Amortization Period	Not applicable
Long-term Investment Rate of Return *	7.0%
Projected Salary Increases	4.25%-11.25%
Cost of Living Adjustments (COLA)	0.0%
* Includes Inflation at	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 pre-retirement 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.

The SWDBP's long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (assumed at 2.5 percent). Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation are summarized in the following table:

**LARKSPUR FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023**

Asset Class	Target Allocation	Long-Term Expected Rate of Return
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	100.00%	

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

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

For the purpose of this valuation, the 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.

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

	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
Proportionate share of the net pension (asset)/liability	<u>\$ 881,726</u>	<u>\$ 127,900</u>	<u>\$ (496,512)</u>

Pension plan fiduciary net position. Detailed information about the SWDBP’s fiduciary net position is available in FPPA’s comprehensive annual financial report which can be obtained at www.fppaco.org.

During 2022, the House Bill 22-1034 was signed into law. This legislation combines the assets and liabilities of the Statewide Defined Benefit Plan and the Statewide Hybrid Plan to form the

LARKSPUR FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

Statewide Retirement Plan, effective January 1, 2023. The merger will result in increased longer term stability for both plans in addition to simplification of administration, operation and communication of benefits. The financial impact of the merger of plans is being determined.

NOTE 10 – STATEWIDE DEATH AND DISABILITY PLAN

Plan Description – The District contributes to the Statewide Death and Disability Plan (SWD&DP), a cost-sharing multiple-employer death and disability plan administered by FPPA. The SWD&DP covers full-time employees of substantially all fire and police departments in Colorado. As of August 1, 2003, the SWD&DP may include part-time police and fire employees. Contributions to the SWD&DP are used solely for the payment of death and disability benefits. Employers who are covered by Social Security may elect supplementary coverage by the Plan. The Plan was established in 1098 pursuant to Colorado Revised Statutes. FPPA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the SWD&DP. That report can be obtained at www.fppaco.org.

Funding Policy – The District and/or employee is required to contribute at a rate of 3.4% of base salary for all members as set by statute. All contributions are made by members or on behalf of members. The 3.4% contribution may be paid entirely by the employer or the member, or it may be split between the employer and the member. Currently, employees remit 1.7% of the required contributions and the District makes the remaining 1.7% contribution. For the year ending December 31, 2023, the District's contributions to the SWD&DP were \$19,667, equal to their required contributions for the year.

NOTE 11 – DEFERRED COMPENSATION PLAN

All paid firefighters are eligible to participate in a deferred compensation plan created in accordance with Internal Revenue Code section 457 (Deferred Compensation Plan). The Deferred Compensation Plan, which is administered by FPPA, allows all paid firefighters the opportunity to defer a portion of their salary until future years. All compensation deferred under the Deferred Compensation Plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are to be held in trust for the exclusive benefits of the participants and their beneficiaries. Amounts contributed to the Deferred Compensation Plan are not available to employees until termination, retirement, death, or unforeseeable emergency.

Participants may elect to defer any percentage of their annual compensation, provided that the total annual contribution does not exceed limitations established by the Internal Revenue Service. Employers may also contribute to this plan on behalf of its employees provided that the combined employee and employer contributions do not exceed the aforementioned limits. Plan members contributed \$21,246 of pretax contributions to the Deferred Compensation Plan for the year ending December 31, 2023.

Deferred Compensation Plan investment purchases are determined by the individual participants and therefore, the Deferred Compensation Plan's investment concentration varies between participants.

The District has no liability for losses under the Deferred Compensation Plan. Accordingly, the Deferred Compensation Plan is not part of the District's financial statements.

