

RYE FIRE PROTECTION DISTRICT
RYE, COLORADO
AUDITED FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2023

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Garren, Ross & DeNardo, Inc.

CERTIFIED PUBLIC ACCOUNTANTS

JAMES E. GARREN, CPA
MEL J. ROSS, CPA
SAM J. DeNARDO, CPA

SUITE 200
3673 PARKER BOULEVARD
PUEBLO, COLORADO 81008
719 / 544-9872
FAX 719 / 253-5417
www.grdcpa.com

Independent Auditor's Report

June 27, 2025

Board of Directors
Rye Fire Protection District
Colorado City, Colorado

Report on the Audit of the Financial Statements

Opinion

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the District, as of December 31, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of 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.

Board of Directors
Rye Fire Protection District

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i through iv and required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Arren Ross $\frac{1}{2}$ Delgado, Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS

RYE FIRE PROTECTION DISTRICT
Management's Discussion and Analysis
December 31, 2023

As management of Rye Fire Protection District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2023. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole.

Financial Highlights

- The assets of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$834,846 (net position). The composition of net position for the most recent fiscal year was comprised of the carrying amount of capital assets of \$416,854 (net investment in capital assets), donor restrictions to acquire specific equipment of \$6,346, donor restrictions for Hatchett Ranch capital improvements and other expansion related costs of \$26,765, restricted for TABOR of \$37,000, restricted for pension \$168,561 and unrestricted net position of \$179,320.
- The District's total net position decreased by \$238,776 during the year ended December 31, 2023.
- As of the close of the current fiscal year, the District's governmental fund (general fund) reported an ending fund balance of \$302,870, a decrease of \$68,682 for the year ended December 31, 2023.
- At the end of the current fiscal year, unassigned fund balance of the general fund is \$78,292.
- During the current fiscal year, no new debt obligations were incurred and the District had no debt as of December 31, 2023.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements, which comprise three components: 1) government wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

The basic financial statements present two different views of the District's financial information using government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other required supplemental information that will enhance the reader's understanding of the financial condition of the District.

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

The *statement of net position* presents information on all of the District's assets, deferred outflows of resources and liabilities and deferred inflows of resources. The difference between assets, deferred outflows of resources (if any), liabilities and deferred inflows of resources are reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes. The governmental activities of the District primarily include community safety services (e.g., general administration, fire suppression, fire and accident prevention, search and rescue, and the provision of emergency medical services). The District has no business-type activities. The government-wide financial statements can be found on pages 4-5 of this report.

Rye Fire Protection District
Management's Discussion and Analysis
December 31, 2023

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local government agencies, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, such as state statutes. The general fund is used to account for all of the District's activities.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements. Governmental funds are reported using an accounting method called modified accrual accounting which has a current financial resources measurements focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps the reader determine if there are adequate financial resources available to finance the District's programs.

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

The District adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for this fund to demonstrate compliance with the budget.

The basic general fund financial statements can be found on pages 6-9 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 10-26 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$834,846 at the close of the most recent fiscal year.

The District's net investment in capital assets (e.g. building improvements, fire apparatus, radio equipment, ambulances and equipment) was \$416,854. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Investment in capital assets is reported net of related debt, however, it should be noted that the resources needed to repay related debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities unless they are sold. As of December 31, 2023, the District did not have any debt.

The following table reflects the condensed Statement of Net Position at December 31:

Rye Fire Protection District
Management's Discussions and Analysis
December 31, 2023

		<u>Governmental Activities</u>	
		<u>2023</u>	<u>2022</u>
Current and other assets	\$	1,762,948	\$ 1,632,922
Capital assets		416,854	567,004
Net pension asset		-	172,567
Total Assets		<u>2,179,802</u>	<u>2,372,493</u>
Deferred outflows of resources		<u>204,569</u>	<u>117,477</u>
Current and other liabilities		140,597	266,559
Long-term liabilities		9,810	52,795
Net pension liability		28,778	-
Total Liabilities		<u>179,185</u>	<u>319,354</u>
Deferred inflows of resources		<u>1,370,340</u>	<u>1,096,994</u>
Net Position			
Net investment in capital assets		416,854	567,004
Restricted		238,672	247,378
Unrestricted		179,320	259,240
Total Net Position	\$	<u><u>834,846</u></u>	\$ <u><u>1,073,622</u></u>

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR) includes certain requirements regarding the establishment of "emergency reserves." Under these provisions, the emergency reserve can be used for "declared emergencies only," as that term is defined in the amendment. This reserve totaled \$37,000 and \$47,100 as of December 31, 2023 and 2022, respectively.

The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year. Revenues and expenses in this statement are recorded when earned or when a liability is incurred.

The following table reflects the condensed Statement of Activities for the years ended December 31:

		<u>Governmental Activities</u>	
		<u>2023</u>	<u>2022</u>
Revenues:			
Program Revenues:			
Charges for services	46,705	\$	350,797
Operating grants and contributions	-		10,375
General Revenues			
Property taxes	964,681		967,040
Specific ownership taxes	88,016		92,455
Unrestricted investment earnings	15,844		2,984
Other	3,075		8,509
Total Revenues		<u>1,118,321</u>	<u>1,432,160</u>
Expenses:			
Community safety services	1,288,917		1,449,241
General government	68,180		56,940
Total expenses		<u>1,357,097</u>	<u>1,506,181</u>
Change in Net Position		(238,776)	(74,021)
Net position - beginning of year		1,073,622	1,147,643
Net position - end of year	\$	<u><u>834,846</u></u>	\$ <u><u>1,073,622</u></u>

Rye Fire Protection District
Management's Discussion and Analysis
December 31, 2023

Financial Analysis of Rye Fire Protection District's Fund

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

Governmental funds. The focus of the District's governmental fund is to provide information on current year revenues, expenditures, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

The general fund is the only fund of the District. As of December 31, 2023, the District's general fund reported an ending balance of \$302,870.

General Fund Budgetary Highlights

Generally, budget amendments fall into one of two categories: 1) amendments made to adjust the estimates that are used to prepare the original budget resolution once exact information is available; 2) increase in appropriations that become necessary to maintain services. For the year ended December 31, 2023, no amendments to the original budget were necessary.

