

**SECURITY FIRE PROTECTION
DISTRICT**

FINANCIAL STATEMENTS
With Independent Auditors' Report

Year Ended December 31, 2023

**SECURITY FIRE PROTECTION DISTRICT
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DECEMBER 31, 2023**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Security Fire Protection District

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

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 Security Fire Protection District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of 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 Security Fire Protection District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Security Fire Protection District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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.

Hoelting & Company, Inc.

Colorado Springs, Colorado
June 7, 2024

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

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

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the district exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$12,081,823 (*net position*). Of this amount, \$6,047,061 (*unrestricted net position*) may be used to meet the District’s ongoing obligations to its citizens and creditors.
- As of the close of the current fiscal year, the general fund reported an ending fund balance of \$3,389,852.
- As of the close of the current fiscal year, the wildland fund reported an ending fund balance of \$1,541,839. The total amount is restricted for wildland activities.
- At the end of the current fiscal year, total unassigned fund balance was 32% of total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to the District’s basic financial statements. The District’s basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

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

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

The *statement of activities* presents information reporting how the District’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods. Accrued interest expense is an example of this type of item.

Both government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District include general and administrative activities, fire and emergency medical services, and wildland deployments. Currently, the District has no business-type activities.

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources segregated for specific activities or objectives. The fund financial statements provide more detailed information about the District's operations, focusing on its most significant funds, not the District as a whole. The District has three funds: the General fund and the Wildland fund are governmental funds; and the Pension fund is a fiduciary fund.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Thus, readers may better understand the long-term impact of the District's near-term financing decisions. To facilitate this comparison between governmental funds and governmental activities, reconciliations are provided for both the governmental fund balance sheet and the statement of revenues, expenditures, and changes in fund balance.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the District's own programs.

Notes to the Basic Financial Statements

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

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the District's progress in funding its obligation to provide pension benefits to its employees. Also, the District adopts an annual appropriated budget for the general fund. A budgetary comparison schedule has been provided to demonstrate compliance with the budget. A budgetary comparison schedule has been provided for the wildland fund as well.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. In the case of the District, total assets and deferred outflows exceeded liabilities and deferred inflows by \$12,081,823 as of December 31, 2023. 37% of the District's assets are its investment in capital assets.

Condensed Statement of Net Position

| | <u>2023</u> | <u>2022</u> |
|--------------------------------------|----------------------|---------------------|
| Current and other assets | \$ 14,024,205 | \$ 13,376,598 |
| Capital assets, net depreciation | <u>8,552,283</u> | <u>7,034,349</u> |
| Total assets | <u>22,576,488</u> | <u>20,410,947</u> |
| Deferred outflows of resources: | | |
| Deferred pension outflows | <u>2,229,994</u> | <u>994,744</u> |
| Total deferred outflows of resources | <u>2,229,994</u> | <u>994,744</u> |
| Long-term liabilities | 3,129,906 | 2,916,521 |
| Other liabilities | <u>323,251</u> | <u>1,398,777</u> |
| Total liabilities | <u>3,453,157</u> | <u>4,315,298</u> |
| Deferred inflows of resources: | | |
| Deferred pension inflows | 319,392 | 978,741 |
| Unavailable property tax revenue | <u>8,952,110</u> | <u>6,373,144</u> |
| Total deferred inflows of resources | <u>9,271,502</u> | <u>7,351,885</u> |
| Net position: | | |
| Net investment in capital assets | 5,725,762 | 4,117,828 |
| Restricted | 309,000 | 300,000 |
| Unrestricted | <u>6,047,061</u> | <u>5,320,680</u> |
| Total net position | <u>\$ 12,081,823</u> | <u>\$ 9,738,508</u> |

Condensed Statement of Activities

| | <u>2023</u> | <u>2022</u> |
|-------------------------------------|----------------------|---------------------|
| Revenues: | | |
| Program revenues | | |
| Charges for services | \$ 3,141,955 | \$ 2,768,434 |
| General revenues: | | |
| Property and other taxes | 7,046,598 | 6,822,617 |
| Other income | 300 | 2,941 |
| Interest income | <u>90,849</u> | <u>21,606</u> |
| Total revenues | <u>10,279,702</u> | <u>9,615,598</u> |
| Expenses: | | |
| General and administrative | 1,206,432 | 533,455 |
| Fire and emergency medical services | 6,411,196 | 5,277,260 |
| Wildland deployments | 208,676 | 73,410 |
| Interest | <u>110,083</u> | <u>81,816</u> |
| Total expenses | <u>7,936,387</u> | <u>5,965,941</u> |
| Change in net position | 2,343,315 | 3,649,657 |
| Net position – beginning | <u>9,738,508</u> | <u>6,088,851</u> |
| Net position - ending | <u>\$ 12,081,823</u> | <u>\$ 9,738,508</u> |

ANALYSIS OF THE DISTRICT'S FUNDS

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

The general fund is the operating fund of the District. The fund balance for the general fund was \$3,389,852 at the end of the current fiscal year.

The wildland fund is the special revenue fund of the District. The fund balance for the wildland fund was \$1,541,839.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's general fund budget is prepared in accordance with state law. No changes were made to the general fund budget during the year.

WILDLAND FUND BUDGETARY HIGHLIGHTS

The District did not prepare a budget for the wildland fund in 2023. Because of this, revenues exceeded expenditures in the wildland fund in the amount of \$200,577.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets for its governmental activities at the end of the year was as follows:

| | <u>2023</u> | <u>2022</u> |
|---------------------------------|---------------------|---------------------|
| Land | \$ 423,847 | \$ 423,847 |
| Construction in progress | - | 2,328,860 |
| Fire Stations | 4,273,233 | 1,127,025 |
| Vehicles | 4,347,655 | 4,347,655 |
| Equipment | 3,104,996 | 2,394,309 |
| Wildland vehicles and equipment | 1,243,376 | 688,567 |
| Accumulated depreciation | <u>(4,840,824)</u> | <u>(4,275,914)</u> |
| Capital assets, net | <u>\$ 8,552,283</u> | <u>\$ 7,034,349</u> |

Major capital asset activities during the year included the placing a new fire station in service in the amount of \$3,146,208, purchasing a new fire apparatus in the amount of \$686,215, a new ambulance in the amount of \$374,730, a new wildland brush truck in the amount of \$121,204, a new transport van in the amount of \$58,875.