**LARKSPUR FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023**

NOTE 12 – VOLUNTEER FIGHTERS’ PENSION FUND - FPPA ADMINISTERED

Volunteer Firefighters’ Pension Plan

General Information about the Volunteer Firefighters’ Pension Plan

Plan description. The District, on behalf of its volunteer firefighters, contributes to the Volunteer Firefighters’ Pension Plan (VFPP), a defined benefit pension plan which is affiliated with the FPPA. The net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the VFPP have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Assets of the plan are commingled for investment purposes in the Fire and Police Member’s Benefit Fund, an agent multiple-employer defined benefit pension plan administered by FPPA. The Volunteer Firefighters’ Pension Plan Board of Trustees is comprised of the five Directors of the District and two District representatives that are either a volunteer, a retired volunteer, or an active retiree firefighter. The Colorado Revised Statutes (CRS), as amended, establishes basic benefit provisions under the plan. FPPA issues a publicly available comprehensive annual financial report that includes the assets of the volunteer plan. That report may be obtained at www.fppaco.org.

Volunteers covered and benefits provided. The retirement benefit provisions and plan requirements were established by the District under Colorado Revised Statutes. The Board of Trustees has adopted the following schedule of monthly benefits, which was in effect at December 31, 2023:

Normal Retirement Benefit (monthly)	\$ 740.00
Extended Service (amount per year of service)	
5% of normal, for 10 additional years	\$ 37.00
 Vested Retirement Benefit (monthly)	
With 10 to 20 years of service, amount	
per year of service per minimum vesting years	\$ 37.00
 Disability Retirement Benefit (monthly)	
Short term disability for line of duty injury	\$ 370.00
Long term disability for line of duty - Lifetime	\$ 740.00
 Survivor benefit	
Death before retirement eligible	\$ 370.00
Death after normal retirement	\$ 370.00
Death after normal retirement with extended	
service (amount per year of service)	\$ 18.50
Death after vested retirement with 10-20 years	
of service (amount per year of service)	\$ 18.50
Death after disability retirement	\$ 370.00

**LARKSPUR FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023**

At December 31, 2023, there are 28 retired volunteers/beneficiaries receiving benefits, 0 inactive, nonretired member and 3 vested terminated members.

Contributions. The District makes contributions based upon District established benefits; the needs and best interest of the District, the VFPP, and the VFPP beneficiaries; and funding requirements based upon a biennial actuarial study. VFPP members do not make contributions. The State of Colorado also contributes to the plan in an amount set by statute. The District made contributions for the year ended December 31, 2023 in the amount of \$56,000, less than the actuarially calculated contribution.

Net Pension Liability/(Asset)

Actuarial assumptions. The District's net pension liability was based on an actuarial valuation performed as of January 1, 2023 and a measurement date of December 31, 2022. The total pension liability for the December 31, 2023 measurement date was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Assumptions:

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 fair value
Inflation	2.5%
Projected salary increases	N/A
Investment rate of return	7.0% per annum
Retirement age	50% per year of eligibility until 100% at age 65
Mortality	

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. 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 amortization period based on the expected remaining lifetime of the participants.

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 return, net of investment expense and inflation) were developed for each major asset class. These ranges were 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 then adding expected inflation.

**LARKSPUR FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023**

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

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

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

For the purpose of this valuation, the long-term expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 4.05% (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%.

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**LARKSPUR FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023**

Changes in the Net Pension Liability/(Asset)

Changes in the District's net pension liability for the year ended December 31, 2023 were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability(Asset) (a) - (b)
Balances at 12/31/22	\$ 2,090,232	\$ 1,747,615	\$ 342,617
Changes for the year:			
Service cost	4,300	-	4,300
Interest on the total pension liability	140,304	-	140,304
Changes in benefit terms	89,682	-	89,682
Difference between expected and actual experience	(187,777)	-	(187,777)
Changes in assumptions or other inputs	15,836	-	15,836
Benefit payments	(179,043)	(179,043)	-
District contributions	-	56,000	(56,000)
Pension plan net investment income (loss)	-	(136,706)	136,706
Administrative expense	-	(9,405)	9,405
Net Changes	<u>(116,698)</u>	<u>(269,154)</u>	<u>152,456</u>
Balances at 12/31/23	<u>\$ 1,973,534</u>	<u>\$ 1,478,461</u>	<u>\$ 495,073</u>