Capital Assets and Debt Administration

Capital assets. The District's capital assets for its governmental activities as of December 31, 2023 and 2022 total \$416,854 and \$567,004, respectively (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment and vehicles.

	<u>Governmental Activities</u>	
	<u>2023</u>	<u>2022</u>
Land	\$ 6,630	\$ 6,630
Buildings and improvements	43,008	49,194
Equipment	350,302	478,109
Vehicles	16,914	33,071
	<u>\$ 416,854</u>	<u>\$ 567,004</u>

Additional information on the District's capital assets can be found in Note 5 on page 17-18 of this report.

Long-term debt. Additional information on the District's long-term debt can be found in Note 6 on page 18 of this report.

Final Comments

The District continues to strive to achieve its mission of providing affordable, efficient, and reliable community safety services.

Requests for Information

This financial report is designed to provide a general overview of Rye Fire Protection District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Fire Chief, Rye Fire Protection District, PO Box 19190, Colorado City, CO 81019.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

Assets		
Cash and equivalents	\$	195,074
Investments		177,453
Receivables, net		1,367,463
Inventory		22,958
Capital assets - net of accumulated depreciation		416,854
	Total Assets	<u>2,179,802</u>
Deferred Outflows of Resources		
Related to firemen's pension plan		<u>204,569</u>
Liabilities		
Accounts payable		19,026
Accrued expenses		77,942
Net pension liability		28,778
Long-term liabilities:		
Due within one year		43,629
Due in more than one year		<u>9,810</u>
	Total Liabilities	<u>179,185</u>
Deferred Inflow of Resources		
Related to firemen's pension plan		7,230
Unavailable revenue - property tax		<u>1,363,110</u>
	Total Deferred Inflow of Resources	<u>1,370,340</u>
Net Position		
Invested in capital assets, net of related debt		416,854
Restricted for:		
Capital projects		33,111
Emergency		37,000
Firemen's pension fund		168,561
Unrestricted		<u>179,320</u>
	Total Net Position	<u>\$ 834,846</u>

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF ACTIVITIES
RYE FIRE PROTECTION DISTRICT
For the Year Ended December 31, 2023

	Program Revenue				Net (Expense) Revenue and Changes in Net Position
<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Total</u>	<u>Primary Government Governmental Activities</u>
Primary Government:					
Government activities:					
General government	\$ 68,180	\$ -	\$ -	\$ -	\$ (68,180)
Public safety	<u>1,288,917</u>	<u>46,705</u>	<u>-</u>	<u>46,705</u>	<u>(1,242,212)</u>
Total	<u>\$ 1,357,097</u>	<u>\$ 46,705</u>	<u>\$ -</u>	<u>\$ 46,705</u>	<u>\$ (1,310,392)</u>
General revenues and taxes					
Taxes:					
General property taxes					\$ 956,166
Penalties and interest					8,515
Specific ownership taxes					88,016
Investment earnings (loss)					15,844
Pension plan income (expense)					<u>3,075</u>
				Total General Revenues and Taxes	<u>1,071,616</u>
				Change in Net Position	(238,776)
				Net Position - Beginning	<u>1,073,622</u>
				Net Position - Ending	<u>\$ 834,846</u>

The accompanying notes to the financial statements are an integral part of this statement.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

BALANCE SHEET- GOVERNMENTAL FUND
RYE FIRE PROTECTION DISTRICT
December 31, 2023

	General Fund
Assets	
Cash and cash equivalents	\$ 144,676
Cash held by treasurer	50,398
Investments	177,453
Receivables, net	1,367,463
Inventory	<u>22,958</u>
Total Assets	<u>1,762,948</u>
Liabilities	
Accounts payable	19,026
Accrued expenses	<u>77,942</u>
Total Liabilities	<u>96,968</u>
Deferred Inflow of Resources	
Property tax	<u>1,363,110</u>
Fund Balances	
Nonspendable	22,958
Restricted	70,111
Assigned	131,509
Unassigned	<u>78,292</u>
Total Fund Balances	<u>\$ 302,870</u>

The accompanying notes to the financial statements are an integral part of this statement.

RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION

RYE FIRE PROTECTION DISTRICT

December 31, 2023

Total Fund Balances - Total Government Fund	\$	302,870
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental fund.		416,854
Net pension assets used in governmental activities were not current financial resources, therefore, they were not reported in the governmental fund.		
	Deferred outflows of resources	204,569
	Deferred inflows of resources	(7,230)
	Net pension liability	168,561
		<u>(28,778)</u>
Long term debt liabilities including compensated absences are not due and payable in the current period and, therefore, are not reported in the governmental fund.		<u>(53,439)</u>
Net Position of Governmental Activities	\$	<u>834,846</u>

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

RYE FIRE PROTECTION DISTRICT
GOVERNMENTAL FUND
For the Year Ended December 31, 2023

	General Fund
Revenues	
Property taxes	\$ 956,166
Specific ownership tax	88,016
Penalty and interest	8,515
Charges for services	96,028
Investment earnings	<u>15,844</u>
Total Revenues	<u>1,164,569</u>
Expenditures	
Current:	
General government	68,180
Public safety	1,165,071
Capital outlay	<u>-</u>
Total Expenditures	<u>1,233,251</u>
Excess (Deficiency) of Revenues Over Expenditures	(68,682)
Fund balance - beginning	<u>371,552</u>
Fund balance - ending	<u>\$ 302,870</u>

The accompanying notes to the financial statements are an integral part of this statement.

**RECONCILIATION OF THE STATEMENT OF REVENUES EXPENDITURES AND CHANGES IN
FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

RYE FIRE PROTECTION DISTRICT

December 31, 2023

Net Change in Fund Balance - Total Governmental Fund \$ (68,682)

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

The governmental fund reported capital outlay as expenditures. However, in the statement of activities, the cost of these assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeds capital outlay in the current period.

