



***DONALD WESCOTT FIRE PROTECTION DISTRICT***

***FINANCIAL STATEMENTS***

***AND***

***REQUIRED SUPPLEMENTARY INFORMATION***

***WITH***

***INDEPENDENT AUDITORS' REPORT***

***DECEMBER 31, 2022***

**ERICKSON, BROWN & KLOSTER, LLC**  
CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Donald Wescott Fire Protection District  
Colorado Springs, Colorado

### Opinion

We have audited the accompanying financial statements of the governmental activities and each major fund of Donald Wescott Fire Protection District (District), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the 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 District, as of December 31, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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

### Responsibilities of Management for the Financial Statements

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

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

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## **INDEPENDENT AUDITORS' REPORT – CONTINUED**

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#### **Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. In performing an audit in accordance with generally accepted auditing standards, we:

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

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

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Revenues, Expenditures, and Change in Fund Balance, Budget and Actual – General Fund, the Schedule of the District's Proportionate Share of the Net Pension Liability/(Asset) - Fire Police Statewide Defined Benefit Plan, the Schedule of Employer Contributions - Fire Police Statewide Defined Benefit Plan, the Schedule of Changes in Net Pension Liability/(Asset) and Related Ratios – Volunteer Plan, and the Schedule of Employer Contributions – Volunteer Plan 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



**INDEPENDENT AUDITORS' REPORT – CONTINUED**

**PAGE 3**

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.

*Erickson, Brown & Kloster, LLC*

Colorado Springs, Colorado

July 26, 2023

***MANAGEMENT'S DISCUSSION AND ANALYSIS***

**DONALD WESCOTT FIRE PROTECTION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED DECEMBER 31, 2022**

As management of Donald Wescott 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, 2022. 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 by \$1,325,516 (net position). Of this amount, \$1,241,870 (unrestricted net position) may be used to meet the District's ongoing obligations to its citizens and creditors.
- As of the close of the fiscal year, the General Fund reported an ending fund balance of \$339,291, a decrease of \$569,872 in comparison with the prior year. Of the ending fund balance, \$81,000 is restricted and \$258,063 is either committed or assigned.
- At the end of the current fiscal year, ending fund balance was 12.72% of total expenditures.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

Management's discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements presented are comprised of three components:

- 1) Government-wide financial statements,
- 2) Fund financial statements, and
- 3) Notes to the financial statements.

This report also contains other supplemental information in addition to the 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 includes two statements:

The *Statement of Net Position* presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

**DONALD WESCOTT FIRE PROTECTION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED DECEMBER 31, 2022**

**OVERVIEW OF THE FINANCIAL STATEMENTS - Continued**

Both government-wide financial statements (statement of net position and statement of activities) 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 and fire and emergency medical services.

**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 only one fund, the General Fund, which is a governmental fund.

**Governmental Fund** - 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.

**Notes to the 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 supplemental information concerning the District. The District adopts an annual appropriated budget for the General Fund. A budgetary comparison schedule has been provided to allow for a direct comparison to each budget line item and to demonstrate compliance with the budget.

**DONALD WESCOTT FIRE PROTECTION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED DECEMBER 31, 2022**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Condensed Statement of Net Position - Two-Year Comparison**

	<u>2022</u>	<u>2021</u>	<u>Change</u>
<b>Assets</b>			
Current and Net Pension Assets	\$ 4,806,669	\$ 4,650,573	\$ 156,096
Capital Assets, Net of Accumulated Depreciation	2,646	2,575,946	(2,573,300)
Total Assets	<u>4,809,315</u>	<u>7,226,519</u>	<u>(2,417,204)</u>
<b>Deferred Outflows of Resources</b>	645,396	729,256	(83,860)
Total Assets and Deferred Outflows	<u>\$ 5,454,711</u>	<u>\$ 7,955,775</u>	<u>\$ (2,501,064)</u>
<b>Liabilities</b>			
Current Liabilities	\$ -	\$ 79,305	\$ (79,305)
Long-Term Liabilities	-	269,502	(269,502)
Total Liabilities	<u>-</u>	<u>348,807</u>	<u>(348,807)</u>
<b>Deferred Inflows of Resources</b>	4,129,195	3,593,187	536,008
Total Liabilities and Deferred Inflows	<u>\$ 4,129,195</u>	<u>\$ 3,941,994</u>	<u>\$ 187,201</u>
<b>Net Position</b>			
Net Investment in Capital Assets	\$ 2,646	\$ 2,575,946	\$ (2,573,300)
Restricted	81,000	112,000	(31,000)
Unrestricted	1,241,870	1,325,835	(83,965)
Total Net Position	<u>\$ 1,325,516</u>	<u>\$ 4,013,781</u>	<u>\$ (2,688,265)</u>

Capital assets consist of the following:

<u>Type</u>	<u>2022</u>	<u>2021</u>
Land	\$ -	\$ 213,361
Land Improvements	-	45,385
Buildings and Improvements	67,383	3,460,607
Vehicles	-	2,395,175
General Equipment	-	727,825
Total Capital Assets, Gross	<u>67,383</u>	<u>6,842,353</u>
Accumulated Depreciation	<u>(64,737)</u>	<u>(4,266,407)</u>
Total Capital Assets, Net	<u>\$ 2,646</u>	<u>\$ 2,575,946</u>

**Current Assets and Net Pension Assets**

Current assets changed in 2022 due to increases in the net pension assets over last year, and current liabilities and long-term liabilities were reduced entirely during the year.

**DONALD WESCOTT FIRE PROTECTION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED DECEMBER 31, 2022**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued**

**Capital Assets**

Capital assets at the end of the year include buildings and improvements. All capital assets were transferred to Tri-Lakes Monument Fire Protection District as a result of an intergovernmental agreement (IGA) entered into on August 28, 2022.

**Liabilities**

The District has no current or long-term liabilities at the end of the year, as a result of the IGA.

**Condensed Statement of Activities - Two-Year Comparison**

	<u>2022</u>	<u>2021</u>	<u>Change</u>
<b>Expenses</b>			
Fire and Emergency Medical Services	\$ 1,782,345	\$ 3,223,612	\$ (1,441,267)
General and Administrative	502,624	646,651	(144,027)
Total Expenses	<u>2,284,969</u>	<u>3,870,263</u>	<u>(1,585,294)</u>
<b>Revenues</b>			
Program Revenues			
Charges for Services	80,234	306,837	(226,603)
Operating Grants and Contributions	71,590	93,561	(21,971)
General Revenues			
Property Taxes	3,014,553	2,670,572	343,981
Specific Ownership Tax	313,411	313,438	(27)
Miscellaneous	5,428	10,983	(5,555)
Investment Earnings	417	635	(218)
IGA Expenditures	(1,427,568)	-	(1,427,568)
Loss on Disposal of Capital Assets	(11,129)	-	(11,129)
Loss on Transfer of Capital Assets for IGA	(2,450,232)	-	(2,450,232)
Total Revenues	<u>(403,296)</u>	<u>3,396,026</u>	<u>(3,799,322)</u>
<b>Change in Net Position</b>	(2,688,265)	(474,237)	(2,214,028)
<b>Net Position - Beginning of Year</b>	<u>4,013,781</u>	<u>4,488,018</u>	<u>(474,237)</u>
<b>Net Position - End of Year</b>	<u>\$ 1,325,516</u>	<u>\$ 4,013,781</u>	<u>\$ (2,688,265)</u>

**DONALD WESCOTT FIRE PROTECTION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED DECEMBER 31, 2022**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued**

**Expenses**

Expenses decreased in 2022 due to the IGA with Tri-Lakes Monument Fire Protection District. Expenses included all operational costs, including salary expenditures.