Long-term debt

At the end of current fiscal year, the District had a \$2,826,521 lease liability.

| | <u>2023</u> | <u>2022</u> |
|-----------------|---------------------|---------------------|
| Lease liability | <u>\$ 2,826,521</u> | <u>\$ 2,916,521</u> |

BUDGETARY AND ECONOMIC FACTORS

Budgetary Highlights and Outlook- There were no amendments to the 2023 budget during the year. Budgeted 2024 revenues are expected to increase from 2023 due to increased tax receipts. Certain expenditures for 2024 are expected to increase reflecting increases in salaries, capital outlays, and other costs of operations.

Economic and Environmental Factors

The housing market in the District continues to rise which is resulting in an increased tax base. This increased tax base may be affected by changes in property values as El Paso County conducts its bi-annual property valuations.

REQUESTS FOR INFORMATION

This financial report is designed to provide the District's taxpayers with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact an official at the District's administration office, 7600 Wayfarer Drive, Colorado Springs, Colorado 80925 or phone (719) 392-3271.

BASIC FINANCIAL STATEMENTS

**SECURITY FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2023**

ASSETS

| | |
|--------------------------------------|--------------|
| Cash and cash equivalents | \$ 4,833,360 |
| Cash with County Treasurer | 51,261 |
| Property tax receivable | 8,952,110 |
| Prepaid items | 187,474 |
| Capital assets not being depreciated | 423,847 |
| Capital assets, net of depreciation | 8,128,436 |
| | 22,576,488 |
| Total assets | 22,576,488 |

DEFERRED OUTFLOWS OF RESOURCES

| | |
|---------------------------|-----------|
| Deferred pension outflows | 2,229,994 |
| | 2,229,994 |

LIABILITIES

| | |
|-------------------------------|-----------|
| Accounts payable | (11,226) |
| Accrued interest payable | 69,168 |
| Accrued salaries and benefits | 151,630 |
| Compensated absences | 113,679 |
| Long-term liabilities: | |
| Due within one year | 98,000 |
| Due in more than one year | 2,728,521 |
| Net pension liability | 303,385 |
| | 3,453,157 |
| Total liabilities | 3,453,157 |

DEFERRED INFLOWS OF RESOURCES

| | |
|-------------------------------------|-----------|
| Deferred pension inflows | 319,392 |
| Unavailable property tax revenue | 8,952,110 |
| | 9,271,502 |
| Total Deferred Inflows of Resources | 9,271,502 |

NET POSITION

| | |
|----------------------------------|---------------|
| Net investment in capital assets | 5,725,762 |
| Restricted | 309,000 |
| Unrestricted | 6,047,061 |
| | 12,081,823 |
| Total net position | \$ 12,081,823 |

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

**SECURITY FIRE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023**

| Functions/Programs | Expenses | Program Revenues | | Net (Expense) Revenue and Changes in Net Position |
|-------------------------------------|--------------|-------------------------|--|--|
| | | Charges for Services | Operating Grants and Contributions | |
| Governmental activities: | | | | |
| General and administrative | \$ 1,206,432 | \$ - | \$ - | \$ (1,206,432) |
| Fire and emergency medical services | 6,411,196 | 1,720,709 | - | (4,690,487) |
| Wildland deployments | 208,676 | 1,421,246 | - | 1,212,570 |
| Interest and other fiscal charges | 110,083 | - | - | (110,083) |
| Total governmental activities | \$ 7,936,387 | \$ 3,141,955 | \$ - | (4,794,432) |
| General revenues: | | | | |
| | | | | 6,379,287 |
| | | | | 667,311 |
| | | | | 300 |
| | | | | 90,849 |
| | | | | 7,137,747 |
| | | | | 2,343,315 |
| | | | | 9,738,508 |
| | | | | \$ 12,081,823 |

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

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

| | General | Wildland Fund | Total Governmental Funds |
|--|----------------------|---------------------|--------------------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 3,437,502 | \$ 1,395,858 | \$ 4,833,360 |
| Cash with county treasurer | 51,261 | - | 51,261 |
| Property taxes receivable | 8,952,110 | - | 8,952,110 |
| Due from other funds | - | 145,981 | 145,981 |
| Prepaid items | 187,474 | - | 187,474 |
| Total assets | <u>\$ 12,628,347</u> | <u>\$ 1,541,839</u> | <u>\$ 14,170,186</u> |
| LIABILITIES | | | |
| Accounts payable and other accrued liabilities | \$ (11,226) | \$ - | \$ (11,226) |
| Accrued salaries and benefits | 151,630 | - | 151,630 |
| Due to other funds | 145,981 | - | 145,981 |
| Total liabilities | <u>286,385</u> | <u>-</u> | <u>286,385</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unavailable property tax revenue | <u>8,952,110</u> | <u>-</u> | <u>8,952,110</u> |
| FUND BALANCE | | | |
| Nonspendable | 187,474 | - | 187,474 |
| Restricted | 309,000 | - | 309,000 |
| Unassigned | <u>2,893,378</u> | <u>1,541,839</u> | <u>4,435,217</u> |
| Total fund balance | <u>3,389,852</u> | <u>1,541,839</u> | <u>4,931,691</u> |
| Total liabilities, deferred inflows of resources, and fund balance | <u>\$ 12,628,347</u> | <u>\$ 1,541,839</u> | <u>\$ 14,170,186</u> |

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

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

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

| | | |
|---|----|-----------|
| Total fund balance - governmental funds | \$ | 4,931,691 |
|---|----|-----------|

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

| | | | |
|---------------------------------------|------------------|--|-----------|
| Capital assets, not being depreciated | \$ 423,847 | | |
| Capital assets, net of depreciation | <u>8,128,436</u> | | 8,552,283 |

Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in government funds:

| | | | |
|--------------------------|--------------------|--|--------------------|
| Net pension liability | \$ (303,385) | | |
| Pension outflows | 2,229,994 | | |
| Pension inflows | (319,392) | | |
| Compensated absences | (113,679) | | |
| Accrued interest payable | (69,168) | | |
| Loan payable | <u>(2,826,521)</u> | | <u>(1,402,151)</u> |

| | | |
|--|----|-------------------|
| Net Position of governmental activities in the statement of net position | \$ | <u>12,081,823</u> |
|--|----|-------------------|