	Capital outlay	-	
	Depreciation expense	<u>(150,151)</u>	(150,151)

Revenue not available to pay for current period expenditures are not recognized as revenue in the government fund. These revenues are charges for services (49,323)

Deferred income/expense related to the pension plan is not recognized in the governmental fund because it does not require the use of current financial resources. 3,075

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in the government fund. These expenses are firefighting services. 14,063

In the statement of activities, certain operating expenses - compensated absences are measured by the amounts earned during the year. In the governmental fund, however, expenditures for these items are measured by the amount of financial resources used or due (essentially, the amounts actually paid). This amount represents the net effect on the statement of activities. 12,242

Change in Net Position - Governmental Activities \$ (238,776)

The accompanying notes to the financial statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

RYE FIRE PROTECTION DISTRICT

DECEMBER 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of Rye Fire Protection District (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

Financial Reporting Entity

Rye Fire Protection District (the District) is organized under the laws of the State of Colorado. It operates under the jurisdiction of a local Board of Directors whose members are elected by the voters of the District. The District provides fire protection, ambulance and other public safety services to the public. As required by generally accepted accounting principles, these financial statements present the Rye Fire Protection District (the primary government). No additional separate governmental units, agencies or nonprofit corporations are included in the financial statements of the District since none were determined to fall within the oversight responsibility based upon the application of the following criteria: financial accountability, 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.

Government-Wide Financial Statements

The District's basic financial statements include both government-wide (based on the District as a whole) and fund financial statements. The government-wide financial statements, which include a statement of net position and a statement of activities, report information on all the activities of the District.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a given functional category or activity is offset by program revenues. Direct expenses are those that are clearly identifiable with a function or activity. 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 activity; (2) grants and contributions that are restricted to meeting the operating requirements of a particular function or activity; and (3) grants and contributions that are restricted to meeting the capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported instead as general revenues. The net cost by function is normally covered by general revenues such as property taxes, specific ownership taxes or other unrestricted revenues.

The government-wide focus is more on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the major individual fund of the governmental categories. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

Reconciliation of Government-Wide and Fund Financial Statements

The governmental funds balance sheet includes a reconciliation between fund balances - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. Additionally, the governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net change in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities.

These reconciliations detail items that require adjustment to convert from the current resources measurement and modified accrual basis for governmental fund statements to the economic resources measurement and full accrual basis used for government-wide statements. However, certain items having no effect on measurement and basis were eliminated from the governmental fund statements during the consolidation of governmental activities.

NOTES TO FINANCIAL STATEMENTS

RYE FIRE PROTECTION DISTRICT

DECEMBER 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The government-wide financial statements are presented 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. Property taxes and special assessments are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue when all eligibility requirements are met.

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 available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues available if collected within 60 days of the end of the fiscal year. Expenditures generally are recorded when a liability is incurred as is the case with accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when the liability has matured and payment is due. General capital asset acquisitions are reported as expenditures in the governmental funds, while issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, specific ownership taxes, grant and entitlement revenues, interest, and charges for services, are considered revenues susceptible to accrual. Contributions and miscellaneous revenue are recorded as revenues when received in cash because they are not generally measurable until that time. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the individual programs are used as guidance and, as such, entitlements and shared revenues are recorded at the time of receipt or earlier if the accrual criteria are met.

General Fund

This fund records financial transactions for the regular operations of the District. All revenues and expenditures not allocated by law or contractual agreement to a special fund are accounted for in this fund. The District's only fund is the general fund.

Cash and Investments

Cash on hand, cash in the bank and all highly liquid investments with a maturity of three months or less when purchased are considered to be cash and cash equivalents.

The District's policy is to state investments at their fair value and categorizes its fair value measurements within the fair value hierarchy established by general accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets.

Level 2 inputs are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Level 3 inputs are significant unobservable inputs.

All investment income, including changes in the fair value of investments are reported as investment income in the District's financial statements.

Cash in investments are subject to Colorado State statutes as described in Note 3.

NOTES TO FINANCIAL STATEMENTS
RYE FIRE PROTECTION DISTRICT
DECEMBER 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced to estimated net realizable value by the establishment of an allowance for uncollectible amounts.

Inventory

Inventory for the general fund is valued at cost using the first-in, first-out method of determining inventory on hand. A physical count was made at December 31, 2023, and inventory was adjusted to reflect an accurate balance as determined by the physical count. Expendable supplies are charged directly to expenditures when purchased. Reported inventory in the general fund is considered nonspendable fund balance reserve, which indicates the assets are unavailable for appropriation even though they are a component of total reported assets.

Capital Assets

Land is recorded at cost and is not depreciated. Purchased or constructed capital assets are recorded at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation.

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

Buildings and improvements	40 years
Equipment	5-15 years
Vehicles	5-20 years

Vacation, Sick Leave and Other Compensated Absences

Full time employees earn compensated vacation time at rates ranging from 16 hours to 26 hours per month, depending on length of employment. The maximum number of vacation hours that can accrue ranges from 288 hours to 468 hours depending on length of employment. Compensated sick leave accrues immediately at a rate of 8 hours per month for all full-time employees regardless of length of employment. However, the maximum number of sick leave hours an employee can accrue is 864 hours.

Accumulated compensated absence benefits are payable only in conjunction with the employee's termination. Payments are made in a lump sum at termination.

The unpaid sick leave, vacation pay and related benefits at the end of the period will generally not be paid with expendable and available resources and, as such, the liability is generally not reflected in the governmental fund financial statements. The entire liability for compensated absences is reported in the government-wide financial statements.

At December 31, 2023, the District had the following obligation to eligible employees for accumulated benefits:

Current portion	\$ 43,629
Long-term portion	9,810
Total	<u>\$ 53,439</u>

NOTES TO FINANCIAL STATEMENTS
RYE FIRE PROTECTION DISTRICT
DECEMBER 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the statement of net position and/or balance sheets will sometimes report separate sections for deferred outflows of resources and deferred inflows of resources. A deferred outflow of resources is a consumption of net assets by the District that is applicable to a future reporting period, and a deferred inflow of resources is an acquisition of net assets by the District that is applicable to future reporting periods. Both deferred inflow and deferred outflows are reported in the statement of net position but are not reported as revenue or expenditures until the period(s) to which they relate.