Sensitivity of the District's Net Pension (Asset) Liability to Changes in the Discount Rate. The following presents the net pension liability calculated using the discount rate of 7.00 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	6.00%	7.00%	8.00%
Sensitivity of the net pension (asset) liability	<u>\$ 685,137</u>	<u>\$ 495,073</u>	<u>\$ 333,529</u>

Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2023, the District recognized pension income of \$89,392.

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

**LARKSPUR FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 203,586	\$ 125,025
Contributions subsequent to the measurement date	56,000	-
Total	\$ 259,586	\$ 125,025

The \$56,000 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as an increase of the net pension liability in the year ending 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:

<u>Year Ending December 31</u>	
2024	\$ (9,673)
2025	10,334
2026	27,002
2027	50,898
	\$ 78,561

NOTE 13 – TAX, SPENDING AND DEBT LIMITATIONS

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

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

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

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

On November 3, 2015, the voters of the District approved increasing the District’s mill levy to increase property taxes \$680,354 annually, and by whatever additional amounts are annually raised thereafter by imposing an additional mill levy of 3.950 mills upon taxable property within the District beginning in 2015 for collection in 2016 for general operating and capital expenses.

LARKSPUR FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

Such charge is considered to be a voter approved revenue change and an exception to statutory and constitutional limitations which would otherwise apply.

On November 6, 2018, the voters of the District approved the following ballot issue: In order to sustain adequate fire, rescue, and emergency medical services, and only in the event that the residential assessment rate is reduced below the current rate established pursuant to Section 3 of Article X of the Colorado Constitution, shall the Larkspur Fire Protection District be permitted to adjust its property tax mill levy to offset any resulting decrease in revenue, and shall the District be permitted to adjust its property tax mill levy to match and be capped by Colorado's Statutory Rate Study recommendation and shall such tax proceeds be collected and spent by the District as voter approved revenue and spending changes in each year, without regard to any constitutional or statutory spending or revenue limitations including those contained in Article X, Section 20 of the Colorado Constitution and Section 29-1-301, Colorado Revised Statutes.

NOTE 14 – LEASE RECEIVABLE

On July 19, 2018, the District entered into a lease agreement with the Town of Larkspur (Town) for the use and purchase of land owned by the District. The term of the lease commenced August 1, 2018 and continues until December 31, 2027. The Town has the option to purchase the property for the sum of \$1 at any time subsequent to the Town's having fulfilled all its payment obligations to the District pursuant to this agreement.

Payments are to be made to the District in the total amount of \$147,900 payable as follows: 1) monthly payments of \$1,000 per month, principal only with no interest thereon, shall begin on August 1, 2018 and shall continue to be paid on the first of the month until December 1, 2026 totaling \$101,000, plus 2) a payment in the amount of \$46,900 principal only with no interest thereon due and payable on or before December 31, 2027, unless a different date for the final payment is agreed to by the parties.

NOTE 15 – INTERFUND TRANSFERS

The General Fund transferred \$564,653 to the Capital Projects Fund to cover capital purchases and to establish a capital reserve.

NOTE 16 – SUBSEQUENT EVENTS

On June 3, 2024, the District entered into a Lease Purchase Agreement with Community First National Bank (Lessor) to finance the purchase of equipment (Lease Agreement). The total amount financed is \$327,917.80. The Lease Agreement commencement date is June 3, 2024 with a final expiration date of June 3, 2029. Interest on the lease is 5.990% per annum with annual payments of \$77,833.80 due on June 3rd of each year beginning June 3, 2025.

