



January 31, 2023

Board and Citizens  
South Metro Fire Rescue Fire Protection District  
Douglas, Arapahoe, and Jefferson Counties, Colorado

Dear Members of the Board and Citizens:

We are pleased to present the 2023 annual budget. As prepared and submitted, the annual budget is intended to serve as:

- A financial plan for the next fiscal year outlining the forecasted expenditure requirements and the proposed means for financing these requirements.
- An operational plan for the use and deployment of personnel, materials, services, and other resources during the 2023 fiscal year.
- A guide to how resources are allocated among division goals and objectives.

### **Overview of the District:**

The District experienced unprecedented growth over the last 5 years after completing two mergers with neighboring fire agencies. On January 1, 2018, South Metro Fire Rescue Fire Protection District and Cunningham Fire Protection District merged to form the South Metro/Cunningham Fire Rescue Authority. On January 1, 2019, South Metro/Cunningham Fire Rescue Authority and Littleton Fire Rescue, a department servicing the Littleton Fire Protection District, Highlands Ranch Metro District, and the City of Littleton, merged. In 2020, South Metro/Cunningham Fire Rescue Authority dissolved and has since operated as one fire district, South Metro Fire Rescue Fire Protection District (The District).

The District has approximately 757 full-time employees and 8 part-time employees as of January 1, 2023. Our preparedness, prevention, mitigation and response services are provided to our citizens from thirty fire stations placed in strategic positions around the District. The District also operates administratively out of a headquarters building and two training centers, the Joint Service Facility (JSF) and the Troy Jackson Training Center (TJTC). The District serves approximately 561,000 residents within 285 square miles in Arapahoe, Douglas, and Jefferson counties.

The District holds several distinctions as a result of the high-quality services, training standards, equipment, staffing, and related support functions provided. The District is among the leaders in the State of Colorado being one of twenty departments to receive accreditation through the Commission on Fire Accreditation International (CFAI). The District employs twenty-five individuals who are credentialed as Chief Fire Officers, Training Officers, Fire Officers, and / or Fire Marshal Officers. In addition, the District has five employees who hold the designation of Executive Fire Officer from the United States Fire Administration.

The District received formal recognition in 2018 and 2021 for attaining a Class 1 ISO (Insurance Services Organization) rating. The official ISO inspector stated that there are 39,200 fire departments in the United States, 411 of those hold an ISO Class 1 rating, and only 113 are both a Class 1 and Accredited. The District is one of only eight fire departments in Colorado that holds an ISO Class 1 rating.

District employees are provided with constant training to keep their skills at the highest level. The District has two training facilities that include three classrooms, an 84-seat auditorium, two five-story training towers, two Class A burn buildings for live fire training, two live fire container props, a propane simulation station, two mazes and a driver operator training track. In addition, state of the art training classrooms with media centers are available in the District headquarters and training facilities.



### 2023 Financial Summary:

- Total budgeted revenues for all District funds are approximately \$178.8 million.
- Property taxes and specific ownership taxes make up approximately 75.3 percent of total revenues.
- Total budgeted expenditures for all District funds are approximately \$198.2 million. The District plans to pay for projected expenditures with 2023 projected revenues and a portion of fund balance.
- The District will continue to provide the highest level of service to its citizens while making capital improvements to facilities, equipment and vehicles totaling approximately \$17.5 million.

### Summary of Major Goals for 2023

The District, in partnership with the International Association of Firefighters Local 2086, aspires to be the employer of choice among fire departments in the country. As such, the 2023 budget allocates additional resources in areas such as salaries, benefits, and firefighter safety. For example, the District is continuing to implement its plan to increase staffing on each engine with a four-person crew. An additional three engines' staffing will be increased in 2023. Additionally, resources are being allocated to reduce the overall exposure to the many hazards of firefighting. In order to keep pace with these staffing challenges, the District plans to hold one forty -person academy in 2023.

As part of the long-term capital plan, the District will begin the design and construction of a complete rebuild of Station 15. Built in 1979, the function of the existing station is nearing obsolete, limiting the District's ability to implement four-person staffing. A new facility, opening in 2024, will serve its first-due area within the City of Centennial well. In 2025, \$1.5 million has been earmarked for land acquisition that was originally budgeted in 2022. As part of the District's efforts to reduce exposure, the District plans to make several improvements to stations to enhance sleeping conditions for firefighters that is an ongoing initiative from 2022. Finally, various stations throughout the District are scheduled for preventative maintenance and remodels to ensure our facilities remain in good operating condition. The total cost of these projects (budgeted as Building Projects in the Capital Projects Fund) is estimated to be \$8.4 million.

The District is budgeting for several vehicle and apparatus purchases in 2023 as outlined in the Apparatus Replacement Schedule. The new apparatus includes engines, tenders, medic units and specialty apparatus replacements. Included in these replacements, and in partnership with Centennial Airport, are two new Aircraft Rescue and Fire Fighting (ARFF) units to cover the airport. These items are estimated to total approximately \$5.3 million.

The District is planning on an organization-wide replacement for all portable radios amounting to \$3.2 million in equipment replacement. This combined with other equipment and technology replacements of \$0.6 million, totals about \$3.8 million in capital equipment in 2023.

The proposed budget for 2023 allows the District to continue to provide high quality service to our community with the most efficient use of its resources.

Recognition is given to all staff members, division or bureau managers and coordinators who have devoted their time and energy toward the development of the annual budget.

Please be assured that the same degree of effort will be devoted to effective administration of the 2023 budget.

Sincerely,

A handwritten signature in blue ink, appearing to read "Dillon Miskimins".