**Revenues**

Revenues decreased primarily due to increases in the expenditures and losses related to the IGA with Tri-Lakes Monument Fire Protection District, and similar decreases in program revenues that resulted from the IGA. Property taxes revenue increased as a result of a voter-approved increase in the mill levies for the District and the northern subdistrict, to address the loss of revenue with the reduction of the residential assessment rate.

**GENERAL FUND FINANCIAL ANALYSIS**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District accounts for all activity in a single general fund.

As discussed on page ii, the General Fund is the operating fund of the District. The ending fund balance was \$339,291, as reflected on the general fund balance sheet of the financial statements. Of this amount \$81,000 was TABOR restricted as a required reserve fund.

**BUDGETARY HIGHLIGHTS**

The IGA between the Donald Wescott and Tri-Lakes Monument Fire Protection District resulted in several direct benefits to both communities, including:

- Economy of scale - decreasing the number of administrative staff, reducing duplication of effort. The transfer of administrative staffed allowed the combined districts to pursue agency accreditation through the Commission of Fire Accreditation International (CFAI).
- Cost avoidance – TLMFPD was able to defer the cost of building a new fire station in the southwest corner of the district's service area. Additionally, TLMFPD did not need to purchase a water tender.
- Improvement in fire and EMS services – with the IGA, Fire Station 5 (Highway 83) was regularly staffed, thus reducing response times. Additionally, Fire Stations 4 and 5 were staffed with Advanced Life Support (ALS) ambulances.

**DONALD WESCOTT FIRE PROTECTION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED DECEMBER 31, 2022**

**BUDGETARY HIGHLIGHTS - Continued**

**Schedule of Revenues, Expenditures, & Change in Fund Balance, Budget & Actual - General Fund**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Favorable (Unfavorable)</b>
<b>Revenues</b>			
General Property Tax	\$ 3,014,224	\$ 3,014,553	\$ 329
Specific Ownership Tax	256,000	313,411	57,411
Fire and Emergency Medical Services	110,000	151,825	41,825
Miscellaneous	1,000	45,428	44,428
Investment Earnings	300	417	117
<b>Total Revenues</b>	<b>3,381,524</b>	<b>3,525,634</b>	<b>144,110</b>
<b>Expenditures</b>			
General and Administrative	186,588	182,674	3,914
Personnel	2,931,525	2,109,649	821,876
Emergency Operations	187,560	71,957	115,603
Facilities	48,544	34,234	14,310
Training and Workforce Development	38,500	16,691	21,809
Communications	105,215	61,702	43,513
Deployment	-	2,914	(2,914)
Committed	46,000	32,408	13,592
Capital	-	155,709	(155,709)
IGA Expenditures	1,431,475	1,427,568	3,907
<b>Total Expenditures</b>	<b>4,975,407</b>	<b>4,095,506</b>	<b>879,901</b>
<b>Net Change in Fund Balance</b>	<b>(1,593,883)</b>	<b>(569,872)</b>	<b>1,024,011</b>
<b>Beginning Fund Balance, January 1</b>	<b>917,716</b>	<b>909,163</b>	<b>(8,553)</b>
<b>Ending Fund Balance, December 31</b>	<b>\$ (676,167)</b>	<b>\$ 339,291</b>	<b>\$ 1,015,458</b>



**DONALD WESCOTT FIRE PROTECTION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED DECEMBER 31, 2022**

**ECONOMIC FACTORS**

The merging of the two fire districts saw several direct benefits to the community. The merger was validated through a third-party, independent review and analysis focusing on the long-term fiscal health of the two districts. It is essential that the fire district grows alongside the community to ensure it can continue to provide the best fire and EMS services. Additional personnel, upgrading fleet and facilities, and expanding programs and services will require fiscal discipline and discernment.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Donald Wescott Fire Protection District, 15415 Gleneagle Drive, Colorado Springs, CO 80921.

***FINANCIAL STATEMENTS***

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

	<b>Governmental Activities</b>
<b>Assets</b>	
Cash and Cash Equivalents	\$ 302,977
Cash Held by County Treasurer	25,628
Grants Receivable	5,100
Other Receivable	15
Property Tax Receivable	3,077,391
Prepaid Expenses	5,571
Capital Assets, Net of Accumulated Depreciation	2,646
Net Pension Asset - SWDB	1,210,698
Net Pension Asset - Volunteer Pension	179,289
<b>Total Assets</b>	<b>\$ 4,809,315</b>
 <b>Deferred Outflows of Resources</b>	
Pension - SWDB	\$ 631,650
Pension - Volunteer	13,746
<b>Total Deferred Outflows of Resources</b>	<b>\$ 645,396</b>
 <b>Deferred Inflows of Resources</b>	
Property Taxes	\$ 3,077,391
Pension - SWDB	933,896
Pension - Volunteer	117,908
<b>Total Deferred Inflows of Resources</b>	<b>\$ 4,129,195</b>
 <b>Net Position</b>	
Net Investment in Capital Assets	\$ 2,646
Restricted	81,000
Unrestricted	1,241,870
<b>Total Net Position</b>	<b>\$ 1,325,516</b>

See Notes to Financial Statements

**DONALD WESCOTT FIRE PROTECTION DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2022**

Functions/Programs	Program Revenues				Net Program Expense
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities					
Fire and Emergency Medical Services	\$ 1,782,345	\$ 80,234	\$ 71,590	\$ -	\$ (1,630,521)
General and Administrative	502,624	-	-	-	(502,624)
<b>Total Governmental Activities</b>	<b>\$ 2,284,969</b>	<b>\$ 80,234</b>	<b>\$ 71,590</b>	<b>\$ -</b>	<b>(2,133,145)</b>
<b>General Revenues</b>					
General Property Tax					3,014,553
Specific Ownership Tax					313,411
Miscellaneous					5,428
Investment Earnings					417
IGA Expenditures					(1,427,568)
Loss on Disposal of Capital Assets					(11,129)
Loss on Transfer of Capital Assets for IGA					(2,450,232)
<b>Total General Revenues</b>					<b>(555,120)</b>
<b>Change in Net Position</b>					<b>(2,688,265)</b>
<b>Net Position - Beginning</b>					<b>4,013,781</b>
<b>Net Position - Ending</b>					<b>\$ 1,325,516</b>

See Notes to Financial Statements

**DONALD WESCOTT FIRE PROTECTION DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUND - GENERAL FUND  
DECEMBER 31, 2022**

**ASSETS**

**Assets**

Cash and Cash Equivalents	\$	302,977
Cash Held by County Treasurer		25,628
Grants Receivable		5,100
Other Receivable		15
Prepaid Expenses		5,571
Property Tax Receivable		3,077,391
		3,077,391
<b>Total Assets</b>	<b>\$</b>	<b>3,416,682</b>
		3,416,682

**LIABILITIES AND FUND BALANCE**

**Deferred Inflow of Resources**

Property Tax		3,077,391
Total Deferred Inflow of Resources		3,077,391

**Fund Balance**

Nonspendable		5,571
Restricted		81,000
Committed		31,831
Assigned		226,232
Unassigned		(5,343)
Total Fund Balance		339,291

<b>Total Liabilities, Deferred Inflow of Resources, and Fund Balance</b>	<b>\$</b>	<b>3,416,682</b>
		3,416,682

**DONALD WESCOTT FIRE PROTECTION DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2022**

**Total Fund Balance - Governmental Fund** \$ 339,291

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

The net pension asset and related deferred items are not available for current period expenditures and are therefore not reported in the funds.