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

**SECURITY FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
GOVERNMENTAL FUND - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2023**

| | General | Wildland Fund | Total Governmental Funds |
|--|---------------------|---------------------|--------------------------------|
| REVENUES | | | |
| General property tax | \$ 6,379,287 | \$ - | \$ 6,379,287 |
| Specific ownership tax | 667,311 | - | 667,311 |
| Safety service income | 1,704,558 | - | 1,704,558 |
| Wildland income | - | 1,421,246 | 1,421,246 |
| Inspection fees | 16,152 | - | 16,152 |
| Other income | 299 | - | 299 |
| Investment earnings | 90,840 | 9 | 90,849 |
| Total revenues | <u>8,858,447</u> | <u>1,421,255</u> | <u>10,279,702</u> |
| EXPENDITURES | | | |
| General and administrative | 1,210,665 | - | 1,210,665 |
| Fire and emergency medical services | 6,684,280 | - | 6,684,280 |
| Wildland deployments | - | 686,856 | 686,856 |
| Capital outlays | 925,296 | - | 925,296 |
| Debt service | 202,286 | - | 202,286 |
| Total expenditures | <u>9,022,527</u> | <u>686,856</u> | <u>9,709,383</u> |
| Excess (deficit) of revenues over expenditures | <u>(164,080)</u> | <u>734,399</u> | <u>570,319</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 533,822 | - | 533,822 |
| Transfers out | <u>(533,822)</u> | <u>(533,822)</u> | <u>(533,822)</u> |
| Total other financing sources | <u>533,822</u> | <u>(533,822)</u> | <u>-</u> |
| Net change in fund balance | 369,742 | 200,577 | 570,319 |
| Fund balance - beginning | <u>3,020,110</u> | <u>1,341,262</u> | <u>4,361,372</u> |
| Fund balance - ending | <u>\$ 3,389,852</u> | <u>\$ 1,541,839</u> | <u>\$ 4,931,691</u> |

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

**SECURITY FIRE PROTECTION DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023**

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

| | | |
|---|----|---------|
| Net change in fund balances - total governmental funds: | \$ | 570,319 |
|---|----|---------|

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 outlays | \$ 2,084,401 | |
| Depreciation | <u>(566,467)</u> | 1,517,934 |

| | | |
|--|--|---|
| The net effect of various transactions involving capital assets (i.e., disposals and contributions) is to decrease net position. | | - |
|--|--|---|

| | | |
|--|--|----------|
| Governmental funds measure compensated absences by the amount of financial resources used, whereas these expenses are reported in the statement of activities based on the amounts incurred during the year. | | (34,081) |
|--|--|----------|

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

| | | |
|------------------------|---------------|--------|
| Lease proceeds | \$ - | |
| Repayment of principal | <u>90,000</u> | 90,000 |

Certain expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

| | | |
|------------------|----------------|----------------|
| Interest expense | \$ 2,203 | |
| Pension expenses | <u>196,940</u> | <u>199,143</u> |

| | | |
|---|----|-------------------------|
| Change in net position of governmental activities | \$ | <u><u>2,343,315</u></u> |
|---|----|-------------------------|

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

**SECURITY FIRE PROTECTION DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
PENSION FUND
DECEMBER 31, 2023**

ASSETS

| | |
|--------------------------------------|---------------------|
| Restricted cash and cash equivalents | <u>\$ 1,449,845</u> |
| Total assets | <u>1,449,845</u> |

LIABILITIES

| | |
|-------------------|----------|
| Accounts payable | <u>-</u> |
| Total liabilities | <u>-</u> |

NET POSITION

| | |
|-------------------------|----------------------------|
| Restricted for pensions | <u><u>\$ 1,449,845</u></u> |
|-------------------------|----------------------------|

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

**SECURITY FIRE PROTECTION DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION FUND
FOR THE YEAR ENDED DECEMBER 31, 2023**

ADDITIONS

| | |
|---|--------------------|
| Contributions: | |
| State matching funds | \$ - |
| Investment income: | |
| Interest and dividends | 38,848 |
| Net change in the fair value of investments | <u>139,131</u> |
| Total additions (deletions) | <u>177,979</u> |

DEDUCTIONS

| | |
|----------------------------|-------------------|
| Administrative expenses | <u>11,720</u> |
| Total deductions | <u>11,720</u> |
| Change in net position | 166,259 |

NET POSITION RESTRICTED FOR PENSIONS

| | |
|--------------------------|----------------------------|
| Net position - beginning | <u>1,283,586</u> |
| Net position - ending | <u><u>\$ 1,449,845</u></u> |

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

NOTES TO FINANCIAL STATEMENTS

**SECURITY FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. REPORTING ENTITY

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

Blended component unit

The Security Fire Wildland Team (Wildland) is a separate legal entity that was formed as a Colorado Not-For-Profit. Wildland serves communities other than the citizens of the District and is governed by a board composed the District's board of directors. Wildland uses its own resources (personnel, vehicles, and equipment) when providing wildland services. Wildland is reported as a special revenue fund and does not issue separate financial statements.

B. BASIS OF PRESENTATION – GOVERNMENT-WIDE FINANCIAL STATEMENTS

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the government. Governmental activities are normally supported by taxes, intergovernmental revenues, and other nonexchange transactions. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

C. BASIS OF PRESENTATION — FUND FINANCIAL STATEMENTS

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

The District reports the following major governmental funds:

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

**SECURITY FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The *Special Revenue Fund* is used account for revenue sources that are restricted for expenditure for specific purposes. Wildland accounts for all of its activity through this special revenue fund.

Additionally, the government reports the following fund types:

The Pension Fund accumulates resources for pension benefit payments to qualified employees.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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 the related cash flow. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue in the fiscal year in which all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the period or soon enough thereafter to pay liabilities of the current fiscal period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

**SECURITY FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

E. ASSET, LIABILITIES, AND NET POSITION/FUND BALANCE

Cash and cash equivalents

Cash and cash equivalents include cash on hand and in the bank and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, and other nonparticipating investments are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

Local government investment pools in Colorado must be organized under Colorado Revised Statutes, which allows certain types of governments within the state to pool their funds for investment purposes. Investments in such pools are valued at the pool's share price, the price at which the investment could be sold.

Receivables

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

Prepaid expenses

Payments made for expenses that will benefit periods beyond December 31, 2023 are recorded as prepaid expenses.

Capital Assets

Capital assets, which include land, buildings, vehicles, and equipment, are reported in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

**SECURITY FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

| | |
|---------------------------------|---------------|
| Fire stations | 40 years |
| Vehicles | 5 to 15 years |
| Equipment | 5 to 15 years |
| Wildland vehicles and equipment | 5 to 15 years |

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

Pensions

Security Fire Protection District participates in the Statewide Defined Benefit Plan (SWDB), a cost-sharing multiple-employer defined benefit pension plan administered by the Fire & Police Pension Association of Colorado (FPPA). The net pension liability, 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 SWDB 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.