Dillon Miskimins  
Chief Financial Officer



## SUMMARY OF ALL FUNDS

	2021 Actual	2022 Estimated	2023 Adopted
BEGINNING FUND BALANCES	\$ 56,846,568	\$ 61,637,654	\$ 64,584,507
<b>REVENUES</b>			
Property Taxes	114,866,725	125,272,691	124,857,365
Specific Ownership Taxes	9,420,319	9,526,233	9,710,401
Net Investment Earnings	(82,669)	(116,030)	22,500
Charges for Service - Transports	11,691,509	12,846,346	13,270,944
Charges for Service - Plan Review/Permit	1,822,037	2,494,046	2,300,625
Medicare/Medicaid Supplemental Fee	6,191,645	6,951,772	7,368,878
Reimbursements	1,970,567	1,701,842	1,933,394
Excise Tax	577,988	560,816	480,000
Contracted Services	318,362	-	-
Rental Income	1,008,129	957,007	838,489
Dispatch Fees	116,726	121,721	133,092
Miscellaneous	873,382	1,975,225	1,792,312
Medical Premiums	13,268,758	14,245,897	16,004,600
Stop Loss Refunds & Reimbursements	-	631,725	50,000
Total Revenues	<u>162,043,478</u>	<u>177,169,290</u>	<u>178,762,601</u>
Total funds available	<u>218,890,046</u>	<u>238,806,944</u>	<u>243,347,107</u>
<b>EXPENDITURES</b>			
Salaries	89,643,296	95,785,168	102,774,295
Benefits	30,557,970	34,572,730	37,765,945
Operating	18,002,339	19,952,213	20,189,659
Capital Outlay	4,805,837	7,412,084	17,595,383
Insurance	740,450	816,775	854,732
Treasurers Fees	1,724,381	1,881,741	1,873,123
Utilities	267,179	284,481	277,103
Routine Maintenance	90,360	94,232	103,114
Outside Repairs	23,601	62,869	66,150
Outside Services	333,439	98,092	110,000
Contribution to Pension Plan	216,735	216,735	216,735
Medical Payments	12,453,092	13,629,225	15,204,370
Stop Loss Insurance & Admin Fees	1,024,127	1,110,178	1,153,992
Total Expenditures	<u>159,882,806</u>	<u>175,916,522</u>	<u>198,184,601</u>

Forecasted 2023 budget as adopted with 2021 actuals and 2022 estimated



**SUMMARY OF ALL FUNDS – CONTINUED**

	2021 Actual	2022 Estimated	2023 Adopted
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from Other Funds	18,497,415	15,000,000	-
Transfers to Other Funds	(18,497,414)	(15,000,000)	-
Lease Financing	2,041,002	-	-
Sale of Capital Assets	589,411	1,694,085	135,000
<b>Total Other Financing Sources (Uses)</b>	<b>2,630,414</b>	<b>1,694,085</b>	<b>135,000</b>
<b>ENDING FUND BALANCES</b>	<b>\$ 61,637,654</b>	<b>\$ 64,584,507</b>	<b>\$ 45,297,506</b>
<b>FUNDS RESERVED FOR:</b>			
<b>NON-SPENDABLE</b>			
Inventory	\$ 1,332,773	\$ 1,482,678	\$ 1,394,413
Prepaid Items	7,901,695	5,886,811	1,000,000
<b>RESTRICTED</b>			
TABOR Emergency Reserve - 3%	4,219,732	4,599,151	4,902,594
Excise Tax Reserve	942,805	1,503,621	1,983,621
Self Insurance	654,692	1,389,327	1,698,064
Pension Funds	753,516	844,682	935,911
<b>COMMITTED</b>			
Operating Reserves	26,390,570	29,178,327	31,289,547
Capital Projects Reserve	5,056,912	14,049,350	1,406,153
<b>ASSIGNED</b>			
Building Rental	402,531	517,643	514,717
JACC Projects	132,597	163,456	25,858
<b>UNASSIGNED</b>	<b>13,849,831</b>	<b>4,969,462</b>	<b>146,629</b>
	<b>\$ 61,637,654</b>	<b>\$ 64,584,507</b>	<b>\$ 45,297,506</b>

Forecasted 2023 budget as adopted with 2021 actuals and 2022 estimated



## GENERAL FUND

	2021 Actual	2022 Estimated	2023 Adopted
BEGINNING FUND BALANCES	\$ 54,340,164	\$ 48,360,866	\$ 40,393,074
<b>REVENUES</b>			
Property Taxes	114,601,105	124,988,592	124,574,007
Specific Ownership Taxes	9,401,888	9,508,226	9,690,566
Net Investment Earnings	(95,251)	(398,995)	-
Charges for Service - Transports	11,691,509	12,846,346	13,270,944
Charges for Service - Plan Review/Permit	1,822,037	2,494,046	2,300,625
Medicare/Medicaid Supplemental Fee	6,191,645	6,951,772	7,368,878
Reimbursements	1,720,567	1,701,842	1,933,394
Contracted Services	318,362	-	-
Rental Income	209,527	218,991	186,947
Dispatch Fees	116,726	121,721	133,092
Miscellaneous	302,111	210,608	1,192,312
Total Revenues	<u>146,280,226</u>	<u>158,643,149</u>	<u>160,650,765</u>
Total funds available	<u>200,620,390</u>	<u>207,004,015</u>	<u>201,043,839</u>
<b>EXPENDITURES</b>			
Salaries	89,643,296	95,785,168	102,774,295
Benefits	30,557,970	34,572,730	37,765,945
Operating	17,924,134	19,925,281	20,155,954
Capital Outlay	71,476	327,608	-
Insurance	740,450	816,775	854,732
Treasurers Fees	1,720,392	1,877,465	1,868,873
Total Expenditures	<u>140,657,718</u>	<u>153,305,026</u>	<u>163,419,799</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from Other Funds	2,132,598	-	-
Transfers to Other Funds	(16,364,817)	(15,000,000)	-
Lease Financing	2,041,002	-	-
Sale of Capital Assets	589,411	1,694,085	135,000
Total Other Financing Sources (Uses)	<u>(11,601,806)</u>	<u>(13,305,915)</u>	<u>135,000</u>
ENDING FUND BALANCES	<u>\$ 48,360,866</u>	<u>\$ 40,393,074</u>	<u>\$ 37,759,040</u>