Net Pension Asset	1,389,987
Deferred Outflows of Resources - Pension	645,396
Deferred Inflows of Resources - Pension	(1,051,804)

Capital assets used in governmental activities are not financial resources, and therefore are not reported as assets in governmental funds.

Capital Assets	67,383
Accumulated Depreciation	<u>(64,737)</u>

<b>Total Net Position - Governmental Activities</b>	<b>\$ <u><u>1,325,516</u></u></b>
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**DONALD WESCOTT FIRE PROTECTION DISTRICT  
STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCE  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2022**

**Revenues**

General Property Tax	\$ 3,014,553
Fire and Emergency Medical Services	151,824
Specific Ownership Tax	313,411
Miscellaneous	5,428
Investment Earnings	417
<b>Total Revenues</b>	3,485,633

**Expenditures**

Fire and Emergency Medical Services	2,009,604
General and Administrative	502,624
Capital Outlay	155,709
<b>Total Expenditures</b>	2,667,937

**Other Financing Sources**

Proceeds on Sale of Capital Assets	40,000
<b>Total Other Financing Sources</b>	40,000

**Special Items**

IGA Expenditures	1,427,568
<b>Total Special Items</b>	1,427,568

**Net Change in Fund Balance** (569,872)

**Fund Balance - Beginning** 909,163

**Fund Balance - Ending** \$ 339,291

**DONALD WESCOTT FIRE PROTECTION DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCE  
TO THE STATEMENT OF ACTIVITIES  
DECEMBER 31, 2022**

**Total Net Change in Fund Balance - Governmental Funds** \$ (569,872)

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

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. This is the amount by which depreciation exceeded capital outlays.

Depreciation Expense	(199,142)
Cost of Disposed Assets	(51,129)
Capital Outlay	127,203
Loss on Transfer of Capital Assets for IGA	(2,450,232)

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

Pension Expenses - SWDB	259,815
Pension Expenses - Volunteer	(74,410)

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

Compensated Absences - Beginning of Year	269,502
Compensated Absences - End of Year	-

<b>Change in Net Position - Governmental Activities</b>	<b>\$ (2,688,265)</b>
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***NOTES TO FINANCIAL STATEMENTS***

**DONALD WESCOTT FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Donald Wescott Fire Protection District (District) is 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.

**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.

The District has no component units for which either discrete or blended presentation is required. During 2022, the District entered into an intergovernmental agreement with Tri-Lakes Monument Fire Protection District (See NOTE 13).

**Government-Wide and Fund Financial Statements**

*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 governmentwide 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.

*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 fund:

**Governmental Fund**

*General Fund* - 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.

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

**DONALD WESCOTT FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

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.

*Government-Wide 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 related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

*Governmental Fund Financial Statements* - 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.

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.

**General Budget** - In accordance with the State Budget Law, the District's Board of Directors hold a public hearing in the fall of each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year-end. The District's Board of Directors can modify the budget line item within the total appropriation without notification.

Budgets are required by the state for all funds. Under Colorado Revised Statutes, the counties that reside in the District's judicial district shall pay necessary expenses of maintaining an office for the transaction of official business. A formal budget is adopted each calendar year with the respective counties.

The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

**DONALD WESCOTT FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

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

- A. Budgets are required by State law for all funds. By October 15, the District Manager submits to the District's Board of Directors a proposed budget for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them. All budgets lapse at year-end. Prior to December 31, the budget is adopted by formal resolution.
- B. Budgets are required to be filed with the State of Colorado within thirty days after the beginning of the fiscal year.
- C. Expenditures may not legally exceed appropriations at the fund level.
- D. Revisions that alter the total expenditures of any fund must be approved by the District's Board of Directors.
- E. Budgeted amounts reported in the accompanying financial statements are as originally adopted by the District's Board of Directors.

**Budget Basis of Accounting** - The modified accrual basis of accounting is used for budget purposes as well as financial reporting in the General Fund, except for capital lease refinancing. If the refinance does not generate or use cash proceeds, the refinances are not budgeted.

**Cash and Cash Equivalents** - Cash and cash equivalents are considered to be cash on hand and in the bank, and short-term investments with original maturities of three months or less from the date of acquisition.

**Property Taxes Receivable** - Taxes receivable include current year property taxes, which become payable January 1 of the following year.

**Grants and Other 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** - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures when consumed rather than when purchased.

**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. The capitalization level is \$2,000. 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.

**DONALD WESCOTT FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**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:

Buildings and Land Improvements	5 to 40 years
Vehicles	5 to 10 years
Equipment	3 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** - Donald Wescott Fire Protection District participates in the Statewide Defined Benefit Plan, a cost-sharing multiple-employer defined benefit pension plan administered by the Fire & Police Pension Association of Colorado. 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.

**Long-term Liabilities** - In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the debt using the straight-line method. Bonds payable are reported net of the applicable premium or discount.

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

**Net Position Classifications**

Net position classification in the Government-Wide financial statements are as follows:

*Net Investment in Capital Assets* - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balance of any bonds, loans, notes or other borrowings that are attributable to the acquisition, construction or improvement of these assets.

*Restricted Net Position* - Consists of net position with constraints placed on the use either by external groups, such as creditors, or laws or regulations of other governments.

*Unrestricted Net Position* - Includes all other assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

**DONALD WESCOTT FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**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 Balances** - The governmental fund reports fund balance classifications based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the funds can be spent.

Fund balance descriptions are presented below:

*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.

*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.

As of December 31, 2022, the District had nonspendable, restricted, committed, assigned, and unassigned fund balances. The unassigned fund balance reflects a deficit balance as of December 31, 2022.

The District typically uses 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.

**DONALD WESCOTT FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**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 real property and are levied as of January 1. The tax levy is payable in two installments due February 28 and June 15, or in one installment due April 30. The El Paso County Treasurer bills and collects the District's property tax. District property tax revenues are recognized when levied to the extent they result in current receivables. The tax rate for the year ended December 31, 2022 was 7.00 mills on an assessed valuation for 2022 of \$145,672,620. The District also has a Subdistrict with a tax rate for the year ended December 31, 2022 of 14.90 mills on an assessed valuation for 2022 of \$133,860,160.

**Compensated Absences** - It is the District's policy to permit employees to accumulate earned by unused paid time off. All paid time off is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the general fund only if they have matured, for example, as a result of employee resignations and retirements.

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

**NOTE 1 – 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 lumpsum 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.

**DONALD WESCOTT FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY - Continued**

5. Formal budgetary integration is employed as a management control device during the year for the general and pension funds.
6. The budget for the general fund is adopted on a modified accrual basis. Budgeted amounts are as originally adopted or as amended by the Board.
7. All annual appropriations lapse at the end of the year.

**NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS**

**Deposits** - The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by the financial institution. The eligible collateral is determined by the PDPA.

The PDPA allows the financial institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution and held in trust for all the uninsured public deposits as a group. Colorado State Statutes require the market value of the collateral to be at least 102 percent of the aggregate uninsured deposits.

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

**Custodial Credit Risk** - Custodial credit risk is the risk that in the event of bank failure the District's deposits will not be returned to it. The District does not currently have a policy related to custodial credit risk. As of December 31, 2022, deposits with a bank balance of \$53,402 are uninsured but are not exposed to custodial credit risk because they are collateralized with securities held by the pledging financial institution through the PDPA.