Deferred outflows/inflows of resources

In addition to assets, the statement of financial 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 then.

In addition to liabilities, the statement of financial position 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 that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualifies for reporting in this category.

**SECURITY FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

Lessee: The District is a lessee for noncancellable leases. The District recognizes a lease liability and an intangible right-to-use lease assets in the financial statements. The District recognizes lease liabilities with an initial, individual value of \$50,000 or more.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Net position flow assumption

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

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications available to be used in the governmental fund financial statements are as follows:

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

**SECURITY FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

The District would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

F. REVENUES AND EXPENDITURES/EXPENSES

Program revenues

Amounts reported as *program revenues* include 1) fees and charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Revenues that are not classified as program revenues, including all taxes, are reported as general revenues.

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on January 1 and payable in two installments due February 28 and June 15, or in one installment due April 30. El Paso County Treasurer bills and collects property taxes for the District. District property tax revenues are recognized when levied to the extent that they result in current receivables.

The District is permitted to levy taxes on the assessed valuation for general governmental services and for the payment of principal and interest on long-term debt. The mill levy for general operating expenses for the year ended December 31, 2023 was 16.400 mills. The District’s assessed valuation for 2023 was \$388,606,320.

**SECURITY FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated absences

The District's personnel policy states that employees may earn a total of six to nine shifts or two to four weeks of paid vacation per year depending on the length of employment and employment classification. A maximum of 144 hours of vacation may be carried forward.

The District has accrued a liability for vacation pay that has been earned, but not used by District employees.

G. ESTIMATES

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

NOTE 2—STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budget information

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

- 1) In the fall, a proposed operation budget is submitted to the Board for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- 2) Public hearings are conducted by the District to obtain taxpayer comments.
- 3) Prior to December 31, the budget is legally enacted through passage of a resolution. This authorizes a lump-sum expenditure budget by fund for the District. This aggregate expenditure budget, by fund, then becomes the level of control upon which expenditures cannot legally exceed appropriations. An appropriation ordinance is also adopted which allocates the total budget by fund.
- 4) Any revisions that alter the budget of any fund must be approved by the Board by passage of a resolution.
- 5) Formal budgetary integration is employed as a management control device during the year for the general and pension funds.
- 6) Budgets for the general and pension funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as amended by the Board.
- 7) All annual appropriations lapse at the end of the year.

Excess of expenditures over appropriations

For the year ended December 31, 2023, appropriations exceeded expenditures in Wildland, the special revenue fund, in the amount of \$686,856 because the District did not prepare a budget for Wildland in 2023. These excess appropriations were funded by current year revenues.

**SECURITY FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 – DEPOSITS AND INVESTMENTS

Cash deposits with fiscal institutions

Custodial credit risk-deposits. Colorado state statutes govern the entity’s deposit of cash. The Public Deposit Protection Acts for banks and savings and loans requires the state regulators to certify eligible depositories for public deposits. The acts require the eligible depositories with public deposits in excess of the federal insurance levels to create a single institution collateral pool of defined eligible assets. Eligible collateral includes obligations of the United States, obligations of the State of Colorado or local Colorado governments, and obligations secured by first lien mortgages on real property located in the state. 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 assets in the pool must be at least equal to 102% of uninsured deposits.

At December 31, 2023, the carrying amounts of the District’s deposits were \$4,833,360, and the bank balances were \$4,792,692. Of the total bank balances, \$500,000 was covered by FDIC insurance and the remaining balance of \$4,292,692 falls under the provisions of the Colorado Public Deposit Protection Acts which are collateralized in single institution pools.

Investments

The District is authorized by Colorado State Statutes to invest in the following:

- Bonds and other interest-bearing obligations of the United States government.
- Bonds and other interest-bearing obligations which are guaranteed by the United States government.
- Bonds which are a direct obligation of the State of Colorado, or of any city, county, or school district therein.
- Notes or bonds issued pursuant to the “National Housing Act”.
- Repurchase agreements.
- Local government investment pools.

At December 31, 2023 the District’s investment balances were as follows:

| <u>Investment</u> | <u>Maturities</u> | <u>Fair Value</u> |
|---------------------|-------------------|---------------------|
| Pension Fund: | | |
| Equity Mutual Funds | Less than 60 days | \$ 1,391,678 |
| Insurance Annuity | Less than 60 days | <u>25,205</u> |
| Total Pension Fund | | <u>1,416,883</u> |
| Total Investments | | <u>\$ 1,416,883</u> |

The mutual funds of \$1,391,678 are in the Pension Fund of the Security Fire Protection District. These funds are administered by the trustee for the Pension Fund.

**SECURITY FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

Interest Rate Risk: The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses from increasing interest rates.

Credit Risk: Except for Pension Fund investments, State law limits investments as described above. The District does not have an investment policy that would further limit its investment choices. Under State law, the District has significant discretionary power to invest Pension Fund assets that are not immediately required for the payment of benefits and in certain conditions, Pension Fund assets may also be invested in insurance annuities. The insurance annuity in the Pension Fund is not rated.

Reconciliation of total deposits and investments to the government-wide financial statements at December 31, 2023:

| | <u>Unrestricted</u> | <u>Restricted</u> |
|-------------------------|---------------------|-------------------|
| Governmental Activities | | |
| Deposits | \$ 4,833,360 | \$ - |
| | 4,833,360 | - |
| Fiduciary Activities | | |
| Deposits | - | 32,962 |
| Investments | - | 1,416,883 |
| | - | 1,416,883 |
| Total | \$ 4,833,360 | \$ 1,449,845 |

NOTE 4 – TAXES RECEIVABLE

Taxes receivable are considered fully collectible due to the ability of the District to lien property; therefore, there is no allowance for uncollectibles.