Forecasted 2023 budget as adopted with 2021 actuals and 2022 estimated



## CAPITAL PROJECTS FUND

	2021 Actual	2022 Estimated	2023 Adopted
BEGINNING FUND BALANCES	\$ -	\$ 11,466,049	\$ 21,439,782
REVENUES			
Net Investment Earnings	-	245,785	-
Excise Tax	577,988	560,816	480,000
Reimbursements	-	1,195,311	-
Total Revenues	<u>577,988</u>	<u>2,001,912</u>	<u>480,000</u>
Total funds available	<u>577,988</u>	<u>13,467,961</u>	<u>21,919,782</u>
EXPENDITURES			
Building Projects	2,700,118	2,163,437	8,421,125
Equipment	108,292	121,653	3,765,000
Vehicles and Apparatus	1,668,346	4,743,088	5,343,883
Total Expenditures	<u>4,476,756</u>	<u>7,028,179</u>	<u>17,530,008</u>
OTHER FINANCING SOURCES (USES)			
Transfers from Other Funds	<u>15,364,817</u>	<u>15,000,000</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>15,364,817</u>	<u>15,000,000</u>	<u>-</u>
ENDING FUND BALANCES	<u>\$ 11,466,049</u>	<u>\$ 21,439,782</u>	<u>\$ 4,389,774</u>

Forecasted 2023 budget as adopted with 2021 actuals and 2022 estimated



**CHERRY HILLS PENSION FUND**

	2021 Actual	2022 Estimated	2023 Adopted
BEGINNING FUND BALANCES	\$ 689,471	\$ 753,516	\$ 844,682
<b>REVENUES</b>			
Property Taxes	265,620	284,099	283,358
Specific Ownership Taxes	18,431	18,007	19,835
Net Investment Earnings	718	10,071	10,000
Total Revenues	<u>284,769</u>	<u>312,177</u>	<u>313,193</u>
Total funds available	<u>974,240</u>	<u>1,065,693</u>	<u>1,157,875</u>
<b>EXPENDITURES</b>			
Treasurers Fees	3,989	4,276	4,250
Contribution to Pension Plan	216,735	216,735	216,735
Operating	-	-	979
Total Expenditures	<u>220,724</u>	<u>221,011</u>	<u>221,964</u>
ENDING FUND BALANCES	<u>\$ 753,516</u>	<u>\$ 844,682</u>	<u>\$ 935,911</u>

Forecasted 2023 budget as adopted with 2021 actuals and 2022 estimated



## BUILDING RENTAL FUND

	2021 Actual	2022 Estimated	2023 Adopted
BEGINNING FUND BALANCES	\$ 2,413,718	\$ 402,531	\$ 517,643
REVENUES			
Rental Income	798,602	738,015	651,542
Net Investment Earnings	11,221	-	-
Miscellaneous	99	-	-
Total Revenues	<u>809,922</u>	<u>738,015</u>	<u>651,542</u>
Total funds available	<u>3,223,640</u>	<u>1,140,546</u>	<u>1,169,185</u>
EXPENDITURES			
Operating	78,205	26,932	32,726
Utilities	267,179	284,481	277,103
Outside Services	104,159	98,092	110,000
Routine Maintenance	90,360	94,232	103,114
Outside Repairs	23,601	62,869	66,150
Capital Outlay	257,605	56,297	65,375
Total Expenditures	<u>821,109</u>	<u>622,904</u>	<u>654,468</u>
OTHER FINANCING SOURCES (USES)			
Transfers to Other Funds	<u>(2,000,000)</u>	-	-
Total Other Financing Sources (Uses)	<u>(2,000,000)</u>	-	-
ENDING FUND BALANCES	<u>\$ 402,531</u>	<u>\$ 517,643</u>	<u>\$ 514,717</u>

Forecasted 2023 budget as adopted with 2021 actuals and 2022 estimated



**SELF INSURED MEDICAL FUND**

	2021 Actual	2022 Estimated	2023 Adopted
BEGINNING FUND BALANCES	\$ (708,662)	\$ 654,692	\$ 1,389,327
<b>REVENUES</b>			
Medical Premiums	13,268,758	14,245,897	16,004,600
Stop Loss Refunds & Reimbursements	-	631,725	50,000
Net Investment Earnings	643	27,109	12,500
Miscellaneous	571,172	569,306	600,000
Total Revenues	<u>13,840,573</u>	<u>15,474,037</u>	<u>16,667,100</u>
Total funds available	<u>13,131,911</u>	<u>16,128,729</u>	<u>18,056,427</u>
<b>EXPENDITURES</b>			
Medical Payments	12,453,092	13,629,225	15,204,370
Stop Loss Insurance & Admin Fees	1,024,127	1,110,178	1,153,992
Total Expenditures	<u>13,477,219</u>	<u>14,739,403</u>	<u>16,358,362</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from Other Funds	1,000,000	-	-
Total Other Financing Sources (Uses)	<u>1,000,000</u>	<u>-</u>	<u>-</u>
ENDING FUND BALANCES	<u>\$ 654,692</u>	<u>\$ 1,389,327</u>	<u>\$ 1,698,064</u>