The District reports deferred outflows and deferred inflows for the amounts related to pensions plan. The pension plan amounts consist of several components and are more fully described in Note 9.

Property tax revenue is considered a deferred inflow of resources in the year the taxes are levied and measurable and are recognized as an inflow of resources in the period they are collected.

Accounting Principles - Leases

In June 2017, the GASB issued GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the principal that leases are financings of the right to use an underlying asset. Under this standard, a lease is required to recognize a liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The District currently has no leases that require application of this standard.

Accounting Principles - SBITA

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*. This standard requires the recognition of a right-to-use subscription, an intangible asset, and a corresponding liability. A subscription liability is recognized at the commencement of the subscription term, which is when the subscription asset is placed into service. The subscription liability is initially measured at present value of subscription payments expected to be made during the subscription term. Future payments are discounted using the interest rate that the SBITA vendor charges the government, which may be implicit, or the District's incremental borrowing rate if the interest rate is not readily determinable. Amortization of the discount is recognized as an outflow of resources in subsequent reporting periods. The asset is measured as the sum of the initial liability, payments made to the vendor before commencement of the subscription term, and capitalizable implementation costs, less any incentives received. Amortization of the asset is recognized as an outflow of resources over the subscription term. The District currently has no arrangements that require application of this standard.

Net Position

In the government-wide financial statements, net position is classified in the following categories:

- **Net investment in capital assets** – this classification consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction or improvement of the capital assets.
- **Restricted net position** – this classification consists of restrictions created by external creditors, grantors, contributors or laws or regulations of other governments, enabling legislation and constitutional provisions.
- **Unrestricted net position** – this classification represents the remainder of net position that does not meet the definition of “net investment in capital assets” or “restricted net position”.

NOTES TO FINANCIAL STATEMENTS
RYE FIRE PROTECTION DISTRICT
DECEMBER 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position (Continued)

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

Fund Balances

The District presents fund balances in clearly defined categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. In the fund financial statements that following classifications describe the relative strength of the spending constraints:

- *Nonspendable fund balance* – The portion of fund balance that cannot be spent because it is either not in spendable form (such as inventory) or is legally or contractually required to be maintained intact.
- *Restricted fund balance* – The portion of fund balance constrained to being used for a specific purpose by external parties (such as grantors or bondholders), constitutional provisions or enabling legislation.
- *Committed fund balance* – The portion of fund balance constrained for a specific purposes according to limitations imposed by the District's highest level of decision making authority, Board of Directors, prior to the end of the current year. The constraint may be removed or changed only through formal action of the Board of Directors.
- *Assigned fund balance* – The portion of fund balance set aside for planned or intended purposes. The intended use may be expressed by Board of Directors or other individuals authorized to assign funds to be used for a specific purpose.
- *Unassigned fund balance* – The residual portion of fund balance that does not meet any of the above criteria.

If both restricted and unrestricted amounts of fund balance are available for use when an expenditure is incurred, it is District policy to use restricted amounts first. Unrestricted fund balance will be used in the following order; committed, assigned and unassigned.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reported period. Actual results could differ from those estimates.

Property Taxes

County Treasurers are responsible for assessing, collecting and distributing property taxes in accordance with enabling state legislation and represent ad valorem taxes levied by the District. Property taxes become a lien on the first day of the levy year and may be paid in two equal installments before the last day of February and the 15th day of June or in full before the last day of April.

Property taxes are recognized as revenue for the year levied because they are considered both measurable and available. Available means due or past due and receivable within the current period and collected no more than 60 days after December 31.

Property taxes held by the county treasurer as of December 31, 2023, totaled \$50,398.

NOTES TO FINANCIAL STATEMENTS

RYE FIRE PROTECTION DISTRICT

DECEMBER 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interest

Interest revenue on investments is recognized in the period it is earned subject to the measurable and available criteria for governmental funds.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Data

Formal budgetary accounting is employed as a management control tool for the general fund. Budgets are prepared on the modified accrual basis of accounting for the general fund. Annual operating budgets are adopted each fiscal year through passage of an annual budget resolution. The Board of the District may amend the original adopted budget during the year by passing a new resolution to reflect current needs, changing conditions, or revised estimates. The budgetary amounts reflect the original and most recent amended amounts, which were adopted in accordance with the appropriate provisions of state law. Encumbrance accounting is not employed as part of the budgetary process.

Tax, Revenue, Spending and Debt Limitations

In November, 1992, Colorado voters adopted Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR imposes tax raising, revenue, spending and debt limitations on local government entities within the State of Colorado. These limitations became effective for the first fiscal year beginning after December 31, 1992.

In addition to the tax raising, revenue, spending and debt limitation provisions of TABOR, there is also a requirement that every entity to which TABOR applies must establish an "emergency reserve". To be used for declared emergencies only, each entity shall reserve 3% or more of its fiscal year spending excluding bonded debt service. For the year ended December 31, 2023, the District has reserved \$37,000, which represents 3% of fiscal year spending.

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

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster. The District carries commercial insurance for such risks, including workers' compensation and accident insurance. Settled claims resulting from these risks did not exceed commercial insurance coverage for each of the last three years.

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS

Deposits

The Colorado Public Deposit Protection Act, (PDPA) requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility.

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 is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be equal to 102% of the aggregate uninsured deposits.

NOTES TO FINANCIAL STATEMENTS
RYE FIRE PROTECTION DISTRICT
DECEMBER 31, 2023

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Deposits (Continued)

As of December 31, 2023, the District deposits were under \$250,000 and fully collateralized.

Custodial Credit Risk. There is a risk that, in the event of a bank failure, the District’s deposits may not be returned. The District’s policy for custodial credit risk parallels Colorado statutes.

A summary of cash and deposits held at year end follows:

	Carrying Amounts	Less Than One Year	Less Than Five Years
Deposits:			
Cash and Checking	\$ 144,676	\$ 144,676	\$ -
Investments:			
ColoTrust	177,453	177,453	-
Total	\$ 322,129	\$ 322,129	\$ -

Investments

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest. The law outlines the types of securities that public entities in Colorado may acquire and hold as investments. These include U.S. government agency securities, certain bonds of political subdivisions, bankers’ acceptances, commercial paper, local government investment pools, repurchase agreements, money market funds, negotiable certificates of deposit fully covered by FDIC Insurance and guaranteed insurance contracts. The statute also includes a provision limiting any investment to a five year maturity unless the governing body authorizes a longer period.