On July 26, 2024, the District entered into a Lease Purchase Agreement with L.N. Curtis & Sons (Lessor) to finance the purchase of equipment (Lease Agreement). The total amount financed is \$31,104. The Lease Agreement commencement date is July 26, 2024 with a final expiration date of July 26, 2028. Annual payments of \$7,776 due on July 26th of each year beginning July 26, 2024.

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

REQUIRED SUPPLEMENTAL INFORMATION

**LARKSPUR FIRE PROTECTION DISTRICT
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY/(ASSET)
FIRE AND POLICE PENSION ASSOCIATION - STATEWIDE DEFINED BENEFIT PLAN
LAST TEN FISCAL YEARS (1)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability (Asset)	0.1440948%	0.1292518%	0.1298199%	0.1515452%	0.1607458%	0.1807739%	0.1889279%	0.1846098%	0.2338607%	0.2414880%
District's Proportionate Share of the Net Pension Liability (Asset) \$	127,900	(700,459)	(281,840)	(85,708)	203,227	(260,072)	68,267	(3,254)	(263,929)	(215,935)
District's Covered Payroll	\$ 1,184,748	\$ 978,474	\$ 994,064	\$ 1,075,464	\$ 895,999	\$ 1,059,445	\$ 957,828	\$ 935,050	\$ 1,051,674	\$ 1,048,878
Proportionate Share of Net Pension Liability (Asset) as a Percentage of its Covered Payroll	10.80%	-71.59%	-28.35%	-7.97%	22.68%	-24.55%	7.13%	-0.35%	-25.10%	-20.59%
Calculation of Collectvie Net Pension Liability (Asset):										
Total Pension Liability (Asset)	\$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)	<u>\$ 88,760,968</u>	<u>\$ (541,933,763)</u>	<u>\$ (217,100,397)</u>	<u>\$ (56,556,341)</u>	<u>\$ 126,427,453</u>	<u>\$ (143,865,763)</u>	<u>\$ 36,133,840</u>	<u>\$ (1,762,854)</u>	<u>\$ (112,857,546)</u>	<u>\$ (89,418,668)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	97.63%	116.16%	106.72%	101.94%	95.23%	106.34%	98.21%	100.10%	106.83%	105.83%

(1) - The amounts presented for each fiscal year were determined as of 12/31.

**LARKSPUR FIRE PROTECTION DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
FIRE AND POLICE PENSION ASSOCIATION - STATEWIDE DEFINED BENEFIT PLAN
LAST TEN FISCAL YEARS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 109,900	\$ 106,058	\$ 83,170	\$ 79,058	\$ 84,719	\$ 71,680	\$ 84,592	\$ 76,626	\$ 74,804	\$ 84,134
Contributions in Relation to the Contractually Required Contribution	(109,900)	(106,058)	(83,170)	(79,058)	(84,719)	(71,680)	(84,592)	(76,626)	(74,804)	(84,134)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 1,156,842	\$ 1,184,748	\$ 978,474	\$ 994,064	\$ 1,075,464	\$ 895,999	\$ 1,059,445	\$ 957,828	\$ 935,050	\$ 1,051,674
Contributions as a Percentage of Covered Payroll	9.50%	8.95%	8.50%	7.95%	7.88%	8.00%	7.98%	8.00%	8.00%	8.00%

**LARKSPUR FIRE PROTECTION DISTRICT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY/(ASSET)
FPPA - VOLUNTEER FIREFIGHTERS' PENSION PLAN
LAST NINE FISCAL YEARS**