**Credit Risk** - The District has not adopted a formal investment policy; however, the District follows State Statutes regarding investments.

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

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



**DONALD WESCOTT FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS – Continued**

**Interest Rate Risk** - Colorado Revised Statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with the debt service reserve or sinking fund requirements. As of December 31, 2022, the District held no investment securities.

**NOTE 3 – CAPITAL ASSETS**

Capital assets consist of the following as of December 31, 2022:

<u>Type</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Useful Lives</u>
Buildings and Improvements	\$ 67,383	\$ (64,737)	\$ 2,646	5 - 40 years

Capital asset activity for the year ended December 31, 2022, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Ending Balance</u>
Capital Assets, Not Being Depreciated				
Land	\$ 213,361	\$ -	\$ (213,361)	\$ -
<b>Total Capital Assets, Not Being Depreciated</b>	<u>213,361</u>	<u>-</u>	<u>(213,361)</u>	<u>-</u>
Capital Assets, Being Depreciated				
Land Improvements	45,385	-	(45,385)	-
Buildings and Improvements	3,460,607	9,573	(3,402,797)	67,383
Vehicles	2,395,175	-	(2,395,175)	-
General Equipment	727,825	117,630	(845,455)	-
<b>Total Capital Assets, Being Depreciated</b>	<u>6,628,992</u>	<u>127,203</u>	<u>(6,688,812)</u>	<u>67,383</u>
Less: Accumulated Depreciation	<u>(4,266,407)</u>	<u>(199,142)</u>	<u>4,400,812</u>	<u>(64,737)</u>
Capital Assets, Being Depreciated, Net	<u>2,362,585</u>	<u>(71,939)</u>	<u>(2,288,000)</u>	<u>2,646</u>
<b>Total Capital Assets, Net</b>	<u>\$ 2,575,946</u>	<u>\$ (71,939)</u>	<u>\$ (2,501,361)</u>	<u>\$ 2,646</u>

Depreciation expense for the year ended December 31, 2022, was \$199,142, and was allocated to fire and emergency medical services.

**DONALD WESCOTT FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 – CAPITAL ASSETS - Continued**

The following details the assets transferred to Tri-Lakes Monument Fire Protection District (See NOTE 13) that is included in the dispositions above:

	<u>Asset Cost</u>	<u>Accumulated Depreciation</u>	<u>Loss on Transfer</u>
Land	\$ 213,361	\$ -	\$ 213,361
Land Improvements	37,682	29,286	8,396
Buildings and Improvements	3,393,071	1,576,270	1,816,801
Vehicles	1,975,984	1,727,487	248,497
General Equipment	320,801	157,624	163,177
	<u>\$ 5,940,899</u>	<u>\$ 3,490,667</u>	<u>\$ 2,450,232</u>

**NOTE 4 – LONG-TERM LIABILITIES**

Changes in long-term liabilities for the year ended December 31, 2022 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Compensated Absences	\$ 269,502	\$ -	\$ (269,502)	\$ -

**NOTE 5 – NET POSITION**

The District has a net position consisting of three components: 1) net investment in capital assets, 2) restricted, and 3) unrestricted.

*Net investment in capital assets* consists of capital assets, net of accumulated depreciation, reduced by outstanding debt that is attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2022, the District had net investment in capital assets consisting of capital assets, net of accumulated depreciation, totaling \$2,646.

The *restricted* component of net position includes net assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. As of December 31, 2022, the District had restricted net position for TABOR Emergency Reserves, totaling \$81,000 (See NOTE 12).

The *unrestricted* component of net position is the net amount of assets that do not meet the definition of net investment in capital assets or restricted net position. The District's unrestricted net position as of December 31, 2022, totaled \$1,241,870.

**NOTE 6 – FIRE & POLICE STATEWIDE DEFINED BENEFIT PLAN**

**Plan Description** - Eligible employees of the Donald Wescott Fire Protection District are provided with pensions through the Statewide Defined Benefit Plan (SWDB Plan) – is a cost-sharing multiple-employer defined benefit pension plan covering substantially all full-time employees of participating fire

**DONALD WESCOTT FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 – FIRE & POLICE STATEWIDE DEFINED BENEFIT PLAN – Continued**

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 SWDB Plan may include clerical and other personnel from fire districts whose services are auxiliary to fire protection. The SWDB Plan became effective January 1, 1980. The Plan assets are included in the Fire & Police Members' Benefit Investment Fund and the Fire & Police Members' Self-Directed Investment Fund (for Deferred Retirement Option Plan (DROP) assets and Separate Retirement Account assets from eligible retired members). The SWDB 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 [www.FPPAco.org](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 2.00 percent of the average of the member's highest three years' pensionable earnings for each year of credited service up to ten years, plus 2.50 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 Statewide Defined Benefit Social Security Component will receive half the benefit when compared to the Statewide Defined Benefit Plan. Benefit adjustments paid to retired members are evaluated annually and may be re-determined every October 1. The amount of any increase is based on the Board's discretion and can range from zero to the higher of 3.00 percent or the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W).

A member is eligible for an early retirement after completion of 30 years of service or attainment of age 50 with at least five years of credited service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, an employee may elect to have member contributions, along with 5.00 percent as interest, returned as a lump sum distribution. Alternatively, a member with at least five years of accredited service may leave contributions with the SWDB Plan and remain eligible for a retirement pension at age 55 equal to 2.00 percent of the member's average highest three years' pensionable earnings for each year of credited service up to ten years, plus 2.50 percent for each year of service thereafter.

A member may elect to participate in the DROP after reaching eligibility for Normal Retirement, Early Retirement, or Vested Retirement and age 55. A member can continue to work while participating in the DROP, but must terminate employment within 5 years of entry into the DROP. The member's percentage of retirement benefit is determined at the time of entry into the DROP.

The monthly payments that begin at entry into the DROP are accumulated in a DROP account until the member terminates service, at which time the DROP accumulated benefits can be paid as periodic installments, a lump sum, or if desired a member may elect to convert the DROP to a lifetime monthly

**DONALD WESCOTT FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 – FIRE & POLICE STATEWIDE DEFINED BENEFIT PLAN – Continued**

benefit with survivor benefits. While participating in DROP, the member continues to make pension contributions, which are credited to the DROP. Effective January 1, 2003, the member shall self-direct the investments of their DROP funds. The DROP balance invested with the asset custodian at December 31, 2021 was \$108,384,487. This amount was not included in the SWDB Plan Net Position.

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

In 2014, the members elected to increase the member contribution rate to the SWDB Plan beginning in 2015. Member contribution rates increased 0.50 percent annually through 2022 to a total of 12.00 percent of pensionable earnings. Employer contributions increase 0.50 percent annually beginning in 2021 through 2030 to a total of 13.00 percent of pensionable earnings. In 2021, members of the SWDB Plan and their employers are contributing at the rate of 11.50 percent and 8.50 percent, respectively, of pensionable earnings for a total contribution rate of 20.0 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 5.75 percent and 4.25 percent, respectively, of pensionable earnings for a total contribution rate of 10.00 percent in 2021. Per the 2014 member election, members of the affiliate social security group had their required contribution rate increase 0.25 percent annually beginning in 2015 through 2022 to a total of 6.00 percent of pensionable earnings. Employer contributions will increase 0.25 percent annually beginning in 2021 through 2030 to a total of 6.5 percent of pensionable earnings.