The District has invested \$177,453 in the Colorado Government Liquid Asset Trust (ColoTrust), an investment vehicle established for local government entities in Colorado to pool surplus funds. ColoTrust operates similarly to a money market fund and each share is equal in value to \$1. Investments of ColoTrust consist of U.S. Treasury bills, notes and note strips, and repurchase agreements collateralized by U.S. Treasury securities. A designated custodial bank provides safekeeping and depository services to ColoTrust in connection with the direct investment and withdrawal functions of ColoTrust. Substantially all securities owned by ColoTrust are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian’s internal records identify the investments owned by ColoTrust.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. 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.

NOTES TO FINANCIAL STATEMENTS
RYE FIRE PROTECTION DISTRICT
DECEMBER 31, 2023

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Investments (Continued)

The District has the following recurring fair value measurements as of December 31, 2023:

- The District's investments in ColoTrust accounts are reported at fair value, however, these investments are not subject to the fair value hierarchy.

Interest rate risk – The District's policy of limiting investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates parallels Colorado statutes. Specifically, all securities are limited to a maximum maturity of five years from the date of purchase unless the Board of Directors authorizes a longer period.

Credit Risk - The District does not have a policy which would further limit its investment choices beyond the requirements of Colorado statutes. As of December 31, 2023 the District's investment in Colo Trust rates AAAM by Standard and Poor's and Aaa by Moody's.

NOTE 4 – RECEIVABLES

Receivables as of December 31, 2023 consist of the following:

	<u>General Fund</u>
Receivables:	
Property taxes	\$ 1,363,110
State firefighting fees	-
Ambulance service fees	<u>287,684</u>
Less: allowance for uncollectible ambulance service fees	<u>(283,331)</u>
Net Receivables	<u>\$ 1,367,463</u>

NOTES TO FINANCIAL STATEMENTS
RYE FIRE PROTECTION DISTRICT
DECEMBER 31, 2023

NOTE 5 – CAPITAL ASSETS

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

	Balance January 1, 2023	Additions	Deletions	Balance December 31, 2023
Governmental Activities				
Capital assets not being depreciated -				
Land	\$ 6,630	\$ -	\$ -	\$ 6,630
Capital assets not being depreciated	<u>6,630</u>	<u>-</u>	<u>-</u>	<u>6,630</u>
Capital assets being depreciated -				
Buildings and improvements	194,417	-	-	194,417
Vehicles	306,651	-	-	306,651
Equipment	<u>1,746,922</u>	<u>-</u>	<u>-</u>	<u>1,746,922</u>
Capital assets being depreciated	<u>2,247,990</u>	<u>-</u>	<u>-</u>	<u>2,247,990</u>
Accumulated depreciation -				
Buildings and improvements	(145,223)	(6,186)	-	(151,409)
Vehicles	(273,580)	(16,156)	-	(289,736)
Equipment	<u>(1,268,812)</u>	<u>(127,809)</u>	<u>-</u>	<u>(1,396,621)</u>
Total accumulated depreciation	<u>(1,687,615)</u>	<u>(150,151)</u>	<u>-</u>	<u>(1,837,766)</u>
Capital assets being depreciated, net	<u>560,375</u>	<u>(150,151)</u>	<u>-</u>	<u>410,224</u>
Governmental activities capital assets, net	<u>\$ 567,005</u>	<u>\$ (150,151)</u>	<u>\$ -</u>	<u>\$ 416,854</u>
Depreciation expense was charged to the following function:				
General government	\$ -			
Public safety	<u>150,151</u>			
	<u>\$ 150,151</u>			

NOTE 6 – LONG-TERM DEBT

The following is a summary of changes in long-term liabilities reported in the government-wide financial statements for the year ended December 31, 2023:

	Balance January 1, 2023	Additions	Retirements	Balance December 31, 2023	Due Within One Year
Governmental Activities					
Compensated absences	\$ 65,681	\$ 26,819	\$ 39,061	\$ 53,439	\$ 43,629
Total Governmental Activities Long-Term Liabilities	<u>\$ 65,681</u>	<u>\$ 26,819</u>	<u>\$ 39,061</u>	<u>\$ 53,439</u>	<u>\$ 43,629</u>

NOTES TO FINANCIAL STATEMENTS
RYE FIRE PROTECTION DISTRICT
DECEMBER 31, 2023

NOTE 7 – NET POSITION

Restricted net position represents net position whose uses are subject to constraints that are either (1) legally imposed by creditors (such as debt covenants), grantors, or laws or regulations of other governments, or (2) imposed by law through constitutional provisions or enabling legislation. Restricted net position at December 31, 2023 for governmental activities are as follows:

	<u>Governmental Activities</u>
Restricted for:	
Capital projects	\$ 6,346
Hatchett Ranch expansion related costs	26,765
Pension asset	168,561
TABOR	<u>37,000</u>
Total Restricted Net Position	<u>\$ 238,672</u>

Restricted for capital projects. This represents amounts received from donors with the restriction that the funds be used to acquire a wood chipper.

Hatchett Ranch Expansion. The residents of Hatchett Ranch agreed to a one-time inclusion fee that totaled \$65,330 to be included in the fire district. These funds are to be used for capital improvements and other expansion related costs related to this expansion.