Measurement period ending December 31,	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability									
Service cost	\$ 4,300	\$ 4,300	\$ 8,411	\$ 8,411	\$ 12,330	\$ 12,330	\$ 26,869	\$ 26,869	\$ 62,231
Interest on the total pension liability	140,304	142,569	139,188	141,242	149,322	150,267	151,771	151,266	152,352
Changes in benefit terms	89,682	-	45,330	-	-	-	-	-	-
Difference between expected and actual experience	(187,777)	-	37,258	-	(39,431)	-	(75,981)	-	(279,914)
Changes in assumptions or other inputs	15,836	-	-	-	83,200	-	59,866	-	(420,121)
Benefit payments	(179,043)	(179,417)	(180,305)	(177,712)	(175,557)	(174,862)	(176,008)	(166,934)	(168,104)
Net Change in Total Pension Liability	<u>(116,698)</u>	<u>(32,548)</u>	<u>49,882</u>	<u>(28,059)</u>	<u>29,864</u>	<u>(12,265)</u>	<u>(13,483)</u>	<u>11,201</u>	<u>(653,556)</u>
Total Pension Liability - Beginning	<u>2,090,232</u>	<u>2,122,780</u>	<u>2,072,898</u>	<u>2,100,957</u>	<u>2,071,093</u>	<u>2,083,358</u>	<u>2,096,841</u>	<u>2,085,640</u>	<u>2,739,196</u>
Total Pension Liability - Ending (a)	<u>\$1,973,534</u>	<u>\$2,090,232</u>	<u>\$2,122,780</u>	<u>\$2,072,898</u>	<u>\$2,100,957</u>	<u>\$2,071,093</u>	<u>\$2,083,358</u>	<u>\$2,096,841</u>	<u>\$2,085,640</u>
Plan Fiduciary Net Position									
District contributions	\$ 56,000	\$ 56,000	\$ 62,000	\$ 62,000	\$ 62,000	\$ 62,000	\$ 62,000	\$ 62,000	\$ 62,000
State of Colorado contributions		56,676	28,338	-	28,338	28,338	28,338	28,338	28,338
Pension plan net investment income (loss)	(136,706)	228,555	185,586	196,354	(116)	198,919	72,591	26,619	97,254
Benefit payments	(179,043)	(179,417)	(180,305)	(177,712)	(175,557)	(174,862)	(176,008)	(166,934)	(168,104)
Administrative expense	(9,405)	(10,659)	(7,569)	(10,084)	(8,389)	(9,542)	(2,470)	(4,773)	(2,615)
Net Change in Plan Fiduciary Net Position	<u>(269,154)</u>	<u>151,155</u>	<u>88,050</u>	<u>70,558</u>	<u>(93,724)</u>	<u>104,853</u>	<u>(15,549)</u>	<u>(54,750)</u>	<u>16,873</u>
Plan Fiduciary Net Position - Beginning	<u>1,747,615</u>	<u>1,596,460</u>	<u>1,508,410</u>	<u>1,437,852</u>	<u>1,531,576</u>	<u>1,426,723</u>	<u>1,442,272</u>	<u>1,497,022</u>	<u>1,480,149</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$1,478,461</u>	<u>\$1,747,615</u>	<u>\$1,596,460</u>	<u>\$1,508,410</u>	<u>\$1,437,852</u>	<u>\$1,531,576</u>	<u>\$1,426,723</u>	<u>\$1,442,272</u>	<u>\$1,497,022</u>
Net Pension Liability/(Asset) - Ending (a)-(b)	<u>\$ 495,073</u>	<u>\$ 342,617</u>	<u>\$ 526,320</u>	<u>\$ 564,488</u>	<u>\$ 663,105</u>	<u>\$ 539,517</u>	<u>\$ 656,635</u>	<u>\$ 654,569</u>	<u>\$ 588,618</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	74.91%	83.61%	75.21%	72.77%	68.44%	73.95%	68.48%	68.78%	71.78%
Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

NOTE: Information for the prior year was not available to report.