**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, 2021. The valuations used the following actuarial assumption and other inputs:

	<u>Total Pension Liability</u>	<u>Actuarial Determined Contributions</u>
Actuarial Valuation Date	January 1, 2022	January 1, 2021
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*	7.00%	7.00%
Projected Salary Increases*	4.25% - 11.25 %	4.25% - 11.25%
Cost of Living Adjustments (COLA)	0.00%	0.00%
*Includes Inflation at	2.50%	2.50%

**DONALD WESCOTT FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 – FIRE & POLICE STATEWIDE DEFINED BENEFIT PLAN – Continued**

For determining the total pension liability and 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 preretirement off-duty mortality tables are adjusted to 50.00% 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 2018 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the FPPA's actuaries, Gabriel, Roeder, Smith & Co., based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2019. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (assumed at 2.50 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, 2021 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Rate of Return</b>
Global Equity	39.00%	8.23%
Equity Long/Short	8.00%	6.87%
Private Markets	26.00%	10.63%
Fixed Income - Rates	10.00%	4.01%
Fixed Income - Credit	5.00%	5.25%
Absolute Return	10.00%	5.60%
Cash	2.00%	2.32%
	<u>100.00%</u>	

**Discount Rate** - The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the 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.

**DONALD WESCOTT FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 – FIRE & POLICE STATEWIDE DEFINED BENEFIT PLAN – Continued**

**Discount Rate - Continued** - 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 1.84 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 Donald Wescott Fire Protection District Proportionate Share of the Net Pension Liability/(Asset) to Changes in the Discount Rate** - Regarding the sensitivity of the net pension liability/(asset) to changes in the single discount rate, the following presents the plan's net pension liability/(asset), calculated using a single discount rate of 7.00 percent, as well as what the plan's net pension liability/(asset) would be if it were calculated using a single discount rate that is one percent lower or one percent higher:

1% Decrease	Single Discount Rate Assumption	1% Increase
6.00%	7.00%	8.00%
\$ (166,963)	\$ (1,210,698)	\$ 2,075,375

**Pension Plan Fiduciary Net Position** - Detailed information about the SWDB's fiduciary net position is available in FPPA's annual comprehensive financial report that can be obtained at [www.FPPAco.org](http://www.FPPAco.org).

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - At December 31, 2022, the Donald Wescott Fire Protection District reported an asset of \$1,210,698 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2021. The Donald Wescott Fire Protection District proportion of the net pension asset was based on District contributions to the SWDB for the calendar year 2021 relative to the total contributions of participating employers to the SWDB. At December 31, 2021, the Donald Wescott Fire Protection District's proportion was 0.22 percent.

For the year ended December 31, 2022, the District recognized SWDB pension benefit of \$147,506.

**DONALD WESCOTT FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 – FIRE & POLICE STATEWIDE DEFINED BENEFIT PLAN – Continued**

At December 31, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference Between Expected and Actual Experience	\$ 346,687	\$ 28,237
Changes of Assumptions or Other Inputs	172,654	-
Net Difference Between Projected & Actual Earnings	-	810,268
Changes in Proportion and Differences Between Contributions Recognized and Proportionate Share Contributions	-	95,391
Contributions Subsequent to the Measurement Date	112,309	-
	\$ 631,650	\$ 933,896

The following table presents the SWDB Plan net amount of collective deferred inflows and outflows of resources that will be recognized in the collective pension expense for each of the subsequent five years and in the aggregate thereafter:

<b>Plan Year Ending December 31,</b>	<b>Amortization</b>
2022	\$ (120,402)
2023	(204,214)
2024	(119,460)
2025	(41,528)
2026	61,086
Thereafter	(1,127)
Total	\$ (425,645)

**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 merger will result in increased longer term stability for both plans in addition to simplification of administration, operation and communication of benefits. The financial impact of the merger of plans is being determined.

**Actuarial Experience Study** - During 2022, FPPA engaged Gabriel, Roeder Smith & Co. to complete an actuarial experience study. The FPPA Board of Directors accepted the findings of the study at its July 28, 2022 meeting. These assumptions will be included in the Statewide Retirement Plan valuation as of January 1, 2023.

**DONALD WESCOTT FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 – FIRE & POLICE STATEWIDE DEFINED BENEFIT PLAN – VOLUNTEERS**

**Plan Description** - Effective January 1, 2002, the District affiliated with the Fire and Police Pension Association of Colorado (FPPA) to administer its Volunteer Firefighter Pension Plan and to manage the plan’s assets and activities. The Volunteer Firefighter Pension Plan is included in an agent multiple employer Public Employee Retirement System (PERS) maintained in trust by FPPA. The PERS represents the assets of numerous separate plans that have been pooled for investment purposes. It operates under rules consistent with the enabling legislation in Title 31, Article 30, Part 11 of the Colorado Revised Statutes. While the District’s Volunteer Firefighter Pension Plan is pooled with other plans by FPPA, it is a separate plan and is administered by a board of trustees composed of District board members and volunteer firefighters, selected in accordance with Colorado state statutes. FPPA issues a publicly available annual comprehensive financial report that can be obtained at [www.FPPAco.org](http://www.FPPAco.org). That report also includes the District’s Volunteer Firefighter Pension Plan.

**Benefits Provided** - A volunteer firefighter electing to retire on or after the normal retirement date (the date on which he/she has attained fifty years of age and completed twenty years of active service) is eligible for a monthly pension approved by the board, in accordance with state statute. The monthly pension benefit for volunteer retirees is \$450. The Volunteer Firefighter Pension Plan also provides benefits for short and long term disability, survivors, and a one-time death benefit.

**Memberships as of January 1, 2021:**

Number of:	
Retirees and Beneficiaries	16
Active Members	15
Total	<u>31</u>

**Actuarial Assumptions and Methods** - Actuarially determined contribution rates are calculated as of January 1 of odd numbered years. The contribution rates have a one-year lag, so the actuarial valuation as of January 1, 2019 determines the contribution amounts for 2020 and 2021.



**DONALD WESCOTT FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 – FIRE & POLICE STATEWIDE DEFINED BENEFIT PLAN – VOLUNTEERS -  
Continued**

Methods and assumptions used to determine contribution rates for the Fiscal Year Ended December 31, 2021:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open*
Remaining Amortization Period	20 years*
Asset Valuation Method	5-Year Smoothed Fair Value
Inflation	2.50%
Salary Increases	N/A
Investment Rate of Return	7.00%
Retirement Age	50.00% per year of eligibility until 100.00% at age 65
Mortality	<p><b>Pre-retirement:</b> 2006 central rates from the RP-2014 Employee Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years, 50% multiplier for off-duty mortality.</p> <p><b>Post-retirement:</b> 2006 central rates from the RP-2014 Annuitant Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years.</p> <p><b>Disabled:</b> 2006 central rates from the RP-2014 Disabled Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years.</p>

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

**Single 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 long-term expected rate of return on pension plan investments is 7.00 percent; the municipal bond rate is 1.84 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.