NOTE 8 – FUND BALANCES

At December 31, 2023, fund balance for the governmental fund consists of the following:

	<u>General Fund</u>
Nonspendable fund balances:	
Inventory	\$ 22,958
Prepaid items	<u>-</u>
Total nonspendable fund balances	<u>22,958</u>
Restricted fund balances:	
Capital projects	6,346
Hatchett Ranch expansion	26,765
TABOR	<u>37,000</u>
Total restricted fund balances	<u>70,111</u>
Assigned fund balance:	
Capital projects	<u>131,509</u>
Unassigned fund balance:	<u>78,292</u>
Total fund balances	<u>\$ 302,870</u>

NOTES TO FINANCIAL STATEMENTS

RYE FIRE PROTECTION DISTRICT

DECEMBER 31, 2023

NOTE 9 – DEFINED BENEFIT PENSION PLAN

Statewide-Defined Benefit Plan

General Information about the Pension Plan

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

The SWDB assets are included in the Fire & Police Members' Benefit Investment Fund and assets. Assets from the Deferred Retirement Option Plan (DROP), Money Purchase Component, and Separate Retirement Account assets from eligible retired members are in the Fire & Police Members' Self Directed Investment Fund.

The Plan is administered by the Fire & Police Pension Association of Colorado (FPPA). FPPA issues a publicly available annual comprehensive financial report that can be obtained on FPPA's website at <http://www.fppaco.org>.

Description of Benefits. A member is eligible for a normal retirement pension once the member has completed twenty-five years of credited service and has attained the age of 55. Effective January 1, 2021, a member may also qualify for a normal retirement pension if the member's combined years of service and age equals at least 80, with a minimum age of 50 (Rule of 80).

The annual normal retirement benefit is 2 percent of the average of the member's highest three years' pensionable earnings for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter. The benefit earned prior to January 1, 2007 for members of affiliated Social Security employers will be reduced by the amount of Social Security income payable to the member annually. Effective January 1, 2007, members currently covered under Statewide Defined Benefit Social Security Component will receive half the benefit when compared to the Statewide Defined Benefit Plan. Benefit adjustments paid to retired members are evaluated annually and may be re-determined every October 1. The amount of any increase is based on the Board's discretion and can range from 0 to the higher of 3 percent or the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W).

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

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

In 2014, the members elected to increase the member contribution rate to the SWDB plan beginning in 2015. Member contribution rates will increase 0.5 percent annually through 2022 to a total of 12 percent of pensionable earnings.

NOTES TO FINANCIAL STATEMENTS

RYE FIRE PROTECTION DISTRICT

DECEMBER 31, 2023

NOTE 9 – DEFINED BENEFIT PENSION PLAN (Continued)

Employer contributions increase 0.5 percent annually beginning in 2021 through 2030 to a total of 13.0 percent of pensionable earnings. In 2022, members of the SWDB plan and their employers are contributing at the rate of 12.0 percent and 9.0 percent, respectively, of pensionable earnings for a total contribution rate of 21.0 percent.

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

The contribution rate for members and employers of affiliated social security employers is 6.0 percent and 4.5 percent, respectively, of pensionable earnings for a total contribution rate of 10.5 percent in 2021. Per the 2014 member election, members of the affiliate social security group had their required contribution rate increase 0.25 percent annually beginning in 2015 through 2022 to a total of 6.0 percent of pensionable earnings. Employer contributions will increase 0.25 percent annually beginning in 2021 through 2030 to a total of 6.5 percent of pensionable earnings.

Basis of Presentation. The underlying financial information used to prepare the Schedule of Employer Contributions and Schedule of Collective Pension Amounts is based on FPPA's financial statements. FPPA follows the accounting principles and reporting guidelines as set forth by the Governmental Accounting Standards Board. The financial statements are prepared using the accrual basis of accounting and reflect the overall operations of FPPA.

As reported in FPPA's Other Supplementary Schedule of Fiduciary Net Position by Participating Employer in the December 31, 2022 Annual Report, employer contributions to the SWDB plan were \$78,283,012 compared to total employer contributions of \$78,301,240 on the Schedule of Employer Contributions. Adjustments were made to reduce employee contributions to zero for departments that had no remaining members at year end and for known significant adjustments of non-recurring amounts.

The Schedule of Collection Pension Amounts represents total pension amounts for the SWDB plan. This schedule excludes employer-specific deferral amounts that may need to be recognized to comply with Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions. Specifically, this schedule excludes deferral amounts arising from the changes in employer proportion, differences between employer contributions and proportionate share of contributions, and employer contributions subsequent to the measurement date.

Actuarial Valuation Dates. The collective total pension liability as of December 31, 2022 is based upon the January 1, 2023 actuarial valuation. The actuarially determined contributions as of December 31, 2022 are based upon the January 1, 2022 actuarial valuation.

Collective Net Pension Liability/(Asset). The components of the calculation of the net pension liability/(asset) of the SWDB plan for participating departments as of December 31, 2022 are shown in the following table:

NOTES TO FINANCIAL STATEMENTS
RYE FIRE PROTECTION DISTRICT
DECEMBER 31, 2023

NOTE 9 – DEFINED BENEFIT PENSION PLAN (Continued)

	Measurement Date
	December 31, 2022
	\$
Total Pension Liability (A)	3,752,109,029
Plan Fiduciary Net Position (B)	3,663,348,061
Employers' Net Pension Liability/(Asset) (A-B)	88,760,968
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (B/A)	97.6%

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

At December 31, 2023, the Rye Fire Protection District reported a liability of \$28,778 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2022, and the total pension liability (asset) used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2023. The District's proportion of the net pension liability (asset) was based on the District's contributions to the SWDB for the calendar year 2022 relative to the total contributions of participating employers to the SWDB.

At December 31, 2022, the District's proportion was .0324 percent, which is an increase of 0.00058 percent from its proportion measured as of December 31, 2021.

For the year ended December 31, 2023, the District recognized pension expense of (\$3,075). 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	\$ 62,295	\$ 3,532
Net difference between projected and actual earnings on pension plan investments	65,124	-
Changes in assumptions	36,868	-
Changes in proportionate share	11,922	3,698
Differences between contributions recognized and proportionate share of contributions	918	-
Contributions subsequent to the measurement date	27,442	-
Total	\$ 204,569	\$ 7,230

NOTES TO FINANCIAL STATEMENTS

RYE FIRE PROTECTION DISTRICT

DECEMBER 31, 2023

NOTE 9 – DEFINED BENEFIT PENSION PLAN (Continued)

\$27,442 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a (increase) reduction of the net pension (asset) liability in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended</u>	<u>Future Pension Expense/(Income)</u>
2024	\$ 44,178
2025	28,997
2026	40,490
2027	56,289
2028	12,500
Thereafter	<u>(12,557)</u>
	<u>\$ 169,897</u>

Average Remaining Expected Service Life. The average of the expected remaining services lives of all members in the plan, including active and inactive members, is 8.7704 years determined as of the beginning of the December 31, 2022 measurement period.