**LARKSPUR FIRE PROTECTION DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
FPPA - VOLUNTEER FIREFIGHTERS' PENSION PLAN
LAST EIGHT FISCAL YEARS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially determined contribution	\$ 75,986	\$ 74,225	\$ 74,225	\$ 69,487	\$ 69,487	\$ 70,028	\$ 70,028	\$ 84,199
Contributions in relation to the actuarially required contribution:								
District contribution	56,000	56,000	56,000	62,000	62,000	62,000	62,000	62,000
State of Colorado contribution	-	56,676	28,338	-	28,338	28,338	28,338	28,338
Contribution deficiency (excess)	<u>\$ 19,986</u>	<u>\$ (38,451)</u>	<u>\$ (10,113)</u>	<u>\$ 7,487</u>	<u>\$ (20,851)</u>	<u>\$ (20,310)</u>	<u>\$ (20,310)</u>	<u>\$ (6,139)</u>
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule:

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 fair value
Inflation	2.5%
Projected salary increases	N/A
Investment rate of return	7.5% per annum
Retirement age	50% per year of eligibility until 100% at age 65
Mortality	Pre-retirement: RP-2014 Mortality Tables for Blue Collar Employees, projected with Scale BB, 55% multiplier for off-duty mortality. Post-retirement: For ages less than 55, RP-2014 Mortality Tables for Blue Collar Employees. For ages 55 and older, PR-2014 Mortality Tables for Blue Collar Healthy Annuitants. For ages 55 through 64, a blend of the previous tables. All tables are projected with Scale BB.

Note: The information for the prior two years was available to report.

**LARKSPUR FIRE PROTECTION DISTRICT
SCHEDULE OF THE NET PENSION LIABILITY/(ASSET)
FPPA - VOLUNTEER FIREFIGHTER PENSION PLAN
LAST NINE FISCAL YEARS (1)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability	\$ 1,973,534	\$ 2,090,232	\$ 2,122,780	\$ 2,072,898	\$ 2,100,957	\$ 2,071,093	\$ 2,083,358	\$ 2,096,841	\$ 2,085,640
Plan Fiduciary Net Position	(1,478,461)	(1,747,615)	(1,596,460)	(1,508,410)	(1,437,852)	(1,531,576)	(1,426,723)	(1,442,272)	(1,497,022)
Net Pension Liability	<u>\$ 495,073</u>	<u>\$ 342,617</u>	<u>\$ 526,320</u>	<u>\$ 564,488</u>	<u>\$ 663,105</u>	<u>\$ 539,517</u>	<u>\$ 656,635</u>	<u>\$ 654,569</u>	<u>\$ 588,618</u>
Plan Fiduciary Net Position as a % of Total Pension Liability	<u>74.91%</u>	<u>83.61%</u>	<u>75.21%</u>	<u>72.77%</u>	<u>68.44%</u>	<u>73.95%</u>	<u>68.48%</u>	<u>68.78%</u>	<u>71.78%</u>
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 % of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

(1) - The amounts presented for each fiscal year were determined as of 12/31.

NOTE: Information for the prior year was not available to report.

SUPPLEMENTAL INFORMATION

**LARKSPUR FIRE PROTECTION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
Year Ended December 31, 2023**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES				
Property taxes	\$ 294,545	\$ 294,545	\$ 295,775	\$ 1,230
Interest income	248	248	14,807	14,559
Total revenues	<u>294,793</u>	<u>294,793</u>	<u>310,582</u>	<u>15,789</u>
EXPENDITURES				
Bond principal	225,000	225,000	225,000	-
Bond interest	34,844	34,844	34,844	-
Paying agent fees	200	200	200	-
County Treasurer's collection fees	-	4,440	4,440	-
Total expenditures	<u>260,044</u>	<u>264,484</u>	<u>264,484</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	34,749	30,309	46,098	15,789
FUND BALANCE - BEGINNING OF YEAR	135,323	135,323	146,635	11,312
FUND BALANCE - END OF YEAR	<u>\$ 170,072</u>	<u>\$ 165,632</u>	<u>\$ 192,733</u>	<u>\$ 27,101</u>