**SECURITY FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 - CAPITAL ASSETS

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

| | <u>Beginning Balance</u> | <u>Increase</u> | <u>Decrease</u> | <u>Ending Balance</u> |
|---|------------------------------|---------------------|-----------------------|---------------------------|
| Capital assets, not being depreciated | | | | |
| Land | \$ 423,847 | \$ - | \$ - | \$ 423,847 |
| Construction in progress | <u>2,328,860</u> | <u>817,348</u> | <u>(3,146,208)</u> | <u>-</u> |
| Total capital assets, not being depreciated | <u>2,752,707</u> | <u>817,348</u> | <u>(3,146,208)</u> | <u>423,847</u> |
| Capital assets, being depreciated: | | | | |
| Fire Stations | 1,127,025 | 3,146,208 | - | 4,273,233 |
| Vehicles | 4,347,655 | - | - | 4,347,655 |
| Equipment | 2,394,309 | 712,244 | (1,557) | 3,104,996 |
| Wildland vehicles and equipment | <u>688,567</u> | <u>554,809</u> | <u>-</u> | <u>1,243,376</u> |
| Total capital assets, being depreciated | 8,557,556 | 4,413,261 | (1,557) | 12,969,260 |
| Less accumulated depreciation | <u>(4,275,914)</u> | <u>(566,467)</u> | <u>1,557</u> | <u>(4,840,824)</u> |
| Capital assets, being depreciated, net | <u>4,281,642</u> | <u>3,846,794</u> | <u>-</u> | <u>8,128,436</u> |
| Total capital assets, net | <u>\$ 7,034,349</u> | <u>\$ 4,664,142</u> | <u>\$ (3,146,208)</u> | <u>\$ 8,552,283</u> |

Depreciation expense was charged to functions/programs of as follows:

| | |
|-------------------------------------|-------------------|
| General and administrative | \$ 13,746 |
| Wildland | 76,629 |
| Fire and emergency medical services | <u>476,092</u> |
| Total | <u>\$ 566,467</u> |

**SECURITY FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 6 - LONG-TERM DEBT

On May 13, 2022, the District entered a capital lease agreement in the amount of \$2,916,521 to finance the purchase of Station 4. Annual payments range from \$202,286 to \$216,900, are due through May 13, 2042, and bear interest at 3.85%. The loan is collateralized by the fire station.

Debt service requirements to maturity are as follows:

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> |
|--------------|----------------------------|----------------------------|
| 2024 | \$ 98,000 | \$ 108,821 |
| 2025 | 103,521 | 105,048 |
| 2026 | 108,000 | 101,062 |
| 2027 | 115,000 | 96,904 |
| 2028 | 119,000 | 92,477 |
| 2029-2033 | 682,143 | 389,153 |
| 2034-2038 | 834,000 | 246,571 |
| 2039-2042 | <u>766,857</u> | <u>74,602</u> |
| Total | <u>\$ 2,826,521</u> | <u>\$ 1,214,638</u> |

Long-term debt activity for the year ended December 31, 2023 was as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> | <u>Due within One year</u> |
|--------------------|------------------------------|------------------|--------------------|---------------------------|--------------------------------|
| 2022 Capital Lease | <u>\$ 2,916,521</u> | <u>\$ -</u> | <u>\$ (90,000)</u> | <u>\$ 2,826,521</u> | <u>\$ 98,000</u> |

NOTE 7 – INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances as of December 31, 2023, is as follows:

Due to/from other funds:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|---------------------|---------------|
| Wildland Fund | General Fund | \$ 145,981 |

The outstanding balances between funds result mainly from the time lag between the dates that interfund services are provided and payment between funds is made. Interfund balances are cleared within three months.

**SECURITY FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 8 – DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan description. Eligible employees of the Security Fire Protection District are provided with pensions through the Statewide Defined Benefit Plan (SWDB) – 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, the 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. 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. Plan benefits are specified in Title 31, Article 30 of the Colorado Revised Statutes (C.R.S.). 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>.

Benefits provided. The SWDB provides retirement benefits for members and beneficiaries. Death and disability coverage is provided for members through the Statewide Death and Disability Plan which is also administered by FPPA.

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 covered under the Statewide Defined Benefit Social Security Component will receive half the benefit when compared to the Statewide Defined Benefit Plan. Benefits 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 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.

**SECURITY FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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. Employer contributions will 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 2022. 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 percent of pensionable earnings. Employer contributions will increase 0.25 percent annually beginning 2021 through 2030 to a total of 6.5 percent of pensionable earnings.

Employer contributions are recognized by the SWDB in the period in which the compensation becomes payable to the member and the Security Fire Protection District is statutorily committed to pay the contributions to the SWDB. Employer contributions recognized by the SWDB from Security Fire Protection District were \$418,032 for the year ended December 31, 2023.

Actuarial assumptions. The actuarial valuations for the Statewide Defined Benefit Plan 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 assumption and other inputs:

| | Total Pension Liability | Actuarial Determined Contributions |
|---|-------------------------|------------------------------------|
| 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% |

**SECURITY FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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 & Company, based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2023. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

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

| Asset Class | Target Allocation | Long-Term Expected 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 | 100.0% | |

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.

**SECURITY FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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 7.00 percent.

Sensitivity of the Security Fire Protection District 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/(asset), calculated using the Discount Rate of 7.00 percent, as well as what the proportionate share of the net pension liability/ (asset) would be if it were calculated using a Discount Rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

| 1% Decrease 6.00% | Single Discount Rate Assumption 7.00% | 1% Increase 8.00% |
|------------------------------|--|------------------------------|
| \$ 2,091,500 | \$ 303,385 | \$ (1,177,751) |

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

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

At December 31, 2023, the Security Fire Protection District reported a liability/(asset) of \$303,385 for its proportionate share of the net pension liability/(asset). The net pension liability/(asset) was measured as of December 31, 2022, and the collective total pension liability/(asset) used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of January 1, 2023. The Security Fire Protection District proportion of the net pension liability/(asset) was based on Security Fire Protection District 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 Security Fire Protection District’s proportion was 0.341800462 percent, which was an increase of 0.0845229840% from its proportion measured as of December 31, 2021.

**SECURITY FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

For the year ended December 31, 2023, the Security Fire Protection District recognized pension expense of \$(196,940). At December 31, 2023, the Security Fire Protection District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Difference between expected and actual experience | \$ 656,724 | \$ 37,239 |
| Changes in assumptions or other inputs | 388,678 | - |
| Net difference between projected and actual investment earnings | 686,552 | - |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions | 80,008 | 282,153 |
| Contributions subsequent to the measurement date | 418,032 | - |
| Total | \$ 2,229,994 | \$ 319,392 |

\$418,032 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended December 31: | |
|-------------------------|------------|
| 2024 | \$ 140,636 |
| 2025 | 270,308 |
| 2026 | 389,541 |
| 2027 | 542,738 |
| 2028 | 87,297 |
| Thereafter | 62,050 |

Subsequent Event.

Statewide Retirement Plan

During 2022, House Bill 22-1034 was signed into law. This legislation combines the assets and liabilities of the Statewide Defined Benefit Plan and Statewide Hybrid Plan to form the Statewide Retirement Plan effective January 1, 2023. The Statewide Retirement Plan became the Defined Benefit Component of the Statewide Retirement Plan.