Components of Schedule of Collective Pension Amounts

Net Pension Liability/(Asset). The collective net pension liability/(asset) is the total pension liability less the fiduciary net position for the SWDB.

Difference Between Actual and Expected Experience. The difference between actual and expected experience with regard to economic and demographic factors is amortized over a closed period equal to the average of the expected remaining service life of active and inactive members. The first year amortization is recognized as pension expense with the remaining years shown as either a deferred outflow of resources or a deferred inflow of resources.

Net Difference Between Actual and Projected Investment Earnings on Pension Plan Investments. The difference between the actual earnings on pension plan investments compared to the SWDB's expected rate of return of 7.0 percent is amortized over a closed period of five years. The first year of amortization is recognized as pension expense with the remaining years shown as either a deferred outflow of resources or a deferred inflow of resources.

Changes in Assumptions. The change in assumptions about future economic or demographic factors or other inputs is amortized over a closed period equal to the average of the expected remaining service life of active and inactive members. The first year amortization is recognized as pension expense with the remaining years shown as either a deferred outflow of resources or a deferred inflow of resources.

Total Deferred Outflows Excluding Employer Specific Amounts. The total deferred outflows excluding employer specific amounts resulting from the difference between actual and expected experience, the net difference between projected and actual investment earnings on pension plan investments, and the changes in assumptions.

Total Deferred Inflows Excluding Specific Amounts. The total deferred inflows excluding employer specific amounts resulting from the difference between actual and expected experience and the changes in assumptions.

NOTES TO FINANCIAL STATEMENTS

RYE FIRE PROTECTION DISTRICT

DECEMBER 31, 2023

NOTE 9 – DEFINED BENEFIT PENSION PLAN (Continued)

Collective Pension Plan Expense/(Income). Collective pension plan expense/(income) includes changes in the collective net pension liability/(asset), projected earnings on pension plan investments, and the amortization of deferred outflows and inflows of resources in the current period. Pension income should be reported as a credit in pension expense.

Actuarial assumptions. The actuarial valuations for the SWDB were used to determine the total pension liability and actuarially determined contributions for the fiscal year ending December 31, 2022. The valuations used the following actuarial assumptions and other inputs:

	<u>Total Pension Liability</u>	<u>Actuarial Determined Contributions</u>
Actuarial Valuation Date	January 1, 2023	January 1, 2022
Actuarial Method	Entry Age Normal	Entry Age Normal
Amortization Method	N/A	Level % of Payroll, Open
Amortization Period	N/A	30 Years
Long-term Investment Rate of Return, net*	7.0%	7.0%
Projected Salary Increases*	4.25% - 11.25%	4.25% - 11.25%
Cost of Living Adjustments (COLA)	0%	0%
*Includes Inflation at	2.5%	2.5%

For determining the total pension liability, the post-retirement mortality tables for non-disabled retirees uses the Pub-2010 Safety Healthy Annuitant Mortality Tables projected with the ultimate values of the MP-2020 projection scale. The 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.

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

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

The recommendations were made by the FPPA's actuaries, Gabriel, Roeder, Smith & Co., based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2023. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

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

NOTES TO FINANCIAL STATEMENTS
RYE FIRE PROTECTION DISTRICT
DECEMBER 31, 2023

NOTE 9 – DEFINED BENEFIT PENSION PLAN (Continued)

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

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 SWDB plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

For the purpose of this valuation, the 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 7.0 percent.

Regarding the sensitivity of the net pension liability/(asset) to changes in the single discount rate, the following presents the plan’s net pension liability/(asset), calculated using a single discount rate of 7.00%, as well as what the plan’s net pension liability/(asset) would be if it were calculated using a single discount rate that is one percent lower and one percent higher:

	1% Decrease (6.00%)	Single Discount Rate Assumption (7.00%)	1% Increase (8.00%)
Proportionate share of the net pension liability (asset)	\$ <u>198,394</u>	\$ <u>28,778</u>	\$ <u>(111,718)</u>

NOTE 10 – OTHER POST EMPLOYMENT BENEFITS

Fire and Police Statewide Death & Disability (New Hire) Plan

Plan Description - The Rye Fire Protection District contributes to the statewide, cost-sharing, multiple-employer death and disability plan administered by the Colorado Fire and Police Pension Association (FPPA). The statewide plan provides death and disability benefits for those new hires employed after January 1, 1997 and their beneficiaries.

NOTES TO FINANCIAL STATEMENTS

RYE FIRE PROTECTION DISTRICT

DECEMBER 31, 2023

NOTE 10 – OTHER POST EMPLOYMENT BENEFITS

Title 31, Article 30 of the Colorado Revised Statutes (CRS), as amended, assigns the authority to establish benefit provisions to the state legislature. FPPA issues a publicly available financial report that includes the statewide death and disability plan. That report may be obtained by writing to FPPA of Colorado, 5290 DTC Parkway, Suite 100, Englewood, Colorado, 80111, or by calling FPPA at 303-770-3772 in the Denver metro area or 800-332-3772 from outside the metro area.

Funding Policy - Plan members and the District are required to contribute at a rate set by statute. The contribution requirements of plan members of the District are established under Title 31, Article 30, part 10 of the CRS, as amended. The 2022 contribution rate for new-hire fire members is 3.0% of covered salary. It is a local decision as to whether the contribution is paid by the member, the employer (on behalf of the member) or split between the member and the employer. The District has elected to cover 100% of the contribution. The District's contributions to the statewide death and disability plan for the years ended December 31, 2023, 2022, and 2021 were \$9,640, \$9,021, and \$7,865, respectively, which were equal to their required contributions for each year.

NOTE 11 – SUBSEQUENT EVENTS

The District has evaluated its December 31, 2023 financial statements for subsequent events through the date the financial statements were issued.