**DONALD WESCOTT FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 – FIRE & POLICE STATEWIDE DEFINED BENEFIT PLAN – VOLUNTEERS –  
Continued**

**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. Best estimates of arithmetic nominal rates of return for each major asset class included in the Fund’s target asset allocation as of December 31, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Cash	2.00%	2.32%
Fixed Income - Rates	10.00%	4.00%
Fixed Income - Credit	5.00%	5.25%
Absolute Return	10.00%	5.60%
Long/Short	8.00%	6.87%
Global Equity	39.00%	8.23%
Private Markets	26.00%	10.63%
	<u>100.00%</u>	

**Sensitivity of the Donald Wescott Fire Protection District Proportionate Share of the Net Pension Liability/(Asset) to Changes in the Discount Rate** - Regarding the sensitivity of the net pension liability/(asset) to changes in the Single Discount Rate, the following presents the Volunteer Firefighter Pension Plan’s net pension liability/(asset), calculated using a Single Discount Rate of 7.00 percent, as well as what the Volunteer Firefighter Pension Plan’s net pension liability/(asset) would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

<b>Single Discount Rate</b>		
<b>1% Decrease</b>	<b>Assumption</b>	<b>1% Increase</b>
<b>6.00%</b>	<b>7.00%</b>	<b>8.00%</b>
\$ (83,377)	\$ (179,289)	\$ (259,181)

**Pension Plan Fiduciary Net Position** - Detailed information about the fiduciary net position is available in FPPA’s annual comprehensive financial report which can be obtained at [www.FPPAco.org](http://www.FPPAco.org).

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - At December 31, 2022, the District reported an asset of \$179,289 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2021.

For the year ended December 31, 2022, the District recognized pension expense of \$74,410.

**DONALD WESCOTT FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 – FIRE & POLICE STATEWIDE DEFINED BENEFIT PLAN – VOLUNTEERS –  
Continued**

At December 31, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference Between Expected and Actual Experience	\$ -	\$ -
Changes of Assumptions or Other Inputs	-	-
Net Difference Between Projected & Actual Earnings	13,746	117,908
	\$ 13,746	\$ 117,908

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

<b>Fiscal Year Ending December 31,</b>	<b>Amortization</b>
2022	\$ (24,771)
2023	(38,519)
2024	(25,733)
2025	(15,139)
Total	\$ (104,162)

**NOTE 8 – SECTION 457 DEFERRED COMPENSATION PLAN**

The District offers its paid responder personnel an additional voluntary deferred compensation plan created in accordance with Internal Revenue Code Section 457 (“457 Plan”). All compensation deferred under the 457 Plan, together with all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are to be held in trust for exclusive benefit of the participants and their designated beneficiaries. Compensation deferred under the 457 Plan is not available to participants until termination, retirement, death, or unforeseeable emergency. The 457 Plan is administered by FPPA.

Employees may elect to defer any percentage of their annual compensation, provided that the total annual contribution does not exceed limitations established by the Internal Revenue Service. The District does not contribute to the 457 Plan. For the year ended December 31, 2022, employee contributions totaled \$33,276.

The individual participants determine investment decisions within the 457 Plan and, therefore, the 457 Plan’s investment concentration varies between the participants. The District, as trustee of the 457 Plan, has the duty of due care that would be required of an ordinary prudent investor, but has no liability for losses under the 457 Plan. Consequently, the 457 Plan is not part of the District’s financial statements.

**DONALD WESCOTT FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 9 – FIRE & POLICE STATEWIDE DEATH & DISABILITY PLAN**

**Plan Description** - The District contributes to Fire & Police Pension Association Statewide Death & Disability Plan (D&D Plan), which is a cost-sharing multiple-employer defined benefit death and disability plan covering full-time employees of substantially all fire and police departments in Colorado. As of August 5, 2003, the D&D Plan may include part-time police and fire employees. Contributions to the D&D Plan are used for the payment of death and disability benefits. Employers who are covered by Social Security may elect supplementary coverage by the D&D Plan. The FPPA issues a publicly available financial report that may be obtained at [www.FPPAco.org](http://www.FPPAco.org).

The D&D Plan assets are included in the Fire & Police Members' Benefit Investment Fund Long-Term Pool. The Long-Term Pool is designed primarily for open plans with a longer time horizon, higher risk tolerance, and lower liquidity needs. The investment return assumption is 7.00%. D&D Plan benefits provide 24-hour coverage, both on- and off-duty and are available for members not eligible for normal retirement under a defined benefit plan, or members who have not met 25 years of accumulated service and age 55 under a money purchase plan. In the case of an on-duty death, benefits may be payable to the surviving spouse or dependent children of active members who were eligible to retire, but were still working. Death and disability benefits are free from state and federal taxes in the event that a member's disability is determined to be the result of an on-duty injury or an occupational disease.

**Benefits Provided** – Benefits are established by Colorado statute.

If a member dies prior to normal retirement eligibility while off-duty, the surviving spouse shall receive a benefit equal to 40 percent of the monthly base salary paid to the member prior to death. An additional 10 percent of base salary is payable if a surviving spouse has two or more dependent children. If there is no surviving spouse, but the member had one or two dependent children, the benefit payable is 40 percent of the member's monthly base salary. If there is no spouse but three or more dependent children, the benefit equals 50 percent of the member's monthly base salary.

As of October 15, 2002, if a member dies prior to retirement while on-duty; the surviving spouse shall receive a benefit equal to 70 percent of the member's monthly base salary regardless of the number of dependent children. If there is no spouse but one or more dependent children living in the member's household the benefit equals 70 percent of the member's monthly base salary. If there are dependent children without a surviving spouse, and they do not live in the household, the benefit is 40 percent for the first child and 15 percent for each additional child, but not greater than 70 percent in total of the member's monthly base salary. Benefits will be paid to the spouse until death and to dependent children until age 23, death, marriage or other termination of dependency. Benefits may be extended for an incapacitated child.

For purposes of this D&D Plan, a spouse includes a partner in a civil union. These benefits are offset by Money Purchase account balances, Stabilization Reserve Accounts (SRA) and Deferred Retirement Option Plan accounts, converted to annuities.

The D&D Plan provides the members with two types of disability: occupational and total.

**DONALD WESCOTT FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 9 – FIRE & POLICE STATEWIDE DEATH & DISABILITY PLAN – Continued**

Occupational Disability means a member is unable to perform their assigned duties due to a medical condition that is expected to last at least one year. Assigned duties are those specific tasks or job duties that a member is required to regularly perform. Within the Occupational Disability category, there are two sub-categories: Temporary Occupational Disability and Permanent Occupational Disability.

Temporary Occupational Disability is an occupational disability for which there is prognosis for improvement or recovery through surgical treatment, counseling, medication, therapy or other means.

Permanent Occupational Disability is an occupational disability caused by a condition that is permanent or degenerative and for which there is no prognosis for improvement or recovery through surgical treatment, counseling, medication, therapy or other means.

Total Disability means the member is unable to engage in any substantial gainful activity due to a medically determined physical or mental impairment that may be expected to result in death or that has lasted or is expected to last at least 1 year.

A member who becomes disabled prior to normal retirement eligibility shall be eligible for disability benefits.

If the member is totally disabled, the member shall receive 70 percent of their base salary preceding disability.

If the member is occupationally disabled and their disability is determined to be a permanent occupational disability, the member shall receive 50 percent of their base salary preceding disability regardless of their family status. If the member is occupationally disabled and the disability is determined to be a temporary occupational disability, the member shall receive 40 percent of their base salary preceding disability regardless of their family status for up to five years.

Total disability and permanent occupational disability benefits are offset by the Money Purchase, SRA or DROP balances, converted to annuities. For member's who also participate in Social Security, disability benefits are reduced by Social Security disability benefits derived from employment as a member, if applicable.

Temporary Occupational Disability benefits are payable for a maximum of five years. Permanent Occupational and Total Disability benefits are payable as long as the member remains disabled.

A benefit adjustment of up to 3 percent may be granted to members and spouses by the Fire & Police Pension Association Board of Directors annually. Totally disabled members and their beneficiaries receive an automatic benefit adjustment each year of 3 percent. The benefit adjustment is effective October 1. A benefit adjustment may begin after receiving benefits for at least 12 calendar months prior to October 1.