Forecasted 2023 budget as adopted with 2021 actuals and 2022 estimated



**JACC FUND**

	2021 Actual	2022 Estimated	2023 Adopted
BEGINNING FUND BALANCES	\$ 111,877	\$ -	\$ -
REVENUES			
Reimbursements	250,000	-	-
Total Revenues	<u>250,000</u>	<u>-</u>	<u>-</u>
Total funds available	<u>361,877</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Outside Services	229,280	-	-
Total Expenditures	<u>229,280</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)			
Transfers to Other Funds	(132,597)	-	-
Total Other Financing Sources (Uses)	<u>(132,597)</u>	<u>-</u>	<u>-</u>
ENDING FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Forecasted 2023 budget as adopted with 2021 actuals and 2022 estimated



## **BUDGET MESSAGE**

### **Services Provided**

The District operates under Colorado Revised Statutes, Title 32, as a separate municipal corporation and is managed by a seven-member Board of Directors composed of a Chairperson, Vice Chairperson, Secretary, Treasurer, and three directors. The Board hires a Fire Chief who serves at the pleasure of the Board to manage day-to-day operations of the District. The District is a stand-alone entity and is not part of any county or city government.

The District experienced unprecedented growth over the last 5 years after completing two mergers with neighboring fire agencies. On January 1, 2018, South Metro Fire Rescue Fire Protection District and Cunningham Fire Protection District merged to form the South Metro/Cunningham Fire Rescue Authority. On January 1, 2019, South Metro/Cunningham Fire Rescue Authority and Littleton Fire Rescue, a department servicing the Littleton Fire Protection District, Highlands Ranch Metro District, and the City of Littleton, merged. In 2020, South Metro/Cunningham Fire Rescue Authority dissolved and has since operated as one fire district, South Metro Fire Rescue Fire Protection District (The District).

The District provides numerous services including fire suppression, fire prevention (through inspections, plan reviews, and community risk reduction), fire investigations, emergency medical care and transport, wildland fire suppression, urban search and rescue, hazardous materials containment/decontamination services, and aircraft rescue and firefighting (ARFF) services.

The District has activity in the following funds:

- General Fund: used to account for the basic financial operations of the District that are not accounted for in other funds
- Capital Projects Fund: used to account for capital improvements
- Cherry Hills Village Pension Fund: special revenue fund used to account for the activity of retirement benefits for the former employees of Cherry Hills Village Fire Protection District
- Building Rental Fund: enterprise fund used to account for the operations of District owned building used to house headquarters and other tenants
- Self-Insured Medical Fund: internal service fund used to account for activity of health care benefits of District's employees by collecting medical and dental premiums for both District and employee contributions. This fund is used to pay for the Stop Loss Insurance, administration fees to the third-party administrators and to pay medical and dental claims of the insured.

The District's budget does not include any component units, nor is the District considered a component unit of any other level of government.



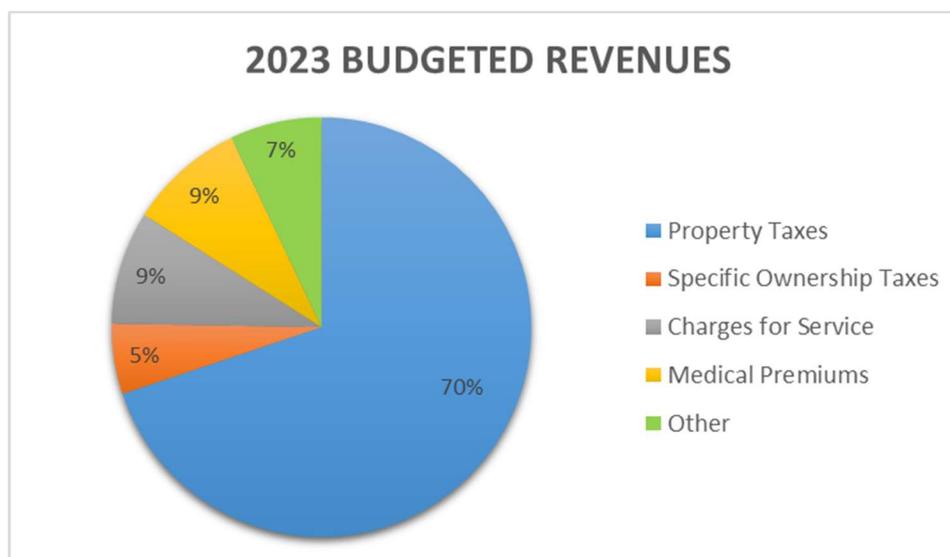
## Financial Highlights

### Revenues

The District has several revenue sources. Revenues for all funds are illustrated below:

	2021 Actual	2022 Estimated	2023 Adopted
<b>REVENUES</b>			
Property Taxes	\$ 114,866,725	\$ 125,272,691	\$ 124,857,365
Specific Ownership Taxes	9,420,319	9,526,233	9,710,401
Net Investment Earnings	(82,669)	(116,030)	22,500
Charges for Service - Transports	11,691,509	12,846,346	13,270,944
Charges for Service - Plan Review/Permit Fee:	1,822,037	2,494,046	2,300,625
Medicare/Medicaid Supplemental Fee	6,191,645	6,951,772	7,368,878
Reimbursements	1,970,567	1,701,842	1,933,394
Excise Tax	577,988	560,816	480,000
Contracted Services	318,362	-	-
Rental Income	1,008,129	957,007	838,489
Dispatch Fees	116,726	121,721	133,092
Miscellaneous	873,382	1,975,225	1,792,312
Medical Premiums	13,268,758	14,245,897	16,004,600
Stop Loss Refunds & Reimbursements	-	631,725	50,000
<b>Total Revenues</b>	<b>\$ 162,043,478</b>	<b>\$ 177,169,290</b>	<b>\$ 178,762,601</b>

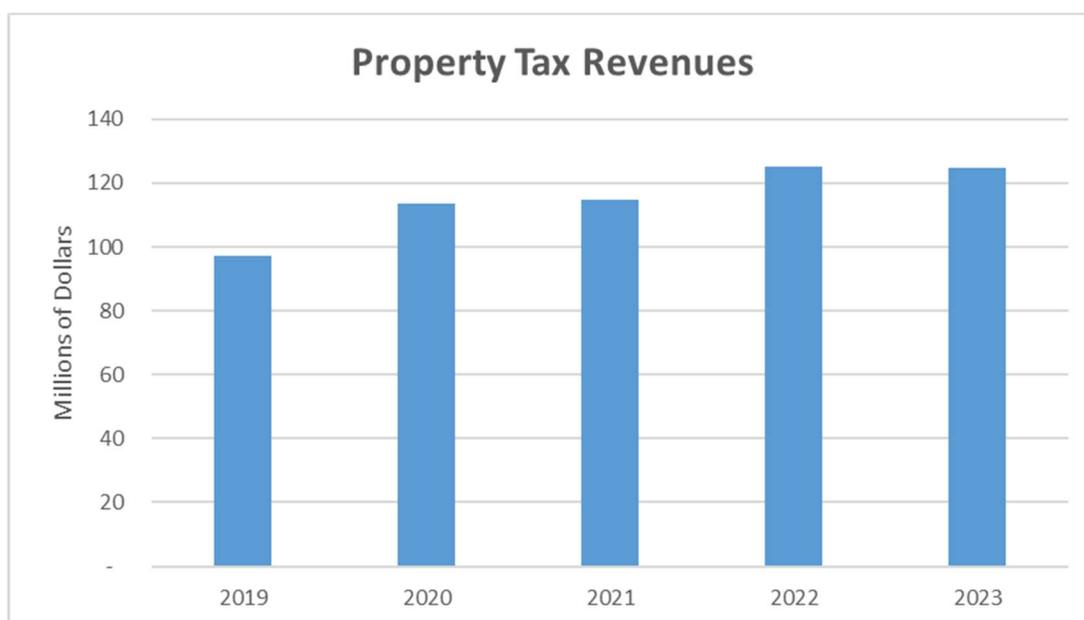
The graph below displays all revenues of the District projected in 2023 by source, not including transfers from other funds.



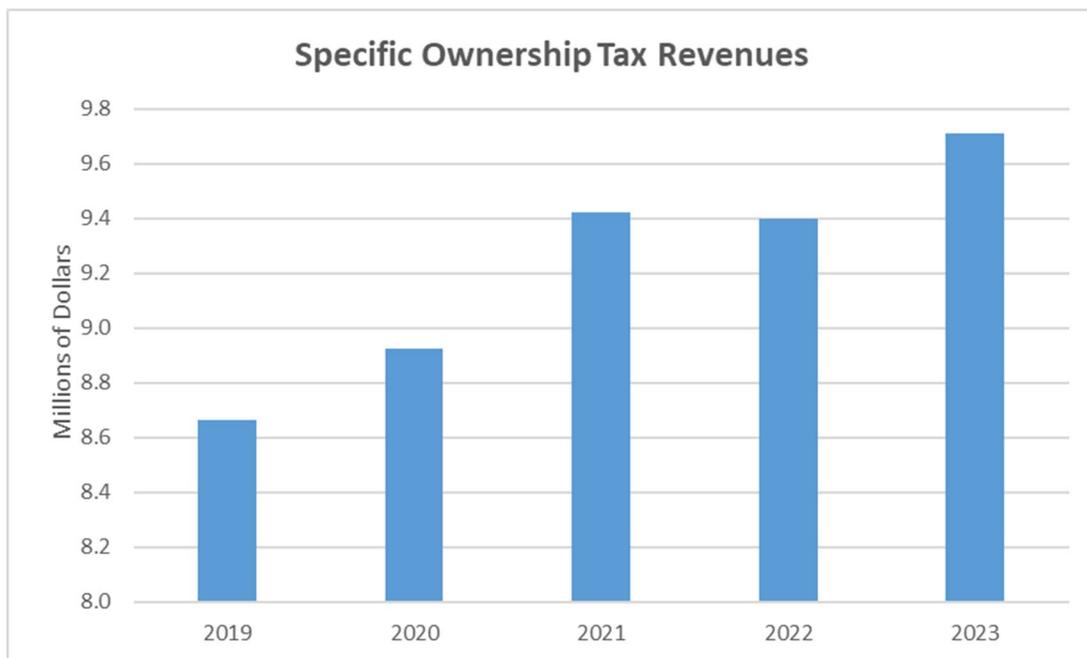


The major revenue sources of the District are property taxes, specific ownership taxes, and charges for service. Overall revenues in 2023 should be relatively flat to 2022 with a slight increase in specific ownership taxes and transport services offset by a slight decrease in property taxes. Due to the high reliance on property taxes for operations of the District, the uncertainty in the real estate market has a major impact on the District’s revenue stream. The District’s Board is aware of possible economic downturns and maintain a conservative but realistic outlook for future revenues.