REQUIRED SUPPLEMENTARY INFORMATION

STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET TO ACTUAL - GENERAL FUND
RYE FIRE PROTECTION DISTRICT
For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Property Tax - Pueblo	\$ 903,843	\$ 903,843	\$ 977,492	\$ 73,649
Property Tax - Huerfano	9,799	9,799	10,409	610
Property Tax - Custer	58,794	58,794	64,796	6,002
Interagency Fire Fighting	200,000	200,000	49,323	(150,677)
Emergency Medical Services	600,000	600,000	46,705	(553,295)
Contributions	1,500	1,500	-	(1,500)
Interest income	510	510	15,844	15,334
Other revenue	2,500	2,500	-	(2,500)
Total Revenues	<u>1,776,946</u>	<u>1,776,946</u>	<u>1,164,569</u>	<u>(612,377)</u>
Expenditures				
General Government				
Legal Expense	4,300	4,300	6,696	(2,396)
Other Administrative Expense	9,250	9,250	19,453	(10,203)
Administrative Supplies	14,000	14,000	1,853	12,147
Treasurer's Fee	12,250	12,250	16,546	(4,296)
Billing Adjustments	400,974	400,974	-	400,974
Outside Service Fees	32,441	32,441	23,632	8,809
Total General Government	<u>473,215</u>	<u>473,215</u>	<u>68,180</u>	<u>405,035</u>
Public Safety				
EMS Billing Fee	14,400	14,400	-	14,400
Insurance - Worker's Comp	25,627	25,627	20,014	5,613
Insurance - Liab, Auto, & Prop	30,032	30,032	40,649	(10,617)
Career Firefighters	203,712	203,712	196,526	7,186
Command Staff	177,802	177,802	95,295	82,507
Part-time Firefighters	462,000	462,000	550,329	(88,329)
Firefighter On Call	-	-	355	(355)
Interagency Staffing	-	-	11,479	(11,479)
Payroll taxes	34,623	34,623	49,165	(14,542)
Employee Benefits - Health Ins	39,132	39,132	39,352	(220)
Employee Benefits - Retirement	26,534	26,534	36,933	(10,399)
Operational Supplies	32,000	32,000	20,277	11,723
Training - Tuition & Travel	2,100	2,100	-	2,100
Interagency Travel Reimbursement	-	-	1,682	(1,682)
Training - Supplies	1,000	1,000	2,700	(1,700)
Information/Prevention Expense	4,500	4,500	-	4,500
Communications - R&M & Supplies	3,300	3,300	-	3,300
Fleet - Fuel & Oil	32,500	32,500	24,614	7,886
Fleet - R&M	38,500	38,500	19,715	18,785
Fleet - Other	25,000	25,000	51	24,949
EMS - Physician Advisor	5,100	5,100	5,900	(800)
EMS - Medical Supplies	24,500	24,500	8,853	15,647
Utilities	31,899	31,899	31,847	52
Physical Plant Expenditures	10,750	10,750	2,284	8,466
Office Rent	3,720	3,720	7,051	(3,331)
Capital outlay	75,000	75,000	-	75,000
Total Public Safety	<u>1,303,731</u>	<u>1,303,731</u>	<u>1,165,071</u>	<u>138,660</u>
Total Expenditures	<u>1,776,946</u>	<u>1,776,946</u>	<u>1,233,251</u>	<u>543,695</u>
Excess (Deficiency) of Revenues Over Expenditures	-	-	(68,682)	(68,682)
Fund Balance - Beginning	-	-	371,552	371,552
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 302,870</u>	<u>\$ 302,870</u>

The accompanying notes to the financial statements are an integral part of this statement.

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
NEW HIRE FIRE AND POLICE PENSION FUND
RYE FIRE PROTECTION DISTRICT
For the year ended December 31, 2023

	<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)	0.03242%	0.03184%	0.03241%	0.03735%	0.03074%	0.04339%	0.04392%	0.03394%	0.03463%	0.03568%
District's proportionate share of the net pension liability (asset)	28,775	(172,567)	(70,357)	(21,121)	38,861	(62,429)	15,870	(598)	(39,085)	(31,908)
District's covered payroll	283,392	257,375	260,305	275,250	205,900	299,013	224,775	171,216	155,740	154,990
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	10.154%	-67.049%	-27.029%	-7.673%	18.874%	-20.878%	7.060%	-0.349%	-25.096%	-20.587%
Plan fiduciary net position as a percentage of the total pension liability	116.200%	116.200%	106.700%	101.900%	95.200%	106.300%	98.210%	100.100%	106.800%	105.800%

The accompanying notes to the financial statements are an integral part of this schedule.

SCHEDULE OF DISTRICT CONTRIBUTIONS
NEW HIRE FIRE AND POLICE PENSION FUND
RYE FIRE PROTECTION DISTRICT
December 31, 2023

Fiscal Year Ending <u>December 31,</u>	Contractually Required <u>Contribution</u>	Actual <u>Contribution</u>	Contribution Deficiency <u>(Excess)</u>	District's Covered <u>Payroll</u>	Actual Contribution as a % of Covered <u>Payroll</u>
2014	\$ 12,459	\$ 12,459	\$ -	\$ 155,740	8.00%
2015	\$ 13,697	\$ 13,697	\$ -	\$ 171,216	8.00%
2016	\$ 17,982	\$ 17,982	\$ -	\$ 224,775	8.00%
2017	\$ 23,921	\$ 23,921	\$ -	\$ 299,031	8.00%
2018	\$ 16,472	\$ 16,472	\$ -	\$ 205,900	8.00%
2019	\$ 22,020	\$ 22,020	\$ -	\$ 275,250	8.00%
2020	\$ 20,824	\$ 20,824	\$ -	\$ 26,005	8.00%
2021	\$ 21,789	\$ 21,789	\$ -	\$ 257,375	8.50%
2022	\$ 25,387	\$ 25,387	\$ -	\$ 283,392	9.00%
2023	\$ 27,442	\$ 27,442	\$ -	\$ 290,089	9.00%

The accompanying notes to the financial statements are an integral part of this schedule.