**SECURITY FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 9 - PENSION PLAN, VOLUNTEER FIREMEN

Plan Description. The retirement plan for the volunteers of the Security Fire Protection District is a single-employer non-contribution defined benefit plan administered by a seven-member Board of Trustees, which includes District officials and volunteer firemen. This plan provides retirement and disability benefits to plan members and beneficiaries. The district has acquired life insurance for active volunteers which will be paid to their survivors as a monthly benefit upon the death of the volunteers. As of January 1, 2022 there were 9 active members and 12 inactive members. The volunteer must be 50 or older and have 10 or more years of service to receive benefits.

Benefits Provided. The Board of Trustees has adopted the following schedule of monthly benefits which was in effect at December 31, 2023:

Retirement - \$35.00 per month for each year of service not to exceed \$1,050.

Supplemental Retirement – additional retirement benefits may be paid provided the actuarial review indicates a supplemental monthly pension is actuarially sound.

Form of Benefit – Single Life Annuity

Temporary Disability – \$225 per month for up to one year.

Permanent Disability – Monthly benefit \$450 (or service-related benefit, if larger) is payable the number of years that the disabled member was an active member of the pension fund.

Death before Retirement – 100% of the member’s accrued monthly benefit is payable to surviving spouse or named beneficiary.

Increases in retirement benefits are provided to members and beneficiaries at the discretion of the Board. Colorado Revised Statutes 31-30-1101 assigns the authority to establish benefit provisions to the State Legislature. The plan does not issue a separate financial report. The plan is included in the financial statements of the Security Fire Protection District. That report may be obtained from the District at PO Box 5096, Security, Colorado 80911.

Contributions. The funding policy provides for periodic employer contributions, based on actuarially determined amounts that are adequate to accumulate sufficient assets to pay pension benefits when due, subject to an increase limitation. Actuarial analysis is performed every two years.

The pension fund for the Volunteer Firefighter Pension Plan uses the accrual basis of accounting. Plan contributions are recognized when they are received. Benefits and expenses are recognized when they are incurred in accordance with the terms of the plan.

**SECURITY FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 9 - PENSION PLAN, VOLUNTEER FIREMEN (CONTINUED)

Actuarial Information. The required contributions for the plan were determined as part of the January 1, 2022 actuarial valuations. The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The projection of benefits does not explicitly incorporate the potential effects of legal or contractual funding limitations. The actuarial methods and assumptions used are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Amounts determined for the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Sensitivity of the Security Fire Protection District 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 (asset), calculated using the Discount Rate of 6.00 percent, as well as what the proportionate share of the net pension liability (asset) would be if it were calculated using a Discount Rate that is 1-percentage-point lower (5.00 percent) or 1-percentage-point higher (7.00 percent) than the current rate on the December 31, 2021 measurement date:

| 1% Decrease 5.00% | Actuarial Discount Rate Assumption 6.00% | 1% Increase 7.00% |
|------------------------------|---|------------------------------|
| \$ (583,612) | \$ (756,006) | \$ (896,324) |

NOTE 10 - RISK MANAGEMENT

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

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

**SECURITY FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 11 - AMENDMENT TO COLORADO CONSTITUTION

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

Fiscal year spending and revenue limits are determined based on the prior years' spending adjusted for inflation and local growth. Revenue in excess of the limit must be refunded unless the voters approve retention of such revenue.

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

On May 2, 2006, voters of the district approved the following ballot question: "Shall the Security Fire Protection District be permitted to collect and spend, as a voter approved revenue change and property tax revenue change under Article X, Section 20, of the Colorado Constitution, any and all revenues raised annually in 2006 and each year thereafter from the district's mill levy at the rate of 6.675 mills and from any and all other sources; with such authority to collect and spend all such amounts to constitute an exception to all limits which may otherwise apply, without limiting or affecting the collection or expenditures of other revenues; and shall the district be authorized to collect and spend from the district's mill levy and all other sources annually all amounts that may exceed the provisions of 5.5% limit of Section 29-1-301 of the Colorado Revised Statutes; such revenues to be used for public safety, fire protection, emergency medical services, fire code enforcement, and any other lawful purpose of a fire protection district?"

On November 6, 2012, voters of the district approved the following ballot question: "Shall the Security Fire Protection District taxes be increased \$549,345 annually in the first fiscal year (2013) and by whatever amounts as are received each year thereafter by the imposition of this mill levy increase of 3.325 mills upon taxable property within the district, commencing with the tax collection year 2013 and continuing thereafter, with such revenues, together with any and all other revenues to be collected, retained and spent by the district for the purposes of defraying salaries, other operating expenses of the district, and/or other lawful purposes, as a voter approved revenue changed and an exception of the spending, revenue raising, and other limits which would otherwise apply under Article X, Section 20, of the Colorado Constitution, C.R.S., 29-1-301(1), or any other laws?"

On November 2, 2021, voters of the district approved the following ballot question: "Shall Security Fire Protection District taxes be increased \$2,415,367 million annually (for collection in calendar year 2022) and by such additional amounts raised annually thereafter by an ad valorem property tax mill levy imposed at a rate of six and four-tenths (6.4) mills, to be used by the District for the purpose of providing proper fire protection. Emergency response and safety for the residents, property owners, and businesses served by the District, including but not limited to: Adding firefighters and paramedics to improve response time and maintain emergency services District wide; Recruiting and retaining firefighters and paramedics; and replacing emergency equipment apparatus that have reached the end of their service life to maintain reliability and to protect first responders, and addressing unmet facility needs, which mill levy shall be in addition to the operating mill levy currently imposed by the District; and shall the revenue from the mill levy authorized above constitute a voter-approved revenue change and an exception to the limitations set forth in section 29-1-301 pf the Colorado Revised Statutes?"

**SECURITY FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 11 - AMENDMENT TO COLORADO CONSTITUTION (CONTINUED)

The entity levied 16.400 mills for property taxes collected in 2023 to be used for general operating expenses.

The Amendment requires the emergency reserves be established. These reserves must be at least 3 percent of Fiscal Year Spending (excluding bonded debt service). Emergency reserves, as of December 31, 2023 totaling \$309,000 have been presented as a reservation of fund balance in the General Fund. The entity is not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

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

NOTE 12 – SUBSEQUENT EVENT

In 2024 it was discovered that the 18.100 mills certified for 2024 exceeded the 16.400 mills approved by voters. The \$840,807 excess tax revenues collected in 2024 based on this higher mill levy will be refunded to taxpayers in the 2025 budget year through a temporary mill levy rate reduction.