Property tax collection is typically budgeted using information provided by the County Assessor’s offices beginning with preliminary information in August and final information available in December of the preceding budget year. Although there can be slight variations in collections, the District feels confident that using the County Assessor’s valuations provides us with an accurate budget for property tax revenue. The following graph displays the property tax collection trend of the District (2019-2021 based on actual collections, 2022 based on estimated collections with 2023 budgeted). A unification in 2019 resulted in a large collection spike that year. A portion of the 2020 surge is a result of the full inclusion of City of Littleton’s assessed values into the District. As it has been several years since the merger, a stabilization in trend for property tax is now reflected.



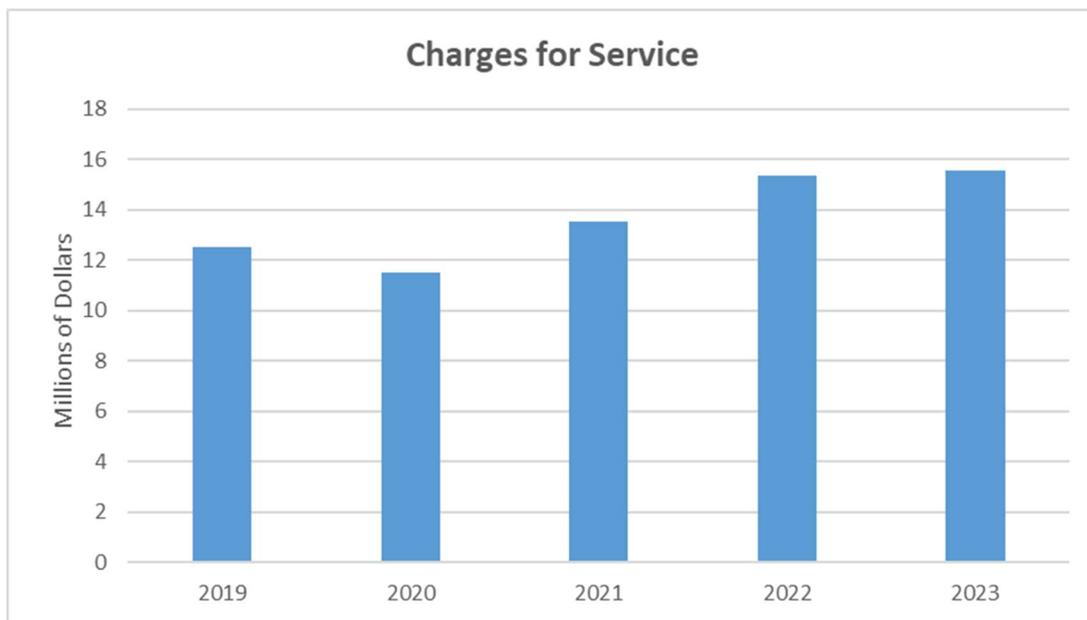
Specific ownership taxes are related to the taxes collected from vehicle registrations within the counties. Fees are assessed and collected at the County level based on the vehicles weight, and the funds are then distributed to the applicable governments based on a funding formula. This revenue source varies greatly with economic conditions and needs of District residents. The District has budgeted the 2023 revenue based on economic forecasts for vehicle sales in the area. The following graph displays the specific ownership tax collection trend of the District (2019-2021 based on actual collections, 2022 based on estimated collections with 2023 budgeted).



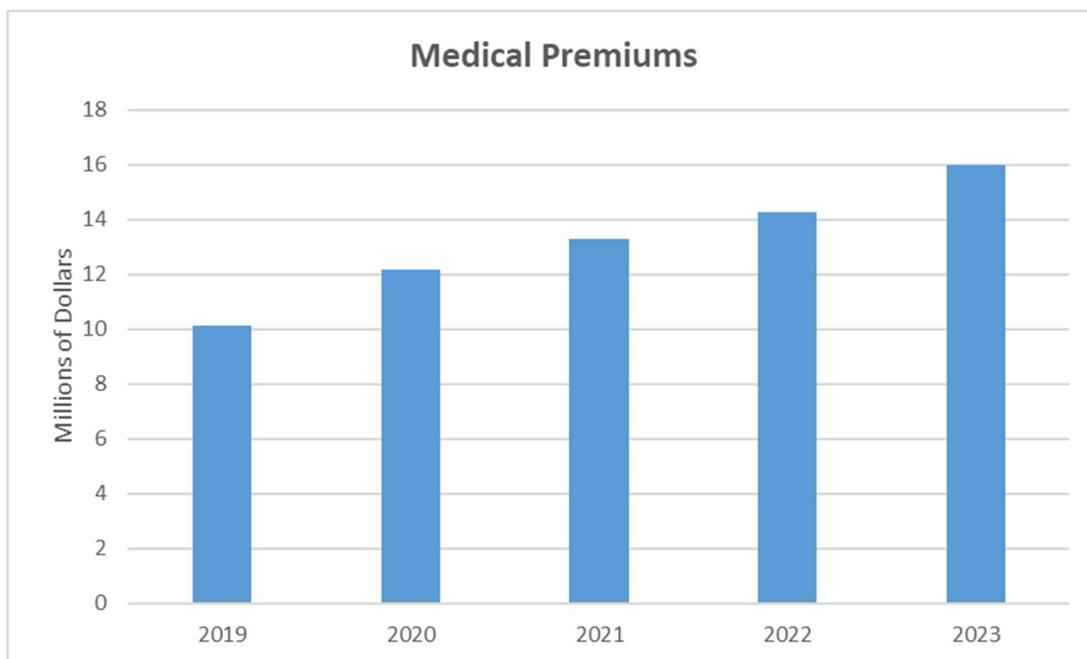
Charges for service revenues are made up of ambulance transport services and permit review/permit fees. Ambulance transport service revenue is based on the number of transports and the averages for mileage. In 2020, an increase to base transport fee was approved by the Board of Directors resulting in increased 2021 revenue. The number of transports budgeted in 2023 is 23,200, a 4% growth from Forecast 2022, and an increase in the base rate. The increase in revenue for 2023 is related to the increase in the base rate.