**LARKSPUR FIRE PROTECTION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
Year Ended December 31, 2023**

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Grant proceeds	\$ 114,000	\$ -	\$ (114,000)
Interest income	-	22,601	22,601
	<u>114,000</u>	<u>22,601</u>	<u>(91,399)</u>
EXPENDITURES			
Capital outlay			
SCBA	74,000	86,913	(12,913)
Vehicles	265,000	1,980	263,020
Equipment	-	10,540	(10,540)
Off-road equipment	-	27,863	(27,863)
Station upgrades	-	54,796	(54,796)
Capital lease	47,300	47,232	68
Total expenditures	<u>386,300</u>	<u>229,324</u>	<u>156,976</u>
EXCESS REVENUE OVER (UNDER) EXPENDITURES	<u>(272,300)</u>	<u>(206,723)</u>	<u>65,577</u>
OTHER FINANCING SOURCES (USES)			
Transfer in	300,000	564,653	264,653
Total other financing sources (uses)	<u>300,000</u>	<u>564,653</u>	<u>264,653</u>
NET CHANGE IN FUND BALANCE	27,700	357,930	330,230
FUND BALANCE - BEGINNING OF YEAR	241,446	-	(241,446)
FUND BALANCE - END OF YEAR	<u>\$ 269,146</u>	<u>\$ 357,930</u>	<u>\$ 88,784</u>

OTHER INFORMATION

**LARKSPUR FIRE PROTECTION DISTRICT
SUMMARY OF ASSESSED VALUATION,
MILL LEVY AND PROPERTY TAXES COLLECTED
Year Ended December 31, 2023**

<u>Year ending December 31,</u>	<u>Prior Year Assessed Valuation for Current Year Property Tax Levy</u>	<u>Mills Levied</u>		<u>Total Property Taxes</u>		<u>Percent Collected</u>
		<u>General *</u>	<u>Debt Service</u>	<u>Levied</u>	<u>Collected</u>	
2006	\$114,218,240	13.156	0.000	\$ 1,502,655	\$ 1,493,338	99.4%
2007	\$115,915,861	13.243	0.000	\$ 1,535,074	\$ 1,499,941	97.7%
2008	\$129,420,034	13.345	0.000	\$ 1,727,136	\$ 1,723,314	99.8%
2009	\$137,909,840	13.207	0.000	\$ 1,821,417	\$ 1,811,193	99.4%
2010	\$143,296,280	13.137	0.000	\$ 1,882,454	\$ 1,876,396	99.7%
2011	\$142,420,100	13.159	0.000	\$ 1,874,078	\$ 1,862,049	99.4%
2012	\$122,275,610	13.150	2.250	\$ 1,887,701	\$ 1,874,957	99.3%
2013	\$122,039,300	13.263	2.250	\$ 1,893,135	\$ 1,876,705	99.1%
2014	\$121,615,316	13.167	2.250	\$ 1,874,964	\$ 1,869,306	99.7%
2015	\$121,436,340	13.134	2.250	\$ 1,868,176	\$ 1,869,124	100.1%
2016	\$133,444,740	13.110	2.049	\$ 2,022,833	\$ 2,022,696	100.0%
2017	\$136,216,140	17.071	2.049	\$ 2,604,453	\$ 2,599,476	99.8%
2018	\$139,263,530	17.104	2.049	\$ 2,667,047	\$ 2,661,331	99.8%
2019	\$141,635,540	17.059	2.049	\$ 2,760,371	\$ 2,703,872	98.0%
2020	\$158,573,700	17.176	1.823	\$ 3,012,879	\$ 3,005,921	99.8%
2021	\$161,571,370	17.205	1.823	\$ 3,074,422	\$ 3,076,519	100.1%
2022	\$185,264,190	17.140	1.590	\$ 3,470,058	\$ 3,468,092	99.9%
2023	\$181,985,000	17.498	1.619	\$ 3,479,007	\$ 3,475,727	99.9%
Estimated for year ending December 31, 2024	\$239,240,730	17.838	1.164	\$ 4,546,055		

* Includes a mill levy for refunds and abatements.