REQUIRED SUPPLEMENTARY INFORMATION

**SECURITY FIRE PROTECTION DISTRICT
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2023**

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|--|------------------|------------------|---------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| General property tax | \$ 6,373,144 | \$ 6,373,144 | \$ 6,379,287 | \$ 6,143 |
| Specific ownership tax | 350,000 | 350,000 | 667,311 | 317,311 |
| Safety service income | 1,500,000 | 1,500,000 | 1,704,558 | 204,558 |
| Inspection fees | 60,000 | 60,000 | 16,152 | (43,848) |
| Other income | 2,000 | 2,000 | 299 | (1,701) |
| Investment earnings | 4,000 | 4,000 | 90,840 | 86,840 |
| Total revenues | <u>8,289,144</u> | <u>8,289,144</u> | <u>8,858,447</u> | <u>569,303</u> |
| EXPENDITURES | | | | |
| General and administrative | 1,081,744 | 1,081,744 | 1,210,665 | (128,921) |
| Fire and emergency medical services | 7,407,400 | 7,407,400 | 6,684,280 | 723,120 |
| Capital outlays | 700,000 | 700,000 | 925,296 | (225,296) |
| Debt service | - | - | 202,286 | (202,286) |
| Total expenditures | <u>9,189,144</u> | <u>9,189,144</u> | <u>9,022,527</u> | <u>166,617</u> |
| Excess (deficit) of revenues over expenditures | (900,000) | (900,000) | (164,080) | 735,920 |
| OTHER FINANCING SOURCES | | | | |
| Transfers in/out | - | - | 533,822 | 533,822 |
| Net Change in Fund Balance | (900,000) | (900,000) | 369,742 | 1,269,742 |
| Fund balances - beginning | <u>900,000</u> | <u>900,000</u> | <u>3,020,110</u> | <u>2,120,110</u> |
| Fund balances - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 3,389,852</u> | <u>\$ 3,389,852</u> |

See the accompanying independent auditors' report

**SECURITY FIRE PROTECTION DISTRICT
WILDLAND FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2023**

| | Budgeted Amounts | | Amounts | Variance with Final Budget |
|---|------------------|-------|--------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Wildland income | \$ - | \$ - | \$ 1,421,246 | \$ 1,421,246 |
| Investment earnings | - | - | 9 | 9 |
| Total revenues | - | - | 1,421,255 | 1,421,255 |
| EXPENDITURES | | | | |
| Wildland deployments | - | - | 198,636 | (198,636) |
| Capital outlays | - | - | 488,220 | (488,220) |
| Total expenditures | - | - | 686,856 | (686,856) |
| EXCESS OF REVENUES OVER EXPENDITURES | - | - | 734,399 | 734,399 |
| OTHER FINANCING SOURCES | | | | |
| Transfers in/out | - | - | (533,822) | (533,822) |
| Net Change in Fund Balance | - | - | 200,577 | 200,577 |
| Fund balances - beginning | - | - | 1,341,262 | 1,341,262 |
| Fund balances - ending | \$ - | \$ - | \$ 1,541,839 | \$ 1,541,839 |

See the accompanying independent auditors' report

**SECURITY FIRE PROTECTION DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
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) | 0.341800462% | 0.257277478% | 0.255606010% | 0.242409509% | 0.247855037% | 0.250169000% | 0.312552192% | 0.331165675% | 0.268170683% | 0.231087650% |
| District's proportionate share of the net pension liability (asset) | \$ 303,385 | \$ (1,394,274) | \$ (554,922) | \$ (137,098) | \$ 313,357 | \$ (359,908) | \$ 112,937 | \$ (5,838) | \$ (302,651) | \$ (206,635) |
| District's covered payroll | \$ 2,973,711 | \$ 2,071,141 | \$ 2,053,050 | \$ 1,786,638 | \$ 1,660,275 | \$ 1,463,313 | \$ 1,599,588 | \$ 1,605,400 | \$ 1,205,970 | \$ 1,003,708 |
| District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 10.20% | -67.32% | -27.03% | -7.67% | 18.87% | -24.60% | 7.06% | -0.36% | -25.10% | -20.59% |
| Plan fiduciary net position as a percentage of the total pension liability | 97.6% | 116.2% | 106.7% | 101.9% | 95.2% | 106.3% | 98.2% | 100.1% | 106.8% | 105.8% |

* The amounts presented for each year were determined as of 12/31.

See the accompanying independent auditors' report.

**SECURITY FIRE PROTECTION DISTRICT
SCHEDULE OF DISTRICT'S STATUTORY PAYROLL CONTRIBUTIONS AND COVERED PAYROLL
DECEMBER 31, 2023**

| | <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> |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-----------------|
| Statutorily required contribution | \$ 418,032 | \$ 267,634 | \$ 176,047 | \$ 164,244 | \$ 142,931 | \$ 132,822 | \$ 117,065 | \$ 127,967 | \$ 128,432 | \$ 96,478 |
| Contributions in relation to the statutorily required contribution | <u>(418,032)</u> | <u>(267,634)</u> | <u>(176,047)</u> | <u>(164,244)</u> | <u>(142,931)</u> | <u>(132,822)</u> | <u>(117,065)</u> | <u>(127,967)</u> | <u>(128,432)</u> | <u>(96,478)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| District's covered payroll | \$ 4,400,337 | \$ 2,973,711 | \$ 2,071,141 | \$ 2,053,050 | \$ 1,786,638 | \$ 1,660,275 | \$ 1,463,313 | \$ 1,599,588 | \$ 1,605,400 | \$ 1,205,970 |
| Contributions as a percentage of covered payroll | 9.50% | 9.00% | 8.50% | 8.00% | 8.00% | 8.00% | 8.00% | 8.00% | 8.00% | 8.00% |

* The amounts presented for each year were determined as of 12/31.

See the accompanying independent auditors' report.