**Contributions** – Prior to 1997, the D&D Plan was primarily funded by the State of Colorado, whose contributions were established by Colorado statute. In 1997 the State made a one-time contribution of \$39,000,000 to fund past and future service costs for all firefighters and police officers hired prior to January 1, 1997.

**DONALD WESCOTT FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 9 – FIRE & POLICE STATEWIDE DEATH & DISABILITY PLAN – Continued**

Members hired on or after January 1, 1997, began contributing 2.40 percent of base salary to this D&D Plan as of January 1, 1997. Through December 31, 2020, contributions could be increased 0.10 percent biennially by the FPPA Board. The contribution rate increased to 2.80 percent of base salary as of January 1, 2019. Effective January 1, 2021, the contribution rate increased to 3.00 percent of base salary and may be increased 0.20 percent annually by the FPPA Board. This percentage can vary depending on actuarial experience. All contributions are made by members or on behalf of members. The contribution may be paid entirely by the employer or member, or may be split between the employer and the member as determined at the local level. District contributions to the D&D Plan were \$19,125 for the year ended December 31, 2022.

**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 have not exceeded commercial insurance coverage during any of the last three fiscal years.

**NOTE 11 – CONTINGENCIES**

**Reduction of Assessed Valuation for Property Taxes** - The tax boundaries of the District include certain areas that have been annexed into the City of Colorado Springs (the City) over time. In past years, the District and the City entered into a plan to transfer this property from the District but had not set a specific date as to when this transfer would occur.

In 2016, the District was notified that the City will be annexing the remaining dual jurisdiction areas within the District. As a result, the total assessed valuation of the District decreased about 66% beginning in 2018.

Management of the District sought voter approval to increase the mill levy to replace revenue lost as a result of the annexation. In 2017 and 2022, northern subdistrict voters approved a 14.90 and 0.35 mill increase beginning in 2018 and 2023, and in 2022 District voters approved a 0.17 mill increase beginning in 2023 (See NOTE 12).

**NOTE 12 – 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.

The entity's activity provides the basis for calculation of limitations adjusted for allowable increases tied to inflation and local growth. Fiscal year spending and revenue limits are determined based on the prior year's spending adjusted for inflation and local growth. Revenue in excess of the limit must be refunded unless the voters approve retention of such revenue.

**DONALD WESCOTT FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 12 – AMENDMENT TO COLORADO CONSTITUTION – Continued**

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 November 4, 1997, District voters approved an increase in the mill levy and authorized the District to collect, retain and spend for fire protection purposes all revenue from such tax levy and all other District revenue as a voter approved revenue change and an exception to the limits which otherwise apply, effective January 1, 1998 and continuing thereafter. This vote effectively removed the District from some provisions of TABOR.

On November 5, 2002, District voters approved a mill levy increase to 7.00 mills, effective January 1, 2003, in order to provide for District operations after the exclusion of various properties from the District. In 2022, District voters approved an additional mill levy increase of 0.17, for collection in calendar year 2023, to offset the loss of revenue with the reduction of the residential assessment rate.

On November 7, 2017, northern subdistrict voters approved a 14.90 mill levy increase beginning in levy year 2017, for collection in calendar year 2018, to be used for the continuing provision of services, programs and facilities within the Northern Subdistrict. In 2022, northern subdistrict voters approved an additional mill levy increase of 0.35, for collection in calendar year 2023, to offset the loss of revenue with the reduction of the residential assessment rate.

The Amendment requires that Emergency Reserves be established. These reserves must be at least 3 percent of Fiscal Year Spending (excluding bonded debt service) in 2022. Emergency reserves as of December 31, 2022 totaling \$81,000 have been presented as a reservation of fund balance. 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 13 – INTERGOVERNMENTAL AGREEMENT**

On August 28, 2022 (implementation date), the District entered into an intergovernmental agreement (IGA) with the Tri-Lakes Monument Fire Protection District (TLMFPD) to facilitate the intention to merge the two entities. Included among the contents of the IGA were the transfer of all District employees to TLMFPD, the provision of emergency services by TLMFPD to extend throughout the jurisdiction of the District, the transfer of ownership of most real and personal property (see NOTE 3), with the exception of a fire station and cash accounts, from the District to TLMFPD, and the remittance of the District's revenues earned from its operational mill levy, specific ownership tax, interest earnings on tax collections, and any other fees collected for services provided. At the discretion of the District's Board of Directors, amounts shall be retained as deemed necessary to cover the costs of ongoing administration. During the year ended December 31, 2022, the District remitted a lump sum payment to TLMFPD in the amount of \$1,431,475 to transfer the amount of revenue collections received by the District for 2022. Both Districts have budgeted for 2023 the amounts to be remitted by the District to TLMFPD, which will be paid quarterly.

**DONALD WESCOTT FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 13 – INTERGOVERNMENTAL AGREEMENT – Continued**

It is the express intent of this IGA to create a special agency relationship between the two Districts wherein Tri-Lakes Monument Fire Protection District shall act in the capacity of an independent contractor to Donald Wescott. Notwithstanding the intention of the IGA to act as an interim step toward merging, the two entities shall remain separate and distinct from one another.

**NOTE 14 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through the date of the independent auditors' report, the date on which the financial statements were available to be released.



***REQUIRED SUPPLEMENTARY INFORMATION***

**DONALD WESCOTT FIRE PROTECTION DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGE IN FUND BALANCE,  
BUDGET AND ACTUAL - GENERAL FUND  
YEAR ENDED DECEMBER 31, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
General Property Tax	\$ 3,014,224	\$ 3,014,224	\$ 3,014,553	\$ 329
Specific Ownership Tax	256,000	256,000	313,411	57,411
Fire and Emergency Medical Services	110,000	110,000	151,825	41,825
Miscellaneous	1,000	1,000	45,428	44,428
Investment Earnings	300	300	417	117
<b>Total Revenues</b>	<u>3,381,524</u>	<u>3,381,524</u>	<u>3,525,634</u>	<u>144,110</u>
<b>Expenditures</b>				
General and Administrative Personnel	186,588	186,588	182,674	3,914
Emergency Operations	2,765,117	2,931,525	2,109,649	821,876
Facilities	116,550	187,560	71,957	115,603
Training and Workforce Development	48,544	48,544	34,234	14,310
Communications	38,500	38,500	16,691	21,809
Deployment	105,215	105,215	61,702	43,513
Committed	-	-	2,914	(2,914)
Capital	46,000	46,000	32,408	13,592
IGA Expenditures	-	-	155,709	(155,709)
<b>Total Expenditures</b>	<u>3,306,514</u>	<u>4,975,407</u>	<u>4,095,506</u>	<u>879,901</u>
<b>Net Change in Fund Balance</b>	75,010	(1,593,883)	(569,872)	1,024,011
<b>Beginning Fund Balance, January 1</b>	<u>917,716</u>	<u>917,716</u>	<u>909,163</u>	<u>(8,553)</u>
<b>Ending Fund Balance, December 31</b>	<u>\$ 992,726</u>	<u>\$ (676,167)</u>	<u>\$ 339,291</u>	<u>\$ 1,015,458</u>

See Independent Auditors' Report and Notes to Required Supplementary Information

**DONALD WESCOTT FIRE PROTECTION DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE  
SHARE OF THE NET PENSION LIABILITY/(ASSET)  
FIRE POLICE STATEWIDE DEFINED BENEFIT PLAN  
LAST 10 FISCAL YEARS (AS AVAILABLE)**

Measurement Period Ending December 31,	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's Proportion of the Net Pension Liability/(Asset)	0.22%	0.20%	0.18%	0.17%	0.17%	0.21%	0.20%	0.21%	0.21%
District's Proportionate Share of the Net Pension Liability/(Asset)	\$ (1,210,698)	\$ (434,399)	\$ (99,820)	\$ 212,844	\$ (246,065)	\$ 74,967	\$ (3,505)	\$ (234,949)	\$ (186,308)
District's Covered Payroll	\$ 1,726,363	\$ 1,606,725	\$ 1,300,838	\$ 1,127,725	\$ 1,000,450	\$ 1,061,800	\$ 963,925	\$ 936,200	\$ 904,972
District's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	(70.13%)	(27.04%)	(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/(Asset)	116.20%	106.70%	101.90%	95.20%	106.30%	98.21%	100.10%	106.80%	105.80%

The amounts presented for each fiscal year were determined as of the District's measurement date (the calendar year-end that occurred one year prior to the fiscal year-end). Information is only available beginning in fiscal year 2014.