Permit and plan review fees are the fees charged by the Fire Marshal's office for plan reviews and inspections of commercial construction within the District and is budgeted to collect \$2.3 million in 2023. A decrease in 2020 revenue is attributed to the COVID-19 pandemic resulting in a decrease of \$700k to permit and plan review fees as well as a decrease in the number of ambulance transports over 2019. A resurgence after the pandemic occurred in 2021 and continued into 2022, with the projection for the increase in revenue to continue at a conservative pace in 2023.

The following graph displays the charges for service revenue trend of the District (2019-2021 based on actual collections, 2022 based on estimated collections with 2023 budgeted).



Medical premium revenue is collected from employees and the District to provide health care benefits to the District’s employees through the use of Self-Insured Medical Fund. Consistent with our other major types of revenues, the growth in 2019 is primarily linked to the increased number of employees as a result of unifications. Additional revenue collections in 2020-2023 is due to annual increases in medical premiums collections due to the ever-rising cost of healthcare as well as hiring additional fire fighter recruits in 2020 and 2022. Starting in 2023, employee and District dental premiums will also be collected and provided through the Self-Insured Medical Fund.





Other revenue sources budgeted in 2023 include Medicaid supplemental fee, reimbursements, rental income, excise tax, net investment earnings, dispatch fees, stop loss refunds/reimbursements, and miscellaneous revenue.

- Medicaid supplemental fee is collected from State of Colorado’s program to offset the low reimbursement rate for transport patients who use Medicaid. With this program, the District collected \$2.3 million in 2019, \$5.1 million in 2020, \$6.2 million in 2021, \$7.0 million in 2022 and has budgeted to collect \$7.4 million in 2023.
- Reimbursement revenue includes reimbursable items such as Urban Search and Rescue (USAR) services, wildland firefighting services, and Special Weapons and Tactics (SWAT) medic services.
- Rental income was budgeted using a combination of tenant agreements for rental space and cell tower rental agreements.
- Excise tax revenue is collected per the agreement with the Town of Parker for newly constructed residential and nonresidential buildings.
- Net investment earnings were budgeted using historical data as well as market forecasts prepared by outside sources.
- Dispatch fee revenue is related to contracted dispatch services with other local governments resulting in income to the District.
- Stop loss refunds & reimbursements revenue is collected when single health care claims exceed \$500,000.
- Miscellaneous revenue includes items such as tuition collected from community educational courses, small grants, and other miscellaneous items.

Overall, all the revenue sources are projected to remain about on par with prior year.

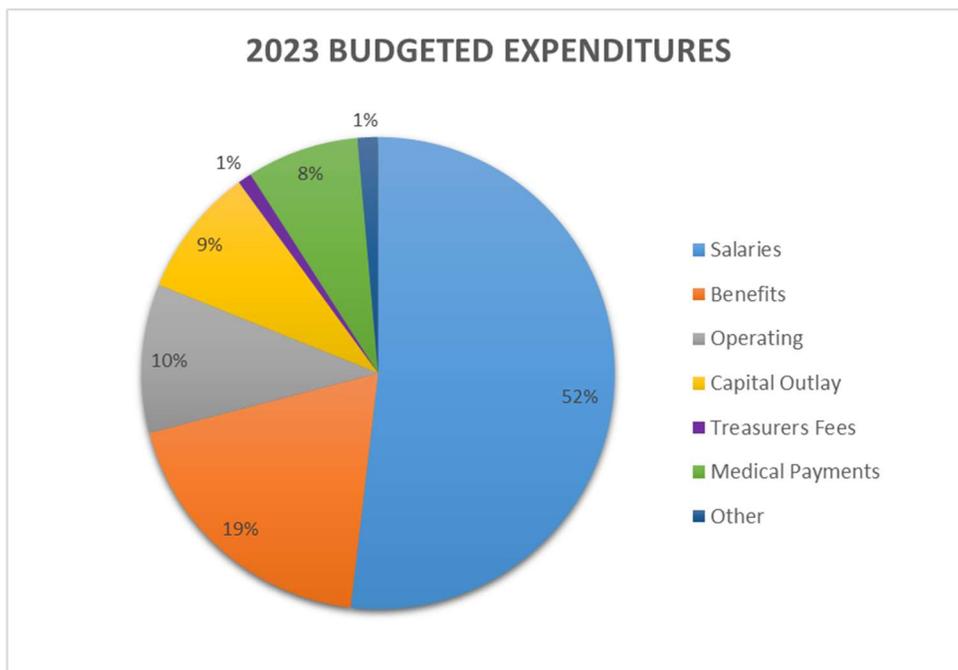
### Expenditures

The District has budgeted approximately \$198.2 million of total expenditures for the 2023 budget year. A combination of expenditures in all funds is illustrated below:

	2021 Actual	2022 Estimated	2023 Adopted
<b>EXPENDITURES</b>			
Salaries	\$ 89,643,296	\$ 95,785,168	\$ 102,774,295
Benefits	30,557,970	34,572,730	37,765,945
Operating	18,002,339	19,952,213	20,189,659
Capital Outlay	4,805,837	7,412,084	17,595,383
Insurance	740,450	816,775	854,732
Treasurers Fees	1,724,381	1,881,741	1,873,123
Utilities	267,179	284,481	277,103
Routine Maintenance	90,360	94,232	103,114
Outside Repairs	23,601	62,869	66,150
Outside Services	333,439	98,092	110,000
Contribution to Pension Plan	216,735	216,735	216,735
Medical Payments	12,453,092	13,629,225	15,204,370
Stop Loss Insurance & Admin Fees	1,024,127	1,110,178	1,153,992
<b>Total Expenditures</b>	<b>\$ 159,882,806</b>	<b>\$ 175,916,522</b>	<b>\$ 198,184,601</b>



This graph shows the expenditures for all Funds of the District for 2023 by use, not including transfers to other funds.



Salaries and benefits account for 51.9% and 19.1% of the overall expenditure budget in 2023, respectively. Increases in the 2023 budgeted amounts for these categories are related to market adjustments to current salaries, increases in benefit costs, an additional vacation day and the related staffing coverage, and continued focus on staffing each engine with a four-person crew.

Operating expenses are projected to increase 1.2% over the 2022 estimated amounts. This increase is related to the District's service plan, election costs, and holding to a 2% overall growth for goods and services.

Total capital expenditures budgeted for 2023 is \$17.6 million and is comprised of several projects including the scrape and rebuild of Station 15, remodeling of several stations, headquarters and JSF training facility, and apparatus/vehicle purchase and replacements. These projects align with the District's ten-year capital replacement plan, and capital projects are prioritized based on the assets' remaining lives, the District needs, staff recommendations and at the guidance of the Board.

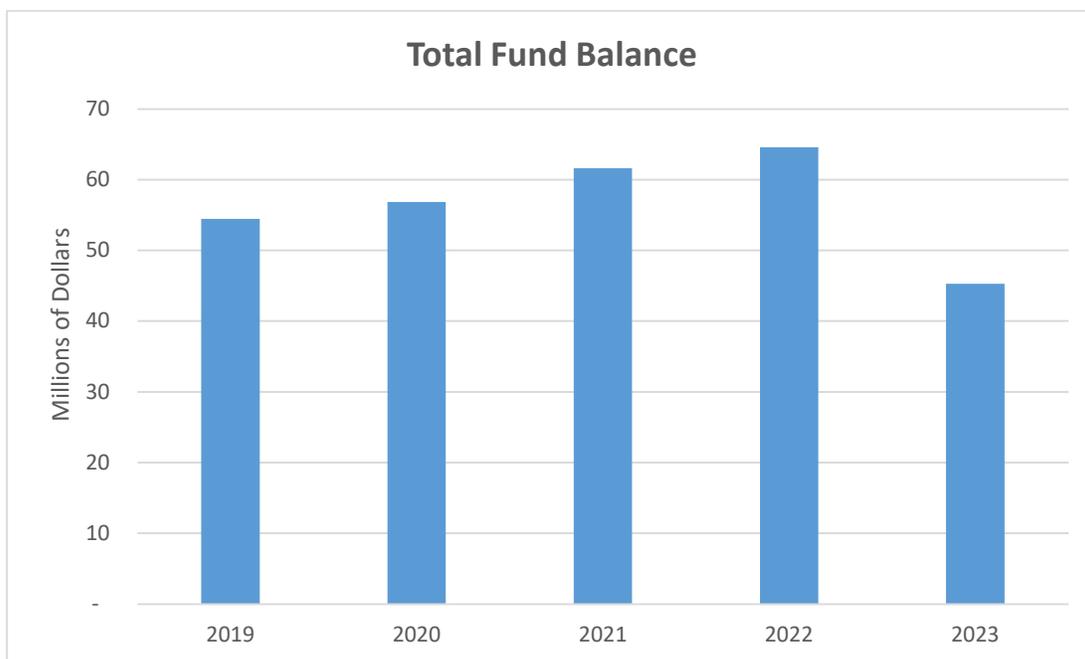
Treasurer's fees are related to the fee collected by the Counties during the tax collection process. Other miscellaneous items include insurance, supplies and equipment, utilities, routine maintenance, outside repairs, administrative fees and outside services.

Medical payments are the cost of health care claims that result from providing health care benefits to the District employees. The District maintains a Self-Insured Medical Fund with a third-party administrator. Stop loss insurance is paid to protect the plan from large claims exceeding \$500,000.



## Fund Balance and Reserves

On January 1, 2019, a merge with Littleton Fire Rescue resulted in a beginning fund balance adjustment of \$6,586,953. The District has been able to steadily grow the fund balance since 2018 for the future purchase and construction of capital related items. The 2023 budget includes a planned fund balance decrease from the prior year in order to pay for planned capital projects and operating expenses.



The District has provided for an emergency reserve equal to at least 3 percent of the fiscal year spending for 2022, defined under TABOR, and an additional 20% to assist with mitigating cashflow risk during the first quarter of every year.

## Request for Information

This budget report is designed to provide a general overview of South Metro Fire Rescue Fire Protection District's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Chief Financial Officer, South Metro Fire Rescue, 9195 E. Mineral Avenue, Centennial, CO 80112.