SECURITY FIRE PROTECTION DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
VOLUNTEER FIREMEN PENSION PLAN
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> |
|---|----------------------------|----------------------------|----------------------------|------------------------------|----------------------------|------------------------------|----------------------------|----------------------------|----------------------------|
| Total pension liability (TPL) | | | | | | | | | |
| Service cost | \$ 20,662 | \$ 20,345 | \$ 16,213 | \$ 33,473 | \$ 33,473 | \$ 81,229 | \$ 81,229 | \$ 171,527 | \$ 171,527 |
| Interest | 95,589 | 120,515 | 132,900 | 54,770 | 59,977 | 73,874 | 65,095 | - | - |
| Changes of benefit terms | - | - | 1,142,292 | - | - | - | - | - | - |
| Differences between expected and actual experience | - | (314,285) | (147,756) | 170,419 | (98,705) | (338,972) | - | - | - |
| Changes of assumptions | - | - | - | - | - | - | - | - | - |
| Benefit payments, including refunds of member contributions | (60,847) | (423,811) | - | (163,047) | - | - | - | (51,485) | (178,680) |
| Net change in total pension liability | 55,404 | (597,236) | 1,143,649 | 95,615 | (5,255) | (183,869) | 146,324 | 120,042 | (7,153) |
| Total pension liability—beginning | 1,602,911 | 2,200,147 | 1,056,498 | 960,883 | 966,138 | 1,150,007 | 1,003,683 | 883,641 | 890,794 |
| Total pension liability—ending (a) | <u>\$ 1,658,315</u> | <u>\$ 1,602,911</u> | <u>\$ 2,200,147</u> | <u>\$ 1,056,498</u> | <u>\$ 960,883</u> | <u>\$ 966,138</u> | <u>\$ 1,150,007</u> | <u>\$ 1,003,683</u> | <u>\$ 883,641</u> |
| Plan fiduciary net position | | | | | | | | | |
| Contributions—employer | \$ - | \$ - | \$ - | \$ 27,000 | \$ 27,000 | \$ 27,000 | \$ 27,225 | \$ 24,750 | \$ 126,500 |
| Contributions—State matching | - | - | - | 24,300 | 24,300 | 24,300 | 22,275 | - | 49,500 |
| Net investment income | 139,710 | 167,542 | 395,392 | 376,917 | (68,695) | 385,652 | 16,344 | (7,274) | (35,778) |
| Benefit payments, including refunds of member contributions | (60,847) | (423,811) | - | (163,117) | - | - | - | (51,485) | (178,680) |
| Administrative expense | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | (65,242) | - |
| Net change in plan fiduciary net position | 78,863 | (256,269) | 395,392 | 265,100 | (17,395) | 436,952 | 65,844 | (99,251) | (38,458) |
| Plan fiduciary net position—beginning | 2,358,917 | 2,615,186 | 2,219,794 | 1,954,694 | 1,972,089 | 1,535,137 | 1,469,293 | 1,568,544 | 1,607,002 |
| Plan fiduciary net position—ending (b) | <u>\$ 2,437,780</u> | <u>\$ 2,358,917</u> | <u>\$ 2,615,186</u> | <u>\$ 2,219,794</u> | <u>\$ 1,954,694</u> | <u>\$ 1,972,089</u> | <u>\$ 1,535,137</u> | <u>\$ 1,469,293</u> | <u>\$ 1,568,544</u> |
| Net pension liability (asset)—ending (a) – (b) | <u>\$ (779,465)</u> | <u>\$ (756,006)</u> | <u>\$ (415,039)</u> | <u>\$ (1,163,296)</u> | <u>\$ (993,811)</u> | <u>\$ (1,005,951)</u> | <u>\$ (385,130)</u> | <u>\$ (465,610)</u> | <u>\$ (684,903)</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 147.00% | 147.16% | 118.86% | 210.11% | 203.43% | 204.12% | 133.49% | 146.39% | 177.51% |

* The amounts presented for each fiscal year were determined as of 12/31.

* Complete 10-year information to be presented in future years as it becomes available.

See the accompanying independent auditors' report.

**SECURITY FIRE PROTECTION DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
VOLUNTEER FIREMEN PENSION PLAN
DECEMBER 31, 2023**

| | <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> |
|--|--------------------|--------------------|-------------------|--------------------|--------------------|--------------------|-----------------|-----------------|--------------------|---------------------|
| Actuarially determined contribution | \$ (32,760) | \$ (31,152) | \$ (8,100) | \$ (63,515) | \$ (34,640) | \$ (35,472) | \$ 54,833 | \$ 49,318 | \$ - | \$ - |
| Actual contribution | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | 51,300 | 51,300 | 51,300 | 49,500 | 24,750 | 176,000 |
| Contribution deficiency (excess) | <u>\$ (32,760)</u> | <u>\$ (31,152)</u> | <u>\$ (8,100)</u> | <u>\$ (63,515)</u> | <u>\$ (85,940)</u> | <u>\$ (86,772)</u> | <u>\$ 3,533</u> | <u>\$ (182)</u> | <u>\$ (24,750)</u> | <u>\$ (176,000)</u> |
| District's covered payroll | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Contributions as a percentage of covered payroll | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

* The amounts presented for each fiscal year were determined as of 12/31.

Notes to Schedule

Valuation date:

Actuarially determined contribution rates are calculated as of January 1, of every even numbered year.

Methods and assumptions used to determine contribution rates:

| | |
|-----------------------------------|---|
| Actuarial cost method | Entry Age Actuarial Cost Method |
| CRS 31-31-102 amortization period | Open-ended 40-year period from the valuation date |
| GASB ARC amortization period | Open-ended 30-year period from the valuation date |
| Asset valuation method | Market Value |
| Valuation Benefit | \$35.00 per month per year of service |
| Officer's Supplemental Pension | \$300.00 per Month |
| Real rate of investment return | 3.25% per annum compounded annually |
| Inflation rate | 2.75% per annum compounded annually |
| Actuarial funding discount rate | 6.00% per annum compounded annually |
| Mortality rates | Modified 1994 Group Annuity Mortality for males |
| Turnover rates | Graduated rates by attained age |
| Disability rates | None used |
| Retirement age | Age 50, after 20 years of service |
| Marital status | 90% of all members are married |

See the accompanying independent auditors' report.

**SECURITY FIRE PROTECTION DISTRICT
SCHEDULE OF ANNUAL MONEY-WEIGHTED RATE OF RETURN
ON PENSION INVESTMENTS
DECEMBER 31, 2023**

The annual money-weighted rate of return for the volunteer pension plan investments is as follows:

| <u>As of December 31</u> | <u>Annual Money-Weighted Rate of Return</u> |
|--------------------------|---|
| 2023 | 6.00% |
| 2022 | 6.00% |
| 2021 | 6.97% |
| 2020 | 17.81% |
| 2019 | 19.85% |
| 2018 | -3.44% |
| 2017 | 24.71% |
| 2016 | 1.09% |
| 2015 | -5.30% |
| 2014 | -7.35% |
| 2013 | 17.58% |
| 2012 | 12.22% |
| 2011 | -4.87% |

See the accompanying independent auditors' report.