**DONALD WESCOTT FIRE PROTECTION DISTRICT  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
FIRE POLICE STATEWIDE DEFINED BENEFIT PLAN  
FISCAL YEARS ENDED DECEMBER 31,**

	<b>Statutorily Determined Contribution</b>	<b>Actual Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Actual Contributions as a % of Covered Payroll</b>
2022	\$ 107,577	\$ 112,309	\$ (4,732)	\$ 1,195,295	9.00%
2021	\$ 146,740	\$ 146,740	\$ -	\$ 1,726,363	8.50%
2020	\$ 128,538	\$ 128,538	\$ -	\$ 1,606,725	8.00%
2019	\$ 104,067	\$ 104,067	\$ -	\$ 1,300,838	8.00%
2018	\$ 90,218	\$ 90,218	\$ -	\$ 1,127,725	8.00%
2017	\$ 80,036	\$ 80,036	\$ -	\$ 1,000,450	8.00%
2016	\$ 84,944	\$ 84,944	\$ -	\$ 1,061,800	8.00%
2015	\$ 77,114	\$ 77,114	\$ -	\$ 963,925	8.00%
2014	\$ 74,896	\$ 74,896	\$ -	\$ 936,200	8.00%

Information is only available beginning in fiscal year 2014. Complete 10-year information will be presented in future years, as it becomes available.

**DONALD WESCOTT FIRE PROTECTION DISTRICT**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY/(ASSET)**  
**AND RELATED RATIOS MULTI-YEAR**  
**VOLUNTEER PLAN**  
**LAST 10 FISCAL YEARS (AS AVAILABLE)**

<b>Measurement Period Ending December 31,</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Total Pension Liability							
Service Cost	\$ 12,068	\$ 2,984	\$ 2,984	\$ 3,232	\$ 3,232	\$ 4,729	\$ 4,729
Interest on the Total Pension Liability	59,799	52,770	53,284	55,156	55,589	54,417	54,957
Benefit Changes	97,304	-	-	-	-	-	-
Difference Between Expected and Actual Experience	-	5,566	-	679	-	1,930	-
Assumption Changes	-	-	-	31,883	-	19,605	-
Benefit Payments	(63,333)	(62,040)	(65,140)	(64,876)	(64,320)	(64,320)	(69,360)
Net Change in Total Pension Liability	105,838	(720)	(8,872)	26,074	(5,499)	16,361	(9,674)
Total Pension Liability - Beginning	782,165	782,885	791,757	765,683	771,182	754,821	764,495
Total Pension Liability - Ending	<u>\$ 888,003</u>	<u>\$ 782,165</u>	<u>\$ 782,885</u>	<u>\$ 791,757</u>	<u>\$ 765,683</u>	<u>\$ 771,182</u>	<u>\$ 754,821</u>
Plan Fiduciary Net Position							
Employer Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,800
Pension Plan Net Investment Income	142,937	116,896	124,052	991	128,233	47,660	17,667
Benefit Payments	(63,333)	(62,040)	(65,140)	(64,876)	(64,320)	(64,320)	(69,360)
Pension Plan Administrative Expense	(7,958)	(5,767)	(6,648)	(6,453)	(6,261)	(1,701)	(3,701)
State of Colorado Supplemental Discretionary Payment	-	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	71,646	49,089	52,264	(70,338)	57,652	(18,361)	(49,594)
Plan Fiduciary Net Position - Beginning	995,646	946,557	894,293	964,631	906,979	925,340	974,934
Plan Fiduciary Net Position - Ending	<u>\$ 1,067,292</u>	<u>\$ 995,646</u>	<u>\$ 946,557</u>	<u>\$ 894,293</u>	<u>\$ 964,631</u>	<u>\$ 906,979</u>	<u>\$ 925,340</u>
Net Pension Liability/(Asset) - Ending	\$ (179,289)	\$ (213,481)	\$ (163,672)	\$ (102,536)	\$ (198,948)	\$ (135,797)	\$ (170,519)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	120.19%	127.29%	120.91%	112.95%	125.98%	117.61%	122.59%
Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net Pension Liability as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Information is only available beginning in fiscal year 2015. Complete 10-year information will be presented in future years, as it becomes available.

**DONALD WESCOTT FIRE PROTECTION DISTRICT  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
VOLUNTEER PLAN  
FISCAL YEARS ENDED DECEMBER 31,**

	<b>Statutorily Determined Contribution</b>	<b>Actual Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Actual Contributions as a % of Covered Payroll</b>
2022	\$ -	\$ -	\$ -	N/A	N/A
2021	\$ -	\$ -	\$ -	N/A	N/A
2020	\$ -	\$ -	\$ -	N/A	N/A
2019	\$ -	\$ -	\$ -	N/A	N/A
2018	\$ -	\$ -	\$ -	N/A	N/A
2017	\$ -	\$ -	\$ -	N/A	N/A
2016	\$ -	\$ -	\$ -	N/A	N/A
2015	\$ -	\$ 5,800	\$ (5,800)	N/A	N/A

Information is only available beginning in fiscal year 2015. Complete 10-year information will be presented in future years, as it becomes available.

***NOTES TO REQUIRED SUPPLEMENTARY INFORMATION***

**DONALD WESCOTT FIRE PROTECTION DISTRICT  
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION**

**BUDGETARY INFORMATION**

Donald Wescott Fire Protection District (District) adheres to the following procedures in establishing the budgetary data reflected in the budgetary comparison schedule.

The District is required to adopt an annual operating budget. The budget is adopted on the cash basis of accounting, which is a non-GAAP basis. On or before October 15, the Fire Chief submits to the Board of Directors a proposed budget for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them. Public hearings are conducted by the Board of Directors to obtain taxpayer comments. The District adopts budgets for all funds. The General Fund uses the current financial resources measurement focus and the modified accrual basis of accounting in preparing the budgets.

Expenditure estimates in the annual budget are enacted into law by the passage of appropriation resolutions. Budgetary control exists at the total fund level and encumbrance accounting is not employed as a part of the budgetary process.

**PENSION INFORMATION**

**Changes in Plan Provisions** - The plan provisions have not changed since the prior valuation. The member contribution rate increased in 2022 as a result of member election.

**Benefit Adjustments** - Benefits to members and beneficiaries may be increased annually on October 1. The amount is based on the Fire & Police Pension Association Board of Directors discretion and can range from 0% to 3%. Benefit adjustment may begin once the retired member has been receiving retirement benefits for at least 12 calendar months prior to October 1.